Fortis Healthcare Limited
Tower-A, Unitech Business Park, Block-F,
South City 1, Sector – 41, Gurgaon,
Haryana – 122 001 (India)
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FHL/SEC / 2019-20 **August 6, 2019**

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

Scrip Symbol: FORTIS

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

Scrip Code:532843

Sub: Outcome of the Board Meeting

Dear Sir(s),

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, this is to inform you that the Board of Directors of the Company at its meeting held today i.e. August 6, 2019, *inter-alia*, considered and approved: -

1. Standalone and consolidated un-audited financial results of the Company for the quarter ended on June 30, 2019 along with limited review report thereon;

2. Convening of 23rd Annual General Meeting of the Company on Thursday, September 26, 2019 at National Institute of Pharmaceutical Education and Research, Sector 67, SAS Nagar Mohali-Punjab, 160062.

Please find enclosed standalone and consolidated un-audited financial results along with limited review report given by the Statutory Auditor of the Company for quarter ended on June 30, 2019 and a copy of the press release and investor presentation being issued in this regard.

The Board Meeting commenced at 0930 Hours and concluded at 1715 Hours.

This is for your information and records please.

Thanking you,

Yours faithfully,
For **Fortis Healthcare Limited**

SUMIT GOEL
Digitally signed by SUMIT GOEL
Date: 2019.08.06 17:20:35 +05'30'

Sumit Goel
Company Secretary

B S R & Co. LLP

Chartered Accountants

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

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Limited review report on the Statement of Unaudited Standalone financial Results of Fortis Healthcare Limited pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Fortis Healthcare Limited (the "Company") for the quarter ended 30 June 2019 ("the Statement").

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

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

4. Attention is drawn to the fact that the figures for the 3 months ended 31 March 2019 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

5. The matters stated below were also subject matter of qualification in our audit opinion on the standalone financial results for the year ended 31 March 2019:

   (i) As explained in Note 11 of the Statement, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company carried out an independent investigation and special audits by external professional firms on matters relating to systematic lapses/override of internal controls. As a result of investigation/ special audits, the Company recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 5 and 11 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; and their qualifications and disclaimers including completeness of related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018.

Further, as explained in Note 11 and 12 of the Statement, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations on these matters, which are currently ongoing.

Consequently, the need for additional procedures/ enquiries, if any, and an overall assessment of the impact of the investigations on the financial results is yet to be concluded.

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

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

(ii) As explained in Note 13 of the Statement, during the year ended 31 March 2018, the Company concluded that it had paid amount aggregating to Rs. 2,002 lacs to the erstwhile Executive Chairman in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013 as his remuneration and other reimbursements. This is accordingly a non-compliance with the provisions of Section 197 of the Companies Act, 2013, and Company has taken requisite actions to recover this amount. Due to the uncertainty involved on recoverability of the said amounts a provision for this amount has also been recorded in the year ended 31 March 2018.

6. The standalone financial results for the quarter ended 30 June 2018 were reviewed by the predecessor auditor (vide their modified review report dated 14 August 2018).

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

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

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

Rajesh Arora
Partner
Membership No.: 076124
UDIN: 19076124AAAAAR9246

Place: Gurugram
Date: 6 August 2019

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

(Rupees in lacs)

Particulars	Standalone			
	Quarter ended			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	Unaudited	Audited (refer note 2)	Unaudited	Audited
1. Revenue from operations	17,880	16,790	15,633	65,649
2. Other income	67,593	35,201	3,728	52,449
3. Total income (1+2)	**85,473**	**51,991**	**19,361**	**118,098**
4. Expenses				
(a) Cost of material consumed	3,729	3,287	3,246	13,169
(b) Employee benefits expenses	4,083	3,360	3,989	14,953
(c) Finance costs	4,396	4,917	2,936	19,227
(d) Hospital service fee expense	1,270	3,566	3,497	14,154
(e) Professional charges to doctors	3,062	2,701	2,765	11,137
(f) Depreciation and amortization expense	2,393	646	691	2,714
(g) Other expenses	3,570	8,612	4,409	24,780
Total expenses	**22,503**	**27,088**	**21,533**	**100,133**
5. Net profit / (loss) from continuing operation before exceptional items and tax (3-4)	**62,970**	**24,903**	**(2,172)**	**17,965**
6. Exceptional items (refer note 4)	(4,523)	-	(3)	-
7. Profit / (loss) before tax from continuing operations (5-6)	**58,447**	**24,903**	**(2,175)**	**17,965**
8. Tax expense/ (credit)	11,239	5,653	(766)	5,656
9. Net profit / (loss) for the period from continuing operations (7-8)	**47,208**	**19,250**	**(1,409)**	**12,309**
10. Profit from discontinued operations before tax	-	-	-	-
11. Tax expense of discontinued operations	-	-	-	-
12. Net profit / (loss) for the period from discontinuing operations (After Tax) (10-11)	-	-	-	-
13. Net profit / (loss) for the period (9+12)	**47,208**	**19,250**	**(1,409)**	**12,309**
14. Other Comprehensive Income/(loss) (including OCI relating to associates and joint venture (after tax)) ('OCI')	(44)	4	40	22
15. Total comprehensive Income/(Loss) (13+14)	**47,164**	**19,254**	**(1,369)**	**12,331**
16. Paid-up equity share capital (Face Value Rupees10 per Share)	75,496	75,495	51,868	75,495
17. Earnings per equity share for continuing operations				
Basic earnings (loss) per share - In Rupees	6.25	2.52	(0.27)	2.02

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Fortis Healthcare Limited *

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

(Rupees in lacs)

Particulars	Standalone			
	Quarter ended			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	Unaudited	Audited (refer note 2)	Unaudited	Audited
Diluted earnings (loss) per share - In Rupees	6.25	2.52	(0.27)	2.02
18. Earnings per equity share for discontinued operations				
Basic earnings (loss) per share - In Rupees	-	-	-	-
Diluted earnings (loss) per share - In Rupees	-	-	-	-
19. Earnings per equity share from continuing and discontinued operations				
Basic earnings (loss) per share - In Rupees	6.25	2.52	(0.27)	2.02
Diluted earnings (loss) per share - In Rupees	6.25	2.52	(0.27)	2.02
20. Earnings before depreciation, impairment and amortization expense, finance costs, exceptional items, tax expenses and share in profit /(loss) of associate companies and joint ventures (EBITDA)	69,759	30,466	1,455	39,906

Notes to the results

1. The above standalone audited financial results for the quarter ended June 30, 2019 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on August 5, 2019 and August 6, 2019. The modified limited review report of the Statutory Auditors is being filed with BSE and National Stock Exchange of India Limited. For more details on standalone results, visit investors section of our website at www.fortishealthcare.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.

2. The predecessor auditor had issued a qualified opinion on the unaudited standalone financial results for the quarter ended June 30, 2018. Figures for the quarter ended March 31, 2019, included in the standalone financial results, are the balancing figures between audited figures in respect of the full financial year for the year ended March 31, 2019 and the unaudited published year to date figures up to December 31, 2018 being the end of the third quarter of the respective financial year.

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

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4. Exceptional items included in the above standalone financial results include:

(Rupees in lacs)

Particulars	**Quarter ended**			**Year ended**
	30 June 2019	**31 March 2019**	**30 June 2018**	**31 March 2019**
	Unaudited	**Audited (refer note 2)**	**Unaudited**	**Audited**
a) Expenses on Composite Scheme of Arrangement and Amalgamation (Refer Note 7)	-	-	(3)	-
b) Impairment of Investment in Fortis Healthcare International Limited	(4,523)	-	-	-
Net exceptional gain/ (loss)	**(4,523)**	**-**	**(3)**	**-**

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

   In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company had recorded provisions aggregating to Rupees 4,743 lacs in the Standalone Financial Results for the year ended March 31, 2018 (also refer to note 11(d)(vi)).

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

   The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged Term Sheet with the Party. This Party has approached Delhi High Court for seeking certain interim reliefs against the Company under the provisions of The Arbitration and Conciliation Act, 1996 and the same is being contested.

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

   Separately, the Party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well. Subsequently, an application has been filed in the civil suit, by a different entity claiming

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itself to be representative of the Party and is seeking substitution of its name in place of Assignee as plaintiff.

Allegations made by the Party has been duly responded to by the Company denying (i) execution of any binding agreement with the Party and (ii) liability of any kind whatsoever. Company has also filed caveats before Hon'ble High Court of Delhi in this regard.

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

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

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

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

8. Effective from January 15, 2019, the Company completed the acquisition of 100% stake in International Hospital Limited, Fortis Health Management Limited, Escorts Heart and Super Specialty Hospital Limited, Hospitalia Eastern Private Limited and 49% stake in Fortis Hospotel Limited (in which the Company had already held 51% stake) for a consideration of Rupees 466,630 lacs.

9. As on December 31, 2017, the erstwhile Promoters and erstwhile Promoter Group entities together held 34.33% of the paid-up capital of the Company of which approximately 98% was pledged to various bank as a security towards the loans raised by the erstwhile Promoters / erstwhile Promoter Group entities. In a matter relating to the erstwhile Promoters and the erstwhile Promoter Group entities, the Hon'ble Supreme Court of India vide their interim orders dated August 11, 2017 and August 31, 2017 had directed that status quo be maintained over the shares pledged by the erstwhile Promoter and erstwhile Promoter Group entities. Subsequently, the Hon'ble Supreme Court of India in its Order on February 15, 2018, has clarified that the earlier direction to maintain status quo of the erstwhile promoter holding in the Company shall not apply to shares of the Company as may have been encumbered on or before the date of the interim orders. Consequent to the Banks invoking their rights on the shares of the Company that were pledged by the erstwhile Promoters / erstwhile Promoter Group entities, the holding of the erstwhile Promoters and erstwhile Promoter Group entities in the Company was reduced to 0.16% of the paid-up capital of the Company as at June 30, 2019. Further the Board of Directors at its meeting held on July 13, 2018, approved re-classification of the then promoter holding under the category of 'Public Shareholding'. This has been approved by the shareholders at their Extra Ordinary General Meeting dated August 13, 2018. Application for re classification of erstwhile promoter as "public shareholder" was filed with the stock exchanges and during the current quarter ended June 30, 2019, the Company has received approval for the same.

10. The Board of Directors had approved an equity infusion of Rupees 400,000 lacs at a price of Rupees 170 per equity share into the Company by Northern TK Venture Pte Ltd, Singapore, ("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. The shareholders of the Company have approved the Preferential Issue by requisite majority at their Extra Ordinary General Meeting dated August 13, 2018. The acquirer 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, have the right to appoint 2/3 of the directors on the Board of Directors of the Company, thereby

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Fortis Healthcare Limited

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, as a result of which the Mandatory Open offer was kept in abeyance. The Company has accordingly filed application for modification of the said order.

Out of the proceeds the Company has used a sum of Rupees 356,630 lacs for substantially funding the acquisition as described in note 8 and balance towards repayment of debt and general corporate purposes during the previous year ended March 31, 2019.

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

(a) During the year ended on March 31, 2018, there were reports in the media and enquiries from, inter alia, the stock exchanges received by the Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management Committee of the Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm on this matter.

(b) The terms of reference of the investigation, *inter alia*, comprised: (i) ICDs amounting to a total of Rupees 49,414 lacs (principal), placed by the Company's wholly-owned subsidiary, FHsL, with three borrowing companies as on July 1, 2017 (refer Note 6 above); (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer 6 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.

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

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

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

ii. In terms of the relationship with the borrower companies, there was no direct relationship between the borrower companies and the Company and / or its subsidiaries during the period December 2011 till December 14, 2017 (these borrower companies became related parties from December 15, 2017). The Investigation Report has made observations where erstwhile promoters were evaluating certain transactions concerning certain assets owned by them for the settlement of ICDs thereby indirectly implying some sort of affiliation with the borrower companies. The Investigation Report has observed that the borrower companies could possibly qualify as related parties of the Company and/ or FHsL, given the substance

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of the relationship. In this regard, reference was made to Indian accounting Standards dealing with related party disclosures, which states that for considering each possible related party relationship, attention is to be directed to the substance of the relationship and not merely the legal form.

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

iv. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company (Refer Note 6). Whilst the matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was *sub-judice*.

v. During the year ended 31 March 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("**EHIRCL**")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of Rupees 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Company. Further, the said loan advanced by EHIRCL to Fortis Healthstaff Limited was impaired in the books of account of EHIRCL due to anticipated chances of non-recovery during the quarter and year ended 31 March 2019.

vi. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the erstwhile promoter group, if any. In this regard, it was observed in internal correspondence within the Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions have been made in this regard.

vii. Additionally, it was observed in the Investigation Report that there were significant fluctuations in the NAV of the investments in overseas funds by the overseas subsidiaries during a short span of time. Further, similar to the paragraph above, in the internal correspondence within the Company, investments in the overseas funds have been referred to as related party transactions. During quarter ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10% with no loss in the principal value of investment.

Other Matters:

(e) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 11 (d) (i) (ii) and (vi) above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility cannot be ruled out that there may have been additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

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Fortis Healthcare Limited *

(f) With respect to the other matters identified in the Investigation Report, the Board initiated specific improvement projects to strengthen the process and control environment. The projects included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement. The assessment work has been done and corrective action plans have been implemented. The Board however, continues to evaluate other areas to strengthen processes and build a robust governance framework. Towards this end, it is also evaluating internal organizational structure and reporting lines, the roles of authorized representatives and terms of reference of executive committees and their functional role. The Company's Board of Director have also initiated additional procedures/enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm.

(g) In the above backdrop, that it is pertinent to mention that during 2017-18 the Company received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Company. In the aforesaid letter, SEBI required the Company under section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. SEBI had also appointed forensic auditors to conduct a forensic audit, of collating information from the Company and certain of its subsidiaries. The Company / its subsidiaries have furnished all requisite information and documents requested by SEBI.

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

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

The Company and its wholly owned subsidiary (FHsL) have filed all necessary applications in this regard including an application with the Recovery Officer, SEBI, under Section 28A of the

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Fortis Healthcare Limited *

Securities and Exchange Board of India Act 1992, for the recovery of the amounts owed by the erstwhile-promoters and various other entities of erstwhile promoters to the Company and FHsL. SEBI vide its letter dated June 14, 2019 has stated that provisions of Section 28A of SEBI Act, 1992 cannot be invoked at this stage hence, Company and FHsL may take necessary steps to comply with SEBI's direction. Company is taking steps for filing of civil suit for recovery against the parties, named in the orders passed by SEBI.

The matter before SEBI is *sub-judice* and the investigation is ongoing, in as much as it has observed that a detailed investigation would be undertaken to ascertain the role of each entity in the alleged diversion and routing of funds. The Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. In the aforesaid context, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

Further, based on the SEBI orders and the information available at this stage no further adjustments are required to be made in Consolidated Financial Results for the quarter ended June 30, 2019. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above is known.

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

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

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

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

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

13. **Letter of Appointment of erstwhile Executive Chairman**

The Company having considered all necessary facts and taking into account external legal advice, had on June 27, 2018 decided to treat as *non-est* the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company, the payments made to him under this LoA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him. The erstwhile Executive Chairman sent a notice to the Company claiming Rupees 4,610 lacs as allegedly due to him under the employment agreement. The Company has replied to the same through its legal counsel denying any liability and stated that the demand is not payable being illegal and accordingly no adjustment has been made in these Standalone

Financial Results with respect to these claims. Subsequently, Company has filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received back vehicles which were being used by him. However, IT assets and excess amounts paid are yet to be received. (Also refer Note 11(g) on recent SEBI Order)

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to Rupees 2,002 lacs (comprising reversal of FY 2016-17 expenditure of Rupees 735 lacs, which has been disclosed as an exceptional income in the Standalone Financial Results for the year ended March 31 2018, and expenditure of Rupees 1,267 lacs relating to FY 2017-18) was shown as recoverable in the Standalone Financial Results of the Company for the year ended March 31, 2018. However, considering the uncertainty involved on recoverability of the said amounts a provision of Rupees 2,002 lacs was made which has been shown as an exceptional item in the Statement of Standalone Financial Results for the year ended March 31, 2018.

14. During the current quarter ended June 30, 2019 and previous year ended March 31, 2019, the Company received dividend of Rupees 61,478 lacs and Rupees 24,270 lacs respectively from its wholly owned subsidiary, Fortis Healthcare International Limited (FHIL), Mauritius. Further, subsequent to current quarter ended June 30, 2019, Company has received dividend of Rupees 8,978 lacs from FHIL.

15. Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers"using the cumulative effect method which is applied to contract that were not completed as of April 1, 2018. There was no material effect on adoption of Ind AS 115 on the standalone audited results

16. Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" using the modified retrospective method and elected to measure the right-of -use assets at an amount equal to the lease liability as at the date of initial application. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) and a corresponding liability of Rupees 64,725 lacs. The effect of this adoption is decrease in profit before tax by Rupees 942 lacs for the current quarter ended June 30, 2019.

17. During the current quarter ended June 30, 2019, a wholly owned subsidiary of the Company in Mauritius entered into a share purchase agreement with various parties for sale of its entire shareholding in C-Care, Mauritius (formerly known as Medical and Surgical Centre Limited). Subsequent to current quarter, the transaction was approved by the Company's shareholders and it was consummated. No effect has been given for the same in above standalone financial results since the transaction was completed post current quarter ended June 30, 2019.

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

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

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

(a) With regard to the comments of the statutory auditors in paragraph 5 (i) of Limited Review Report, pertaining to the Investigation Report, it is submitted that, based on the investigation carried out by the external legal firm, SEBI Interim order dated October 17, 2018 and December 21, 2018 and confirmed vide order dated March 19, 2019 and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which assessment work has been done and corrective action plans have been implemented. The Board, however, continues to evaluate other areas to strengthen processes and build a robust governance framework. Further, various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, pursuant to the actions to be taken by the Board and as and when

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Fortis Healthcare Limited *

the results of the various investigations are known. With regard to other comments all identified adjustments/disclosures have been made. For more details please refer to note 5, 6,11,12

(b) With regard to the comments of the statutory auditors in paragraph 5 (ii) of Limited Review Report, pertaining to the amounts paid to the erstwhile Executive Chairman, the Company, having considered all necessary facts, has decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman and is taking suitable legal measures to recover the payments made to him under the LoA as well as all the Company's assets in this possession. For more details, please refer to Note 13.

Date: August 6, 2019

Place: Gurugram

For and on behalf of the Board of Directors

Ashutosh

Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

Fortis Healthcare Limited

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Limited review report on the Statement of Unaudited Consolidated financial Results of Fortis Healthcare Limited pursuant to the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Fortis Healthcare Limited ("the Company" or "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit after tax and total comprehensive income / loss of its associates and joint ventures for the quarter ended 30 June 2019 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

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

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

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

4. The Statement includes the results of the following entities:
   i. Fortis Healthcare Limited
   ii. Fortis Hospitals Limited
   iii. Escorts Heart Institute And Research Centre Limited ("EHIRCL")
   iv. Fortis Malar Hospitals Limited
   v. Malar Stars Medicare Limited
   vi. Fortis Health Management (East) Limited
   vii. Hiranandani Healthcare Private Limited
   viii. Fortis Cancer Care Limited
   ix. Fortis La Femme Limited
   x. Fortis C-Doc Healthcare Limited

xi. SRL Limited
xii. SRL Diagnostics Private Limited
xiii. SRF Reach Limited
xiv. SRL Diagnostics FZ-LLC
xv. SRL Diagnostics Middle East LLC
xvi. Fortis Hospotel Limited
xvii. Escort Heart and Super Speciality Hospital Limited
xviii. International Hospital Limited
xix. Hospitalia Eastern Private Limited
xx. Fortis Health Management Limited
xxi. Stellant Capital Advisory Services Private Limited
xxii. Fortis Asia Healthcare Pte. Ltd
xxiii. Fortis Healthcare International Limited
xxiv. Fortis Global Healthcare (Mauritius) Limited
xxv. Fortis HealthStaff Limited
xxvi. Fortis Healthcare International Pte Limited
xxvii. RHT Heath Trust Manager Pte. Limited
xxviii. Fortis Emergency Services Limited
xxix. Mena Healthcare Investment Company Limited
xxx. Medical Management Company Limited
xxxi. Birdie and Birdie Realtors Private Limited
xxxii. Fortis Cauvery
xxxiii. DDRC SRL Diagnostics Private Limited
xxxiv. SRL Diagnostics (Nepal) Private Limited
xxxv. The Medical and Surgical Centre Limited
xxxvi. Lanka Hospitals Corporation Plc
xxxvii. RHT Health Trust

5. Attention is drawn to the fact that the figures for the 3 months ended 31 March 2019 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

6. The matters stated below were also subject matter of qualification in our audit opinion on the consolidated financial results for the year ended 31 March 2019:

   (i) As explained in Note 17 of the Statement, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company carried out an independent investigation and special audits by external professional firms on matters relating to systematic lapses/override of internal controls. As a result of investigation/ special audits, the Company recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 7, 8 and 17 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; and their qualifications and disclaimers including completeness of related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018.

   Further, as explained in Note 17 and 18 of the Statement, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations on these matters, which are currently ongoing.

Consequently, the need for additional procedures/ enquiries, if any, and an overall assessment of the impact of the investigations on the financial results is yet to be concluded.

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

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

(ii) As explained in Note 19 of the Statement, during the year ended 31 March 2018, the Company concluded that it had paid amount aggregating to Rs. 2,002 lacs to the erstwhile Executive Chairman in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013 as his remuneration and other reimbursements. This is accordingly a non-compliance with the provisions of Section 197 of the Companies Act, 2013, and Company has taken requisite actions to recover this amount. Due to the uncertainty involved on recoverability of the said amounts a provision for this amount has also been recorded in the year ended 31 March 2018.

(iii) The Group had recorded a cumulative financial liability as at 31 March 2019 of Rupees 118,000 lacs (included under "Other current financial liabilities") by debiting "Other Equity" in respect of put option available with certain non-controlling shareholders of SRL Limited (refer to Note 23 of the statement). The Group has not quantified the liability relating to such put option as at 30 June 2018. Accordingly, we are unable to comment on the impact of such liability on the statement

7. The consolidated financial results for the quarter ended 30 June 2018 were reviewed by the predecessor auditor (vide their modified review report dated 14 August 2018).

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

8. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 10 below, except for the effects/ possible effects of the matters described in paragraph 6, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

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

   b) Note 10 regarding matter relating to termination of Hospital lease agreement of Hiranandani Healthcare Private Limited, one of the subsidiaries in the Group, by Navi Mumbai Municipal Corporation (NMMC) vide order dated 18 January 2018.

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

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

10. (a) We did not review the interim financial information of one subsidiary included in the Statement, whose interim financial results reflect total revenues of Rs. 635 lacs, total net loss after tax of Rs. 112 lacs and total comprehensive loss Rs. 112 lacs, for the quarter ended 30 June 2019, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of Rs. 135 lacs and total comprehensive income of Rs. 135 lacs for the quarter ended 30 June 2019, as considered in the Statement, in respect of two joint ventures, whose interim financial results have not been reviewed by us. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and joint ventures, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

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

(b) The financial information of nine subsidiaries, whose interim financial information reflect total income of Rs. 3,035 lacs, total net loss after tax (and other comprehensive income) of Rs. 859 lacs for the quarter ended on 30 June 2019, as considered in the Statement, have not been reviewed either by us or by other auditors. The Statement also include the Group's share of net profit (and other comprehensive income) of Rs. 147 lacs for the quarter ended 30 June 2019, as considered in the Statement, in respect of two associates and two joint ventures, based on their interim financial information which have not been reviewed. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

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

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

Rajesh Arora
Partner
Membership No.: 076124
UDIN: 19076124AAAAAR9246

Place: Gurugram
Date: 6 August 2019

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

(Rupees in lacs)

Particulars	Consolidated			
	Quarter ended			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	Unaudited	Audited (refer note 2)	Unaudited	Audited
1. Revenue from operations	113,831	118,415	104,204	446,936
2. Other income	1,956	1,000	2,851	9,240
3. Total income (1+2)	**115,787**	**119,415**	**107,055**	**456,176**
4. Expenses				
(a) Cost of material consumed	24,211	23,829	22,226	92,824
(b) Employee benefits expenses	23,591	23,957	23,018	91,359
(c) Finance costs	5,092	6,483	7,640	33,683
(d) Hospital service fee	-	1,636	9,308	30,126
(e) Professional charges to doctors	23,936	22,778	21,112	88,679
(f) Depreciation and amortisation expense	7,095	5,998	5,694	23,292
(g) Other expenses	27,865	34,715	27,732	121,426
Total expenses	**111,790**	**119,396**	**116,730**	**481,389**
5. Net profit/(loss) from continuing operations before share in profit/ (loss) of associates and joint ventures, exceptional items and tax (3-4)	**3,997**	**19**	**(9,675)**	**(25,213)**
6. Add: Share in profit of associate companies and joint ventures	282	33,333	900	36,441
7. Net profit/(loss) before exceptional items and tax (5+6)	**4,279**	**33,352**	**(8,775)**	**11,228**
8. Exceptional items (refer note 5)	950	25	111	(22,238)
9. Profit/(loss) before tax from continuing operations (7+8)	**5,229**	**33,377**	**(8,664)**	**(11,010)**
10. Tax expense/ (credit)	(2,572)	18,258	(3,384)	11,361
11. Net profit/(Loss) for the period from continuing operations (9-10)	**7,801**	**15,119**	**(5,280)**	**(22,371)**
12. Profit from discontinued operations before tax	-	-	-	-
13. Tax expense of discontinued operations	-	-	-	-
14. Net profit / (Loss) for the period from discontinuing operations (12-13)	-	-	-	-
15. Net profit/(Loss) for the period (11+14)	**7,801**	**15,119**	**(5,280)**	**(22,371)**
16. Profit/ (Loss) from continuing operations attributable to:				
Owners of the Company	6,781	13,560	(7,074)	(29,893)
Non Controlling Interest	1,020	1,559	1,794	7,522
17. Profit/ (loss) from discontinuing operations attributable to:				
Owners of the Company	-	-	-	-
Non Controlling Interest	-	-	-	-
18. Other Comprehensive Income/(loss) (including OCI relating to associates and joint venture (after tax)) ('OCI')	49	(20)	1,424	(4,517)

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FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PL045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

(Rupees in lacs)

Particulars	Consolidated			
	Quarter ended			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	Unaudited	Audited (refer note 2)	Unaudited	Audited
19. Total comprehensive Income/(Loss) (15+18)	**7,850**	**15,099**	**(3,856)**	**(26,888)**
20. Total comprehensive Income/(Loss) attributable to:				
Owners of the Company	6,830	13,527	(5,663)	(34,449)
Non Controlling interest	1,020	1,572	1,807	7,561
21. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,495	51,868	75,495
22. Reserves (excluding revaluation reserve)				584,585
23. Earnings per equity share for continuing operations (not annualised)				
Basic earnings per share - In Rupees	0.90	1.78	(1.36)	(3.70)
Diluted earnings per share - In Rupees	0.90	1.78	(1.36)	(3.70)
24. Earnings per equity share for discontinued operations (not annualised)				
Basic earnings per share - In Rupees	-	-	-	-
Diluted earnings per share - In Rupees	-	-	-	-
25. Earnings per equity share from continuing and discontinued operations				
Basic earnings per share - In Rupees	0.90	1.78	(1.36)	(3.70)
Diluted earnings per share - In Rupees	0.90	1.78	(1.36)	(3.70)
26. Earnings before depreciation and amortization expense, finance costs, exceptional items, tax expenses and share in profit /(loss) of associate companies and joint ventures (EBITDA) (Refer note 4)	16,184	12,500	3,659	31,762

Notes to the results

1. The above unaudited consolidated financial results for the quarter ended June 30, 2019 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on August 5, 2019 and August 6, 2019. The modified limited review report of the Statutory Auditors is being filed with BSE 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.

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Fortis Healthcare Limited *

FORTIS HEALTHCARE LIMITED
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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

2. The predecessor auditor had issued a qualified opinion on the unaudited consolidated financial results for the quarter ended June 30, 2018. Figures for the quarter ended March 31, 2019, included in the Consolidated financial results, are the balancing figures between audited figures in respect of the full financial year for the year ended March 31, 2019 and the unaudited published year to date figures up to December 31, 2018 being the end of the third quarter of the previous financial year.

3. **Segment Reporting**

The Group has presented healthcare and diagnostic as two separate reportable segments in accordance with "Ind As 108 Operating segments". Consequently numbers for all periods presented in the unaudited consolidated results conform to current period presentation.

(Rupees in lacs)

S.No	Particulars	Quarter Ended			Year Ended
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
		Unaudited	Audited (Refer Note 2)	Unaudited	Audited
1	**Segment Value of Sales and Services (Revenue)**				
	- Healthcare	91,307	96,739	82,557	359,204
	- Diagnostics	25,845	25,108	24,795	101,016
	Gross Value of Sales and Services	117,152	121,847	107,352	460,220
	Less : Inter Segment Sales	(3,321)	(3,432)	(3,148)	(13,284)
	Value of Sales & Services	113,831	118,415	104,204	446,936
	Less : GST Recovered	-	-	-	-
	Revenue from Operations	**113,831**	**118,415**	**104,204**	**446,936**
2	**Segment Results**				
	- Healthcare	3,230	1,519	(7,857)	(14,872)
	- Diagnostics	3,903	3,983	2,971	14,102
	Total Segment Profit/(Loss) Before Interest and Tax	7,133	5,502	(4,886)	(770)
	(i) Finance Cost	(5,092)	(6,483)	(7,640)	(33,683)
	(ii) Exceptional Items and Unallocable expenditure (Net of Unallocable Income)	2,906	1,025	2,962	(12,998)
	(iii) Share of profit of associates and joint ventures	282	33,333	900	36,441
	Profit/(Loss) before Tax	**5,229**	**33,377**	**(8,664)**	**(11,010)**
3	**Segment Assets**				
	- Healthcare	900,094	883,036	503,138	883,036
	- Diagnostics	118,255	112,956	109,495	112,956
	- Unallocable Assets	159,250	221,744	224,089	221,744
	Total Assets	1,177,599	1,217,736	836,722	1,217,736
	Less : Inter Segment Assets	(20,478)	(22,609)	(17,057)	(22,609)
	Total Segment Assets	**1,157,121**	**1,195,127**	**819,665**	**1,195,127**
4	**Segment Liabilities**				
	- Healthcare	232,223	238,675	110,104	238,675
	- Diagnostics	17,833	17,111	18,257	17,111
	-Unallocable Liabilities	208,452	250,702	178,322	250,702

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Fortis Healthcare Limited *

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Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

(Rupees in lacs)

S.No	Particulars	Quarter Ended			Year Ended
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
		Unaudited	Audited (Refer Note 2)	Unaudited	Audited
	Total Liabilities	458,508	506,488	306,683	506,488
	Less : Inter Segment Liabilities	(20,478)	(22,610)	(17,057)	(22,610)
	Total Segment Liabilities	**438,030**	**483,878**	**289,626**	**483,878**

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

5. Exceptional items included in the above consolidated financial results include:

(Rupees in lacs)

S.No	Particulars	Quarter ended			Year ended
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
		Unaudited	Audited (Refer Note 2)	Unaudited	Audited
(a)	Impairment of goodwill on consolidation in books pertaining to certain cash generating units (CGU's) and impairment on closure of one hospital facility (including loss on assets of Rupees 57 lacs)	-	-	-	(16,798)
(b)	Impairment of investment in a associate	-	-	-	(5,586)
(c)	Reversal of impairment of goodwill and assets of a CGU	-	-	300	307
	Impairment of investment & Goodwill (A)	**-**	**-**	**300**	**(22,077)**
(a)	Allowance for advance and security deposit given to body corporate along with impairment of Capital work-in-progress [refer note 7]	-	-	(186)	(186)
(b)	Reversal of allowance for loan given to body corporate [refer note 8]	900	-	-	-
(c)	Reversal of allowance for loan given to C-Doc Healthcare Limited	50	25	-	25
(d)	Expenses on composite scheme of arrangement and amalgamation [Refer note 12]	-	-	(3)	-
	Other provisions & exceptional item (B)	**950**	**25**	**(189)**	**(161)**
	Net exceptional Items [Total (A)+(B)]	**950**	**25**	**111**	**(22,238)**

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6. Fortis Hospitals Limited (FHsL), a wholly owned subsidiary of the Company, had placed secured Short-Term Investments in the nature of Inter Corporate Deposits (ICDs) with three companies ('borrowers') aggregating to Rupees 49,414 lacs on July 1, 2017 for a term of 90 days (of which Rupees 40,243 lacs remained outstanding as of March 31, 2018). Further, FHsL received intimation that the borrowers became a part of the erstwhile Promoter Group with effect from December 15, 2017. These borrowers continued to be related parties until February 16, 2018 subsequent to which the shareholding of the erstwhile Promoter Group in the Company reduced to 0.77% till March 31, 2018.

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

   As on March 31, 2018 ICDs aggregating to Rupees 44,503 lacs including interest accrued thereon of Rupees 4,260 lacs calculated up to March 31, 2018 remained outstanding. In view of the uncertainty in realisability of the security and/or collection of the amounts, the amounts due, including interest thereon accrued and recognised in the books of account until March 31, 2018, aggregating to Rupees 44,503 lacs was fully provided during year ended March 31, 2018.

   On failure to meet repayment obligations by the Borrowers, FHsL initiated legal action to recover the outstanding ICDs, including interest thereon. FHsL has accrued for the interest on the ICDs till March 2018 for the purpose of including the same in the legal claim on the borrowers. However, in line with applicable accounting norms, interest thereon for the current quarter and period from April 1, 2018 to June 30, 2019 amounting to Rupees 1,405 lacs and Rupees 7,039 lacs respectively has not been accrued considering the uncertainties around ultimate realisation of the amounts. FHsL is asserting its rights for receiving entire outstanding from the three parties and is taking recourse to available legal remedies for recovery of not only the Principal but also accrued interest thereon till the time of recovery .

   Reference is invited to Note 17 regarding the findings in the Investigation Report which indicate that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done during the financial year 2017-18 without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of FHsL. (Also refer Note 17 (g) on SEBI Order).

7. The Company and its subsidiary SRL Limited had paid security deposits and advances aggregating to Rupees 2,676 lacs in the financial year 2013-14 and 2017-18 respectively, to a private company ("Lessor") towards lease of office space. Due to delays in obtaining occupancy certificate (OC), the lease agreement/MOUs were either terminated by the Company or expired during the financial year 2017-18. SRL Limited attempted to encash the cheques issued by the Lessor for refund of the advance paid but the same were returned unpaid. The amounts outstanding from the Lessor as on March 31, 2018 aggregated to Rupees 2,676 lacs. Additionally, expenditure aggregating to Rupees 2,843 lacs was incurred towards capital work-in-progress on the premises proposed to be taken on lease from the Lessor, which is also being claimed from the Lessor pursuant to the aforesaid termination. The Company has issued legal notice demanding the outstanding. Lessor responded to the notice of the Company for amicable resolution, which have not yet yielded any results. The subsidiary, SRL Limited, has filed criminal complaint in Mumbai against the body corporate under Section 138 of the Negotiable Instruments Act wherein its Directors and authorized representatives have been directed to appear before District court. The Hon'ble District court has directed the Directors of Lessor to deposit 20% of the cheque amount. SRL has also initiated arbitration proceeding against the Lessor for recovery of Rupees 460 lacs paid towards Security Deposit and

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for Rupees 304 lacs incurred pertaining to the office space. Vide order dated 20th February, 2019 Hon'ble Delhi High court has appointed an arbitrator before whom SRL has filed its claim. Further, Company and SRL have filed their respective claims before Interim Resolution Professional (IRP) appointed by NCLT in a matter filed by one of creditors of Lessor. IRP is currently adjudicating the claims of various creditors of the Lessor including that of the Company and SRL Limited.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group had recorded provisions aggregating to Rupees 5,333 lacs in the Consolidated Financial Results for the year ended March 31, 2018 (also refer to note 17(d)(vi)) and a further provision of Rupees 186 lacs was made in respect of expenditure accrued during the quarter ended 30 June 2018.

8. FHsL, a wholly owned subsidiary of the Company, had advanced moneys to an entity towards acquisition of property in Mumbai in financial year 2013-14 which did not materialize. Of the total advance of Rupees 10,000 lacs, balance of Rupees 2,375 lacs was outstanding to be received back as of March 31, 2018. 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 current quarter and period from April 1, 2018 to June 30, 2019 amounting to Rupees 71 lacs and Rupees 356 lacs respectively has not been accrued considering the uncertainties around ultimate realisation of the amounts.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group had recorded provisions aggregating to Rupees 2,549 lacs towards the amounts due, including interest, in the year ended March 31, 2018. (also refer to note 17(d)(vi)).

One of the directors of the entity post summoning in the pending litigation has settled the matter with Company for himself and on behalf of the entity. He has agreed to pay Rupees 2,300 lacs towards full and final settlement and out of which Rupees 900 lacs has been received till date.

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

b) Further, EHIRCL also has open tax demands of Rupees 8,456 lacs (after adjusting Rupees 14,514 lacs as at June 30, 2019) (As at March 31, 2019 Rupees 8,724 lacs (after adjustment Rupees 14,245 lacs as at March 31, 2019)) of an escrow account which was maintained out of sale consideration payable by the Company to the erstwhile promoters of EHIRCL for various assessment years. Further, as per the Share Purchase Agreement, one third of any excess of the net demand, amounting to Rupees 2,819 lacs after adjusting the recovery from escrow account, would be borne by the said erstwhile promoters of EHIRCL and the rest by the Company. During the year ended March 31, 2015, the Commissioner of Income Tax (Appeals) decided the case in favour of EHIRCL. Income Tax Department had filed an appeal before

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Income Tax Appellate Tribunal (ITAT) and during the current quarter ended June 30, 2019, ITAT decided the case in favour of EHIRCL.

Income Tax Department is yet to contest the decision of ITAT at higher judicial authority.

c) In relation to the judgement of the Hon'ble High Court of Delhi relating to provision of free treatment/ beds to poor, Directorate of Health Services ('DoHS'), Government of NCT of Delhi, appointed a Firm to calculate "unwarranted profits" arising to it due to alleged non-compliance. During the year ended March 31, 2014, the Special Committee of DoHS stated that before giving a hearing to the hospital, a formal intimation shall be given regarding the recoverable amount as per calculation of the appointed Firm, which as per their method of calculations amounts to Rupees 73,266 lacs for the period 1984-85 to 2011-12, seeking hospital's comments and inputs, if any. EHIRCL responded to the said intimation explaining errors and objections to the calculations. During the year ended March 31, 2016, EHIRCL received notice from DoHS to appear for a formal and final hearing which raised a demand of Rupees 50,336 lacs for the period till FY 2006 -2007, against which the Company again responded explaining errors and objections to the calculations. During the quarter ended June 30, 2016, DoHS issued a demand notice dated June 9, 2016 directing EHIRCL to deposit Rupees 50,336 lacs within one month. EHIRCL challenged the demand notice by way of a writ petition in Hon'ble High Court of Delhi which vide order dated August 1, 2016 set aside the demand and disposed off the petition of EHIRCL. DoHS agreed to grant hearing to EHIRCL on the reply submitted to it. Hearings were held before DoHS and order dated May 28, 2018 was passed imposing the penalty of Rupees 50,336 lacs. This order was challenged before the Delhi High Court and the Court vide order dated June 1, 2018 has issued notice and directed that no coercive steps may be taken subject to EHIRCL depositing a sum of Rupees 500 lacs before the concerned authority. EHIRCL has deposited Rupees 500 lacs on June 20, 2018. Next hearing in this matter is scheduled in September 2019. Based on its internal assessment and advice from its counsels on the basis of the documents available, the Company believes that EHIRCL is in compliance of conditions of free treatment and free beds to the poor and expects the demand to be set aside.

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 Consolidated Financial Results.

11. A third party (to whom the ICDs were assigned – refer note 6 above) ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and has, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') with a certain party ("Party") , the Company is liable for claims owed by the Claimant to the Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit (also refer note 17).

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The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged Term Sheet with the Party. This Party has approached Delhi High Court for seeking certain interim reliefs against the Company under the provisions of The Arbitration and Conciliation Act, 1996 and the same is being contested.

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

Separately, the Party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well. Subsequently, an application has been filed in the civil suit, by a different entity claiming itself to be representative of the Party and is seeking substitution of its name in place of Assignee as plaintiff.

Allegations made by the Party have been duly responded to by the Company denying (i) execution of any binding agreement with the Party and (ii) liability of any kind whatsoever. Company has also filed Caveats before Hon'ble High Court of Delhi in this regard.

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

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

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

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

13. Effective from January 15, 2019, the Company completed the acquisition of 100% stake in International Hospital Limited, Fortis Health Management Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited and 49% stake in Fortis Hospotel Limited (in which the Company had already held 51% stake) for a consideration of Rupees 466,630 lacs. The transaction is accounted as business combination and consequent to a preliminary purchase price allocation, a goodwill of Rupees 180,070 lakhs has been recorded in the previous year ended March 31, 2019.

14. During the previous year, Fortis Cancer Care Limited (FCCL), a step-down subsidiary of the Company entered into definitive agreements in relation to sale of its entire shareholding in Lalitha Healthcare Private Limited (LHPL) another step down subsidiary of the Company, representing 79.43% of the total issued and paid up equity share capital of LHPL, to the remaining promoters of LHPL. With the consummation of the transaction, LHPL ceased to be a step-down subsidiary of the Company and therefore LHPL has not been consolidated w.e.f. June 30, 2018. The gain on

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sale/deconsolidation aggregating to Rupees 307 lacs has been shown as an exceptional item for the year ended March 31, 2019.

15. As on December 31, 2017, the erstwhile Promoters and erstwhile Promoter Group entities together held 34.33% of the paid-up capital of the Company of which approximately 98% was pledged to various banks as a security towards the loans raised by the erstwhile Promoters / erstwhile Promoter Group entities. In a matter relating to the erstwhile Promoters and the erstwhile Promoter Group entities, the Hon'ble Supreme Court of India vide their interim orders dated August 11, 2017 and August 31, 2017 had directed that status quo be maintained over the shares pledged by the erstwhile Promoter and erstwhile Promoter Group entities. Subsequently, the Hon'ble Supreme Court of India in its Order on February 15, 2018, has clarified that the earlier direction to maintain status quo of the erstwhile promoter holding in the Company shall not apply to shares of the Company as may have been encumbered on or before the date of the interim orders. Consequent to the Banks invoking their rights on the shares of the Company that were pledged by the erstwhile Promoters / erstwhile Promoter Group entities, the holding of the erstwhile Promoters and erstwhile Promoter Group entities in the Company was reduced to 0.16% of the paid-up capital of the Company as at June 30, 2019. Further the Board of Directors at its meeting held on July 13, 2018, approved re-classification of the then promoter holding under the category of 'Public Shareholding'. This has been approved by the shareholders at their Extra Ordinary General Meeting dated August 13, 2018. During the current quarter ended June 30, 2019, the Company received approval for application for re classification of erstwhile promoter as "public shareholder".

16. The Board of Directors had approved an equity infusion of Rupees 400,000 lacs at a price of Rupees 170 per equity share into the Company by Northern TK Venture Pte Ltd Singapore ("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. The shareholders of the Company have approved the Preferential Issue by requisite majority at their Extra Ordinary General Meeting dated August 13, 2018. The acquirer 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, have the right to appoint 2/3 of the directors on the Board of Directors of the Company, thereby acquiring control over the Company. Consequently, the Company has become a subsidiary of Northern TK Venture Pte Ltd. Further, pursuant to the Preferential Issue, Northern TK Venture Pte. Ltd is under an obligation to make a mandatory open offer to the public shareholders of the Company and Fortis Malar Hospitals Limited in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. However, in view of order dated December 14, 2018 passed by Hon'ble Supreme Court wherein it was specified that status quo with regard to sale of the controlling stake in Fortis Healthcare Limited to Malaysian IHH Healthcare Berhad be maintained, as a result of which the Mandatory Open offer was kept in abeyance. The Company has accordingly filed application for modification of the said order.

Out of the proceeds the Company has used a sum of Rupees 356,630 lacs for substantially funding the acquisition as described in note 13 and balance towards repayment of debt and general corporate purposes during the previous year ended March 31, 2019.

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

(a) During the year ended March 31, 2018, there were reports in the media and enquiries from, *inter alia*, the stock exchanges received by the Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management

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Committee of the Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm on this matter.

(b) The terms of reference of the investigation, *inter alia*, comprised: (i) ICDs amounting to a total of Rupees 49,414 lacs (principal), placed by the Company's wholly-owned subsidiary, FHsL, with three borrowing companies as on July 1, 2017 (refer Note 6 above); (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer Notes 11 and 6 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) (refer Note 21 below); (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.

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

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

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

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

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

iii. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company. (Refer

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note 6). Whilst the matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was *sub-judice*.

iv. During the year ended March 31, 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("**EHIRCL**")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of Rupees 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Company. Further, the said loan advanced by EHIRCL to Fortis Healthstaff Limited was impaired in the books of account of EHIRCL due to anticipated chances of non-recovery during the year ended 31 March 2019.

v. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the erstwhile promoter group, if any. In this regard, it was observed in internal correspondence within the Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions have been made in this regard.

vi. Additionally, it was observed in the Investigation Report that there were significant fluctuations in the NAV of the investments in overseas funds by the overseas subsidiaries during a short span of time. Further, similar to the paragraph above, in the internal correspondence within the Company, investments in the overseas funds have been referred to as related party transactions. During year ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10% with no loss in the principal value of investments. (Also refer Note 21 below)

Other Matters:

(e) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 17 (d) (i), (ii), and (vi) above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility cannot be ruled out that there may have been additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.

(f) With respect to the other matters identified in the Investigation Report, the Board initiated specific improvement projects to strengthen the process and control environment. The projects included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement. The assessment work has been done and corrective action plans have been implemented. The Board, however, continues to evaluate other areas to strengthen processes and build a robust governance framework. Towards this end, it is also evaluating internal organizational structure and reporting lines, the roles of authorized representatives and terms of reference of executive

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committees and their functional role. The Company's Board of Directors have also initiated additional procedures/enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm.

(g) In the above backdrop, it is pertinent to mention that during financial year 2017-18 the Company received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Company. In the aforesaid letter, SEBI required the Company under section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. SEBI had appointed forensic auditors to conduct a forensic audit, of collating information from the Company and certain of its subsidiaries. The Company / its subsidiaries furnished requisite information and documents requested by SEBI.

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

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

Company and FHsL have filed all necessary applications in this regard including an application with the Recovery Officer, SEBI, under Section 28A of the Securities and Exchange Board of India Act 1992, for the recovery of the amounts owed by the erstwhile-promoters and various other entities to the Company and FHsL. SEBI vide its letter dated June 14, 2019 has stated that provisions of Section 28A of SEBI Act, 1992 cannot be invoked at this stage hence, Company

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and FHsL may take necessary steps to comply with SEBI's direction. Company is taking steps for filing of civil suit for recovery against the parties, named in the orders passed by SEBI.

The matter before SEBI is *sub-judice* and the investigation is ongoing, in as much as it has observed that a detailed investigation would be undertaken to ascertain the role of each entity in the alleged diversion and routing of funds. The Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. In the aforesaid context, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. (Also refer Note 6 above)

(h) As per the assessment of the Board of Directors, based on the investigation carried out through the external legal firm, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, were made in the Consolidated Financial Results for the year ended March 31, 2018.

Further, based on the SEBI orders and the information available at this stage no further adjustments are required to be made in Consolidated Financial Results for the quarter ended June 30, 2019. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above is known.

18. Investigation by Various Other Regulatory Authorities:

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

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

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

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

19. Letter of Appointment of erstwhile Executive Chairman

The Company having considered all necessary facts and taking into account external legal advice, had on June 27, 2018 decided to treat as *non-est* the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company, the payments made to him under this LoA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him. The erstwhile Executive Chairman sent a notice to the Company claiming Rupees 4,610 lacs as allegedly due to him under the employment

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agreement. The Company has replied to the same through its legal counsel denying any liability and stated that the demand is not payable being illegal and accordingly no adjustment has been made in these Consolidated Financial Results with respect to these claims. Subsequently, Company has filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received back vehicles which were being used by him. However, IT assets and excess amounts paid are yet to be received. (Also refer Note 17(g) on recent SEBI Order).

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to Rupees 2,002 lacs (comprising reversal of FY 2016-17 expenditure of Rupees 735 lacs, which has been disclosed as an exceptional income in the Consolidated Financial Results for the year ended March 31, 2018, and expenditure of Rupees 1,267 lacs relating to FY 2017-18) was shown as recoverable in the Consolidated Financial Results of the Company for the year ended March 31, 2018. However, considering the uncertainty involved on recoverability of the said amounts, a provision of Rupees 2,002 lacs was made which has been shown as an exceptional item in the Consolidated Financial Results for the year ended March 31, 2018.

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

21. The Company through its overseas subsidiaries [i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited] made investments in Global Dynamic Opportunity Fund, an overseas fund. During year ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10%. As at March 31, 2018, the carrying value of the investments in the overseas fund were recorded at the net recoverable values based on subsequent realisation. The consequential foreseeable loss of Rupees 5,510 lacs (between the previously recorded carrying value of the investment and the amount subsequently realised) was considered in the Consolidated Financial Results for the year ended March 31, 2018 (Also refer to note 17).

22. During previous year ended March 31, 2019, the Group sold 18.2 million units of RHT Health Trust, an associate of the Company for a consideration of 13.65 million Singapore Dollars.

23. As per an Exit Agreement dated 12 June 2012, certain non-controlling shareholders of SRL Limited have the right to exercise a Put Option on the Company on the occurrence of certain events as described in the Exit Agreement. During the quarter and year ended March 31 2019, the Company has recorded a liability in its consolidated financial results in accordance with the requirements of Ind AS 32 - "Financial Instruments: Presentation" with a corresponding debit to "other Equity" for an amount of Rupees 118,000 lacs.

24. Effective April 1, 2018, the Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method which is applied to contract that were not completed as of April 1, 2018. There was no material effect on adoption of Ind AS 115 on the consolidated audited results.

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25. Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" using the modified retrospective method and elected to measure the right-of -use assets at an amount equal to the lease liability as at the date of initial application. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) and a corresponding liability of Rupees 20,058 lacs. The effect of this adoption is decrease in profit before tax by Rupees 319 lacs for the current quarter ended June 30, 2019.

26. During the current quarter ended June 30, 2019, a wholly owned subsidiary of the Company in Mauritius entered into a share purchase agreement with various parties for sale of its entire shareholding in C-Care, Mauritius (formerly known as Medical and Surgical Centre Limited). Subsequent to current quarter, the transaction was approved by the Company's shareholders and it was consummated. No effect has been given for the same in above consolidated financial results since the transaction was completed post current quarter ended June 30, 2019.

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

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

(a) With regard to the comments of the statutory auditors in paragraph 6 (i) of Limited Review Report, pertaining to the Investigation Report, it is submitted that, based on the investigation carried out by the external legal firm, SEBI Interim orders dated October 17, 2018 , December 21 2018 and confirmed vide order dated March 19, 2019 and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which assessment work has been done and corrective action plans have been implemented. The Board, however, continues to evaluate other areas to strengthen processes and build a robust governance framework. Further, various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, pursuant to the actions to be taken by the Board and as and when the results of the various investigations are known. With regard to other comments all identified adjustments/disclosures have been made. For more details, please refer to Notes 6,7,8 11,17,18, 21

(b) With regard to the comments of the statutory auditors in paragraph 6 (ii) of Limited Review Report, pertaining to the amounts paid to the erstwhile Executive Chairman, the Company, having considered all necessary facts, has decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman and is taking suitable legal measures to recover the payments made to him under the LoA as well as all the Company's assets in this possession. For more details, please refer to Note 19.

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(c) With regard to the comments of the statutory auditors in paragraph 6 (iii) of Limited Review Report in relation to put options granted to certain non-controlling shareholders of subsidiary, due to contractual agreement, facts and circumstances of the case at that time, Group considered not to recognize this liability as at June 30 2018.

Date: August 6, 2019

Place: Gurugram

For and on behalf of the Board of Directors

Ashutosh

Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

Fortis Healthcare Limited

B S R & Co. LLP Chartered Accountants

Press Release

August 6, 2019

Fortis Healthcare announces Q1 FY20 Consolidated Financial Results

Revenues grow 9.2% to INR 1138 Crs
Operating EBITDA increases 9.4x to INR 142.3 Crs (12.5% margin versus 1.4%)

Profit After Tax* at INR 67.8 Crs versus a loss of INR 70.9 Crs in Q1 FY 19

Hospital business EBITDA witnesses a robust increase of 4.9x to reach 10.1% margin; Diagnostics business EBITDA grows 32.6%; records 23.9% margin

Gurugram, August 6, 2019: Fortis Healthcare Ltd. ("Fortis" or the "Company"), India's leading healthcare delivery company, today announced its unaudited consolidated financial results for the quarter ended June 30, 2019.

COMPANY HIGHLIGHTS

- **Q1 FY 20 registers a robust financial performance with a strong uptick in operational profitability for both the hospitals and the diagnostics business.**

- **Further strengthening of Balance Sheet with a reduction in gross debt from INR 1657 Crs in Q1 FY 19 to INR 1,388 Crs in Q1FY 20. Reflects a robust net debt to equity ratio of 0.14 times.**

- **Focus continues on enhancing cash flows and liquidity position through:**
    - **Reduction in cost of borrowings resulting in lower finance costs; finance cost reduces approx. 33% versus Q1 FY19**
    - **Strengthening working capital management with emphasis on better receivables and inventory management.**
    - **Divestment of 28.89% equity stake in The Medical and Surgical Center limited (MSCL), Mauritius for INR 78 Crs. Non-core asset monetization progressing as per plan.**

- **Strengthening business operations by investing in advanced treatment technologies and expanding and commissioning new medical programs in select key hospitals.**

- **Cost saving initiatives being undertaken to strengthen operational performance and enhance profitability both in EBITDA and bottom line i.e. PAT.**
    - **Streamlined organizational structure to bring in better alignment between hospital operations and corporate functions. Integration of the RHT portfolio of assets well on track.**
    - **Cost saving initiatives including in key areas of procurement / supply chain, and IT infrastructure beginning to see traction.**

- **Initiatives to improve manpower productivity in both medical and non-medical areas underway.**
- **Focus continues on improving cost efficiencies and further rationalization for improved Lab optimization and higher productivity in the diagnostics business**

** PAT after Minority Interest and Share in Associates*

KEY FINANCIAL HIGHLIGHTS (versus Q1 FY19)

- **Consolidated Revenues for Q1** grew 9.2% to reach INR 1,138 Crs.
  - Hospital business revenues stood at INR 913 Crs, a healthy growth of 11.3%
  - Diagnostic business revenues *(Gross)* were at INR 258.4 Crs, + 4.2%
- **Consolidated Operating EBITDA** for Q1** increased 9.4x to INR 142.3 Crs.
  - The hospital business operating EBITDA grew 4.9x to INR 92.1 Crs versus a negative EBITDA of INR 23.5 Crs in Q1FY19.
    - On a like for like basis (after excluding the impact of net BT fees) margins in the hospital business expanded 500 bps to 10.1% reflecting an EBITDA growth of 120%.
  - The diagnostics business operating EBITDA grew 32.6% to INR 53.7 Crs versus INR 40.5 Crs in Q1FY19
- Consolidated operations show significant turnaround in profitability. Operational PBT* for the quarter stood at INR 20.4 Crs versus a loss of INR 118.2 Crs in Q1 FY19 *(*prior to other income, exceptional item and forex).*
- Reported Net Profit (PATMI) after accounting for exceptional items stood at INR 67.8 Crs in the quarter versus a loss of INR 70.9 Crs in Q1 FY19.

***Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.*

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, "Fortis today is at an inflexion point with all the building blocks in place for the next phase of growth. We have achieved the much-needed stability in the business and have witnessed an encouraging start to the fiscal year. With IHH as the Company's largest shareholder and a new management team at the helm, I believe that there is a greater potential for the Company to enhance value for all stakeholders. The Board will continue to support the management to drive performance and accelerate the Company's growth momentum and at the same time ensure further strengthening of its systems and processes."

Commenting on the results, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, "Our Q1 results signify the momentum that we continue to see in our business with both the hospital and the diagnostic business having witnessed a healthy improvement in performance. Our liquidity position has further strengthened, and we continue to undertake various measures to improve our cash flows. We have also moved ahead expeditiously with our capex and investment plans to expand and commission new medical programs, advanced treatment technologies, value added service offerings and brownfield expansion across select key facilities without increasing our leverage. Simultaneously, focus on increasing cost efficiencies across the organization continue unabated. While regulatory challenges remain, I remain optimistic that with the portfolio of assets we possess, our clinical acumen coupled with an unflinching focus on providing world class patient care would all enable us to show a progressively stronger performance going forward."

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Fortis Healthcare Limited

About Fortis Healthcare Limited

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Dubai and Sri Lanka with 40 healthcare facilities (including projects under development), approximately 9,000 potential beds and over 400 diagnostics centres.

Fortis Healthcare Limited

Earnings Presentation – Q1 FY2020

" Saving and Enriching Lives"

August 6, 2019

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Agenda

1. Key Highlights

2. Key Financial Summary – Q1FY20

3. Executive Results Summary

4. Performance Review – Hospitals Business

5. Performance Review – Diagnostics Business

6. Appendix

1. Key Highlights

Key Highlights – Q1 FY20

Significant improvement in profitability

- Hospital business EBITDA increases 120% to INR 92 Cr i.e. 10.1% margin; Diagnostics business EBITDA at INR 53.7 Cr, 23.9% margins versus 18.7%
- Consolidated Operating earnings (PBT*) for the quarter stood at INR 20.4 Cr versus a loss of INR 118.2 Cr in Q1 FY19

Continuing momentum in business operations

- Noticeable facilities such as Anandapur, FMRI, Mohali, Mulund, Noida and Shalimar Bagh show healthy performance
- Investments continue in expansion and commissioning of new medical programs, advanced treatment technologies and select brownfield expansion

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Healthy Balance Sheet and strengthening liquidity position

- Complete elimination of net BT costs and substantial reduction in finance cost. Further lowering of borrowing costs
- Divestment of 28.89% equity stake in The Medical and Surgical center Limited, Mauritius for INR 78 Cr. Non-core asset divestment plan on track

**PBT is prior to other income, any exceptional items and forex gain or loss*

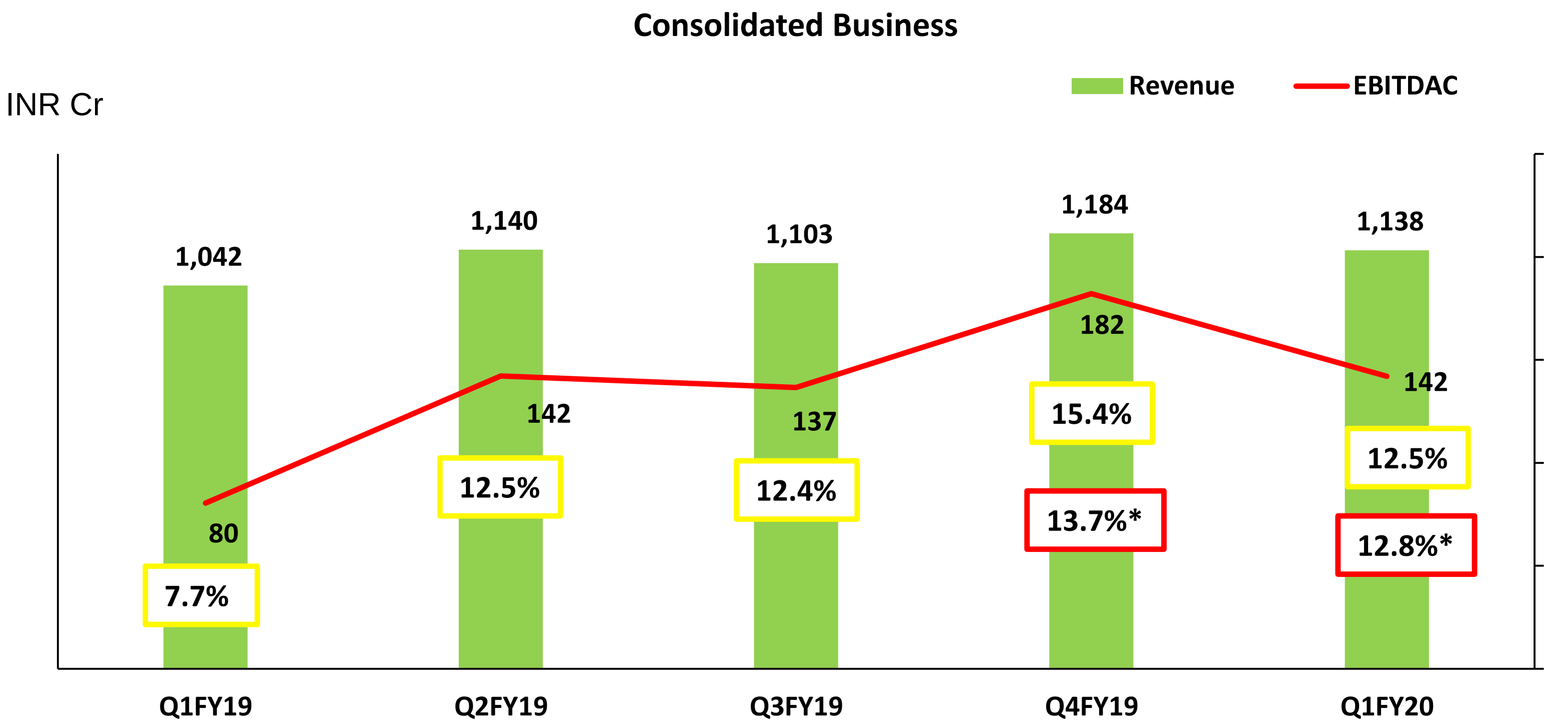
2. Key Financial Summary – Q1 FY20

Financial Highlights - Q1 FY20

- Consolidated Revenues at INR 1,138.3 Cr, up 9.2%
  - Hospital business revenues at INR 913 Cr, up 11.3% *(highest growth in last 11 quarters)*
  - Diagnostics business net revenues at INR 225 Cr, up 4.0%
- Operating margins (EBITDAC*) at 12.5% versus 7.7% in Q1 FY20
  - Hospital business EBITDAC margins at 10.1% versus 5.1% in Q1 FY19
  - Diagnostics business EBITDA margins at 23.9% versus 18.7% margin in Q1 FY 19
- Operating EBITDA margins improved to 12.5% from 1.4% in Q1FY19 as a result of
  - EBITDAC margin expansion of 480 bps reflecting operational performance improvement
  - Elimination of net BT costs of INR 65.3 Cr post the acquisition of RHT portfolio in Jan 19
- Interest cost reduction by 33% from Q1FY19 and 22% from Q4FY19
- PATMI at INR 67.8 Cr versus loss of INR 70.9 Cr in Q1 FY19

**EBITDAC refers to EBITDA before net business trust costs*

Quarterly Revenues and Margins - Q1 FY20



- Consistent improvement in Operating Performance

**Excluding the financials of RHTTM, consolidated margins on a like to like basis have expanded from 7.7% in Q1FY19 to 12.8% in Q1FY20 (13.7% in Q4FY19)*

3. Executive Results Summary

Executive Summary – Q1 FY20

Consolidated Financials

Particulars (INR Cr)	Q1FY19	Q4FY19	Q1FY20	QoQ % Change
Revenue	**1,042.0**	**1,184.1**	**1,138.3**	**9.2%**
Operating EBITDAC*	80.4	182.2	142.3	76.9%
Operating EBITDAC margin	7.7%	15.4%	12.5%	
Operating EBITDA	**15.1**	**167.1**	**142.3**	
Operating EBITDA margin	**1.4%**	**14.1%**	**12.5%**	
PBT from operations - pre-exceptional / FX / Other Income	(118.2)	42.2	20.4	
PATMI	**(70.9)**	**135.6**	**67.8**	

- For Q1FY20, operating EBITDA increased significantly due improvement in operational performance for both hospitals and diagnostics business and complete elimination of business trust fees pursuant to acquisition of RHT India assets
- For Q4FY19, Operating EBITDA increased significantly due to acquisition of RHT India assets , one off income at RHTTM level and the operational margin expansion witnessed in the diagnostics business
- PATMI for Q4FY19 includes one time significant share in associate of approx. INR 333 Cr mainly due to RHT's profit as a result of the divestment of assets to Fortis in January 2019.

**EBITDAC refers to EBITDA before net business trust costs*

Balance Sheet – June 30, 2019

Balance Sheet (INR Cr)	June 30, 2018	March 31, 2019	June 30, 2019
Shareholder's Equity	5,299	7,175	7,191
Debt	1,657	2,009	1,388
Lease Liabilities (Ind AS 116)*	-	-	196
Total Capital Employed	**6,955**	**9,184**	**8,775**
Net Fixed Assets (includes CWIP)	3,128	5,206	5,351
Goodwill	2,049	3,716	3,721
Investments	1,346	190	189
Cash and Cash Equivalents	135	986	358
Net Current Assets	298	(918)	(843)
Total Assets	**6,955**	**9,184**	**8,775**
Net Debt / (cash)	**1,522**	**1,023**	**1,031**
Net Debt to Equity	**0.29x**	**0.14x**	**0.14**

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

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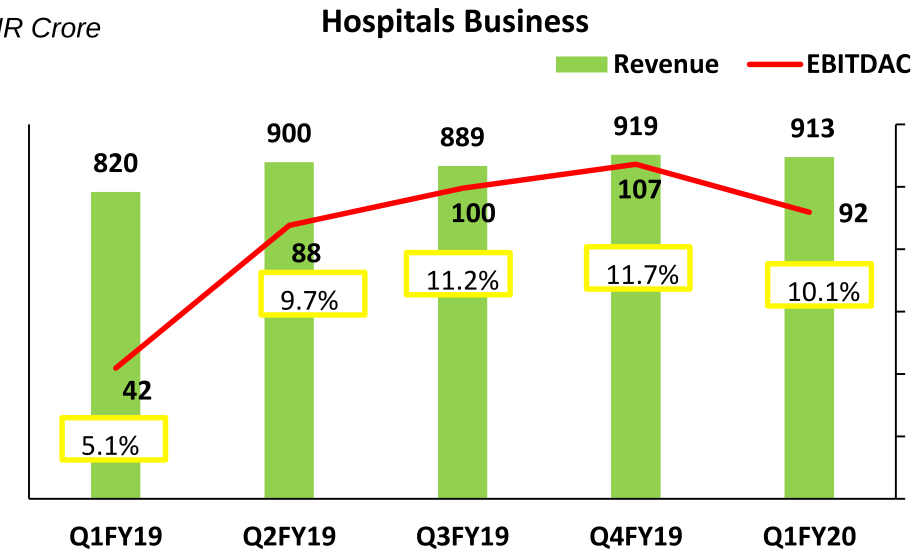
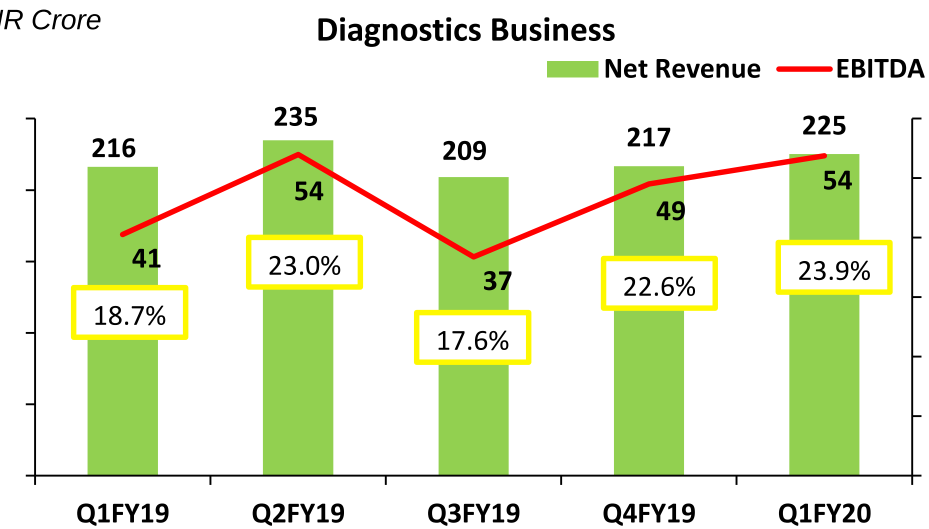
Business Summary Highlights

INR Crore



INR Crore



- Both Hospitals and Diagnostics business continues to witness traction in operations
- Hospital business performance witnessed steady improvement over Q1FY19; however witnessed seasonality impact compared to Q4FY19
  - EBITDAC margin improved from 5.1% in Q1 to 10.1% in Q1 FY20
  - Revenue growth of 11.3% vs corr qtr and -1% vs trailing qtr
  - Occupancy at 66% in Q1FY20 vs 62% in Q1 FY 19
- Diagnostic business margins expanded significantly from 18.7% in Q1FY19 to 23.9% in Q1 FY20.

4. Performance Review – Hospitals Business

India Hospital Business – Q1 FY20

Particulars	Q1FY19 (INR Cr.)	Q4FY19 (INR Cr.)	Q1FY20** (INR Cr.)	QoQ % Change
Operating Revenue	819.9	918.5	913.0	11.3%
Operating EBITDAC*	**41.8**	**107.2**	**92.1**	**120.1%**
Operating EBITDAC margin	**5.1%**	**11.7%**	**10.1%**	
Net BT Costs	65.3	15.1	-	
Operating EBITDA	**(23.5)**	**92.1**	**92.1**	
Operating EBITDA margin	**-2.9%**	**10.0%**	**10.1%**	
Other Income	10.8	11.6	15.9	
EBITDA	**(12.7)**	**103.7**	**108.0**	

*EBITDAC refers to EBITDA before net business trust (BT) costs

**Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.

- International patient revenue at INR 92 Cr, + 2% growth over corr. quarter
- Key Hospitals revenue growth (over Q1 FY19)
  - Jaipur +22%
  - Shalimar Bagh + 19%
  - Anandapur +19%
  - FMRI +18%
  - Vashi +16%
- Key hospitals that witnessed operating profitability growth over Q1FY19 are Noida, Mulund, Shalimar Bagh, Anandapur, FMRI and Mohali

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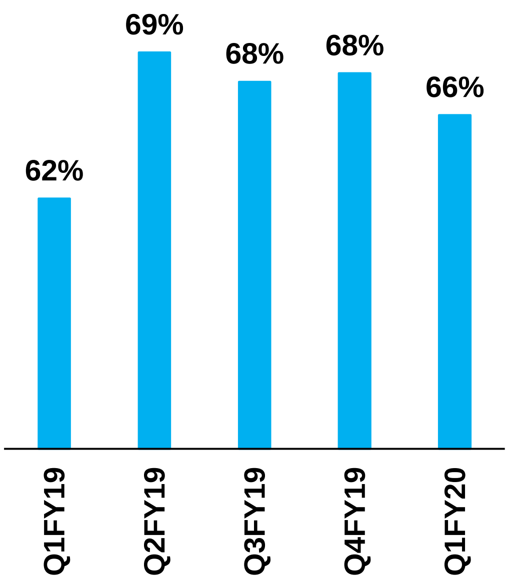
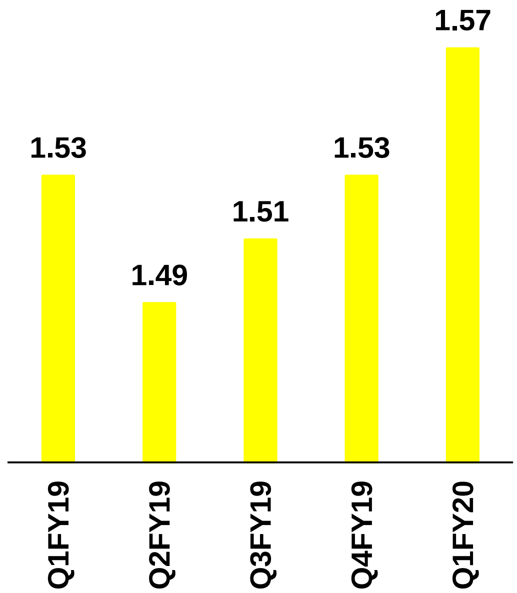
Key Performance Metrics – Hospitals Business

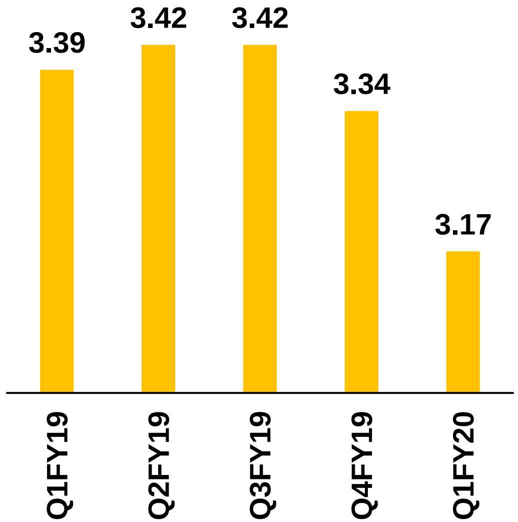
Occupancy (%)



ARPOB (INR Cr per annum)

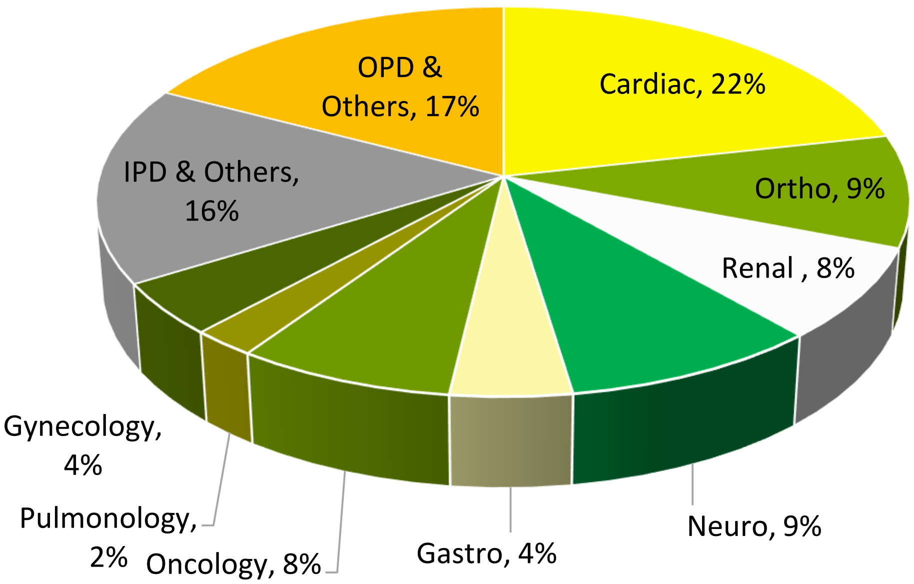


ALOS (Days)

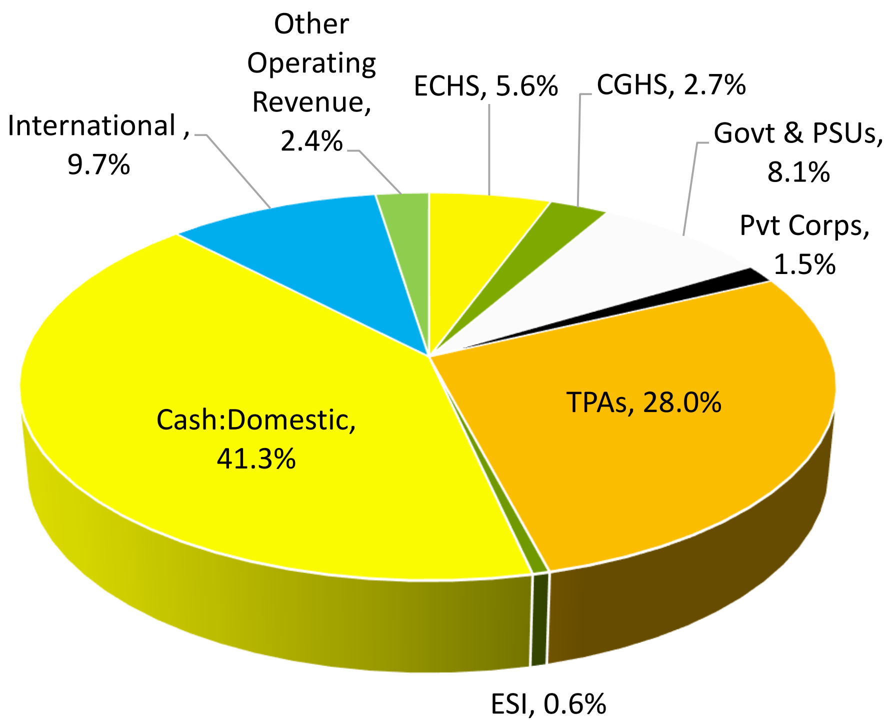


Specialty Mix & Payor Mix – Q1 FY20

Specialty Mix



Payor Mix



Key Initiatives – Q1 FY20

- **Fortis Hospital, Anandapur, Kolkata,** conducted a cardiac surgical camp at Asia Royal Hospital, Yangon, Myanmar. Under the initiative, a team of doctors from Fortis Anandapur travelled to Yangon and conducted three cardiac surgeries.
- **Fortis Hospital, Kalyan,** launched a dedicated Colorectal Clinic at the facility with the aim of creating awareness about colorectal diseases and to encourage patients to seek timely and proper medical intervention.
- **Fortis Hospital, Mulund**, in a first in Western India, launched a heart failure certificate course for nurses. Aimed at training heart failure specialist nurses, the six month course was kicked off during the quarter.
- **Fortis Hospital, Noida,** became the first hospital in Delhi NCR to launch a Specialist Training in Emergency Medicine (STEM) in association with EduMed, which is certified by Alfred Health & Monash University, Australia.
- **Fortis Hospital, Noida,** launched a training programme on Oncology nursing. Designed by an expert team in coordination with the Oncology and the Nursing Education teams, the course aims to develop advanced knowledge and clinical proficiency in intensive nursing care for Oncology patients.

Advanced Technology Treatments and Ongoing Expansions

- Robotic Program at Forti Mulund, Mumbai
- Oncology Block at Fortis BG Road, Bengaluru
- Multi-specialty facility at Arcot Road, Chennai
- Liver Transplant facility at Fortis Noida, NCR

Fortis

Robotic Program launched at Fortis Mulund, Mumbai

Fortis BG Road, Bengaluru – Oncology Block Commissioned

Commissioned Basement + 3 floors – Total capacity ~200 beds

Lower basement Linac Corridor

Ground Floor Waiting Area

Ground Floor Chemo Area

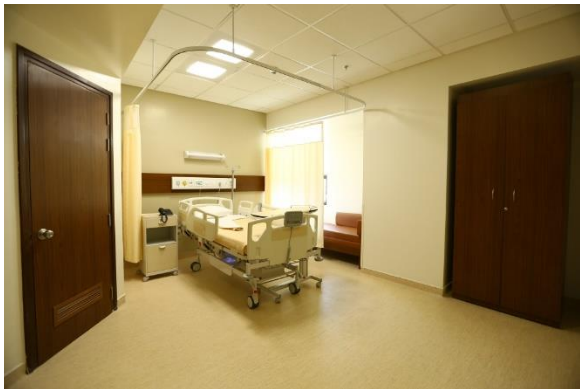
First Floor Consultation Area

First Floor Endoscopy Area

Patient Relative Waiting Area

Fortis Arcot Road, Chennai – To be Commissioned Shortly

~200 bed multi-speciality facility






Clinical Excellence and Awards & Accolades – Q1 FY20

A team of Doctors at Fortis Escorts, New Delhi performed the rare, non-surgical catheter based Transcatheter Mitral Valve Replacement (TMVR) procedure on 2-patients (a male and a female), both aged 69 years.

Fortis Hospital, Noida, has received the Ethics Committee accreditation from National Accreditation Board for Hospitals and Healthcare Providers (NABH).

Fortis Escorts Hospital, Dehradun, has been awarded the NABH Pre Accreditation Entry Level – Small Healthcare Organisation (SHCO) by National Accreditation Board for Hospitals & Healthcare Providers.

Fortis Hospital, Anandapur, received AHPI Award 2019 for 'Quality beyond Accreditation.' The judgement was based on certain key parameters, including clinical processes and outcomes, periodic clinical audits across specialties and physician engagement in quality improvement activities.

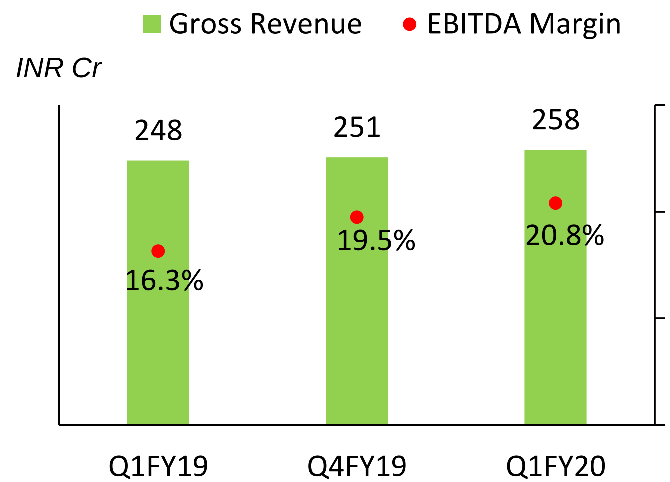
The NICU team of Fortis La Femme, GK-II, published an Article in the prestigious International journal called "Journal of Clinical Neonatology" on "Reducing incidence of Red Cell Transfusions among Pre-Term babies in a Tertiary care NICU – A retrospective Observational Study".

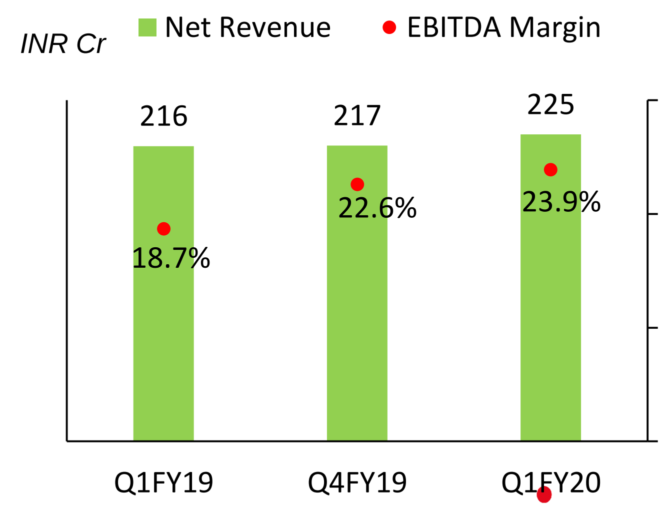
A paper on Nano Crush, a stenting technique developed by a team of Doctors at Fortis Hospital, Anandapur, was published in 'AsiaIntervention Journal,' the official publication of the Asian Pacific Society of Interventional Cardiology (APSIC) and the Interventional Cardiology Foundation of India (ICFI).

5. Performance Review – Diagnostics Business

Diagnostics Business – Q1 FY20

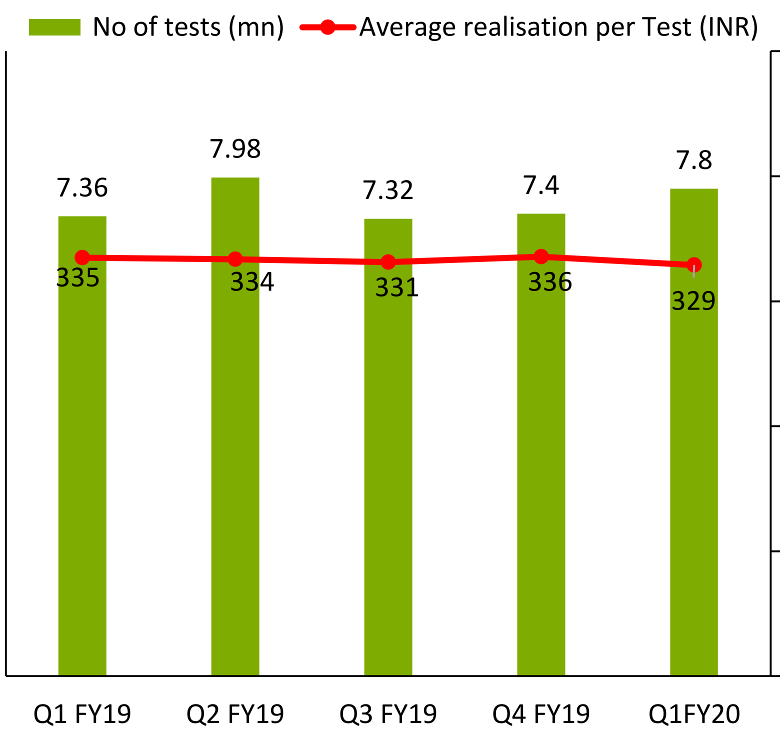
- Gross Operating revenue at INR 258 Cr, +4.2% *(like for like growth ~6%);* Growth driven by new direct clients as well as the hospitals segment
- Operating EBITDA margin basis gross revenue stood at 20.8% compared to 16.3% in Q1FY19 & 19.5% in Q4FY19
- SRL conducted over 7.80 million tests during Q1FY20 compared to 7.36 mn tests conducted in Q1FY19 (excluding joint ventures), a growth of 5.9%
- Business has achieved significant improvement in margins both on a quarter and YoY basis.
  - Savings in direct cost as a result of improved lab efficiency and vendor costs negotiations



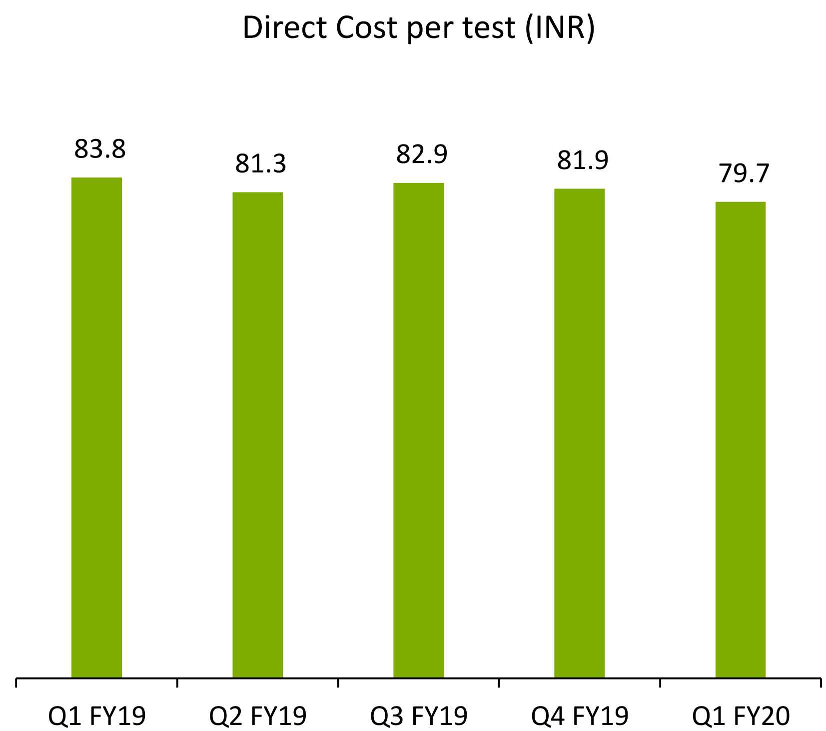


Key Performance Metrics

Number of Tests and Average Realizations*



Direct Cost per test

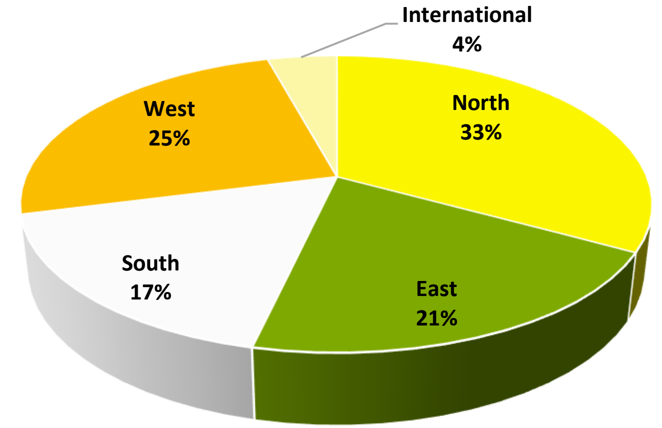


*Excluding joint ventures

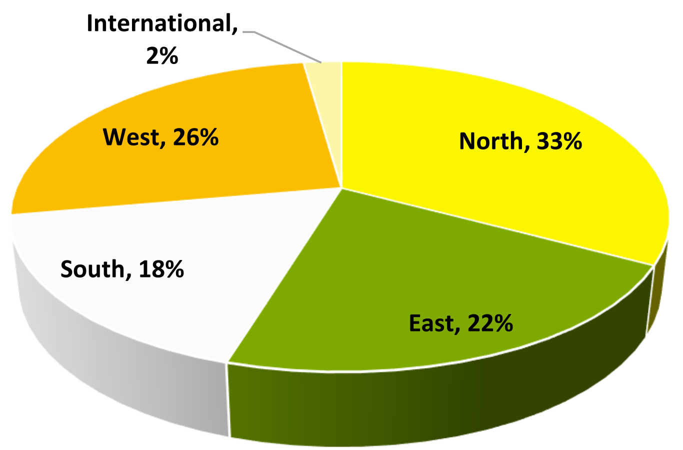
Revenue Mix

Geographic Mix

Q1FY2020

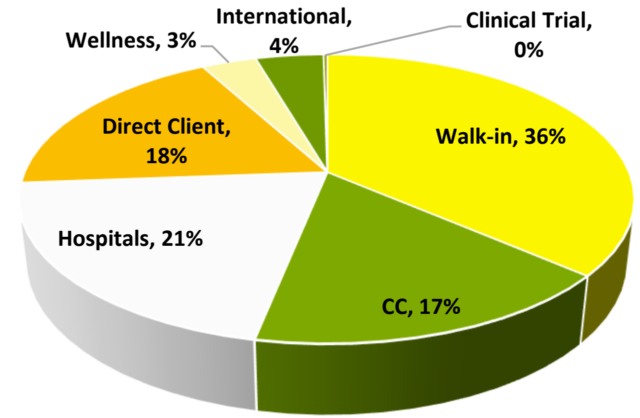


Q1FY2019

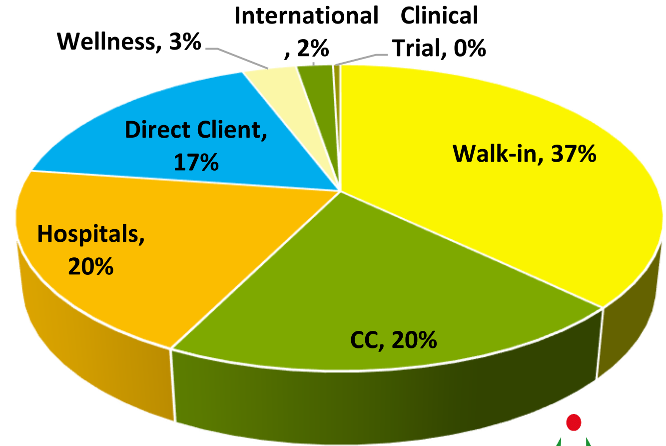


Customer Mix

Q1FY2020



Q1FY2019



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6. Appendix

Group Consolidated P&L – Q1 FY20

Particulars	Q1FY19 (INR Cr.)	Q4FY19 (INR Cr.)	Q1FY20^^ (INR Cr.)	QoQ % Change
Operating Revenue	1,042.0	1,184.1	1,138.3	9.2%
Operating EBITDAC*	**80.4**	**182.2**	**142.3**	**76.9%**
Operating EBITDAC margin	**7.7%**	**15.4%**	**12.5%**	
Net BT Costs	65.3	15.1	-	
Operating EBITDA	**15.1**	**167.1**	**142.3**	
Operating EBITDA margin	**1.4%**	**14.1%**	**12.5%**	
Other Income	11.9	10.5	17.6	
EBITDA	**27.0**	**177.5**	**159.8**	
Finance Costs	76.4	64.8	50.9	(33.4%)
Depreciation & Amortization	56.9	60.0	71.0	
PBT before Forex (excl Other Income)	**(118.2)**	**42.2**	**20.4**	
Foreign Exchange (Loss)/ Gain	16.6	(6.8)	2.0	
PBT before Exceptional Item (incl Other Income & Forex)	**(89.7)**	**45.9**	**40.0**	
Exceptional (Loss)/ Gain^	(5.9)	(45.5)	9.5	
Tax Expense	(33.8)	182.6	(25.7)	
PAT before minority interest and share in associates	**(61.8)**	**(182.1)**	**75.2**	
Share in Associates**	9.0	333.3	2.8	
PAT after minority interest and share in associates	**(70.9)**	**135.6**	**67.8**	

**EBITDAC refers to EBITDA before net business trust costs*

^For Q4FY19, exceptional items primarily pertain to impairments related to the goodwill and of certain assets. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions completed.

**Higher Share in Associate in Q4FY19 is mainly due to RHT's profit on divestment of assets to Fortis in January 2019.

^^Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.

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India Consolidated P&L – Q1 FY20

Particulars	Q1FY19 (INR Cr.)	Q4FY19 (INR Cr.)	Q1FY20^^ (INR Cr.)	QoQ % Change
Operating Revenue	1,036.3	1,135.3	1,138.1	9.8%
Operating EBITDAC*	**82.4**	**156.2**	**145.9**	**77.0%**
Operating EBITDAC margin	**7.9%**	**13.8%**	**12.8%**	
Net BT Costs	65.3	15.1	-	-100.0%
Operating EBITDA	**17.0**	**141.1**	**145.9**	
Operating EBITDA margin	**1.6%**	**12.4%**	**12.8%**	
Other Income	11.9	10.4	17.1	
EBITDA	**28.9**	**151.6**	**163.0**	
Finance Costs	76.1	64.7	50.9	(33.1%)
Depreciation & Amortization	56.9	59.9	70.9	
PBT before Forex (excl Other Income)	**(116.0)**	**16.6**	**24.1**	
Foreign Exchange (Loss)/ Gain	9.3	(7.3)	4.0	
PBT before Exceptional Item (incl Other Income & Forex)	**(94.7)**	**19.7**	**45.2**	
Exceptional (Loss)/ Gain^	(5.9)	(45.5)	9.5	
Tax Expense	(33.9)	177.7	(26.0)	
PAT before minority interest and share in associates	**(66.8)**	**(203.5)**	**80.7**	
Share in Associates**	6.3	329.9	1.1	
PAT after minority interest and share in associates	**(78.6)**	**110.9**	**71.6**	

**EBITDAC refers to EBITDA before net business trust costs*

^For Q4FY19, exceptional items primarily pertain to impairments related to the goodwill and of certain assets. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions completed.

**Higher Share in Associate in Q4FY19 is mainly due to RHT's profit on divestment of assets to Fortis in January 2019.

^^Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.

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Thank You