

FHL/SEC/2023-24

November 10, 2023

The National Stock Exchange of India Ltd.
Scrip Symbol: FORTIS

BSE Limited
Scrip Code:532843

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

Dear Madam / Sir,

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 10, 2023, *inter-alia*, considered and approved the Standalone and Consolidated un-audited financial results of the Company for the quarter and period ended on September 30, 2023.

Accordingly, please find enclosed standalone and consolidated un-audited financial results along with limited review report given by the Statutory Auditors of the Company for the quarter and period ended on September 30, 2023.

The meeting commenced at 1200 Hours IST and concluded at 1815 Hours IST.

This is for your information and record.

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


Murlee Manohar Jain
Company Secretary
ICSI Membership: F9598

Encl: a/a

FORTIS HEALTHCARE LIMITED

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

Limited Review Report on unaudited consolidated financial results of Fortis Healthcare Limited for the quarter ended 30 September 2023 and year to date results for the period from 01 April 2023 to 30 September 2023 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Fortis Healthcare Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Fortis Healthcare Limited (hereinafter referred to as "the Parent"), 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 2023 and year to date results for the period from 01 April 2023 to 30 September 2023 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (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 Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.



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

Parent:

Fortis Healthcare Limited

Subsidiaries:

- (i) Escorts Heart Institute and Research Centre Limited
- (ii) Fortis Hospitals Limited
- (iii) Fortis Asia Healthcare Pte Limited *
- (iv) Fortis Healthcare International Limited
- (v) Fortis Global Healthcare (Mauritius) Limited
- (vi) Fortis Malar Hospitals Limited
- (vii) Malar Stars Medicare Limited
- (viii) Fortis Health Staff Limited
- (ix) Fortis Cancer Care Limited
- (x) Adayu Mindfulness Limited (formerly known as Fortis La Femme Limited)
- (xi) Fortis Health Management (East) Limited
- (xii) Hiranandani Healthcare Private Limited
- (xiii) Agilus Diagnostics Limited (formerly known as SRL Limited)
- (xiv) Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited)
- (xv) Agilus Pathlabs Reach Limited (formerly known as SRL Reach Limited)
- (xvi) Agilus Diagnostics FZ-LLC (formerly known as SRL Diagnostics FZ- LLC)
- (xvii) Birdie and Birdie Realtors Private Limited
- (xviii) Stellant Capital Advisory Services Private Limited
- (xix) RHT Health Trust Manager Pte Limited
- (xx) Fortis Emergency Services Limited
- (xxi) Fortis Hospotel Limited
- (xxii) Escort Heart and Super Speciality Hospital Limited
- (xxiii) International Hospital Limited
- (xxiv) Hospitalia Eastern Private Limited
- (xxv) Fortis Health Management Limited
- (xxvi) Medical Management Company Limited
- (xxvii) Mena Healthcare Investment Company Limited
- (xxviii) DDRC Agilus Pathlabs Limited (formerly known as DDRC SRL Diagnostics Limited)

* Fortis Healthcare International Pte Limited has been merged with Fortis Asia Healthcare Pte Limited with effect from June 12, 2023.

Joint ventures:

- (i) Fortis Cauvery
- (ii) Fortis C- Doc Healthcare Limited
- (iii) Agilus Diagnostics (Nepal) Private Limited (formerly known as SRL Diagnostics (Nepal) Private Limited)

Associates:

- (i) Lanka Hospitals Corporate Plc
- (ii) THR Infrastructure Pte Ltd
- (iii) 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.

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

- a. Note 7 and 8 of the Statement which deal with various matters including the ongoing investigation by Serious Fraud Investigation Office ("SFIO") 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). 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 is also cooperating in the regulatory investigations.

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 Parent 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 year ended 31 March 2021 for any contingency that may arise from the aforesaid issues. As per the management, any further additional impact, to the extent it can be reliably estimated as at present, is not expected to be material.

- b. Note 12 of the Statement relating to the order dated 22 September 2022 of the Hon'ble Supreme Court whereby it has directed the Hon'ble Court of Delhi inter alia that it may also consider issuing appropriate process and appointing forensic auditor(s) to analyse the transactions entered into between the Parent and RHT Health Trust and other related transaction. The above mentioned Note also states that the Hon'ble Supreme Court has observed that prima facie, it appears to be acquisition of proprietary interest of RHT Health Trust by the Parent are to subserve the business structure of the Parent.

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

Limited Review Report (Continued)

Fortis Healthcare Limited

7. The Statement includes the interim financial information of fifteen Subsidiaries which have not been reviewed, whose interim financial information reflects total assets (before consolidation adjustments) of Rs. 30,928 lacs as at 30 September 2023 and total revenues (before consolidation adjustments) of Rs. 771 lacs and Rs. 1,526 lacs, total net loss after tax (before consolidation adjustments) of Rs. 767 lacs and Rs. 1,706 lacs and total comprehensive loss (before consolidation adjustments) of Rs. 773 lacs and Rs. 1,713 lacs, for the quarter ended 30 September 2023 and for the period from 01 April 2023 to 30 September 2023 respectively, and cash outflows (net) (before consolidation adjustments) of Rs. 144 lacs for the period from 01 April 2023 to 30 September 2023 as considered in the Statement. The Statement also includes the Group's share of net profit after tax of Rs. 128 lacs and Rs. 66 lacs and total comprehensive income of Rs. 128 lacs and Rs. 66 lacs, for the quarter ended 30 September 2023 and for the period from 01 April 2023 to 30 September 2023 respectively as considered in the Statement, in respect of three 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 Parent's management, these interim financial information are not material to the Group.

Our conclusion is not modified in respect of this matter.

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

Chartered Accountants

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



Rajesh Arora

Partner

Membership No.: 076124

UDIN: 23076124BGZBJB5111

Gurugram

10 November 2023

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, 2023

(Rupees in lacs)

Particulars	Consolidated					
	Quarter ended			Six months ended		Year ended
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Revenue from operations	176,995	165,741	160,720	342,736	309,505	629,763
2. Other income	1,350	814	1,553	2,164	3,623	6,172
3. Total income (1+2)	178,345	166,555	162,273	344,900	313,128	635,935
4. Expenses						
(a) Purchases of medical consumable and drugs	41,618	39,563	36,497	81,181	71,148	145,465
(b) Changes in inventories of medical consumable and drugs	(345)	287	(7)	(58)	258	6
(c) Employee benefits expense	28,138	28,453	26,810	56,591	52,337	104,688
(d) Finance costs	3,181	3,149	3,280	6,330	6,400	12,909
(e) Professional charges to doctors	37,359	35,351	33,112	72,710	64,082	131,146
(f) Depreciation and amortisation expense	8,412	7,924	7,692	16,336	15,121	31,574
(g) Other expenses	37,208	34,841	34,015	72,049	66,277	138,324
Total expenses	155,571	149,568	141,399	305,139	275,623	564,112
5. Net profit / (loss) from continuing operations before share in profit / (loss) of associates and joint ventures, exceptional items and tax (3-4)	22,774	16,987	20,874	39,761	37,505	71,823
6. Add: Share in profit/(loss) of associate companies and joint ventures	128	(62)	750	66	1,752	2,184
7. Net profit / (loss) before exceptional items and tax (5+6)	22,902	16,925	21,624	39,827	39,257	74,007
8. Exceptional gain / (loss) (refer note 6)	369	148	5,160	517	5,160	7,361
9. Profit / (loss) before tax from continuing operations (7+8)	23,271	17,073	26,784	40,344	44,417	81,368
10. Tax expense / (credit)	4,881	4,678	4,960	9,559	9,162	18,070
11. Net profit / (loss) for the period from continuing operations (9-10)	18,390	12,395	21,824	30,785	35,255	63,298
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)	18,390	12,395	21,824	30,785	35,255	63,298
16. Profit / (loss) from continuing operations attributable to:						
Owners of the Company	17,372	11,176	20,437	28,548	32,662	58,873
Non-Controlling Interest	1,018	1,219	1,387	2,237	2,593	4,425



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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2023

(Rupees in lacs)

Particulars	Consolidated					
	Quarter ended			Six months ended		Year ended
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
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)	(65)	228	(1,485)	163	(3,804)	(787)
19. Other Comprehensive Income / (loss) (including OCI relating to associates and joint venture) (after tax) attributable to:						
Owners of the Company	(33)	223	(1,498)	190	(3,822)	(771)
Non-Controlling interest	(32)	5	13	(27)	18	(16)
20. Total comprehensive Income / (Loss) (15+18)	18,325	12,623	20,339	30,948	31,451	62,511
21. Total comprehensive Income/(Loss) attributable to:						
Owners of the Company	17,339	11,399	18,940	28,738	28,841	58,102
Non-Controlling interest	986	1,224	1,399	2,210	2,610	4,409
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						648,730
24. Earnings per equity share for continuing operations (not annualised)						
Basic earnings per share - In Rupees	2.30	1.48	2.71	3.78	4.33	7.80
Diluted earnings per share - In Rupees	2.30	1.48	2.71	3.78	4.33	7.80
25. Earnings per equity share for discontinued operations (not annualised)						
Basic earnings per share - In Rupees	-	-	-	-	-	-
Diluted earnings per share - In Rupees	-	-	-	-	-	-



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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2023

(Rupees in lacs)

Particulars	Consolidated					
	Quarter ended			Six months ended		Year ended
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
26. Earnings per equity share from continuing and discontinued operations						
Basic earnings per share - In Rupees	2.30	1.48	2.71	3.78	4.33	7.80
Diluted earnings per share - In Rupees	2.30	1.48	2.71	3.78	4.33	7.80
27. Earnings before depreciation and amortisation expense, finance costs, exceptional items, tax expenses and share in profit /(loss) of associate companies and joint ventures (EBITDA) (Refer note 2)	34,367	28,060	31,846	62,427	59,026	116,306

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, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 10, 2023. 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 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. 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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Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2023

3. Segment Reporting

The Group has presented healthcare and diagnostics as two separate reportable segments in accordance with Ind AS 108 – "Operating segments".

(Rupees in lacs)

S.No	Particulars	Quarter ended			Six Months ended		Year Ended
		September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment value of sales and services (revenue from operations)						
	-Healthcare	145,274	135,399	129,688	280,673	248,924	510,741
	-Diagnostics	36,025	34,267	35,115	70,292	68,379	134,746
	Gross value of sales and services	181,299	169,666	164,803	350,965	317,303	645,487
	Less : inter segment sales and services	(4,304)	(3,925)	(4,083)	(8,229)	(7,798)	(15,724)
	Revenue from operations	176,995	165,741	160,720	342,736	309,505	629,763
2	Segment results						
	-Healthcare	21,158	15,293	18,164	36,451	31,969	63,536
	-Diagnostics	3,446	4,029	4,437	7,475	8,313	15,001
	Total segment profit / (loss) before interest and tax	24,604	19,322	22,601	43,926	40,282	78,537
	(i) Finance cost	(3,181)	(3,149)	(3,280)	(6,330)	(6,400)	(12,909)
	(ii) Exceptional items and unallocable expenditure (net of unallocable income)	1,720	962	6,713	2,682	8,783	13,556
	(iii) Share of profit / (loss) of associates and joint ventures (net)	128	(62)	750	66	1,752	2,184
	Profit / (loss) before tax	23,271	17,073	26,784	40,344	44,417	81,368
3	Segment assets						
	-Healthcare	913,761	896,754	880,835	913,761	880,835	886,259
	-Diagnostics	210,371	206,686	197,339	210,371	197,339	197,836
	-Unallocable assets	157,532	164,479	152,840	157,532	152,840	161,695
	Total assets	1,281,664	1,267,919	1,231,014	1,281,664	1,231,014	1,245,790
	Less : inter segment assets	(3,127)	(3,202)	(3,176)	(3,127)	(3,176)	(2,430)
	Total segment assets	1,278,537	1,264,717	1,227,838	1,278,537	1,227,838	1,243,360
4	Segment liabilities						
	- Healthcare	267,957	265,288	275,099	267,957	275,099	283,606
	-Diagnostics	46,689	42,633	43,081	46,689	43,081	40,179
	-Unallocable liabilities	118,982	119,771	134,034	118,982	134,034	111,967
	Total liabilities	433,628	427,692	452,214	433,628	452,214	435,752
	Less : inter segment liabilities	(3,127)	(3,202)	(3,176)	(3,127)	(3,176)	(2,430)
	Total segment liabilities	430,501	424,490	449,038	430,501	449,038	433,322



STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS
ENDED SEPTEMBER 30, 2023

4. Statement of Assets and Liabilities

(Rupees in lacs)

Particulars	Consolidated	
	As at September 30, 2023	As at March 31, 2023
	Unaudited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	391,337	379,184
(b) Capital work-in-progress	52,524	22,774
(c) Right-of-use	112,527	105,773
(d) Goodwill	417,572	414,099
(e) Other intangible assets	42,121	43,584
(f) Intangible assets under development	162	10
(g) Investments accounted for using the equity method	21,394	21,030
(h) Financial assets		
(i) Loans	134	91
(ii) Other financial assets	4,667	4,918
(i) Non current tax assets (Net)	67,059	68,179
(j) Deferred tax assets (Net)	33,624	34,426
(k) Other non-current assets	9,523	8,657
Total non-current assets	1,152,644	1,102,725
Current assets		
(a) Inventories	12,343	12,284
(b) Financial assets		
(i) Trade receivables	69,309	58,161
(ii) Cash and cash equivalents	9,020	14,108
(iii) Bank balances other than (ii) above	25,179	22,164
(iv) Loans	118	162
(v) Other financial assets	4,365	3,159
(c) Other current assets	5,525	4,992
(d) Assets classified as held for sale (Refer note 16)	34	25,605
Total current assets	125,893	140,635
Total assets	1,278,537	1,243,360
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	75,496	75,496
(b) Other equity	685,520	648,730
Equity attributable to owners of the Company	761,016	724,226
Non-controlling interests	87,020	85,813
Total equity	848,036	810,039



FORTIS HEALTHCARE LIMITED

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

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS
ENDED SEPTEMBER 30, 2023

(Rupees in lacs)

Particulars	Consolidated	
	As at September 30, 2023	As at March 31, 2023
	Unaudited	Audited
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	57,939	57,222
(ii) Lease liabilities	24,356	18,263
(iii) Other financial liabilities (Refer note 18)	119	161,151
(b) Provisions	14,371	13,024
(c) Deferred tax liabilities (Net)	42,290	41,073
Total non-current liabilities	139,075	290,733
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	16,060	13,093
(ii) Lease liabilities	4,922	3,994
(iii) Trade payables		
-Total outstanding dues of micro enterprises and small enterprises	10,255	11,866
-Total outstanding dues of creditors other than micro enterprises and small enterprises	70,428	59,563
(iv) Other financial liabilities (Refer note 18)	169,586	20,830
(b) Provisions	5,659	5,583
(c) Current tax liabilities (Net)	2,527	391
(d) Other current liabilities	11,989	16,036
(e) Liabilities directly associated with assets classified as held for sale (refer note 16)	-	11,232
Total current liabilities	291,426	142,588
Total liabilities	430,501	433,321
Total equity and liabilities	1,278,537	1,243,360



STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2023

5. Statement of Cash Flows

(Rupees in lacs)

Particulars	Six Months ended	
	September 30, 2023	September 30, 2022
	(Rupees in Lacs)	(Rupees in Lacs)
	Unaudited	Unaudited
Cash flows from operating activities		
Profit before tax	40,344	44,417
Adjustments for:		
Exceptional gain	(517)	(5,160)
Finance cost	6,330	6,400
Interest income	(1,586)	(880)
Profit on disposal of property, plant and equipment (net)	(261)	(988)
Allowance for doubtful trade receivables	1,626	1,975
Allowance for doubtful advances	127	24
Depreciation and amortisation expense	16,336	15,121
Gain on sale of investment	(19)	-
Bad debts written off	-	26
Share of profit of equity accounted investees (net of tax)	(66)	(1,752)
Provision/ liability no longer required written back	(266)	(558)
Unrealised foreign exchange gain	(76)	(1,311)
	61,972	57,314
Working capital adjustments		
Increase in trade and other receivables	(12,684)	(13,478)
(Increase)/ decrease in inventories	(86)	258
Increase in loans, other assets and other financial assets	(1,854)	(420)
Increase in trade payables	9,385	5,491
Increase in provisions	1,260	670
Decrease in other liabilities and other financial liabilities	(6,201)	(5,396)
Cash generated from operating activities	51,792	44,439
Income taxes paid (net)	(4,246)	(16,366)
Net cash generated by operating activities (A)	47,546	28,073
Cash flows from investing activities		
Interest received	1,654	790
(Investment) / Maturity in bank deposits (net)	(2,801)	2,751
Purchase of property, plant and equipment and intangible assets (Refer note 15)	(49,907)	(22,147)
Proceeds from sale of property, plant and equipment	581	1,325
Consideration received on sale of Arcot Road hospital (Refer Note 16)	14,976	-
Purchase of current investment	(6,000)	-
Proceeds from sale of current investment	6,019	-
Repayment of loan by body corporate	-	(10)
Recovery of doubtful loan	40	-
Dividends received from associates	279	280
Payment on acquisition of business operations	(3,402)	-
Net cash used in investing activities (B)	(38,561)	(17,011)



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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2023

Particulars	Six Months ended	
	September 30, 2023 (Rupees in Lacs)	September 30, 2022 (Rupees in Lacs)
	Unaudited	Unaudited
Cash flows from financing activities		
Proceeds from non-current borrowings	38,634	22,881
Principal payment of lease liability	(2,759)	(1,880)
Repayments of non-current borrowings	(37,917)	(23,909)
Proceeds / (repayments) of current borrowings (net)	2,357	(5,077)
Dividend paid	(8,551)	(1,576)
Interest paid*	(6,337)	(6,396)
Net cash used in financing activities (C)	(14,573)	(15,957)
Effect of exchange rate changes (D)	(111)	(245)
Net decrease in cash and cash equivalents (A+B+C+D)	(5,699)	(5,140)
Cash and cash equivalents at the beginning of the year	4,515	6,660
Cash and cash equivalents at the end of the period	(1,184)	1,520

*Including interest on lease liability of Rupees 1,536 lacs and 1,505 lacs for September 2023 and September 2022 respectively.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, Cheques, drafts on hand, 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, 2023	September 30, 2022
	Unaudited	Unaudited
(a) Balances with banks		
- on current accounts	4,655	6,013
- deposits with original maturity of less than three months	3,935	6,259
(b) Cheques, drafts on hand	2	7
(c) Cash on hand	428	417
Cash and cash equivalents as per balance sheet	9,020	12,696
Bank overdrafts and cash credit facility	(10,204)	(11,176)
Cash and cash equivalents as per statement of cash flows	(1,184)	1,520



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

S. No.	Particulars	(Rupees in lacs)					
		Quarter ended			Six months ended		Year ended
		September 30, 2023 Unaudited	June 30, 2023 Unaudited	September 30, 2022 Unaudited	September 30, 2023 Unaudited	September 30, 2022 Unaudited	March 31, 2023 Audited
(a)	Gain on sale of Arcot Road hospital (refer note 16)	349	-	-	349	-	-
(b)	Reversal of allowance for loan given to Fortis C-Doc Healthcare Limited	20	20	-	40	-	-
(c)	Reversal of impairment in an associate Company	-	128	5,160	128	5,160	7,361
	Net exceptional gain / (loss)	369	148	5,160	517	5,160	7,361

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 past promoters/ directors were known to/ connected with the erstwhile promoters of the Company. All such identified transactions were provided for by the Company in the financial statements for the year ended March 31, 2018.

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

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

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



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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.

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 which is pending adjudication. 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. A First Information Report (FIR) was registered by EOW in July 2021 w.r.t. the above complaint. The investigation is underway.

- (ii) The Company and its subsidiary Agilus Diagnostics Limited ('Agilus') (certificate of incorporation was issued by Office of the Registrar of Companies, Ministry of Corporate Affairs certifying the change of name from "SRL Limited" to "Agilus Diagnostics Limited" w.e.f. May 31, 2023) 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. Agilus 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



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Lessor pursuant to the aforesaid termination. The Company had issued legal notice demanding the outstanding. The subsidiary, Agilus, had 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. This complaint is sub-judice. Further, Company and Agilus have filed their respective claims before Interim Resolution Professional (IRP) appointed by NCLT in a matter filed by one of creditors of Lessor. NCLT has approved the Resolution Plan. The Resolution Professional admitted the claim of the Company and Agilus as other creditors and in accordance with the terms of Resolution Plan decided that the payment made to the Company shall stand as Rupees nil.

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 ECW 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. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint. The investigation is underway.

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

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

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

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

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

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

- (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



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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. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint. The investigation is underway.

(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 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 ECOW 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.



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(b) Payments were made to an erstwhile 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 erstwhile 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 LCDs 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 LCD's of Rupees 12,275 lacs were utilized to repay/replace the then existing debts including that of erstwhile promoters and person/entities related/known to the erstwhile promoters. It is possible that the erstwhile promoters acted in order to make excess money to repay the loans availed by Birdie from them, persons related to them and entities related/known to them. Further, out of total goodwill generated on consolidation amounting to Rupees 10,661 lacs, goodwill to the extent of Rupees 9,430 lacs was impaired in earlier years to bring the investment value in line with the market value of the property.

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

(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. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.



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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.

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 said 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 ("Interim 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 the erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Company. Further, it *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 Interim 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 Interim order. Incidentally, the Interim 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.

The Company and its wholly owned subsidiary i.e. Fortis Hospitals Limited (FHsL) had then filed applications for modification of the Interim 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 Interim order dated October 17, 2018 deleting FHsL from the list of entities against whom the Interim 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 Interim 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 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.



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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-1) was issued by SEBI to various entities including the Company and FHsL on November 20, 2020. In the SCN-1, 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-1 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-1 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. 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 that had got triggered pursuant to 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. SEBI passed an order dated April 19, 2022 w.r.t SCN -1 directing the Company & FHsL to pursue the measures taken to recover the amount of Rupees 397.12 Crores (approx.) along with the interest from erstwhile Promoters; & Audit Committee to regularly monitor the progress of such measures and report the same to Board of Directors at regular intervals. Based on the aforesaid allegations and actions taken by the Company against the erstwhile promoters and related entities, SEBI had imposed a penalty of Rs 100 lacs and Rs 50 lacs on Company and FHsL respectively. The Company and FHsL have filed an appeal against the order dated April 19, 2022 before Hon'ble Securities Appellate Tribunal, Mumbai. On August 25, 2022, SEBI filed its affidavit in reply in the matter. Thereafter, the Company and FHsL have filed a rejoinder to SEBI's reply. Appeal is pending adjudication. The Company & FHsL have deposited Rupees 50 lacs and Rupees 25 lacs respectively under protest with Hon'ble Securities Appellate Tribunal, Mumbai.

On April 09, 2021, SEBI issued another Show cause notice (SCN-2) to various noticees including Escorts Heart Institute and Research Centre Limited ("EHIRCL"). In the said SCN-2, with respect to EHIRCL, it was 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 was stated in the said SCN-2 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 SCN-2, EHIRCL had been clubbed along with the other noticees, and had 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.

SEBI w.r.t SCN-2 has passed an order dated May 18, 2022 imposing penalty against several erstwhile promoters entities and certain individuals. Based on the aforesaid allegations and actions taken by the Company against the erstwhile promoters and related entities, it has also imposed a penalty of Rs 100 lacs on EHIRCL. EHIRCL filed an appeal against the order dated May 18, 2022 before Hon'ble Securities Appellate Tribunal, Mumbai. SEBI has filed to file its response to which EHIRCL has filed a rejoinder. Appeal is pending adjudication. EHIRCL has deposited Rupees 50 lacs under protest with Hon'ble Securities Appellate Tribunal, Mumbai.



**STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS
ENDED SEPTEMBER 30, 2023**

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) 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.



STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS
ENDED SEPTEMBER 30, 2023**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.

12. 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. The Company had accordingly filed an application seeking for modification of the said order which has been disposed of pursuant to the judgement of the Hon'ble Supreme Court dated September 22, 2022.

Vide its judgement dated November 15, 2019, the Hon'ble Supreme Court had 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 had 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 had 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 ("status Quo Order") 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 had impleaded SEBI as a party in the petition pending before it. SEBI had prayed for allowing the Mandatory Open Offer. Further, the Hon'ble Supreme Court of India had issued notice on application filed by a public shareholder of the Company seeking impleadment.



**STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS
ENDED SEPTEMBER 30, 2023**

NTK had also filed an application for impleadment, modification of the status quo order and for proceeding with Mandatory Open Offer.

Vide judgment dated 22nd September 2022 ("Judgement"), the Hon'ble Supreme Court of India disposed of Special Leave Petition (Civil) No. 20417 of 2017, Contempt Petition No. 2120 of 2018 in SLP (C) No. 20417 of 2019 and Suo Motu Contempt Petition (C) No. 4 of 2019, which includes the Petition in which the Status Quo Order dated December 14, 2018 had been issued. It has directed the Hon'ble High Court of Delhi *inter alia* that it may also consider issuing appropriate process and appointing forensic auditor(s) to analyse the transactions entered into between FHL and RHT and other related transactions. In so far as the acquisition of proprietary interests of RHT Health Trust by the Company is concerned, the Hon'ble Supreme Court has observed that *prima facie*, it appears to be acquisition of proprietary interest to subserve the business structure of the Company, as suggested by IHH/NTK while observing that it is a matter to be enquired into and facts to be assessed in light of any forensic analysis, if the court so deems appropriate.

Pursuant to the Judgement, Hon'ble High Court of Delhi vide its order dated 18th October 2022 has directed Decree Holder to file an application defining contours of the forensic audit sought, which could thereafter be considered by the Delhi High Court. Decree Holder has filed application(s) before Delhi High Court seeking appropriate directions in connection with forensic audit. Company has filed objections to the said request of the Decree Holder. Matter is pending adjudication.

In view of the legal positions/claim(s) and defence(s) available to the Company and basis external legal advice, the management believes that it has a strong case on merits. It is of the view that these transactions were 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 the requisite manner. Therefore, no adjustment is required in the unaudited Consolidated Financial Results.

Further during the year ended March 31, 2021, 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 grant of 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. During the year ended March 31, 2022, the Brand License Agreements have expired. As mentioned above, the Judgment has disposed of the Petitions and all applications thereunder, and the Company is evaluating the path ahead in consultation with its legal advisors with regard to the aforesaid brand transition.

13. In connection with the brand transition in respect of Agilus, it is relevant to highlight that non-exclusive Brand License Agreement of the diagnostics business had expired on May 09, 2021. In May 2023, an application on behalf of a Judgment Debtor was filed in pending proceedings before Hon'ble High Court of Delhi, for restraining Agilus & the Company from abruptly dumping/discontinuing the brand 'SRL' and allied trademarks, appointment of an entity for valuation and sale of the 'SRL' and allied trademarks ("Former Brand") and directing Agilus to deposit an appropriate amount with the Hon'ble High Court till the sale of the Former Brand. On May 26, 2023, submissions on behalf of Agilus were recorded that the process of brand transition had already been initiated by the diagnostic business since year 2020 and it had been moving towards brand Agilus. Vide Order dated May 26, 2023 (26 May Order) High Court directed Agilus, the Company and brand owner to not to act in any manner to diminish the value of the brand SRL. Certificate of incorporation was issued by Office of the Registrar of Companies, Ministry of Corporate Affairs certifying the change of name from "SRL Limited" to "Agilus Diagnostics Limited" w.e.f. May 31, 2023. On June 02, 2023, an affidavit in compliance of order dated May 26, 2023 was filed on behalf of Agilus.

On June 02, 2023, Hon'ble High Court of Delhi appointed M/s Konverj - Zeus as valuer for valuation of brand 'SRL'. In the last week of June 2023, Decree Holder filed a Contempt Petition against Agilus, the Company and directors/KMPs of Agilus alleging that they have knowingly and willfully disobeyed the order dated May 26, 2023 passed by Hon'ble High Court of Delhi. No notice on this petition has been issued by Hon'ble Court. Affidavits have been filed by Agilus to support and substantiate that it is in compliance of the 26 May Order.

In September 2023, an ex-director of Headway Brands Private Limited (company which was the owner and licensor of the Former Brand) has filed an application dated September 14, 2023 before the Delhi High Court *inter alia* seeking payment of Rs. 362 crores (approx.) as license fee and interest for use of the Former Brand, and that an inquiry be conducted into the impact of brand transition by Agilus on valuation of the Former Brand. The High Court by its order dated September 25, 2023, while issuing notice on the said application recorded the preliminary objections of Agilus that the application (i) is not maintainable and



STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2023

(ii) Agilus and Agilus Pathlabs are not necessary parties to the said application. Notice of the said application has been issued by the Court to all parties named therein for submission of their respective responses/ objections. Objections have been filed by Agilus.

Court appointed valuer M/s Konverj – Zeus has filed its report which has been objected to by Agilus and an affidavit, highlighting the deficiencies and illegality therein has been filed by Agilus on 17.10.2023 supported by reports of subject matter experts i.e. Ernst & Young and Osborne Partners who in their respective reports have pointed out that in preparation of report, M/s Konverj – Zeus has applied entirely incorrect and inappropriate valuation methodologies and has made reference to incorrect dates in arriving at conclusions set out in its report.

Further, as per the management and in consultation with external legal counsel it is believed that the Company has a strong case on merits and the likelihood of any impact on the financial results is not expected to be material. The matter is pending adjudication.

14. During the previous year, a Composite Scheme of Amalgamation u/s 230-232 of the Companies Act, 2013 which provides for merger of Fortis Emergency Services Limited, Birdie & Birdie Realtors Private Limited, Fortis Health Management (East) Limited and Fortis Cancer Care Limited with Fortis Hospitals Limited (FHsL) ("Scheme") (one of the wholly owned subsidiaries of the Company), was approved by the Board of Directors and Shareholders of the Holding Company, subject to requisite approval(s). The respective applications are subject to the approval of National Company Law Tribunal (NCLT), Delhi and Chandigarh.

Further the Board and the shareholders of the Company approved the merger of two wholly owned international subsidiaries of the Company. During the current quarter, approval of this merger was received from the concerned regulatory authority.

15. During the previous quarter on April 20, 2023, the Company signed definitive agreements with the VPS group for the acquisition of assets of Medeor Hospital in Manesar, Gurugram, Haryana, ("Medeor Hospital") for an overall purchase consideration of Rupees 22,500 lacs (excluding stamp duty and other charges).

During the current quarter on August 28th, 2023, the company has consummated the proposed transaction for the acquisition of a multi-speciality hospital situated in Manesar, Gurugram, Haryana along with all the structures and buildings as well as the movable assets present at Medeor Hospital Manesar on such terms and conditions, as contained in the relevant definitive agreements.

16. On March 31, 2023, the Board of directors of the Company gave their consent to sell/transfer/dispose-off Arcot Road Hospital, Chennai as a going concern/on slump sale basis on "as is where is" basis on such terms and conditions as per the draft business transfer agreement and with closure of points under discussion. During the current quarter, based on the final business transfer agreement with Sri Kauvery Medical Care (India) Limited, the Company has consummated this transaction for a sale consideration of Rupees 15,200 lacs (excluding other charges) and recorded an exceptional gain of Rs 349 lacs.

17. The healthcare business operates inter alia within two categories of entities within the Fortis Group i.e. operations entities and establishment entities. In order to consolidate the operations entities and establishment entities such that both operations and establishment of a hospital are housed in same entity, the Board of Directors of the Company consented to the demerger of certain healthcare operations from the operations entities into the establishment entities. During the previous quarter, the restructuring was approved by the shareholders of the Company.

During the current quarter, the Board of Directors of the respective Companies have also approved this intra group restructuring by way of a Composite Scheme of Arrangement. The scheme is subject to the approval of National Company Law Tribunal (NCLT), Delhi and Chandigarh.

18. Certain non-controlling shareholders of Agilus have the right to exercise a Put Option on the Company on the occurrence of certain events as described in the amendment agreement to the shareholders agreement. If exercised, the liability towards the cash put option will now be due within the next 12 months. The management believes that they have sufficient liquidity to meet the aforesaid liability. However, in case of consummation of a public offering of Equity Shares accompanied by the listing of Equity Shares of Agilus before date as specified in the agreement, the put option shall lapse.



**STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS
ENDED SEPTEMBER 30, 2023**

The Board of Directors of Agilus and the Company, in their meetings held on August 04, 2023 have considered and approved the proposal to undertake an initial public offer of equity shares of Agilus of face value of Rupees 10 each by way of an offer of sale of such number of Equity Shares by certain existing and eligible shareholders of Agilus, as may be determined at the Agilus board's discretion, after considering the prevailing market conditions and other relevant factors, at such price as permitted under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, subject to regulatory approvals, as required under applicable law. The members of the Company have approved the same. In furtherance thereto, Agilus has filed Draft Red Herring Prospectus on September 29, 2023 with Securities and Exchange Board of India.

19. The Board of directors of the Company at its meeting held on September 25, 2023 approved the acquisition of 99.9% shareholding of Artistery Properties Private Limited (Artistery) at an enterprise value of Rs 32 Cr, and the charges by Kolkata Metropolitan Development Authority ("KMDA") for change of land use and other levies. Artistery is in possession of a land parcel situated adjacent to Fortis Hospital, Anandpur, Kolkata under license from KMDA.

Subsequent to current quarter, the transaction has been consummated on November 8, 2023.

Date: November 10, 2023

Place: Gurugram

For and on behalf of the Board of Directors

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



Limited Review Report on unaudited standalone financial results of Fortis Healthcare Limited for the quarter ended 30 September 2023 and year to date results for the period from 01 April 2023 to 30 September 2023 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Fortis Healthcare Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Fortis Healthcare Limited (hereinafter referred to as “the Company”) for the quarter ended 30 September 2023 and year to date results for the period from 01 April 2023 to 30 September 2023 (“the Statement”).
2. This Statement, which is the responsibility of the Company’s management and approved by its 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“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. 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.
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 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.
5. We draw attention to the following notes in the Statement:
 - a. Note 8 and 9 of the Statement which deal with various matters including the ongoing investigation by Serious Fraud Investigation Office (“SFIO”) 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). 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 is also cooperating in the regulatory investigations.

Registered Office:

Limited Review Report (Continued)

Fortis Healthcare Limited

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 year ended 31 March 2021 for any contingency that may arise from the aforesaid issues. As per the management, any further additional impact, to the extent it can be reliably estimated as at present, is not expected to be material.

- b. Note 6 of the Statement relating to the order dated 22 September 2022 of the Hon'ble Supreme Court whereby it has directed the Hon'ble Court of Delhi inter alia that it may also consider issuing appropriate process and appointing forensic auditor(s) to analyse the transactions entered into between the Company and RHT Health Trust and other related transaction. The above mentioned Note also states that the Hon'ble Supreme Court has observed that prima facie, it appears to be acquisition of proprietary interest of RHT Health Trust by the Company are to subserve the business structure of the Company.

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

For B S R & Co. LLP

Chartered Accountants

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



Rajesh Arora

Partner

Membership No.: 076124

UDIN: 23076124BGZBJC9239

Gurugram

10 November 2023

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, 2023

(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Six months ended		Year ended
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Revenue from operations	29,412	28,907	26,606	58,319	51,321	105,293
2. Other income	4,823	3,060	5,484	7,883	8,653	14,957
3. Total income (1+2)	34,235	31,967	32,090	66,202	59,974	120,250
4. Expenses						
(a) Purchases of medical consumable and drugs	7,642	7,439	6,743	15,081	13,049	26,640
(b) Changes in inventories of medical consumable and drugs	29	83	(19)	112	(182)	(112)
(c) Employee benefits expense	4,620	5,012	4,484	9,632	8,697	17,545
(d) Finance costs	2,081	2,330	2,810	4,411	5,601	10,624
(e) Hospital service fee expense	2,162	2,057	1,868	4,219	3,602	7,362
(f) Professional charges to doctors	5,187	5,582	5,000	10,769	9,853	19,881
(g) Depreciation and amortisation expense	2,508	2,480	2,869	4,988	5,712	11,588
(h) Other expenses	5,811	5,218	4,768	11,029	9,348	20,663
Total expenses	30,040	30,201	28,523	60,241	55,680	114,191
5. Net profit / (loss) from continuing operation before exceptional items and tax (3-4)	4,195	1,766	3,567	5,961	4,294	6,059
6. Exceptional gain / (loss) (refer note 3)	6,155	-	5,121	6,155	3,888	4,829
7. Profit / (loss) before tax from continuing operations (5+6)	10,350	1,766	8,688	12,116	8,182	10,888
8. Tax expense / (credit)	820	478	447	1,298	704	1,264
9. Net profit / (loss) for the period from continuing operations (7-8)	9,530	1,288	8,241	10,818	7,478	9,624
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)	9,530	1,288	8,241	10,818	7,478	9,624
14. Other Comprehensive Income / (loss) (after tax)	(26)	(27)	(141)	(53)	(94)	(127)
15. Total comprehensive income / (loss) for the period (13+14)	9,504	1,261	8,100	10,765	7,384	9,497
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						820,858



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(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Six months ended		Year ended
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
18. Earnings per equity share for continuing operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	1.26	0.17	1.09	1.43	0.99	1.27
Diluted earnings / (loss) per share - In Rupees	1.26	0.17	1.09	1.43	0.99	1.27
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	1.26	0.17	1.09	1.43	0.99	1.27
Diluted earnings / (loss) per share - In Rupees	1.26	0.17	1.09	1.43	0.99	1.27
21. Earnings before depreciation and amortisation expense, finance costs, exceptional items and tax expense (EBITDA) (refer note 2)	8,784	6,576	9,246	15,360	15,607	28,271

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, 2023, have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 10, 2023. 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 amortisation (EBITDA) additionally in the financial results. In its measurement, the Company includes other income, but does not include depreciation and amortisation expense, finance costs, exceptional items and tax expense.



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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, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
a) Reversal of Impairment of investment in Subsidiary Companies (net)	5,806	-	5,121	5,806	3,888	4,829
b) Gain on sale of Arcot Road hospital (refer note 14)	349	-	-	349	-	-
Net exceptional gain	6,155	-	5,121	6,155	3,888	4,829

4. Statement of Assets and Liabilities:

(Rupees in lacs)

Particulars	Standalone	
	As at September 30, 2023	As at March 31, 2023
	Unaudited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	14,538	13,595
(b) Capital work-in-progress	27,958	267
(c) Right-of-Use Assets	28,537	32,178
(d) Goodwill	2,722	2,722
(e) Other intangible assets	593	690
(f) Intangible assets under development	36	-
(g) Financial assets		
(i) Investments in subsidiaries	877,271	884,760
(ii) Loans	16,163	14,616
(iii) Other financial assets	74	79
(h) Deferred tax assets (net)	5,472	5,706
(i) Non-current tax assets (net)	10,069	13,001
(j) Other non-current assets	273	241
Total non-current assets	983,706	967,855
Current assets		
(a) Inventories	1,380	1,287
(b) Financial assets		
(i) Trade receivables	12,347	9,736
(ii) Cash and cash equivalents	54	98
(iii) Bank balances other than (ii) above	5	5
(iv) Other financial assets	35,452	31,868
(c) Other current assets	515	448
(d) Asset held for sale (refer note 14)	-	25,570
Total current assets	49,753	69,012
Total assets	1,033,459	1,036,867



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(Rupees in lacs)

Particulars	Standalone	
	As at September 30, 2023	As at March 31, 2023
	Unaudited	Audited
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	75,496	75,496
(b) Other equity	824,073	820,858
Total equity	899,569	896,354
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	27,652	28,158
(ii) Lease liabilities	30,300	34,377
(iii) Other financial liabilities	-	119
(b) Provisions	2,517	2,161
Total non-current liabilities	60,469	64,815
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	7,509	8,820
(ii) Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	1,814	2,558
- Total outstanding dues other than micro enterprises and small enterprises	48,580	39,004
(iii) Lease liabilities	7,776	7,158
(iv) Other financial liabilities	3,833	2,647
(b) Provisions	2,165	2,198
(c) Other current liabilities	1,744	2,081
(d) Liability directly associated with assets classified as held for sale (refer note 14)	-	11,232
Total current liabilities	73,421	75,698
Total liabilities	133,890	140,513
Total equity and liabilities	1,033,459	1,036,867



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5. Statement of Cash flows :

(Rupees in lacs)

Particulars	Standalone	
	Six Months ended	
	September 30, 2023	September 30, 2022
	Unaudited	Unaudited
Cash flows from operating activities		
Profit before tax	12,116	8,182
Adjustments for:		
Exceptional gain	(6,155)	(3,888)
Finance cost	4,411	5,601
Interest income	(6,321)	(8,426)
Loss on disposal of property, plant and equipment (net)	-	3
Allowance for doubtful trade receivables	736	323
Allowance for doubtful advances	23	16
Depreciation and amortisation expense	4,988	5,712
Provision / liability no longer required written back	(16)	(4)
Financial guarantee income	(141)	(211)
Dividend from equity investment	(1,348)	(2,149)
	8,293	5,159
Working capital adjustments		
Increase in trade and other receivables	(3,257)	(3,786)
Increase in inventories	(121)	(182)
(Decrease)/ Increase in loans, other assets and other financial assets	281	(96)
Increase in other financial liabilities, provisions, other liabilities and trade payables	8,005	8,094
Cash generated from operating activities	13,201	9,189
Income taxes refund / (paid) (net)	1,889	(2,285)
Net cash generated by operating activities (A)	15,090	6,904
Cash flows from investing activities		
Interest received	953	4,458
Interest received against investments	13,295	8,115
Purchase of property, plant and equipment and intangible asset (refer note 13)	(28,265)	(2,633)
Consideration received on sale of Arcot Road hospital (refer note 14)	14,976	-
Proceeds from sale of property, plant and equipment	18	2
Loan and advances received back from subsidiaries	-	1,927
Loan and advance given to subsidiaries	(146)	-
Dividend received from equity investment	1,348	2,149
Net cash generated by investing activities (B)	2,179	14,018
Cash flows from financing activities		
Principal payment of lease liabilities	(3,441)	(2,841)
Proceeds from non-current borrowings	21,046	1,429



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(Rupees in lacs)

Particulars	Standalone	
	Six Months ended	
	September 30, 2023	September 30, 2022
	Unaudited	Unaudited
Repayment of non-current borrowings	(21,552)	(17,500)
(Repayments) / Proceeds of current borrowings (net)	(1,392)	4,164
Finance cost paid*	(4,376)	(5,590)
Dividend paid	(7,550)	-
Net cash (used in) financing activities (C)	(17,265)	(20,338)
Net increase in cash and cash equivalents (A+B+C)	4	584
Cash and cash equivalents at the beginning of the period	(1,218)	(1,975)
Cash and cash equivalents at the end of the period	(1,214)	(1,391)

*Including interest on lease liability Rupees 2,506 lacs and Rupees 3,009 lacs for the period ended September 30, 2023 and September 30, 2022 respectively.

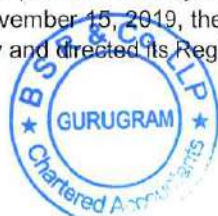
Cash and cash equivalents

For the purposes of the 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, 2023	September 30, 2022
	Unaudited	Unaudited
(a) Balances with banks		
- on current accounts	16	837
(b) Cash on hand	38	36
Cash and cash equivalents as per balance sheet	54	873
Bank overdrafts	(1,268)	(2,264)
Cash and cash equivalents as per statement of cash flows	(1,214)	(1,391)

6. 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. The Company had accordingly filed an application seeking for modification of the said order which has been disposed of pursuant to the judgement of the Hon'ble Supreme Court dated September 22, 2022. Vide its judgement dated November 15, 2019, the Hon'ble Supreme Court had 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



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its order dated December 14, 2018. In this respect, the Hon'ble Supreme Court had 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 had 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 ("Status Quo Order") 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 had impleaded SEBI as a party in the petition pending before it. SEBI had prayed for allowing the Mandatory Open Offer. Further, the Hon'ble Supreme Court of India had issued notice on application filed by a public shareholder of the Company seeking impleadment. NTK had also filed an application for impleadment, modification of the status quo order and for proceeding with Mandatory Open Offer.

Vide judgment dated 22nd September 2022 ("Judgement"), the Hon'ble Supreme Court of India disposed of Special Leave Petition (Civil) No. 20417 of 2017, Contempt Petition No. 2120 of 2018 in SLP (C) No. 20417 of 2019 and Suo Motu Contempt Petition (C) No. 4 of 2019, which includes the Petition in which the Status Quo Order dated December 14, 2018 had been issued. It has directed the Hon'ble High Court of Delhi inter alia that it may also consider issuing appropriate process and appointing forensic auditor(s) to analyse the transactions entered into between FHL and RHT and other related transactions. In so far as the acquisition of proprietary interests of RHT Health Trust by the Company is concerned, the Hon'ble Supreme Court has observed that prima facie, it appears to be acquisition of proprietary interest to subserve the business structure of the Company, as suggested by IHH/NTK while observing that it is a matter to be enquired into and facts to be assessed in light of any forensic analysis, if the court so deems appropriate.

Pursuant to the Judgement, Hon'ble High Court of Delhi vide its order dated 18th October 2022 has directed Decree Holder to file an application defining contours of the forensic audit sought, which could thereafter be considered by the Delhi High Court. Decree holder has filed application(s) before Delhi High Court seeking appropriate directions in connection with forensic audit. Company has filed objections to the said request of the Decree Holder. Matter is pending adjudication.

In view of the legal positions/claim(s) and defence(s) available to the Company and basis external legal advice, the management believes that it has a strong case on merits. It is of the view that these transactions were 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 the requisite manner. Therefore, no adjustment is required in the unaudited standalone Financial Results.

Further, during the year ended March 31, 2021, 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 grant of 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. During the year ended March 31, 2022 the Brand License Agreements have expired. As mentioned above, the Judgment has disposed of the Petitions and all applications thereunder, and the Company is evaluating the path ahead in consultation with its legal advisors with regard to the aforesaid brand transition.

7. In connection with the brand transition in respect of Agilus, it is relevant to highlight that non-exclusive Brand License Agreement of the diagnostics business had expired on May 09, 2021. In May 2023, an application on behalf of a Judgment Debtor was filed in pending proceedings before Hon'ble High Court of Delhi, for restraining Agilus & the Company from abruptly dumping/discontinuing the brand 'SRL' and allied trademarks, appointment of an entity for valuation and sale of the 'SRL' and allied trademarks ("Former Brand") and directing Agilus to deposit an appropriate amount with the Hon'ble High Court till the sale of the Former Brand. On May 26, 2023, submissions on behalf of Agilus were recorded that the process of brand transition had already been initiated by the diagnostic business since year 2020 and it had been moving towards brand Agilus. Vide Order dated May 26, 2023 (26 May Order) High Court directed Agilus, the Company and brand owner to not to act in any manner to diminish the value of the brand SRL. Certificate of incorporation was issued by Office of the Registrar of Companies, Ministry of Corporate Affairs certifying the change of name from "SRL Limited" to "Agilus Diagnostics Limited" w.e.f. May 31, 2023. On June 02, 2023, an affidavit in compliance of order dated May 26, 2023 was filed on behalf of Agilus.



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On June 02, 2023, Hon'ble High Court of Delhi appointed M/s Konverj - Zeus as valuer for valuation of brand 'SRL'. In the last week of June 2023, Decree Holder filed a Contempt Petition against Agilus, the Company and directors/KMPs of Agilus alleging that they have knowingly and willfully disobeyed the order dated May 26, 2023 passed by Hon'ble High Court of Delhi. No notice on this petition has been issued by Hon'ble Court. Affidavits have been filed by Agilus to support and substantiate that it is in compliance of the 26 May Order.

In September 2023, an ex-director of Headway Brands Private Limited (company which was the owner and licensor of the Former Brand) has filed an application dated September 14, 2023 before the Delhi High Court *inter alia* seeking payment of Rs. 362 crores (approx.) as license fee and interest for use of the Former Brand, and that an inquiry be conducted into the impact of brand transition by Agilus on valuation of the Former Brand. The High Court by its order dated September 25, 2023, while issuing notice on the said application recorded the preliminary objections of Agilus that the application (i) is not maintainable and (ii) Agilus and Agilus Pathlabs are not necessary parties to the said application. Notice of the said application has been issued by the Court to all parties named therein for submission of their respective responses/ objections. Objections have been filed by Agilus.

Court appointed valuer M/s Konverj – Zeus has filed its report which has been objected to by Agilus and an affidavit, highlighting the deficiencies and illegality therein has been filed by Agilus on 17.10.2023 supported by reports of subject matter experts i.e. Ernst & Young and Osborne Partners who in their respective reports have pointed out that in preparation of report, M/s Konverj – Zeus has applied entirely incorrect and inappropriate valuation methodologies and has made reference to incorrect dates in arriving at conclusions set out in its report.

Further, as per the management and in consultation with external legal counsel it is believed that the Company has a strong case on merits and the likelihood of any impact on the financial results is not expected to be material. The matter is pending adjudication.

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 past promoters/ directors were known to/ connected with the erstwhile promoters of the Company. All such identified transactions were provided for by the Company in the financial statements for the year ended March 31, 2018.

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

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



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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).

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 which is pending adjudication. 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. A First Information Report (FIR) was registered by EOW in July 2021 w.r.t. the above complaint. The investigation is underway.

- (ii) The Company had paid security deposits and advances aggregating to Rupees 2,173 lacs in the financial year 2013-14 to a private company ("Lessor") towards lease of office space. Due to delays in obtaining occupancy certificate (OC), the lease agreement / MOUs were either terminated by the Company or expired during the financial year 2017-18. The amounts outstanding from the Lessor as on March 31, 2018 aggregated to Rupees 2,173 lacs. Additionally, expenditure aggregating to Rupees 2,570 lacs was incurred towards capital work-in-progress on the premises proposed to be take on lease from the Lessor, which is also being claimed from the Lessor pursuant to the aforesaid



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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. NCLT has approved the Resolution Plan. The Resolution Professional admitted the claim of the Company as other creditors and in accordance with the terms of Resolution Plan decided that the payment made to the Company shall stand as Rupees Nil.

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. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint. The investigation is underway.

- (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 dishonored, and FHsL initiated legal proceedings in this regard. FHsL had accrued for the interest amounting to Rupees 174 lacs up to March 31, 2018 on the advance for the purpose of including the same in the legal claim on the entity. However, in line with applicable accounting norms, interest thereon for the period subsequent to March 31, 2018 was not accrued considering the uncertainties around ultimate realization of the amounts.

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

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

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

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

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

- (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



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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. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint. The investigation is underway.

(vi) Remuneration to ex-chairman

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

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

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

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



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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. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint. Investigation is underway. Enforcement Directorate is also investigating into the allegations made in the said FIR.

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

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

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

- (D) Based on investigation carried 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. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

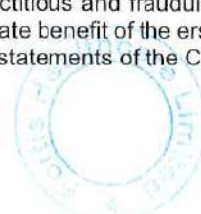
Therefore, with this conclusion, the initial investigation, which was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers has been addressed through the additional procedures/enquiries by independent experts. In addition, the current 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 said 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 ("Interim 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 the erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Company. Further,



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it *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 Interim 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 Interim Order. Incidentally, the Interim 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.

The Company and its wholly owned subsidiary i.e. Fortis Hospitals Limited (FHsL) had then filed applications for modification of the Interim 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 Interim Order dated October 17, 2018 deleting FHsL from the list of entities against whom the Interim 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 Interim 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 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-1) was issued by SEBI to various entities including the Company and FHsL on November 20, 2020. In the SCN-1, 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-1 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-1 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. The new promoter of the Company (i.e. NTK Venture Pte. Ltd.) assumed control of the Company pursuant to a preferential allotment which was approved by both the Competition Commission of India and SEBI which approved the open offer triggered pursuant to 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. SEBI passed an order dated April 19, 2022 w.r.t SCN -1 directing the Company & FHsL to pursue the measures taken to recover the amount of INR 397.12 Crores (approx.) along with the interest from erstwhile Promoters; & Audit Committee to regularly monitor the progress of such measures and report the same to Board of Directors at regular intervals. SEBI has imposed a penalty of Rupees 100 lacs and Rupees 50 lacs on Company and FHsL respectively. The Company and FHsL have filed an appeal against the order dated April 19, 2022 before Hon'ble Securities Appellate Tribunal, Mumbai which is sub-judice. On August 25, 2022, SEBI filed its affidavit in reply in the matter. Thereafter, the Company and FHsL have filed a rejoinder to SEBI's reply.



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Appeal is pending adjudication. The Company & FHsL have deposited Rupees 50 lacs and Rupees 25 lacs respectively under protest with Hon'ble Securities Appellate Tribunal, Mumbai.

On April 09, 2021, SEBI issued another Show cause notice (SCN-2) to various notices including Escorts Heart Institute and Research Centre Limited ("EHIRCL"). In the said SCN-2, with respect to EHIRCL, it was 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 was stated in the said SCN-2 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 SCN-2, EHIRCL had been clubbed along with the other notices, and had been painted with the same brush as the other notices in alleging that certain notices, 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.

SEBI w.r.t SCN-2 has passed an order dated May 18, 2022 imposing penalty against several erstwhile promoters entities and certain individuals. Based on the aforesaid allegations and actions taken by the Company against the erstwhile promoters and related entities, it has also imposed a penalty of Rs 100 lacs on EHIRCL. EHIRCL filed an appeal against the order dated May 18, 2022 before Hon'ble Securities Appellate Tribunal, Mumbai. SEBI has filed its response to which EHIRCL has filed a rejoinder. Appeal is pending adjudication. EHIRCL has deposited Rupees 50 lacs under protest with Hon'ble Securities Appellate Tribunal, Mumbai.

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.

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 the unutilized amount of Rupees 61 lacs.



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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. During the previous year, a Composite Scheme of Amalgamation u/s 230-232 of the Companies Act, 2013 which provides for merger of Fortis Emergency Services Limited, Birdie & Birdie Realtors Private Limited, Fortis Health Management (East) Limited and Fortis Cancer Care Limited with Fortis Hospitals Limited (FHsL) ("Scheme") (one of the wholly owned subsidiaries of the Company), was approved by the Board of Directors and Shareholders of the Holding Company, subject to requisite approval(s). The respective applications are subject to the approval of National Company Law Tribunal (NCLT), Delhi and Chandigarh.

Further the Board and the shareholders of the Company approved the merger of two wholly owned international subsidiaries of the Company. During the previous quarter, approval of this merger was received from the concerned regulatory authority.

13. During the previous quarter on April 20, 2023, the Company signed definitive agreements with the VPS group for the acquisition of assets of Medeor Hospital in Manesar, Gurugram, Haryana, ("Medeor Hospital") for an overall purchase consideration of Rupees 22,500 lacs (excluding stamp duty and other charges).

During the current quarter on August 28th, 2023, the company has consummated the proposed transaction for the acquisition of a multi-speciality hospital situated in Manesar, Gurugram, Haryana along with all the structures and buildings as well as the movable assets present at Medeor Hospital Manesar on such terms and conditions, as contained in the relevant definitive agreements.

14. On March 31, 2023, the Board of directors of the Company gave their consent to sell/transfer/dispose-off Arcot Road Hospital, Chennai as a going concern/on slump sale basis on "as is where is" basis on such terms and conditions as per the draft business transfer agreement and with closure of points under discussion. During the current quarter, based on the final business transfer agreement with Sri Kauvery Medical Care (India) Limited, the Company has consummated this transaction for a sale consideration of Rupees 15,200 lacs (excluding other charges) and recorded an exceptional gain of Rupees 349 lacs.

15. The healthcare business operates inter alia within two categories of entities within the Fortis Group i.e. operations entities and establishment entities. In order to consolidate the operations entities and establishment entities such that both operations and establishment of a hospital are housed in same entity, the Board of Directors of the Company consented to the demerger of certain healthcare operations from the operations entities into the establishment entities. During the previous quarter, the restructuring was approved by the shareholders of the Company.

During the current quarter, the Board of Directors of the respective Companies have also approved this intra group restructuring by way of a Composite Scheme of Arrangement. The scheme is subject to the approval of National Company Law Tribunal (NCLT), Delhi and Chandigarh.

16. Certain non-controlling shareholders of Agilus have the right to exercise a Put Option on the Company on the occurrence of certain events as described in the amendment agreement to the shareholders agreement. If exercised, the liability towards the cash put option will now be due within the next 12 months. The management believes that they have sufficient liquidity to meet the aforesaid liability. However, in case of consummation of a public offering of Equity Shares accompanied by the listing of Equity Shares of Agilus before date as specified in the agreement, the put option shall lapse.

The Board of Directors of Agilus and the Company, in their meetings held on August 04, 2023 have considered and approved the proposal to undertake an initial public offer of equity shares of Agilus of face value of Rupees 10 each by way of an offer of sale of such number of Equity Shares by certain existing and eligible shareholders of Agilus, as may be determined at the Agilus board's discretion, after considering the prevailing market conditions and other relevant factors, at such price as permitted under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, subject to regulatory approvals, as required under applicable law. The members of the Company have approved the same. In furtherance thereto, Agilus has filed Draft Red Herring Prospectus on September 29, 2023 with Securities and Exchange Board of India.



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17. The Board of directors of the Company at its meeting held on September 25, 2023 approved the acquisition of 99.9% shareholding of Artistry Properties Private Limited (Artistry) at an enterprise value of Rs 32 Cr, and the charges by Kolkata Metropolitan Development Authority ("KMDA") for change of land use and other levies. Artistry is in possession of a land parcel situated adjacent to Fortis Hospital, Anandpur, Kolkata under license from KMDA.

Subsequent to current quarter, the transaction has been consummated on November 8, 2023.

Date: November 10, 2023

Place: Gurugram

For and on behalf of the Board of Directors



Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

Ashutosh
[Signature]

