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

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

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Fortis Healthcare Limited ("the Company") for the quarter ended 30 September 2020 and year to date results for the period from 1 April 2020 to 30 September 2020 ("the Statement").

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

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

4. As explained in Note 8 of the Statement, pursuant to certain events/transactions which relate to or which originated prior to take over of control by the present Board of Directors in the year ended 31 March 2018, 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/improper payments/override of internal controls in the Company and its subsidiaries. As a result of such investigation/ special audits, the Company recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 8 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; resulting in certain qualifications and disclaimers including completeness of related party transactions, propriety of certain payments etc. In view of this, Additional Procedures/ Enquiries were performed by the management in the recent period through independent experts to address these limitations, qualifications and disclaimers. The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020. The Additional Procedures/ Enquiries have revealed certain further instances of payments made to the erstwhile promoters including erstwhile promoter group entity which were potentially improper as fully explained in Note 8(A) to 8(D) of the Statement. These primarily include improper related party transactions including indirect loans, direct or indirect transactions allegedly for the benefit of the erstwhile promoters, payments potentially not related to activities of the companies in the Group, improper managerial remuneration, etc. However, all the amounts identified in the Additional Procedures/Enquiries have been previously provided for or expensed off in the books of accounts of the Company or its subsidiaries.

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As explained in Note 8(C)(vi) of the Statement, during the year ended 31 March 2018, the Company concluded that amount aggregating to Rs. 2,002 lacs had been paid to the erstwhile Executive Chairman (Erstwhile Promoter) in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013. Further, as explained in the said Note, as a result of the Additional Procedures/ Enquiries, the Company has identified certain potentially improper payments amounting to Rs. 872 lacs to the erstwhile promoter and erstwhile promoter group entity. These payments are/ may accordingly be in non-compliance with the provisions of Section 197 of the Companies Act, 2013. Due to the uncertainty involved on recoverability of the said amounts, a provision for these amounts has also been recorded in the books of accounts.

The Company has also filed a complaint with the Economic Offences Wing ('EOW') against the erstwhile promoters/ erstwhile promoter group companies based on the findings of Additional Procedures/ Enquiries.

Further, as explained in Note 9 of the Statement, pursuant to certain events/transactions in earlier years, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations, which are currently ongoing.

In view of the above, and notwithstanding the legal action initiated by the Company, we are unable to comment on the impact, if any, that may result from the assessment of legal compliances in respect of the above matters and from the conclusion of regulatory investigations on the financial results for the quarter ended and year to date results for the period from 1 April 2020 to 30 September 2020.

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

5. We draw attention to Note 16 of the Statement, which explains that due to a significant amount of dividend received during the previous year ended 31 March 2020 from a wholly owned overseas subsidiary, the 'income from financial assets' of the Company was more than 50 percent of the gross income for the year then ended. Further, in view of the investments in subsidiaries and financing provided to them, the Company's financial assets as at that date are also more than 50 percent of its total assets. Consequently, the Company technically meets the "principal business test" criteria for classification as a Non-Banking Financial Company (NBFC) as per press release by Reserve Bank of India (RBI) vide No. 1998-99/1269 dated 8 April 1999 as at 1 April 2020 and is required to obtain a certificate of registration as a NBFC. As per the Company, such dividend is non-recurring in nature and does not represent income from ordinary activities of the Company and the Company does not intend to carry on the business as a NBFC. Accordingly, the Company, vide its letter dated 8 November 2019, had made a representation to the RBI that keeping in view the objective behind the principal business test criteria, its registration as a NBFC should not be required. Subsequent to the completion of audit of the financial statements of the Company for the year ended 31 March 2020, we, as statutory auditors, have also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the current quarter the Company has written another letter to RBI with a request to confirm that no such registration as a NBFC is required. Till date no response has been received from the RBI on either of the letters.

Pending resolution of the matter with RBI, we are unable to comment on the impact thereof, if any, on the financial results for the quarter ended 30 September 2020 and year to date results for the period from 1 April 2020 to 30 September 2020.

The matter stated above was also subject matter of qualification in our review report on the unaudited consolidated financial results for the quarter ended 30 June 2020.

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

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

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

8. 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.

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

9. We draw attention to note 18 of the Statement, which describes the circumstances arising due to COVID-19 pandemic and the associated uncertainties with its nature and duration and the consequential impact of the same on the financial results of the Company.

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

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

Rajesh Arora

Partner
Membership No.: 076124
UDIN: 20076124AAAADO5750

Place: Gurugram
Date: 12 November 2020

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

(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Six months ended		Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Revenue from operations	15,313	10,056	18,140	25,369	36,020	70,185
2. Other income	5,450	5,355	14,799	10,805	82,392	93,834
3. Total income (1+2)	**20,763**	**15,411**	**32,939**	**36,174**	**118,412**	**164,019**
4. Expenses						
(a) Cost of materials consumed	3,693	2,286	3,802	5,979	7,531	14,747
(b) Employee benefits expense	3,372	3,460	3,534	6,832	7,617	15,544
(c) Finance costs	3,612	3,535	3,778	7,147	8,174	16,017
(d) Hospital service fee expense	1,058	760	1,293	1,818	2,563	4,980
(e) Professional charges to doctors	2,331	1,996	3,031	4,327	6,093	12,641
(f) Depreciation and amortisation expense	2,759	2,716	2,426	5,475	4,819	9,681
(g) Other expenses	3,367	2,620	3,983	5,987	7,553	15,478
Total expenses	**20,192**	**17,373**	**21,847**	**37,565**	**44,350**	**89,088**
5. Net profit / (loss) from continuing operation before exceptional items and tax (3-4)	**571**	**(1,962)**	**11,092**	**(1,391)**	**74,062**	**74,931**
6. Exceptional gain / (loss) (refer note 3)	-	5,072	(8,978)	5,072	(13,501)	(12,863)
7. Profit / (loss) before tax from continuing operations (5-6)	**571**	**3,110**	**2,114**	**3,681**	**60,561**	**62,068**
8. Tax expense / (credit)	156	1,120	3,441	1,276	14,680	10,735
9. Net profit / (loss) for the period from continuing operations (7-8)	**415**	**1,990**	**(1,327)**	**2,405**	**45,881**	**51,333**
10. Profit / (loss) before tax from discontinued operations	-	-	-	-	-	-
11. Tax expense of discontinued operations	-	-	-	-	-	-
12. Net profit / (loss) for the period from discontinued operations (10-11)	-	-	-	-	-	-
13. Net profit / (loss) for the period (9+12)	**415**	**1,990**	**(1,327)**	**2,405**	**45,881**	**51,333**
14. Other Comprehensive Income / (loss) (after tax)	92	(55)	40	37	(4)	(12)
15. Total comprehensive income / (loss) for the period (13+14)	**507**	**1,935**	**(1,287)**	**2,442**	**45,877**	**51,321**

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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Six months ended		Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
16. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496	75,496	75,496
17. Other equity as per the audited balance sheet						812,151
18. Earnings per equity share for continuing operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	0.06	0.26	(0.17)	0.32	6.08	6.80
Diluted earnings / (loss) per share - In Rupees	0.06	0.26	(0.17)	0.32	6.08	6.80
19. Earnings per equity share for discontinued operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	-	-	-	-	-	-
Diluted earnings / (loss) per share - In Rupees	-	-	-	-	-	-
20. Earnings per equity share from continuing and discontinued operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	0.06	0.26	(0.17)	0.32	6.08	6.80
Diluted earnings / (loss) per share - In Rupees	0.06	0.26	(0.17)	0.32	6.08	6.80
21. Earnings before depreciation and amortisation expense, finance costs, exceptional items and tax expense (EBITDA) (refer note 2)	6,942	4,289	17,296	11,231	87,055	100,629

Notes to the results

1. The above unaudited Standalone Financial Results for the quarter and six months ended September 30, 2020 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on November 11, 2020 and November 12, 2020 respectively. The qualified review report of the Statutory Auditors is being filed with BSE Limited and National Stock Exchange of India Limited. For more details on standalone results, visit investors section of our website at www.fortishealthcare.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.

2. The Company has presented Earnings before finance costs, tax, depreciation and amortisation (EBITDA) additionally in the financial results. In its measurement, the Company includes other

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income, but does not include depreciation and amortisation expense, finance costs, exceptional items and tax expense.

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

(Rupees in lacs)

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
a) Impairment of investment and allowance for doubtful loan given to Subsidiary Companies	-	-	(8,978)	-	(13,501)	(12,863)
b) Concession received due to COVID-19 (refer note 18)	-	5,072	-	5,072	-	-
Net exceptional gain/ (loss)	**-**	**5,072**	**(8,978)**	**5,072**	**(13,501)**	**(12,863)**

4. **Statement of Assets and Liabilities:**

(Rupees in lacs)

Particulars	Standalone	
	As at September 30, 2020	As at March 31, 2020
	Unaudited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	29,549	27,283
(b) Capital work-in-progress	444	2,918
(c) Right-of-Use Assets	56,103	59,827
(d) Goodwill	2,722	2,722
(e) Other intangible assets	1,112	789
(f) Intangible assets under development	174	364
(g) Financial assets		
(i) Investments in associates	-	-
(ii) Investments in subsidiaries	814,690	815,311
(iii)Loans	105,742	99,132
(iv)Other financial assets	105	115
(h) Deferred tax assets (net)	7,005	7,453
(i) Non-current tax assets (net)	6,514	6,192
(j) Other non-current assets	114	107
Total non-current assets	**1,024,274**	**1,022,213**
Current assets		
(a) Inventories	924	1,018
(b) Financial assets		
(i) Trade receivables	5,876	8,135
(ii) Cash and cash equivalents	98	334
(iii) Bank balances other than (ii) above	30	61

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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

(Rupees in lacs)

Particulars	Standalone	
	As at September 30, 2020	As at March 31, 2020
	Unaudited	Audited
(iv) Loans	1,572	1,800
(v) Other financial assets	25,081	23,572
(c) Other current assets	1,033	953
Total current assets	**34,614**	**35,873**
Total assets	**1,058,888**	**1,058,086**
EQUITY AND LIABILITIES		
Equity		
(a)Equity share capital	75,496	75,496
(b)Other equity	814,593	812,151
Total equity	**890,089**	**887,647**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i)Borrowings	65,853	62,135
(ii)Lease liabilities	57,371	59,768
(iii)Other financial liabilities	289	289
(b) Provisions	1,353	1,395
Total non-current liabilities	**124,866**	**123,587**
Current liabilities		
(a) Financial liabilities		
(i)Borrowings	11,131	8,376
(ii)Trade payables	17,262	21,209
(iii)Lease liabilities	4,738	4,367
(iv)Other financial liabilities	8,138	9,636
(b) Provisions	1,520	1,453
(c) Other current liabilities	1,144	1,811
Total current liabilities	**43,933**	**46,852**
Total liabilities	**168,799**	**170,439**
Total equity and liabilities	**1,058,888**	**1,058,086**

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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

5. Cash flow statement:

(Rupees in lacs)

Particulars	**Six months ended**	
	September 30, 2020	**September 30, 2019**
	Unaudited	**Unaudited**
Cash flows from operating activities		
Profit before tax	**3,681**	**60,561**
Adjustments for:		
Exceptional (Gain)/Loss (net)	(5,072)	13,501
Finance cost	7,147	8,174
Interest income	(10,745)	(11,859)
(Gain)/Loss on disposal of property, plant and equipment (net)	(13)	78
Allowance for bad and doubtful trade receivables	228	343
Allowance for bad and doubtful advances	16	-
Depreciation and amortisation expense	5,475	4,819
Provision / liability no longer required written back	(45)	(48)
Financial guarantee income	(28)	(29)
Dividend income	-	(70,456)
Sub Total	**(3,037)**	**(55,477)**
Operating profit / (loss) before changes in following assets and liabilities	**644**	**5,084**
Changes in operating assets and liabilities		
Decrease / (Increase) in trade and other receivables	2,032	(1,196)
Decrease / (Increase) in inventories	94	(50)
(Increase) in loans, other assets and other financial assets	(587)	(165)
(Decrease) in other financial liabilities, provisions, other liabilities and trade payables	(6,404)	(360)
Cash (used in) / generated from operations	**(4,221)**	**3,313**
Income taxes paid (net of refunds)	(1,169)	(5,847)
Net cash used in operating activities (A)	**(5,390)**	**(2,534)**
Cash flows from investing activities		
Interest received	9,733	8,458
Interest on non-convertible / compulsorily convertible bonds	621	7,439
Payments to acquire property, plant and equipment and intangible asset	(2,173)	(829)
Proceeds on sale of property, plant and equipment	45	878
Maturity of bank deposits(net)	41	2,401
Loan / advances given to subsidiaries	(15,406)	(27,485)
Loan / advances received back from subsidiaries	9,024	27,006
Dividend received	-	70,456
Net cash generated from investing activities (B)	**1,885**	**88,324**

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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

(Rupees in lacs)

Particulars	Six months ended	
	September 30, 2020	September 30, 2019
	Unaudited	Unaudited
Cash flows from financing activities		
Proceeds from issue of equity instruments (including securities premium)	-	2
Payment of lease liability	-	(1,675)
Proceeds from long-term borrowings	5,765	30,868
Repayment of long-term borrowings	(983)	(2,933)
Proceeds from / (repayments of) short-term borrowings (net)	8,800	(109,098)
Interest paid (including interest on lease liability Rupees 510 lacs and Rupees 3,726 lacs respectively)	(4,268)	(8,291)
Net cash generated from / (used in) financing activities (C)	**9,314**	**(91,127)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**5,809**	**(5,337)**
Cash and cash equivalents at the beginning of the period	(8,042)	1,214
Cash and cash equivalents at the end of the period	**(2,233)**	**(4,123)**

Cash and cash equivalents

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

(Rupees in lacs)

Particulars	Six months ended	
	September 30, 2020	September 30, 2019
	Unaudited	Unaudited
(a) Balances with banks		
- on current accounts	80	821
(b) Cash on hand	18	30
Cash and cash equivalents as per balance sheet	**98**	**851**
Bank overdrafts	(2,331)	(4,974)
Cash and cash equivalents as per statement of cash flows	**(2,233)**	**(4,123)**

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

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

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

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

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

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

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

Fortis Healthcare Limited

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

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

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

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

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

Further during the current quarter, the Company filed an application before Hon'ble Supreme Court of India seeking permission for change of company name, brand and logo.

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

A. Background

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

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

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

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

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

B. Additional procedures/enquiries by the reconstituted Board

(i) The Company's Board of Directors initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Pending the additional procedures/enquiries ("**Additional Procedures/ Enquiries**") and since the investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as disclosed in the audited financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020 certain audit qualifications were made in respect of FHL's financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established thereof, or any further potential impact on the financial statements. In order to resolve the same, the Board mandated the management to undertake review of certain areas in relation to historical transactions for the period April 1 2014 to September 30 2018 involving additional matters by engaging independent experts with specialized forensic skills to assist with the Additional Procedures/Enquiries and provide inputs and expert advice in connection therewith. . The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020.

(ii) The Board noted that the Additional Procedures/Enquiries, prima facie, revealed further instances of payments made to the erstwhile promoter or to their directly or indirectly related parties including erstwhile promoter group entities which were potentially improper However, all of the amounts identified in the Additional Procedures/Enquiries had been previously provided for or expensed in the financial statements of FHL or its subsidiaries. There are no other improper transactions identified by the Additional Procedures/Enquiries or the management which had not been expensed or provided.

(iii) In connection with the potentially improper transactions, the Company has undertaken a detailed review of each case to assess the Company's legal rights and has initiated necessary action.

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

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 AND SIX MONTHS ENDED SEPTEMBER 30, 2020

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

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

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

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

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

SFIO has sought information in respect of this transaction and the same has been duly provided by the Company. Further, as stated above, a complaint has been filed with the EOW in November 2020 by the Company for certain other matters in which a reference has been made to such SFIO enquiries as well as to the Company's responses thereto.

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

Fortis Healthcare 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 2,549 lacs towards the amounts due, including interest, in the year ended March 31, 2018

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

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

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

Complaint has been filed in this regard, with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company.

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

Complaint has been filed with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company.

(vi) Remuneration to ex-chairman

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

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

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

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

(b) Payments were made to an ex-promoter entity from another foreign wholly owned subsidiary of the Company under an investment advisory agreement amounting to equivalent Rupees 344 lacs for the period June 2016 to September 2016. However, there was nothing on record to suggest that any services were rendered by the ex- promoter entity under this agreement.

(vii) During the financial year 2014-15, the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")), acquired 100% stake in Birdie & Birdie Realtors Pvt; Ltd. ("Birdie") from certain persons related to the erstwhile promoters, wherein Rupees 12,275 lacs were paid towards ICDs at a rate of interest of 14% per annum and Rupees 7,725 lacs were paid for the shares acquired. The total enterprise value of Birdie was projected at Rupees 20,000 lacs based on the valuation report of land and building by an independent valuer. However, the equity valuation of Rupees 7,725 lacs were arrived based on a land and building valuation report by another valuer of Rupees 23,700 lacs and on assumption that the Land has to be sold in 6-8 months, which in reality did not happen. Also, the "subject property photographs' used in the mentioned two valuation reports were identical. Also, the ICD's of Rupees 12,275 lacs were utilized to repay/replace the then existing debts including that of erstwhile promoters and person/entities related/known to the erstwhile promoters. It is possible that the erstwhile promoters acted in order to make excess money to repay the loans availed by Birdie from them, persons related to them and entities related/known to them.

Fortis Healthcare Limited

There have been certain queries raised on this transaction by the SFIO. The company has responded to the said queries. Further, in the above referred Complaint filed with the EOW in November 2020 against erstwhile promoters, SFIO enquiries and the Company's responses have been mentioned.

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

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

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

D. Based on investigation carried by the external legal firm and the additional procedures/enquiries by independent experts, all identified/required adjustments/disclosures have been made in the consolidated financial results of the company. The Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, as identified in the notes to results, on certain aspects, the Company has also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels.

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

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

9. Matters in relation to Regulatory Authorities:

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

Fortis Healthcare Limited

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

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

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

The 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 also been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities on a going forward basis.

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

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

(d) The Investigation Report of the external legal firm was submitted by the Company to the SEBI, and SFIO on June 12, 2018. Further, the Company has submitted a copy of the complaint filed with the

Fortis Healthcare Limited

EOW and a copy of the report of the additional procedures/ enquiries done by the independent expert to SEBI and SFIO on November 10, 2020.

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

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

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

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

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

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

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

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

15. 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'.

16. The main object of the Company is to carry on the business of healthcare and other related activities either directly or through its subsidiaries. During the previous year ended 31 March 2020, due to significant amount of dividend received by the Company from a wholly owned overseas subsidiary, the Company's 'income from financial assets' constituted more than 50 per cent of the gross income for the financial year ended 31 March 2020. Further, the 'financial assets' of the Company were also more than 50 per cent of its total assets as at 31 March 2020 (mainly investment and financing in wholly owned subsidiaries). Accordingly, the Company technically met 'Principal business' test as per the press release by Reserve Bank of India ("RBI") vide No. 1998-99/1269 dated April 8, 1999 for being classified as a Non-Banking Financial Company (NBFC) from April 1, 2020. However, the significant amount of dividend in the previous year was largely on account of a one-off transaction which led to dividend payment and the Company does not expect dividend of such a significant amount to be recurring in future. The Board has also noted and confirmed that such dividend does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. The Company has made a representation to the RBI in November 2019 that while the Company technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as an NBFC and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. As per the RBI's 'Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the company has obtained a Certificate of

Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)"Subsequent to the completion of audit of the financial statements of the Company for the year ended 31 March 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business,, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the current quarter the Company wrote a letter to RBI with a request to confirm that no such registration as a NBFC is required. It also requested for a meeting to give an opportunity to the Company to explain its position on the matter. Till date no response has been received from the RBI on either of the letters to RBI.

17. As at September 30, 2020, the Company's current liabilities are higher than its current assets by Rupees 9,319 lacs. Further, there is decline in business due to impact of COVID-19 (as explained in note 18). This has affected the performance and cash flow position of the Company. Additionally, as explained in note 7, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Company to carry out planned restructuring activities.

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

(a) As at 30 September 2020, the Company has funds available of Rupees 128 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 10,703 lacs.

(b) The exercise period for cash put option (financial liability) has been extended till 31 March 2021. The management believes that based on the ongoing discussion with the existing PE investors to keep the put option in abeyance for 3 years accordingly they will not exercise the same till then.

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

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

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

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

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

As a part of its strategy to counter the impact of COVID-19 pandemic, with cost saving measures the Company got approval from its shareholders to seek waiver of fixed service fee payable to its certain

Fortis Healthcare Limited

subsidiaries under the Hospital & Medical Service Agreements (HMSA) entered with the said subsidiaries for at least two quarters (April-June 2020 and July-Sep 2020) assuming that the hospital operations, occupancy and footfall will return to normalcy by October 2020.However, if the business does not recover to normal levels by October 2020, then the waiver period may be extended until business becomes normal with the consent of both the company and its subsidiaries. The waiver was approved by the subsidiaries keeping in view the exceptional and unforeseen circumstances. Accordingly, in line with guidance on accounting for such concessions that are a direct consequence of the COVID-19 pandemic, the Company has recognised an exceptional gain of Rupees 5,072 lacs for the six months ended September 30, 2020. The Company is reviewing its next course of action on this matter.

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

(a) With regard to the comments of the statutory auditors in paragraph 4 of Limited Review Report, pertaining to the independent investigation carried out by the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company through external legal firm and subsequently the additional procedures/enquiries performed by the management in the recent period through independent experts to address the limitations, qualifications and disclaimers of the investigation carried out, it is submitted that, based on the reports of the independent investigation carried out through the external legal firm and additional procedures/enquiries through independent experts ,SEBI Interim orders dated October 17, 2018 , December 21, 2018 and confirmed vide order dated March 19, 2019, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report and the additional procedures/enquiries, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which the assessment work was done and corrective action plans were implemented. The company continues to assess the legal compliances on all matters stated in the report of external legal firm and report of independent experts. Further, various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, as and when the results of the various regulatory investigations are known. For more details, please refer to note 8 and 9.

(b) With regard to the comments of the statutory auditors in paragraph 4 of Limited Review Report, pertaining to the amounts paid to the erstwhile Executive Chairman, the Company, having considered all necessary facts, decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman. Further, as a result of the additional procedures/ enquiries, the Company identified certain other payments made to the erstwhile executive chairman/ ex-promoter entity.The company has taken suitable legal measures to recover the said payments made as well as the Company's assets in his possession. For more details, please refer to note 8(C)(vi).

(c) With regard to the comments of the statutory auditors in paragraph 5 of Limited review report, pertaining to NBFC registration, it has been explained in Note 16 of the financial results, as per the RBI's 'Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the company has obtained a Certificate of Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". The Company has, in Note 16 of the financial results, clarified that while it technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as 'non-banking financial institution'. The Board has also noted and confirmed by way of a board resolution that the significant dividend received during the previous year ended 31 March 2020 does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. In this backdrop, the requirement for registration as a 'non-banking financial institution' should not arise.

Fortis Healthcare Limited

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

Date: November 12, 2020

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

Building No. 10, 12th Floor, Tower-C,
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Limited review report on unaudited quarterly consolidated financial results of Fortis Healthcare Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

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

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

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

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

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

   Parent:

   (i) Fortis Healthcare Limited

   Subsidiaries:

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

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

Registered Office:
14th Floor, Central Wing, Tower 4, Nesco Center,
Western Express Highway, Goregaon (East), Mumbai – 400063

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

Joint ventures:

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

Associates:

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

5. As explained in Note 7 of the Statement, pursuant to certain events/transactions which relate to or which originated prior to take over of control by the present Board of Directors in the year ended 31 March 2018, 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/improper payments/override of internal controls in the Company and its subsidiaries. As a result of such 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 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; resulting in certain qualifications and disclaimers including completeness of related party transactions, propriety of certain payments etc. In view of this, Additional Procedures/ Enquiries were performed by the management in the recent period through independent experts to address these limitations, qualifications and disclaimers. The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020. The Additional Procedures/ Enquiries have revealed

certain further instances of payments made to the erstwhile promoters including erstwhile promoter group entity which were potentially improper as fully explained in Note 7(A) to 7(D) of the Statement. These primarily include improper related party transactions including indirect loans, direct or indirect transactions allegedly for the benefit of the erstwhile promoters, payments potentially not related to activities of the companies in the Group, improper managerial remuneration, etc. However, all the amounts identified in the Additional Procedures/Enquiries have been previously provided for or expensed off in the books of accounts of the Company or its subsidiaries.

As explained in Note 7(C)(vi) of the Statement, during the year ended 31 March 2018, the Company concluded that amount aggregating to Rs. 2,002 lacs had been paid to the erstwhile Executive Chairman (Erstwhile Promoter) in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013. Further, as explained in the said Note, as a result of the Additional Procedures/ Enquiries, the Company has identified certain potentially improper payments amounting to Rs. 872 lacs to the erstwhile promoter and erstwhile promoter group entity. These payments are/ may accordingly be in non-compliance with the provisions of Section 197 of the Companies Act, 2013. Due to the uncertainty involved on recoverability of the said amounts, a provision for these amounts has also been recorded in the books of accounts.

The Company has also filed a complaint with the Economic Offences Wing ('EOW') against the erstwhile promoters/ erstwhile promoter group companies based on the findings of Additional Procedures/ Enquiries.

Further, as explained in Note 8 of the Statement, pursuant to certain events/transactions in earlier years, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations, which are currently ongoing.

In view of the above, and notwithstanding the legal action initiated by the Company, we are unable to comment on the impact, if any, that may result from the assessment of legal compliances in respect of the above matters and from the conclusion of regulatory investigations on the financial results for the quarter ended and year to date results for the period from 1 April 2020 to 30 September 2020.

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

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

Pending resolution of the matter with RBI, we are unable to comment on the impact thereof, if any, on the financial results for the quarter ended and year to date results for the period from 1 April 2020 to 30 September 2020.

The matter stated above was also subject matter of qualification in our review report on the unaudited consolidated financial results for the quarter ended 30 June 2020.

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

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

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

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

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

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

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

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

10. As explained in Note 12 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.

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

11. We draw attention to Note 19 of the Statement, which describes the circumstances arising due to COVID-19 pandemic and the associated uncertainties with its nature and duration and the consequential impact of the same on the financial results of the Group.

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

12. The Statement includes the Group's share of net profit after tax of Rs. 1,002.69 lacs and Rs. 1,141.33 lacs and total comprehensive income of Rs. 996.81 lacs and Rs. 1,135.45 lacs for the quarter ended 30 September 2020 and for the period from 1 April 2020 to 30 September, respectively, as considered in the Statement, in respect of one joint venture, whose interim financial information has not been reviewed by us. This interim financial information has 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 this joint venture, is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

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

13. The Statement includes the interim financial information of twelve subsidiaries, which have not been reviewed, whose interim financial information (before intercompany-elimination and consolidation adjustments), reflect total assets of Rs. 37,471.75 lacs as at 30 September 2020, total revenues of Rs. 592.27 lacs and Rs. 980.35 lacs, total net loss after tax of Rs. 2,312.39 lacs and Rs. 4,292.65 lacs and total comprehensive income/ (loss) of Rs. 1,244.82 lacs and Rs. (789.19) lacs for the quarter ended 30 September 2020 and for the period from 1 April 2020 to 30 September 2020, respectively, and cash outflows of Rs. 5,754.40 lacs for the period from 1 April 2020 to 30 September 2020, as considered in the Statement. The Statement also include the Group's share of net loss after tax of Rs. 233.70 lacs and Rs. 196.69 lacs and total comprehensive loss of Rs. 183.40 lacs and Rs. 96.99 lacs for the quarter ended 30 September 2020 and for the period from 1 April 2020 to 30 September 2020, respectively, as considered in the consolidated unaudited financial results, in respect of four associates and three joint ventures, based on their interim financial information which have not been reviewed. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

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

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

Rajesh Arora
Partner
Membership No.: 076124
UDIN: 20076124AAAADP9786

Place: Gurugram
Date: 12 November 2020

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

(Rupees in lacs)

Particulars	Consolidated					
	Quarter Ended			Six Month Ended		Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Revenue from operations	99,470	60,595	121,217	160,065	235,048	463,232
2. Other income	2,560	445	975	3,005	2,931	5,264
3. Total income (1+2)	**102,030**	**61,040**	**122,192**	**163,070**	**237,979**	**468,496**
4. Expenses						
(a) Cost of material consumed	24,630	14,788	24,815	39,418	49,026	96,385
(b) Employee benefits expenses	19,792	20,622	22,706	40,414	46,297	91,603
(c) Finance costs	4,208	4,108	4,923	8,316	10,015	20,506
(d) Professional charges to doctors	18,467	16,334	24,708	34,801	48,644	97,589
(e) Depreciation and amortisation expense	7,433	7,165	7,076	14,598	14,171	29,173
(f) Other expenses	24,581	19,180	30,538	43,761	58,403	116,703
Total expenses	**99,111**	**82,197**	**114,766**	**181,308**	**226,556**	**451,959**
5. Net profit/(loss) from continuing operations before share in profit/ (loss) of associates and joint ventures, exceptional items and tax (3-4)	**2,919**	**(21,157)**	**7,426**	**(18,238)**	**11,423**	**16,537**
6. Add:Share in profit of associate companies and joint ventures	825	286	316	1,111	598	1,216
7. Net profit/(loss) before exceptional items and tax (5+6)	**3,744**	**(20,871)**	**7,742**	**(17,127)**	**12,021**	**17,753**
8. Exceptional gain (refer note 6)	61	45	5,233	106	6,183	6,183
9. Profit/(loss) before tax from continuing operations (7+8)	**3,805**	**(20,826)**	**12,975**	**(17,021)**	**18,204**	**23,936**
10. Tax expense/ (credit)	2,258	(2,038)	571	220	(2,001)	14,787
11. Net Profit/(Loss) for the period from continuing operations (9-10)	**1,547**	**(18,788)**	**12,404**	**(17,241)**	**20,205**	**9,149**
12. Profit from discontinued operations before tax	-	-	-	-	-	-
13. Tax expense of discontinued operations	-	-	-	-	-	-
14. Net Profit / (Loss) for the period from discontinuing operations (12-13)	-	-	-	-	-	-
15. Net Profit/(Loss) for the period (11+14)	**1,547**	**(18,788)**	**12,404**	**(17,241)**	**20,205**	**9,149**
16. Profit/ (Loss) from continuing operations attributable to:						
Owners of the Company	(391)	(17,892)	11,098	(18,283)	17,879	5,794
Non Controlling Interest	1,938	(896)	1,306	1,042	2,326	3,355

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

(Rupees in lacs)

Particulars	Consolidated					
	Quarter Ended			Six Month Ended		Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
17. Profit/ (loss) from discontinuing operations attributable to:						
Owners of the Company	-	-	-	-	-	-
Non Controlling Interest	-	-	-	-	-	-
18. Other Comprehensive Income/(loss) (including OCI relating to associates and joint venture (after tax)) ('OCI')	896	375	(309)	1,271	(260)	11
19. Other comprehensive Income/(Loss) attributable to:						
Owners of the Company	835	414	(341)	1,249	(292)	153
Non Controlling interest	61	(39)	32	22	32	(142)
20. Total comprehensive Income/(Loss) (15+18)	**2,443**	**(18,413)**	**12,095**	**(15,970)**	**19,945**	**9,160**
21. Total comprehensive Income/(Loss) attributable to:						
Owners of the Company	444	(17,478)	10,757	(17,034)	17,587	5,947
Non Controlling interest	1,999	(935)	1,338	1,064	2,358	3,213
22. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496	75,496	75,496
23. Other equity as per the audited balance sheet						590,613
24. Earnings per equity share for continuing operations (not annualised)						
Basic earnings/ (loss) per share - In Rupees	(0.05)	(2.37)	1.47	(2.42)	2.37	0.77
Diluted earnings/ (loss) per share - In Rupees	(0.05)	(2.37)	1.47	(2.42)	2.37	0.77
25. Earnings per equity share for discontinued operations (not annualised)						

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

(Rupees in lacs)

Particulars	Consolidated					
	Quarter Ended			Six Month Ended		Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Basic earnings/ (loss) per share - In Rupees	-	-	-	-	-	-
Diluted earnings/ (loss) per share - In Rupees	-	-	-	-	-	-
26. Earnings per equity share from continuing and discontinued operations						
Basic earnings/ (loss) per share - In Rupees	(0.05)	(2.37)	1.47	(2.42)	2.37	0.77
Diluted earnings/ (loss) per share - In Rupees	(0.05)	(2.37)	1.47	(2.42)	2.37	0.77
27. Earnings before depreciation and amortization expense, finance costs, exceptional items, tax expenses and share in profit /(loss) of associate companies and joint ventures (EBITDA) (Refer note 3)	14,560	(9,884)	19,425	4,676	35,609	66,216

Notes to the results

1. The above unaudited Consolidated Financial Results for the quarter and six months ended September 30, 2020 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on November 11, 2020 and November 12, 2020 respectively. The qualified review report of the Statutory Auditors is being filed with BSE Limited and National Stock Exchange of India Limited. For more details on consolidated results, visit investors section of our website at www.fortishealthcare.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.

2. **Segment Reporting**

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

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

(Rupees in lacs)

S.No	Particulars	Quarter ended			Six Month ended		Year ended
		September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Segment value of sales and services (revenue)**						
	- Healthcare	74,636	48,839	97,247	123,475	188,554	375,320
	-Diagnostics	28,238	14,035	27,661	42,273	53,506	101,633
	Gross value of sales and services	102,874	62,874	124,908	165,748	242,060	476,953
	Less : inter segment sales and services	(3,404)	(2,279)	(3,691)	(5,683)	(7,012)	(13,721)
	Revenue from operations	**99,470**	**60,595**	**121,217**	**160,065**	**235,048**	**463,232**
2	**Segment results**						
	- Healthcare	(494)	(14,568)	6,423	(15,062)	9,653	19,840
	-Diagnostics	5,061	(2,926)	4,951	2,135	8,854	11,938
	Total segment profit / (loss) before interest and tax	4,567	(17,494)	11,374	(12,927)	18,507	31,778
	(i) Finance cost	(4,208)	(4,108)	(4,923)	(8,316)	(10,015)	(20,506)
	(ii) Exceptional gain and unallocable income (net of unallocable expenditure)	2,621	490	6,208	3,111	9,114	11,448
	(iii) Share of profit of associates and joint ventures (net)	825	286	316	1,111	598	1,216
	Profit / (loss) before tax	**3,805**	**(20,826)**	**12,975**	**(17,021)**	**18,204**	**23,936**
3	**Segment assets**						
	- Healthcare	876,933	871,973	889,755	876,933	889,755	881,319
	-Diagnostics	113,767	112,345	116,688	113,767	116,688	113,268
	-Unallocable assets	136,436	153,107	153,481	136,436	153,481	157,260
	Total assets	1,127,136	1,137,425	1,159,924	1,127,136	1,159,924	1,151,847
	Less : inter segment assets	(15,918)	(16,142)	(19,357)	(15,918)	(19,357)	(17,065)
	Total segment assets	**1,111,218**	**1,121,283**	**1,140,567**	**1,111,218**	**1,140,567**	**1,134,782**
4	**Segment liabilities**						
	- Healthcare	225,260	227,948	222,153	225,260	222,153	238,297
	-Diagnostics	25,923	26,031	17,060	25,923	17,060	25,619
	-Unallocable liabilities	171,442	181,247	189,421	171,442	189,421	167,372
	Total liabilities	422,625	435,226	428,634	422,625	428,634	431,288
	Less : inter segment liabilities	(15,918)	(16,142)	(19,357)	(15,918)	(19,357)	(17,065)
	Total segment liabilities	**406,707**	**419,084**	**409,277**	**406,707**	**409,277**	**414,223**

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

4. **Statement of Assets and Liabilities:**

(Rupees in lacs)

Particulars	Consolidated	
	As at September 30, 2020	As at March 31, 2020
	Unaudited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	393,019	392,223
(b) Capital work-in-progress	18,354	18,884
(c) Right-of-use	110,229	109,830
(d) Goodwill	372,171	372,076
(e) Other intangible assets	6,533	6,106
(f) Intangible assets under development	672	1,491
(g) Financial assets		
(i)Investments in associates/Joint venture	18,231	17,454
(ii)Loans	3,036	3,003
(iii)Other financial assets	540	8,437
(h) Non current tax assets (Net)	47,110	65,389
(i) Deferred tax assets (Net)	40,732	39,288
(j) Other non-current assets	6,943	6,553
Total non-current assets	**1,017,570**	**1,040,734**
Current assets		
(a) Inventories	8,474	7,818
(b) Financial assets		
(i)Trade receivables	38,393	45,878
(ii)Cash and cash equivalents	11,519	18,186
(iii)Bank balances other than (iii) above	17,976	8,410
(iv)Loans	1,345	1,739
(v)Other financial assets	7,509	4,746
(c) Other current assets	8,298	7,047
	93,514	**93,824**
Assets classified as held for sale	134	224
Total current assets	**93,648**	**94,048**
Total assets	**1,111,218**	**1,134,782**

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

(Rupees in lacs)

Particulars	Consolidated	
	As at September 30, 2020	As at March 31, 2020
	Unaudited	Audited
EQUITY AND LIABILITIES		
Equity		
(a)Equity share capital	75,496	75,496
(b)Other equity	573,546	590,613
Equity attributable to owners of the Company	**649,042**	**666,109**
Non-controlling interests	55,469	54,450
Total equity	**704,511**	**720,559**
Non-current liabilities		
(i)Borrowings	93,780	95,405
(ii)Lease liability	22,586	21,250
(iii)Other financial liabilities	674	947
(b) Provisions	7,501	7,561
(c) Deferred tax liabilities (Net)	28,966	31,161
(d) Other non-current liabilities	7	6
Total non-current liabilities	**153,514**	**156,330**
Current liabilities		
(a) Financial liabilities		
(i)Borrowings	38,222	36,255
(ii)Lease liability	2,452	2,780
(iii)Trade payables	50,936	59,763
(iv)Other financial liabilities	142,378	135,225
(b) Provisions	8,158	7,909
(c) Current tax liabilities (Net)	1,054	274
(d) Other current liabilities	9,873	15,567
	253,073	**257,773**
Liabilities directly associated with assets classified as held for sale	120	120
Total current liabilities	**253,193**	**257,893**
Total liabilities	**406,707**	**414,223**
Total equity and liabilities	**1,111,218**	**1,134,782**

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5. CONSOLIDATED CASH FLOW STATEMENT:

(Rupees in Lacs)

Particulars	Six month ended September 30, 2020 Unaudited	Six month ended September 30, 2019 Unaudited
Cash flows from operating activities		
(Loss)/ Profit before tax for the year	(17,021)	18,204
Adjustments for:		
Exceptional gain	(106)	(6,183)
Finance cost	8,316	10,015
Interest income	(2,753)	(1,925)
(Profit)/ Loss on disposal of property, plant and equipment (net)	(24)	94
Profit on sale of current investment	-	(41)
Allowance for bad and doubtful trade receivables	3,000	2,919
Allowance for bad and doubtful advances	116	135
Depreciation and amortisation expense	14,598	14,171
Provision for contingencies and litigation	5	-
(Income)/ expense recognised in respect of equity-settled share-based payments	(104)	75
Share of associate and joint ventures	(1,111)	(598)
Provision/ liabilities no longer required written back	(873)	(1,115)
Unrealised foreign exchange gain (net)	34	-
Operating profit before changes in following assets and liabilities	**4,077**	**35,751**
Changes in operating assets and liabilities		
Decrease/ (increase) in trade and other receivables	4,485	(3,748)
Decrease in inventories	(656)	(358)
Increase in loans, other assets and other financial assets	(4,282)	(2,162)
Decrease in trade payables	(9,077)	(8,381)
Increase in provisions	571	607
Decrease in other liabilities and other financial liabilities	(4,635)	(3,760)
Cash (used in)/ generated from operations	**(9,517)**	**17,949**
Income taxes paid (net of refunds)	15,151	(12,541)
Net cash generated by operating activities	**5,634**	**5,408**
Cash flows from investing activities		
Interest received	2,502	1,994
(Investment)/ maturity in bank deposits (net)	(1,652)	1,399

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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

(Rupees in Lacs)

Particulars	Six month ended September 30, 2020 Unaudited	Six month ended September 30, 2019 Unaudited
Payments for property, plant and equipment & intangible assets	(10,540)	(6,572)
Sale of investment in associate	-	7,388
Proceeds from disposal of property, plant and equipment	225	1,313
Proceeds from repayment of loan by body corporate	-	2,975
Proceeds from disposal of current investments	-	7,970
Dividends received from associates	300	247
Net cash (used in)/ generated by investing activities	**(9,165)**	**16,714**
Cash flows from financing activities		
Proceeds from issue of equity instruments (including securities premium)	-	2
Proceeds from long-term borrowings	4,348	33,768
Repayment of lease liability	(1,367)	(1,251)
Repayments of long-term borrowings	(329)	(10,692)
Proceeds/ (Repayments of) from short-term borrowings (net)	11,528	(89,300)
Interest paid (including interest on lease liability of Rupees 1,295 lacs (30-Sep-19 Rs. 1,285 lacs))	(8,690)	(9,751)
Net cash generated/ (used in) by financing activities	**5,490**	**(77,224)**
Effect of exchange rate changes	936	(82)
Net increase/ (decrease) in cash and cash equivalents	**2,895**	**(55,184)**
Cash and cash equivalents at the beginning of the year	711	63,370
Cash and cash equivalents at the end of the year	**3,606**	**8,186**

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

(Rupees in lacs)

Particulars	September 30, 2020	September 30, 2019
(a) Balances with banks		
- on current accounts	4,031	10,726
- deposits with original maturity of less than three months	7,054	8,208
(b) Cheques, drafts on hand	46	611
(c) Cash on hand	388	27
Cash and cash equivalents as per balance sheet	**11,519**	**19,572**
Bank overdrafts and cash credit facility	(7,913)	(11,386)
Cash and cash equivalents as per statement of cash flows	**3,606**	**8,186**

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

(Rupees in lacs)

S. No.	Particulars	Quarter Ended			Six Month Ended		Year ended
		September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a)	Gain on disposal of an associate (refer note 14)	-	-	3,857	-	3,857	3,857
(b)	Reversal of allowance for loan given to body corporate (refer note 7 (c) (iii))	-	-	1,376	-	2,276	2,276
(c)	Reversal of allowance for loan given to C-Doc Healthcare Limited	-	-	-	-	50	50
(d)	Concession received due to Covid-19	61	45	-	106	-	-
	Exceptional gain	**61**	**45**	**5,233**	**106**	**6,183**	**6,183**

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

A. Background

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

Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) ; (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company. The investigation report of which was submitted to the re-constituted Board in June 2018.

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

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

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

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

B. Additional procedures/enquiries by the reconstituted Board

(i) The Company's Board of Directors initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Pending the additional procedures/enquiries ("**Additional Procedures/ Enquiries**") and since the investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as disclosed in the audited financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020 certain audit qualifications were made in respect of FHL's financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established thereof, or any further potential impact on the financial statements. In order to resolve the same, the Board mandated the management to undertake review of certain areas in relation to historical transactions for the period April 1 2014 to September 30 2018 involving additional matters by engaging independent experts with specialized forensic skills to assist with the Additional Procedures/Enquiries and provide inputs and expert advice in connection therewith. . The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020.

(ii) The Board noted that the Additional Procedures/Enquiries, prima facie, revealed further instances of payments made to the erstwhile promoters or to their directly or indirectly related parties including erstwhile promoter group entities which were potentially improper. However, all of the amounts identified in the Additional Procedures/Enquiries had been previously provided for or expensed in the financial statements of FHL or its subsidiaries. There are no other improper transactions identified by the Additional Procedures/Enquiries or the management which had not been expensed or provided.

(iii) In connection with the potentially improper transactions, the Company has undertaken a detailed review of each case to assess the Company's legal rights and has initiated necessary action.

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

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

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

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

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

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

SFIO has sought information in respect of this transaction and the same has been duly provided by the Company. Further, as stated above, a complaint has been filed with the EOW in November 2020 by the Company for certain other matters, in which a reference has been made to such SFIO enquiries as well as to the Company's responses thereto.

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

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

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

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

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

Complaint has been filed in this regard, with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company.

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

Complaint has been filed with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company.

(vi) Remuneration to ex-chairman

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

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

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

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

(b) Payments were made to an ex-promoter entity from another foreign wholly owned subsidiary of the Company under an investment advisory agreement amounting to equivalent ~ Rupees 344 lacs for the period June 2016 to September 2016. However, there was nothing on record to suggest that any services were rendered by the ex- promoter entity under this agreement.

(vii) During the financial year 2014-15, FHsL acquired 100% stake in Birdie & Birdie Realtors Pvt; Ltd. ("Birdie") from certain persons related to the erstwhile promoters, wherein Rupees 12,275 lacs were paid towards ICDs at a rate of interest of 14% per annum and Rupees 7,725 lacs were paid for the shares acquired. The total enterprise value of Birdie was projected at Rupees 20,000 lacs based on the valuation report of land and building by an independent valuer. However, the equity valuation of Rupees 7,725 lacs were arrived based on a land and building valuation report by another valuer of Rupees 23,700 lacs and on assumption that the Land has to be sold in 6-8 months, which in reality did not happen. Also, the "subject property photographs' used in the mentioned two valuation reports were identical. Also, the ICD's of Rupees 12,275 lacs were utilized to repay/replace the then existing debts including that of erstwhile promoters and person/entities related/known to the erstwhile promoters. It is possible that the erstwhile promoters acted in order to make excess money to repay the loans availed by Birdie from them, persons related to them and entities related/known to them. Further, out of total goodwill generated on consolidation amounting to Rupees 10,661 lacs, goodwill to the extent of Rupees 9,430 lacs was impaired in earlier years to bring the investment value in line with the market value of the property

There have been certain queries raised on this transaction by the SFIO. The company has responded to the said queries. Further, in the above referred Complaint filed with the EOW in November 2020 against erstwhile promoters, SFIO enquiries and the Company's responses have been mentioned.

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

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

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

D. Based on investigation carried by the external legal firm and the additional procedures/enquiries by independent experts, all identified/required adjustments/disclosures have been made in the consolidated financial results of the company. The Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, as identified in the notes to results, on certain aspects, the Company has also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels.

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

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

8. Matters in relation to Regulatory Authorities:

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

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

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

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

Accordingly, FHsL has filed a civil suit for recovery of Rupees 52,019 lacs before Hon'ble Delhi High Court against the parties, named in the orders passed by SEBI.

The 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 also been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities on a going forward basis.

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

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

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

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.

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

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

b) Further, there was tax demand in EHIRCL of Rupees 7,411 lacs [(after adjusting Rupees 15,558 lacs as at Sep 30, 2020) {As at March 31, 2020 Rupees 7,759 lacs (after adjustment Rupees 15,210 lacs as at March 31, 2020)} of an escrow account which was maintained out of sale consideration payable by the Company to the erstwhile promoters of EHIRCL] for various assessment years. Further, as per the Share Purchase Agreement, one third of any excess of the net demand, amounting to Rupees 2,470 lacs after adjusting the recovery from escrow account, would be borne by the said erstwhile promoters of EHIRCL and the rest by the Company. During the year ended March 31, 2015, the Commissioner of Income Tax (Appeals) decided the case in favour of EHIRCL. Income Tax Department had filed an appeal before

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13. The Board of Directors, after seeking inputs from reputed investment bankers, had approved an equity infusion of Rupees 400,000 lacs at a price of Rupees 170 per equity share into the Company by Northern TK Venture Pte Ltd Singapore (NTK) ("Acquirer"), a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia through a preferential allotment ("Preferential Issue"), subject to approval of the shareholders and other regulatory approvals which constituted 31.1% share capital of the Company. The shareholders of the Company approved the Preferential Issue by requisite majority at their Extra Ordinary General Meeting dated August 13, 2018. The Acquirer had received the approval from Competition Commission of India (CCI) on October 30, 2018 and the preferential allotment was made on November 13, 2018. Pursuant to the consummation of the same, Northern TK Venture Pte Ltd, had appointed 2/3 of the directors on the Board of Directors of the Company, thereby acquiring control over the Company. Consequently, the Company has become a subsidiary of Northern TK Venture Pte Ltd. Further, pursuant to the Preferential Issue, Northern

TK Venture Pte. Ltd is under an obligation to make a mandatory open offer to the public shareholders of the Company and Fortis Malar Hospitals Limited in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. However, in view of order dated December 14, 2018 passed by Hon'ble Supreme Court wherein it was specified that status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained, the Mandatory Open offer was kept in abeyance and continues to be in abeyance as on date, and remains subject to further orders by the Hon'ble Court. The Company had accordingly filed an application seeking for modification of the said order.

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

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

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

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

Further during the current quarter, the Company filed an application before Hon'ble Supreme Court of India seeking permission for change of company name, brand and logo.

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

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

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

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

18. As at 30 September 2020, the Group's current liabilities are higher than its current assets by Rupees 159,545 lacs (which includes financial liability for cash put option issued to minority shareholders of subsidiary amounting to approx. Rupees 118,000 lacs). Further, the decline in business due to impact of COVID-19 (as explained in note 19) has affected the performance and cash flow position of the Group. Additionally, as explained in note 13, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Group to carry out planned restructuring activities.

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

(a) As at 30 Sep 2020, the Group has funds available of Rupees 29,495 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 28,808 lacs.

(b) The exercise period for cash put option (financial liability) has been extended till 31 March 2021. The management believes that based on the ongoing discussion with the existing PE investors to keep the put option in abeyance for 3 years accordingly they will not exercise the same till then.

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

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

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

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

During the current quarter, the Group has further witnessed improvement in both hospital and diagnostic business but continues to see an impact on its financials. However, it is gradually moving towards normalization of business during the course of the current financial year. The Group has considered internal and external information while finalizing various estimates in relation to these financial results. The actual impact of the global health pandemic may be different from that what has been estimated, as the COVID-19 situation further evolves in India and globally. However, the Group is and will continue to closely monitor any material changes to future economic conditions.

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

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

(a) With regard to the comments of the statutory auditors in paragraph 5 of Limited Review Report, pertaining to the independent investigation carried out by the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company through external legal firm and subsequently the additional procedures/enquiries performed by the management in the recent period through independent experts to address the limitations,qualifications and disclaimers of the investigation carried out, it is submitted that, based on the reports of the independent investigation carried out through the external legal firm and additional procedures/enquiries through independent experts ,SEBI Interim orders dated October 17, 2018 , December 21, 2018 and confirmed vide order dated March 19, 2019, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report and the additional procedures/enquiries, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which the assessment work was done and corrective action plans were implemented. The company continues to assess the legal compliances on all matters stated in the report of external legal firm and report of independent experts,Further,various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, as and when the results of the various regulatory investigations are known. For more details, please refer to note 7,8.

(b) With regard to the comments of the statutory auditors in paragraph 5 of Limited Review Report, pertaining to the amounts paid to the erstwhile Executive Chairman, the Company,having considered all necessary facts, decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman. Further,as a result of the additional procedures/ enquiries, the Company identified certain other payments made to the erstwhile executive chairman/ ex-promoter entity.The company has taken suitable legal measures to recover the said payments made as well as the Company's assets in his possession. For more details, please refer to note 7 C (vi).

(c) With regard to the comments of the statutory auditors in paragraph 6 of Limited Review Report, pertaining to NBFC registration, it has been explained in Note 17 of the financial results, as per the RBI's 'Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the company has obtained a Certificate of Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". The Company has, in Note 17 of the financial results, clarified that while it technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as 'non-banking financial institution'. The Board has also noted and confirmed by way of a board resolution that the significant dividend received during the previous year ended 31 March 2020 does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. In this backdrop, the requirement for registration as a 'non-banking financial institution' should not arise.

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

Date: November 12, 2020

Place: Gurugram

For and on behalf of the Board of Directors

Ashutosh

Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

Press Release

November 12, 2020

Fortis Healthcare announces Q2 FY21 Consolidated Financial Results

Company witnesses steady improvement in both the hospitals and diagnostics business in the quarter

- **Revenue at INR 994.7 Crs vs INR 1212.2 Crs in Q2 FY20 (Q1 FY21: INR 606 Crs)**
- **EBITDA at INR 145.6 Crs vs INR 194.3 Crs in Q2 FY20 (Q1 FY21: loss of INR 98.8 Crs)**
- **Profit after Tax (PAT) at INR 15.5 Crs vs INR 124 Crs in Q2 FY20 (Q1 FY21: loss of INR 187.9 Crs)**

- *Q2 FY21 Hospital Business revenues at INR 746.3 Crs versus INR 972.3 Crs in Q2 FY 20. As compared to Q1 FY21 revenues grew 52.8%.*

- *The hospital business EBITDA was at INR 84.4 Crs versus INR 125.4 Crs in Q2FY20 and EBITDA loss of INR 79.6 Crs in Q1 FY21*

- *Q2 FY21 Diagnostics Business gross revenues at INR 282.4 Crs, (the highest ever quarterly revenues for SRL) versus INR 276.6 Crs in Q2 FY20. As compared to Q1 FY21 revenues grew 101.2%.*

- *The diagnostics business EBITDA was at INR 70.5 Crs versus INR 69.0 Crs in Q2 FY20 and EBITDA loss of INR 10.6 Crs in Q1 FY21.*

Gurugram, November 12, 2020: Fortis Healthcare Ltd. (“Fortis” or the “Company”), India’s leading healthcare delivery company, today announced its un-audited consolidated financial results for the quarter and half year ended September 30, 2020.

The Company in the quarter witnessed gradual signs of recovery and uptick in performance as the number of Covid cases in India reflected a declining trend. With economic restrictions being significantly relaxed and need for overdue elective surgeries beginning to emerge, the Company saw an improvement in its non-covid occupancy which increased from 32% in Q1 to 38% in Q2 FY21. While overseas travel restrictions and regulatory uncertainties still persist, the results in the quarter have exhibited a relatively better performance versus the trailing quarter. The company continues to closely watch the pandemic trend and is well placed to adapt to the situation as required.

For the hospital business, both OPD and IPD volumes have shown a month on month improvement with the occupancy in the hospital business increasing from 47% in the month of July to 65% in September. For the month of October, occupancy stood at 66%.

The diagnostics business has shown a healthy performance in both revenues and profitability. The business has achieved pre-covid revenues in the month of August ’20 and surpassed this in September’20. Our Non-COVID business in Sep’20 has reached 92% of the pre-COVID levels. While non-covid test volumes are witnessing traction, Covid related tests present an added opportunity to the Company for further growth in the business over the medium term. Covid test volumes i.e. largely RT-PCR tests saw a substantial increase in the quarter as compared to the trailing quarter and contributed 28% to overall diagnostic revenues.

With the business yet to return to complete normalization, the Company is efficiently managing its liquidity position with cost rationalization initiatives and judicious capital allocation. To this effect, initiatives are underway for cost optimization including amongst others evaluating taking certain radiology services in-house. In addition, efforts are also being made to optimize the capital structure in select wholly owned subsidiaries of the Company that could result in stronger cash flows going forward. The ongoing recovery in business momentum, better cash flows and the availability of bank funding has enabled the Company to re-initiate its growth and expansion plans.

FINANCIAL HIGHLIGHTS

- The company has a comfortable leverage position with net debt (excluding lease liabilities) as of 30 Sept 2020 at INR 1,113 Crs versus INR 1,238 Crs as of 30 June 2020

- Finance costs in the quarter witnessed a decline of 14.5% to INR 42 Crs primarily as a result of reduction in borrowing costs

- For H1 FY21, the Company recorded consolidated revenues of INR 1,601 Crs compared to INR 2,351 Crs in H1 FY20. EBITDA stood at INR 46.7 Crs versus INR 356.1 Crs in the corresponding previous period while Profit after Tax (PAT) was at a loss of INR 172.4 Crs as compared to a profit INR 202.1 Crs in H1 FY20.

HOSPITAL BUSINESS HIGHLIGHTS

- Hospital occupancy for the quarter was at 57% versus 72% in Q2 FY20. (Q1 FY21: 37%)

- Average revenue per occupied bed (ARPOB) for the quarter stood at INR 1.49 Crs versus INR 1.55 Crs in Q1 FY20. Average length of stay (ALOS) was at 3.86 days versus 3.23 days in the corresponding previous period

- The Company commissioned its Arcot Road, Chennai facility in Oct 2020, its second facility in Chennai. This is a 250 bed multi-specialty facility with state-of-the-art medical equipment and quaternary care offerings for the people of Chennai.

- The Company has re-initiated its investment plans for bed expansion in select facilities such as Shalimar Bagh, Noida, FMRI, Mulund, Mohali, Anandpur and a few others which will see a cumulative addition of ~ 1,300 beds in the next 3-4 years.

DIAGNOSTICS BUSINESS HIGHLIGHTS

- SRL conducted 5.9 million tests in the quarter versus 8.4 Mn in the corresponding previous period and versus 3.4 million in Q1 FY21.

- The Company increased its contribution from the B2C segment with approx. 46% revenue contribution as compared to 42% in the corresponding previous quarter.

- Covid test volumes i.e. RT-PCR tests continue to see a significant increase with the Company having conducted a total of 5.2 lakhs tests in the quarter as compared to 1.25 lakhs in Q1 FY21 (including JVs).

- In addition to COVID testing facilities in Delhi NCR, Mumbai, and Kerala; SRL launched its 10th RT PCR Lab recently expanding its covid testing facility in Hyderabad, Chennai, Bangalore, Kolkata, and Deogarh (Jharkhand) as well.

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, “Our Q2 results re-iterate our belief that the Company has weathered well the current challenges. We have successfully ensured business sustainability and in parallel have continued to work towards strategic actions that would be value accretive in the medium to long term. The Company has been at the forefront in the battle against Covid with its doctors, nurses and paramedics working diligently to provide the best possible patient care in its facilities. While challenges remain, the Company has maintained a healthy Balance Sheet and has a comfortable liquidity position to progress with its plans for bed expansion and investments in new medical equipment and technologies in key facilities. Our diagnostics business has begun to see traction as a result of our efforts over the past year and we believe that this business has the potential to unlock value for all stakeholders in future. With the pandemic showing signs of abating gradually, we are optimistic that progressive quarters would result in faster recovery and further acceleration in business”

Commenting on the quarter results, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, “We are quite encouraged by the pick up in business momentum as reflected in the results for Q2FY21. Our hospital operations have seen a healthy recovery with a rise in occupancy both in non covid and covid patients and our diagnostics business has surpassed it’s pre covid performance both in terms of revenues and profitability. Given the improvement in business we have re-initiated our growth and expansion plans. We have also prioritized our efforts towards leveraging information technology and digital initiatives to enhance operational efficiencies and ensure a seamless and superlative patient experience. We have expanded our presence in Chennai with the launch of the 250 bed Arcot road facility in the month of October, our second facility in the city. I’m hopeful that as we move forward the pandemic will continue to recede and allow business to return to complete normalization by the start of the next fiscal. In the end, I would like to thank our entire workforce for continuing to support the organization in these challenging times and for their efforts towards ensuring the highest levels of service and care for all our patients.”

About Fortis Healthcare Limited

Fortis Healthcare Limited – an IHH Healthcare Group Company – is a leading integrated healthcare services provider in India. It is one of the largest healthcare organisations in the country with 36 healthcare facilities (including projects under development), 4,000 operational beds and over 400 diagnostics centres (including JVs). Fortis is present in India, United Arab Emirates (UAE) & Sri Lanka. The Company is listed on the BSE Ltd and National Stock Exchange (NSE) of India. It draws strength from its partnership with global major and parent company, IHH, to build upon its culture of world-class patient care and superlative clinical excellence. Fortis employs 23,000 people (including SRL) who share its vision of becoming the world's most trusted healthcare network. Fortis offers a full spectrum of integrated healthcare services ranging from clinics to quaternary care facilities and a wide range of ancillary services.

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Fortis Healthcare Limited

Earnings Presentation – Q2FY21

November 12, 2020

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Agenda

1. COVID - 19 - Update
2. Q2FY21 – Performance Highlights
    - Earnings and Financial Summary – Q2FY 21
3. Performance Review - Hospitals Business
4. Performance Review - Diagnostics Business
5. Appendix

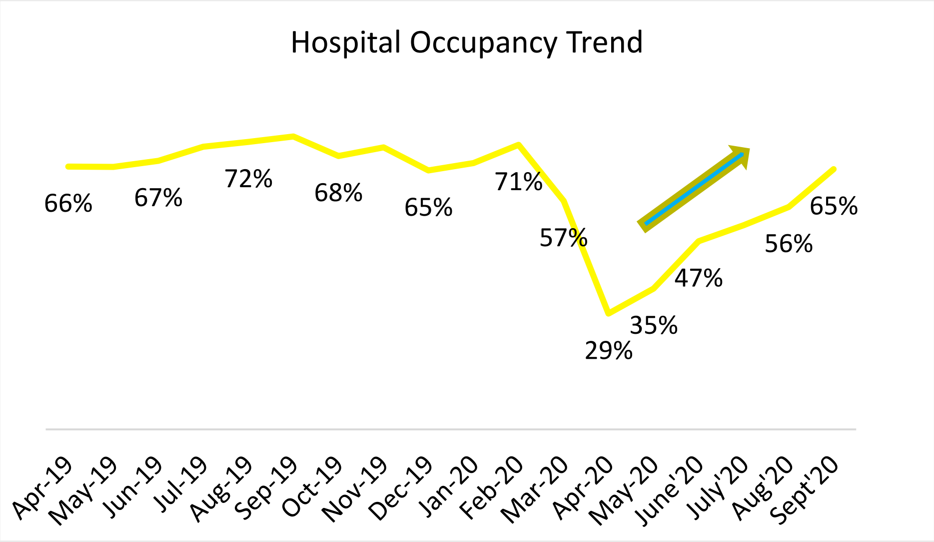
1. COVID-19 - Update

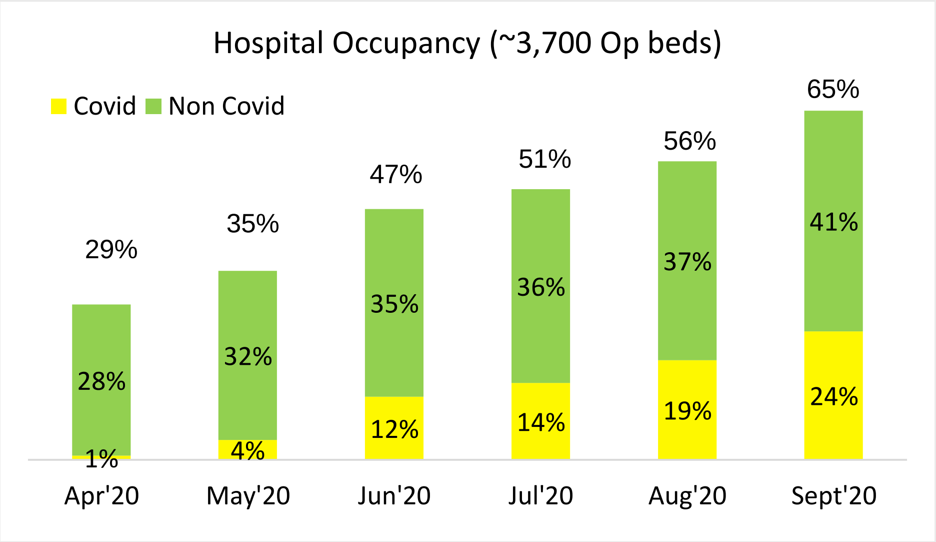
Covid-19 – Industry Update

- Over the last 6-7 weeks, India is witnessing a decreasing trend in daily cases. Compared to an average high of daily cases between 90,000 - 98,000 in mid Sept'20, India has on an average reported ~45,000 daily cases in first week of Nov'20.
- The country has managed to register a strong recovery rate – currently at ~92% compared to ~66% in July-Aug'20; Mortality Rate is at 1.5%
- While significant relaxations are being provided to further open up economic activities; international travel restrictions continue to pose a challenge for medical tourists
- State wise regulatory challenges persist in both the hospitals and diagnostics business, depending on the trend in covid cases (e.g. Delhi/NCR witnessing signs of a resurge in infection cases).
- Elective surgeries in hospitals showing a gradual uptick, significantly better than the trailing quarter.
- Ramp up in covid testing volumes continue; covid could be a significant growth driver for diagnostics business in the short term *(over 8 lac tests being conducted on daily basis)*

While Covid related challenges remain, business momentum witnessing improvement with full normalization expected by Q1 FY22

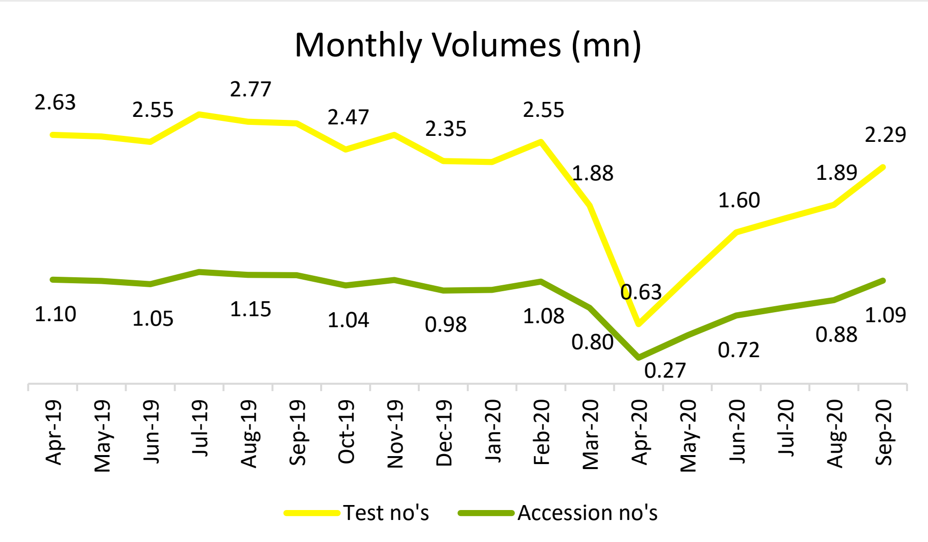
Covid-19 – Update (Hospitals Business)

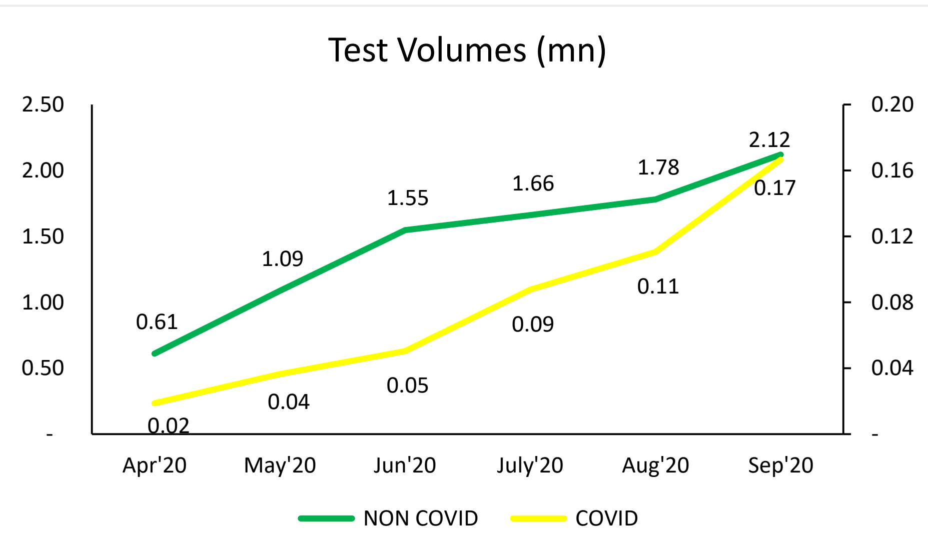




- Steady ramp-up in occupancy from 29% in April’20 to 65% in Sept’20. Oct month occupancy at 66%
- Occupancy on non-Covid beds increased from 28% in April’20 to 41% in Sept’20 (43% in Oct ‘20)
- Number of COVID patients increasing month on month; however Covid occupancy is currently stable ~23- 24%.
- Hospital business witnessed healthy growth in revenues & profitability versus Q1 FY21

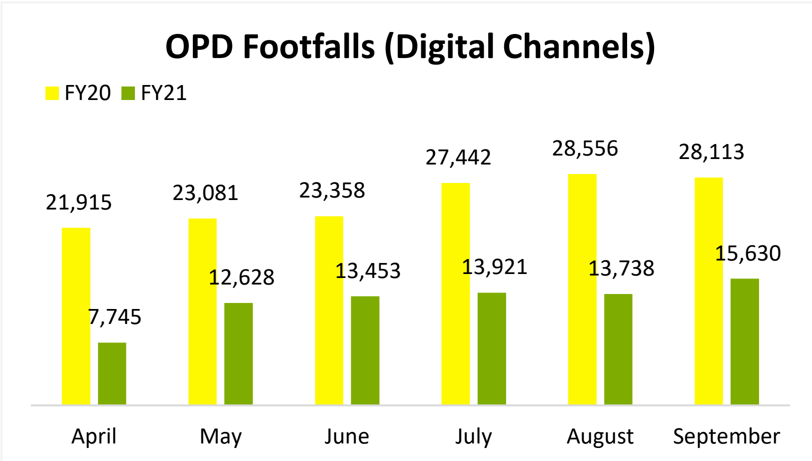
Covid-19 – Update (Diagnostics Business)

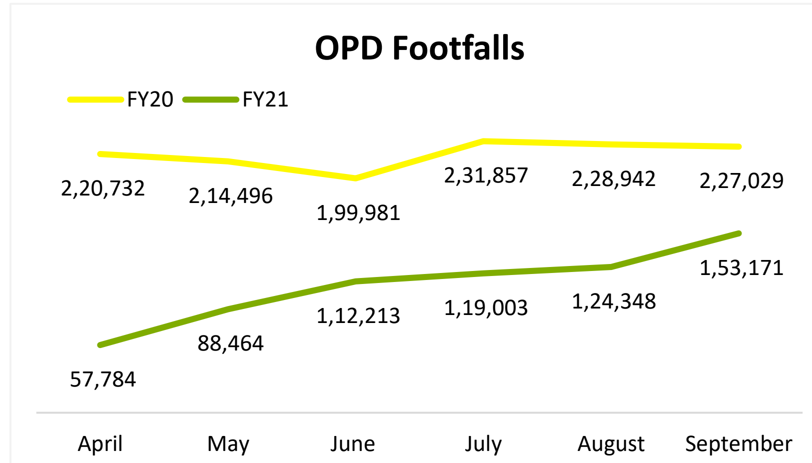


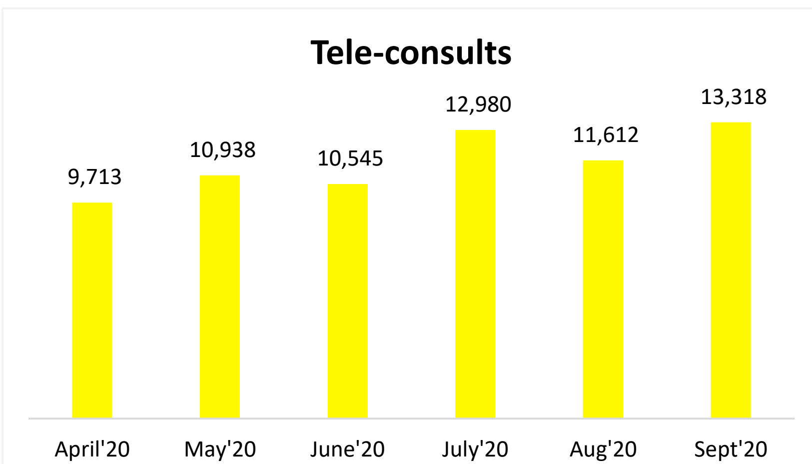


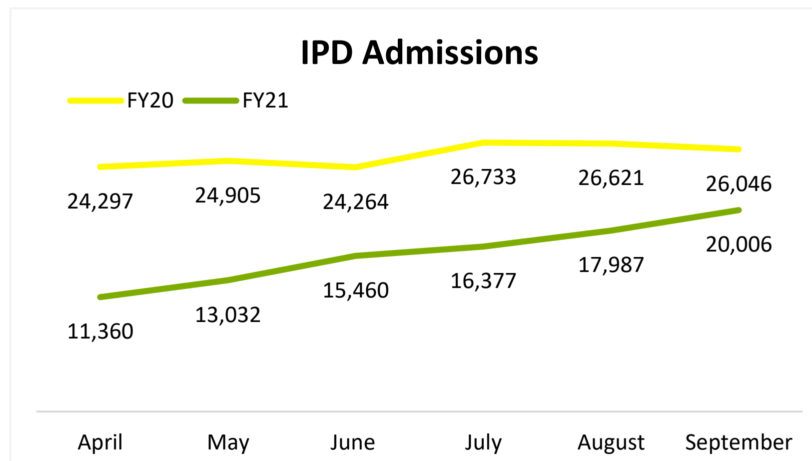
- August and September witnessed significant ramp up in volumes
- Overall business reached 100% and 125% of pre-covid revenues in Aug'20 and Sept '20 respectively. October continues with business at 133% of pre-covid revenues
- COVID revenues at approx. 27% to diagnostics revenues
- Scaling up testing facilities to capitalize on the increasing Covid testing opportunity – 10 centres across India

Gradual Business Recovery









2. Q2FY21 - Performance Highlights

Q2FY21 – Performance Highlights

Hospital Business Performance

- Non-covid occupancy improves versus Q1FY21; encouraging signs of recovery in elective surgery volumes
- Key hospitals witnessed significant jump in occupancy. Hospitals such as Vashi, Faridabad, Mulund, BG Road ,FMRI and Shalimar Bagh reached occupancy levels of 95%, 82%, 78%, 70%, 70% and 71% respectively in Sep'20.
- Fortis Hospital, Arcot Road, Chennai commissioned in October 2020
- Expansion plans underway in select facilities such as Shalimar Bagh, Noida, Mulund and Anandapur.

Diagnostics Business Performance

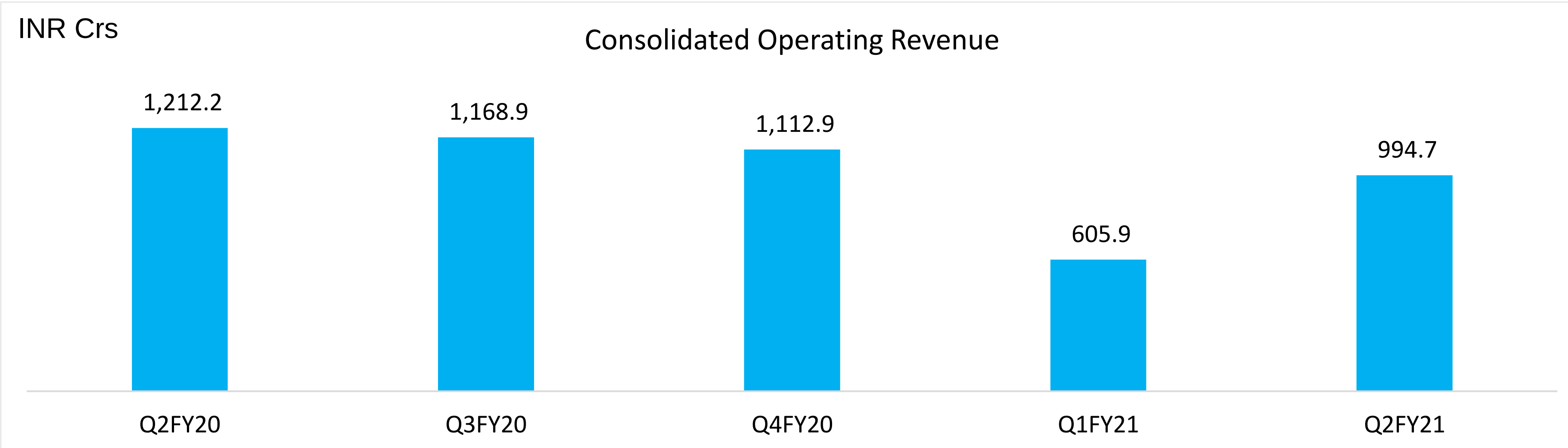
- Higher volume of covid tests in the diagnostics business leading to higher profitability
- Diagnostics business expansion to leverage covid testing opportunity - new testing centers commissioned in Chennai, Bengaluru, Kolkata, and Deogarh
- Robust increase in covid tests* (5.2 Lakh tests in Q2FY21 vs 1.25 lakh in Q1FY21)

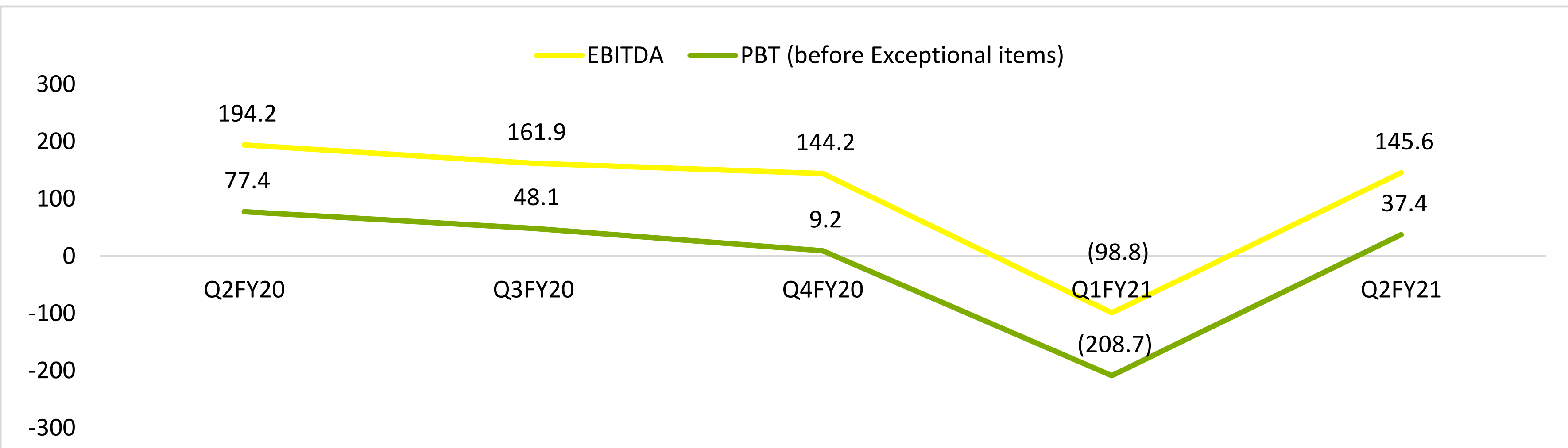
Balance Sheet

- Stronger Balance Sheet with a healthy DE ratio of 0.16x times and comfortable liquidity enabling re-initiation of expansion plans
- Interest cost reduction by 14.6% versus Q2FY20
- Efforts underway to optimize capital structure in certain wholly owned subsidiaries and JVs

*Including JVs

Consolidated Earnings Summary – Q2 FY 21





EBITDA includes other income and forex gain / (loss)

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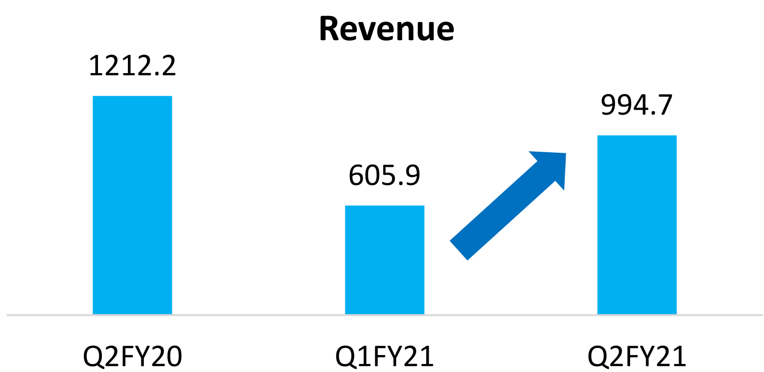
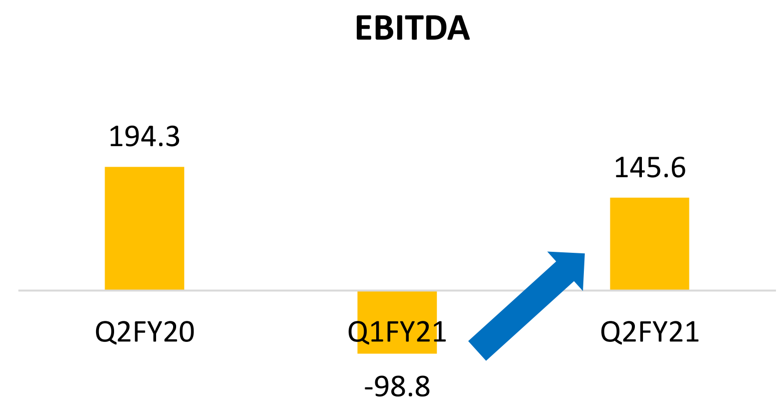
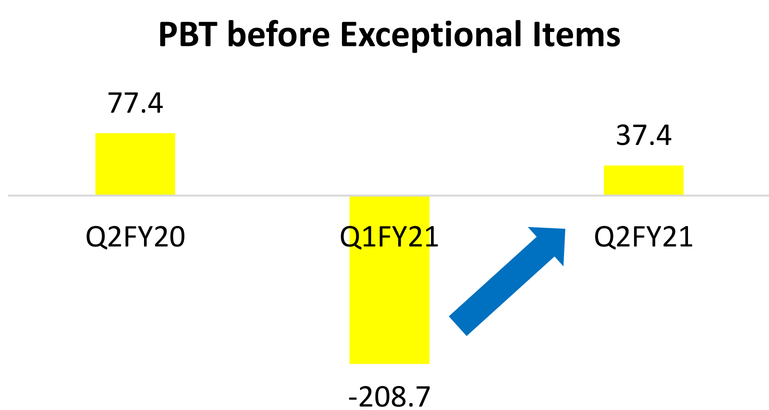
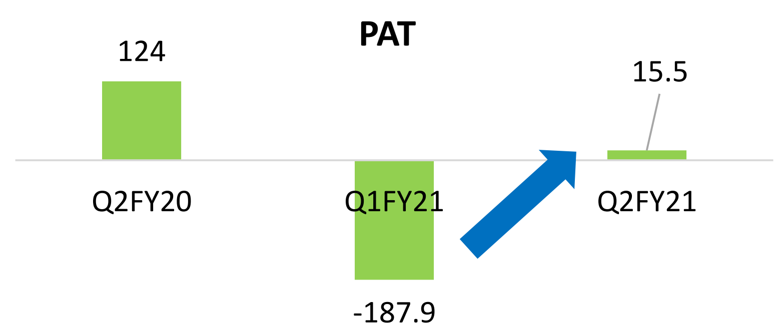
Consolidated Earnings Summary – Q2FY21

Significant turnaround in Company's revenues and profitability versus the trailing quarter





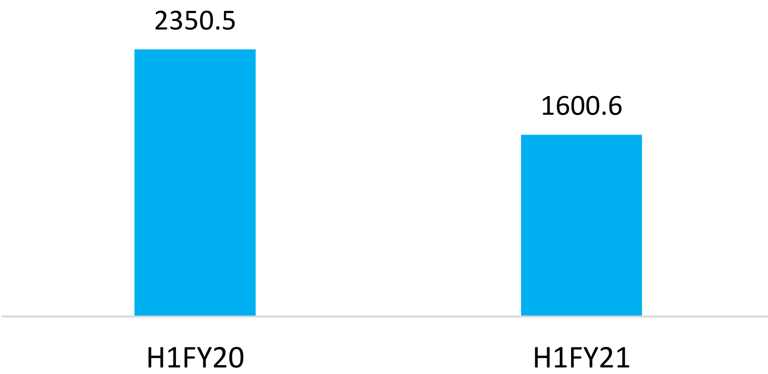




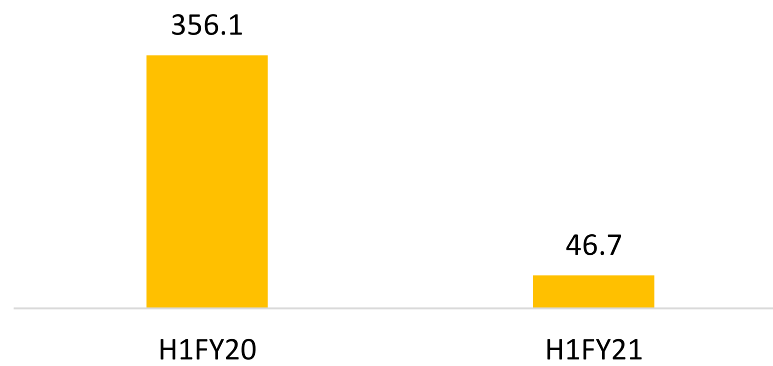
All figures in INR Crs

Consolidated Earnings Summary – H1FY21

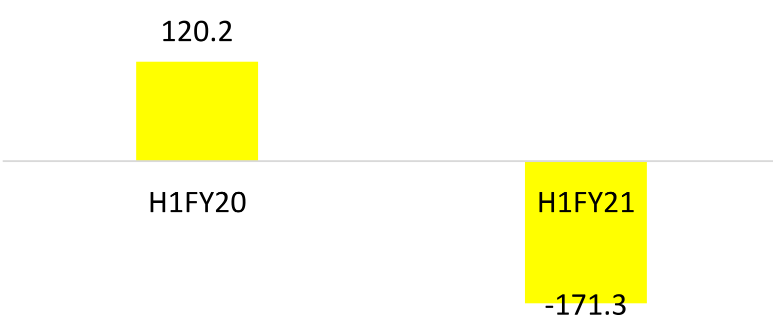
Revenue



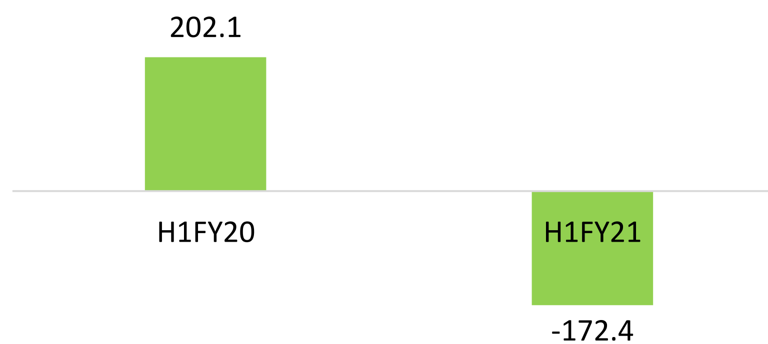
EBITDA



PBT before Exceptional Items



PAT



All figures in INR Crs

Operating Performance – Hospital Business

Particulars (INR Cr)	Hospital Business				
	Q2FY20	Q1FY21	Q2FY21	H1FY20	H1FY21
Operating Revenue	972.3	488.3	746.3	1,885.3	1,234.6
Reported EBITDA	**125.4**	**(79.6)**	**84.4**	**237.6**	**4.8**
Margin	**12.9%**	**-16.3%**	**11.3%**	**12.6%**	**0.4%**
Adj: Non Recurring expenses		-	-	-	-
Adj: Other Income incl FX	2.5	1.3	21.7	22.6	23.0
Operating EBITDA	**122.9**	**(80.8)**	**62.6**	**215.0**	**(18.2)**
Margin	**12.6%**	**-16.6%**	**8.4%**	**11.4%**	**-1.5%**

Operating Performance – Diagnostic Business

Particulars (INR Cr)	Diagnostic Business^				
	Q2FY20	Q1FY21	Q2FY21	H1FY20	H1FY21
Operating Revenue*	276.6	140.4	282.4	535.1	422.7
Reported EBITDA	**69.0**	**(10.6)**	**70.5**	**123.8**	**59.9**
Margin	**24.9%**	**-7.5%**	**25.0%**	**23.1%**	**14.2%**
Adj: Non Recurring expenses	-	-	-	-	-
Adj: Other Income incl FX	5.2	6.6	7.0	6.2	13.5
Operating EBITDA	**63.8**	**(17.1)**	**63.5**	**117.5**	**46.4**
Margin	**23.1%**	**-12.2%**	**22.5%**	**22.0%**	**11.0%**

** Diagnostics business revenue is on Gross Basis; ^ Diagnostic business Q2FY21 net revenue stood at INR 248.5 Cr versus INR 239.6 Cr in Q2FY20 and INR 117.6 Crs in Q1FY21*

Balance Sheet – September 30, 2020

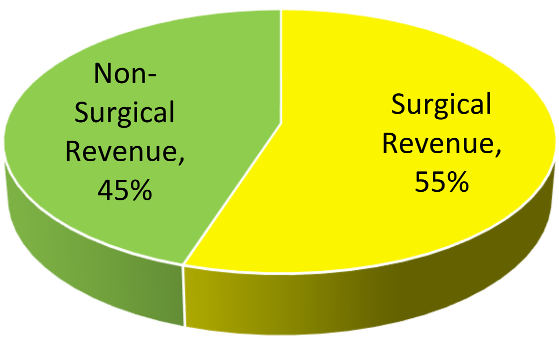
Balance Sheet (INR Cr)	Mar 31, 2020	June 30, 2020	Sept 30, 2020
Shareholder's Equity	7,206	7,022	7,045
Debt	1,354	1,505	1,413
Lease Liabilities (Ind AS 116)*	240	235	250
Total Capital Employed	**8,800**	**8,763**	**8,708**
Net Fixed Assets (includes CWIP)	5,285	5,262	5,288
Goodwill	3,721	3,722	3,722
Investments	175	180	182
Cash and Cash Equivalents	350	267	300
Net Other Assets	(732)	(668)	(784)
Total Assets	**8,800**	**8,763**	**8,708**
Net Debt / (cash)	**1,004**	**1,238**	**1,113**
Net Debt to Equity	**0.14x**	**0.18x**	**0.16x**

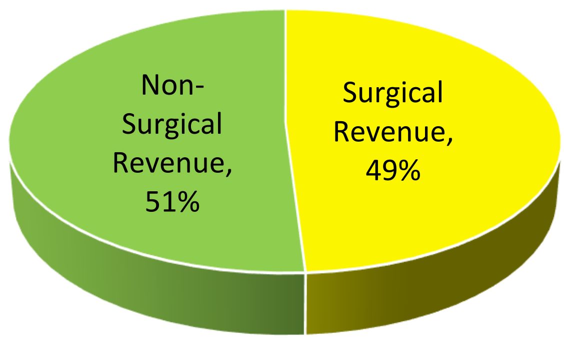
*Pertains to lease liability on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.
Net debt excludes lease liabilities.

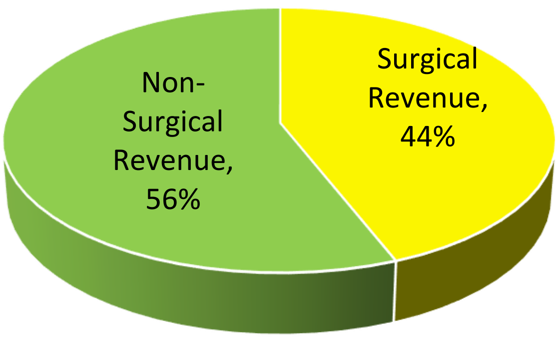
3. Performance Review – Hospitals Business

Revenue Mix

Q2FY20	Q1FY21	Q2FY21
Gross Revenue : INR 1018 CR	**Gross Revenue : INR 509 CR**	**Gross Revenue : INR 781 CR**



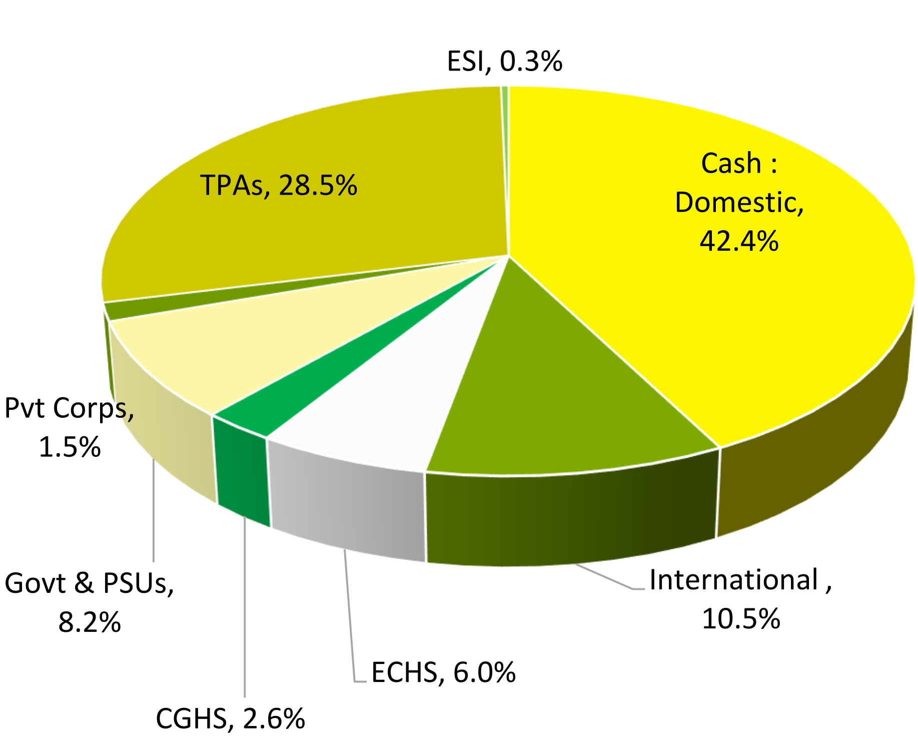




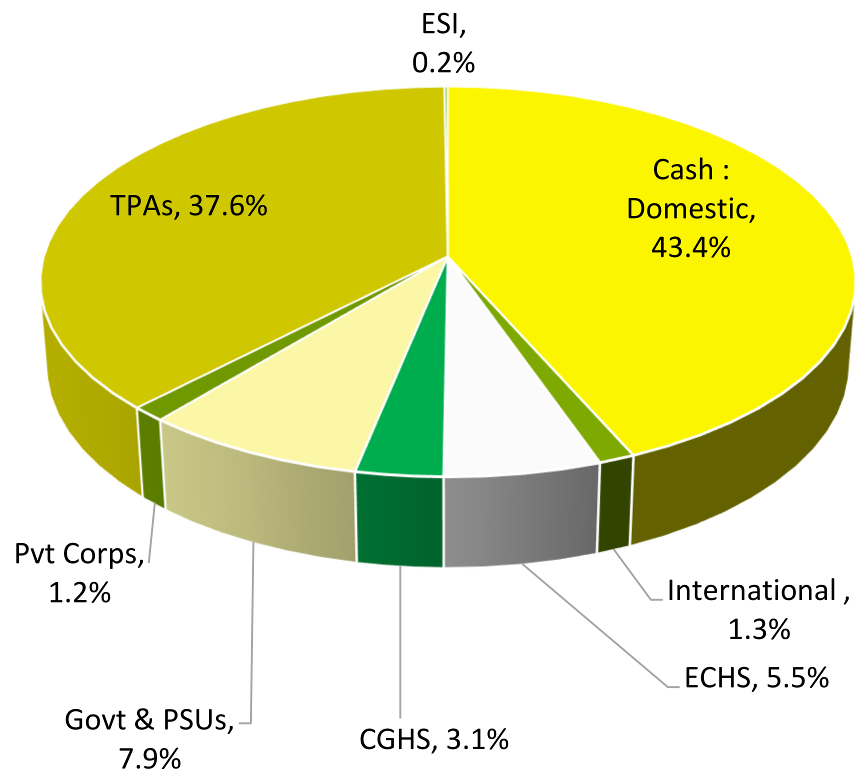
- Decline in elective surgeries on account of Covid resulting in lower surgical revenue contribution

Payor Mix

Q2FY20

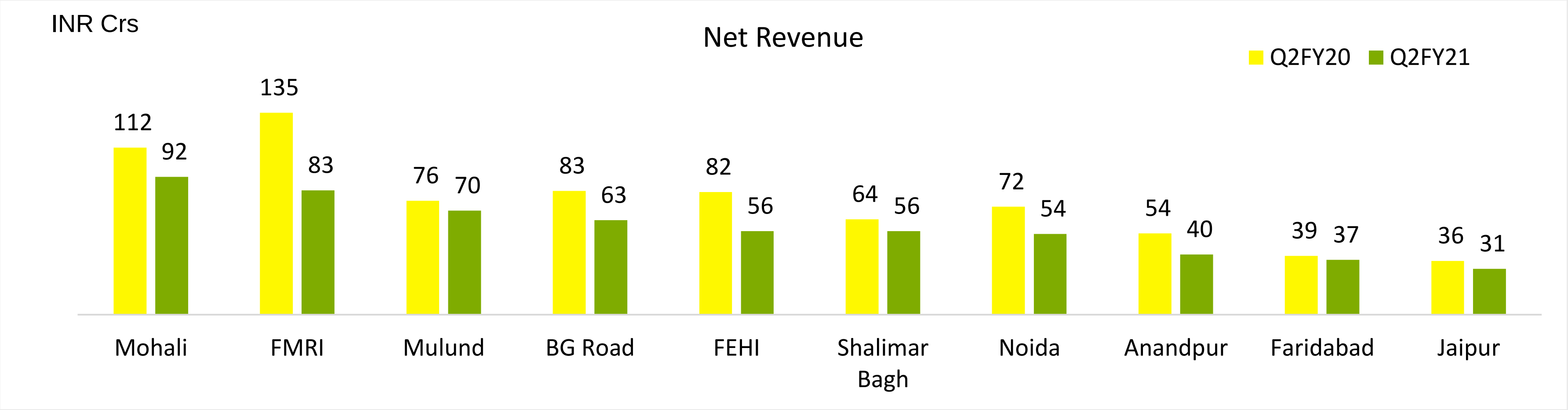


Q2FY21



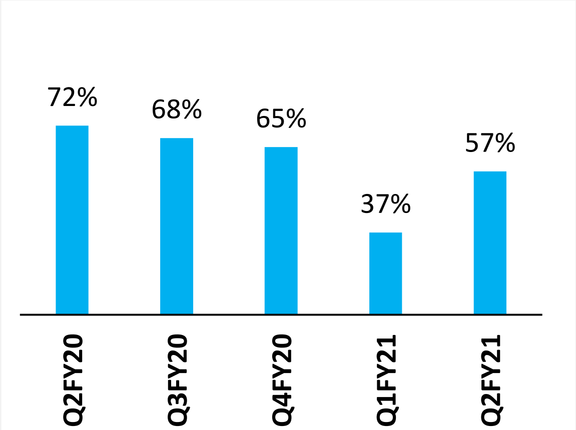
Hospitals Business Performance – Q2FY21

Hospital Wise Performance

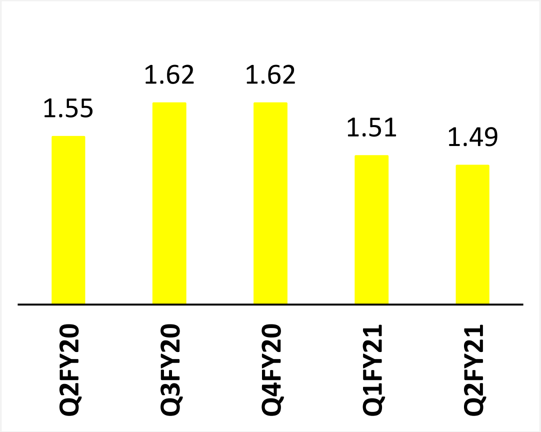


Key Performance Indicators

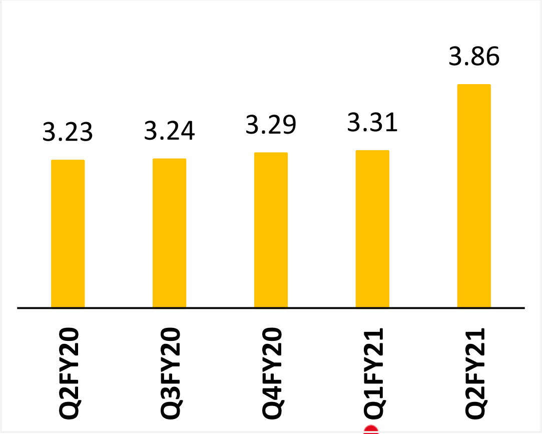
Occupancy (%)



ARPOB (INR Cr per annum)



ALOS (Days)



FORTIS hospital at Vadapalani (Arcot Road, Chennai)

- Fortis Vadapalani, Chennai, a 250-bedded multi-specialty hospital, was inaugurated in October 2020.
- Hospital features 75 ICU Beds, 6 Operation Theatres (OTs), 3 Minor OTs and Procedure Rooms, a state-of-the-art Cath Lab.
- Other salient features of the hospital include
  - A 3 Tesla MRI with a wide bore to facilitate the ease of scanning
  - 256-slice dual source CT.
  - An advanced ultrasound machine offering high-end liver elastography, the first-of-its-kind in India
  - A Cath lab featuring the Azurion 7 M20 with 20-inch detector, along with inbuilt IVUS that is attached to a dedicated CCU

Key Initiatives – Q2FY21

- **Fortis Anandapur, Kolkata**, launched the city's only Dual Source Dual Energy Somatom Drive CT scanner, which is 24 times faster than any other CT scan machine, making it a fast and clinically superior means of diagnosis for geriatric, paediatric and trauma patients.
- A unique Body Plethysmography machine was launched at **Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj**. Body Plethysmograph, also commonly known as Body Box, allows doctors to assess function residual capacity and specific airway resistance as primary measures.
- **Fortis Hospital, Mulund**, introduced Central Mumbai's first Tesla Advanced Biomatrix MRI to ramp up the Radiology offerings. The machine offers a combination of powerful magnet and advanced features, resulting in high resolution scanning at maximum speed.
- **Fortis Hospital, BG Road , Bengaluru** installed an advance Biplane Cath Lab on the occasion of world stroke day on October 29, 2020. This is the first state of the art Biplane Cath lab in the state of Karnataka. The facility will provide advanced care for neurovascular disorder.

Clinical Excellence – Q2FY21

A team of doctors at **Fortis Memorial Research Institute (FMRI), Gurugram** successfully treated a COVID-19 positive patient who had developed a sudden life-threatening heart problem. The patient, a known case of diabetes, had undergone pacemaker implantation earlier. On admission, the patient had bilateral pneumonia and COVID-19 infection with haemoptysis (coughing up of blood or blood-stained mucus)

A 92-year-old patient with diabetes, high blood pressure, heart disease and previous history of heart surgery was successfully treated by a team of Doctors at **Fortis Hospital, Shalimar Bagh**. The patient had chest pain, nausea and breathlessness. A COVID-19 test turned out positive which had affected both the lungs.

A team of Doctors from the Department of Surgical Oncology, **Fortis Hospital, Bannerghatta Road, Bengaluru,** operated upon a 31-year-old female foreign national suffering from Stage IVA Thymoma (cancer of Thymus gland). The case was extremely rare and challenging. Detailed evaluation revealed that a tumour had grown and spread within the chest cavity (intrathoracic metastases).

The Department of Hematology, Haemato- Oncology and Bone Marrow Transplant (BMT) at **Fortis Memorial Research Institute (FMRI), Gurugram**, has successfully completed 30 BMT procedures during the COVID-19 pandemic.

A team of doctors at **Fortis Malar, Chennai,** diligently handled a 49-year-old patient who had suffering a black-out spell at home. The patient, a known case of Type 2 Diabetes and Ischemic heart disease (IHD), was found to be COVID-19 positive on testing but initially remained largely asymptomatic. However, on Day 7, a CT scan revealed that his lungs had exploded with infiltrates and barely 15% of clear lung field had been left untouched by COVID.

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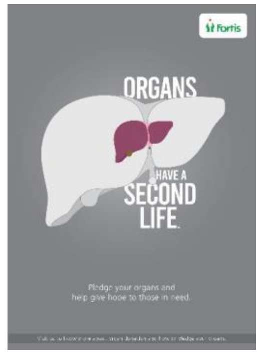
Health Days Campaigns

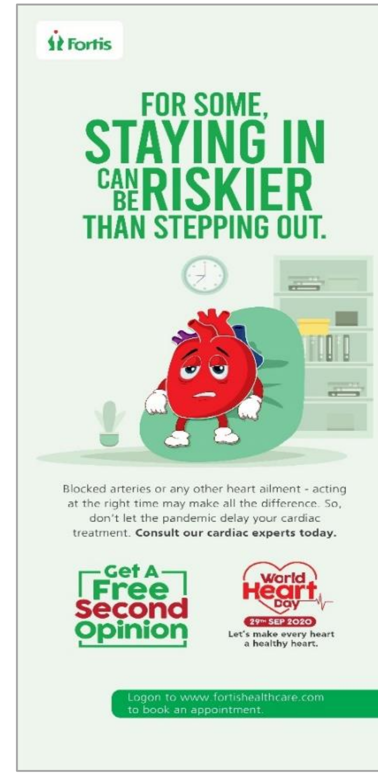
Doctors Day

Organ Donor Day



Patient Safety Day

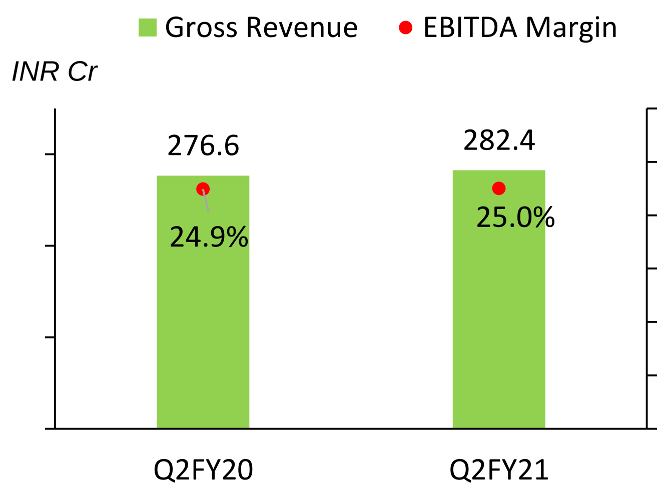
World Heart Day



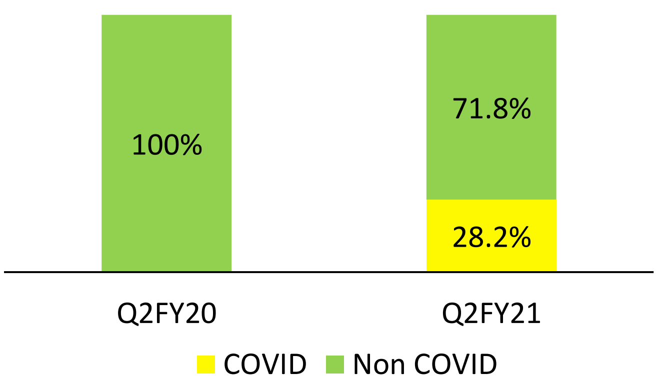
4. Performance Review – Diagnostics Business

Diagnostics Business – Q2 FY21

- SRL achieved the 100 Cr+ monthly revenue mark for the first time in Sep'20, achieved growth of 2.4% in Q2 FY 2021.
- SRL conducted approximately 5.9 Mn tests during Q2 FY21, a decline of 29.0%. Average Revenue Per Test (ARPT) increased by 44%, driven by COVID RT-PCR tests.
- Launched 7 new labs (8 including JVs) and added 179 collection centers to its network in Q2FY21.
- Company witnessed a QoQ acceleration in revenues from Collection Centers, Home collection (nearly doubled the number of visits vs Q2 FY20), and Direct clients ahead of other channels.
- COVID: SRL conducted 5.2 lacs tests in Q2 FY2021 vs. 1.25 lacs tests in Q1 FY2021 (including JVs).



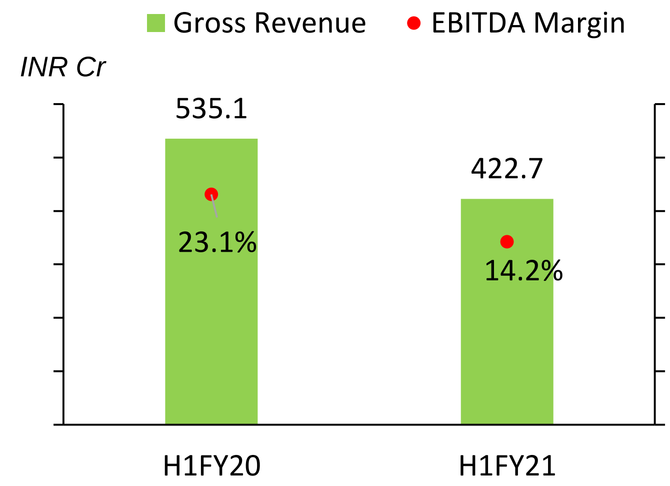
Revenue Mix

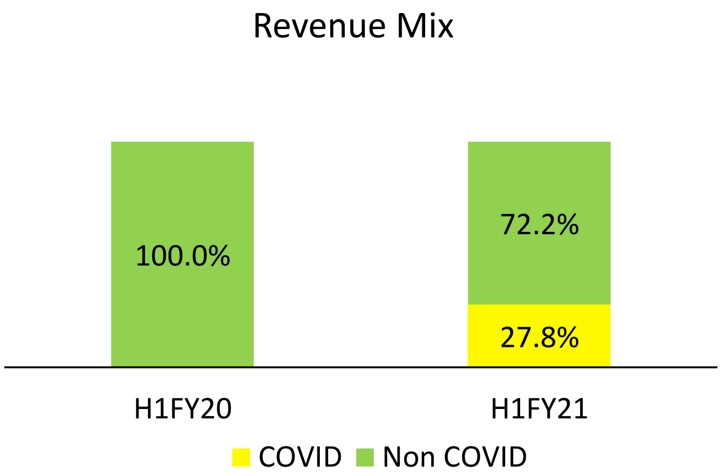


- *EBITDA includes other income*

Diagnostics Business – H1 FY21

- In addition to COVID testing facilities in Delhi NCR, Mumbai, and Kerala; SRL launched its 10th RTPCR Lab* recently expanding its network in Hyderabad, Chennai, Bangalore, Kolkata, and Deogarh (Jharkhand) as well.
- Initiated new product promotions in Q2 to address current hospital and patient needs .i.e. immune check panel, with addition of 3 preventive packages with smart plus health reports.
- Achieved significant cost rationalization with ~19% reduction in fixed costs.



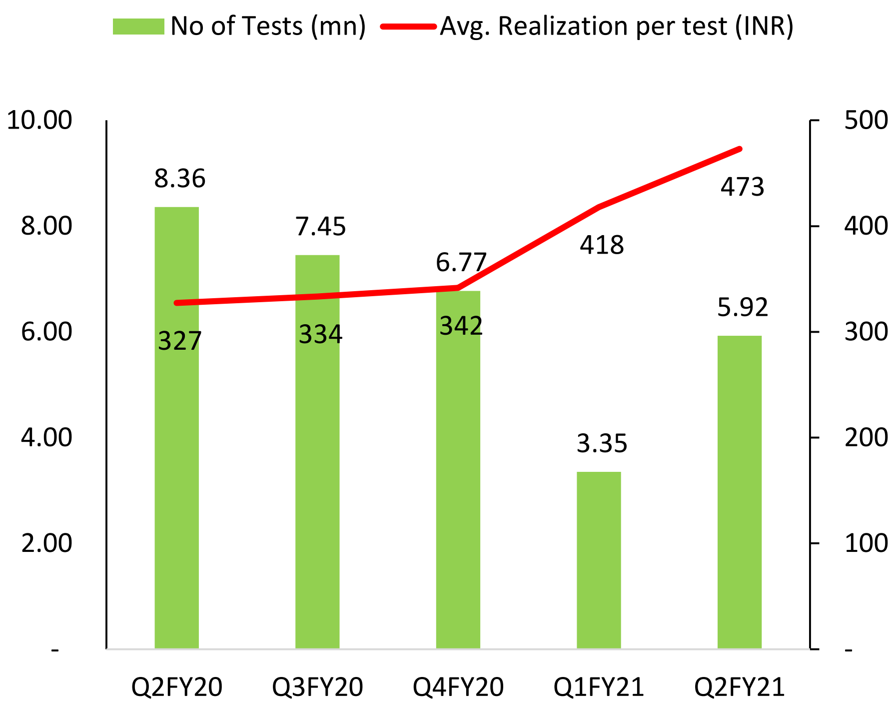


** Including JVs*

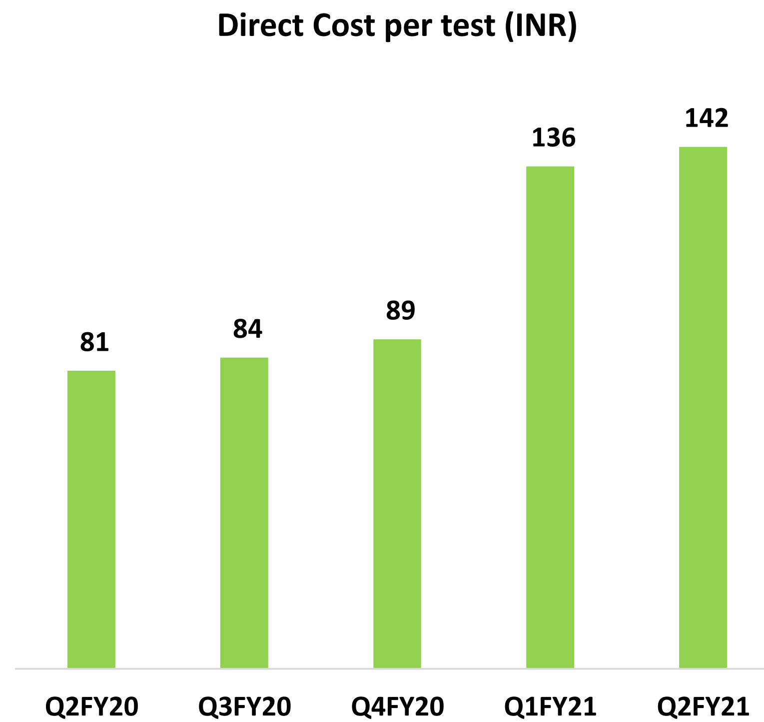
- *EBITDA includes other income*

Key Performance Metrics

Number of Tests and Average Realizations*



Direct Cost per test



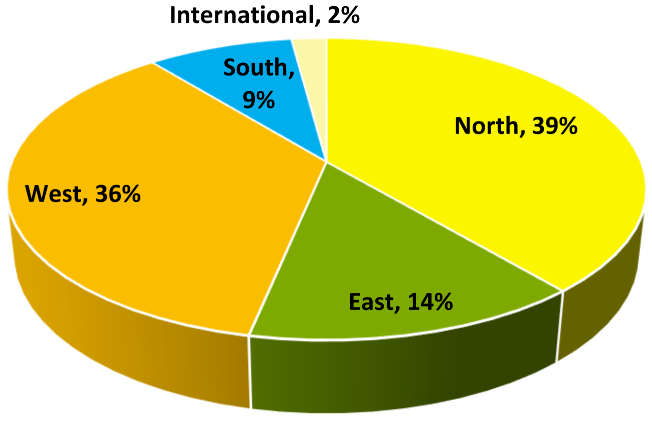
Higher average realisation per test in Q1FY21 & Q2FY21 is primarily due to increase in COVID test volumes; higher direct cost for COVID tests along with lower volumes in non COVID tests negatively impacted direct costs

**Excluding joint ventures*

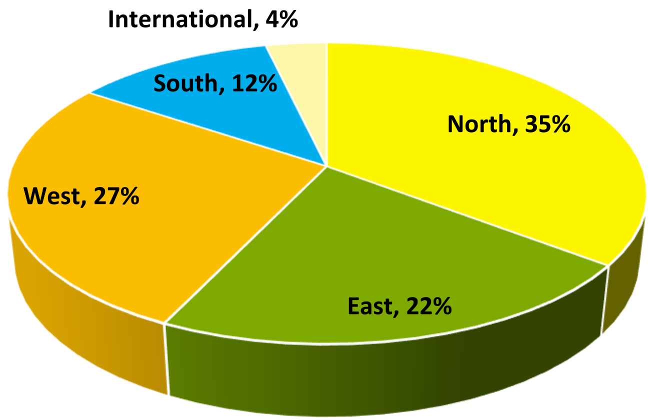
Revenue Mix

Geographic Mix*

Q2 FY21

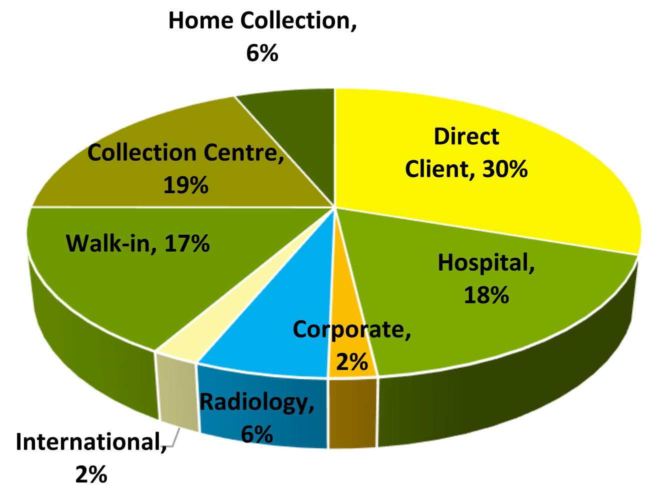


Q2 FY20

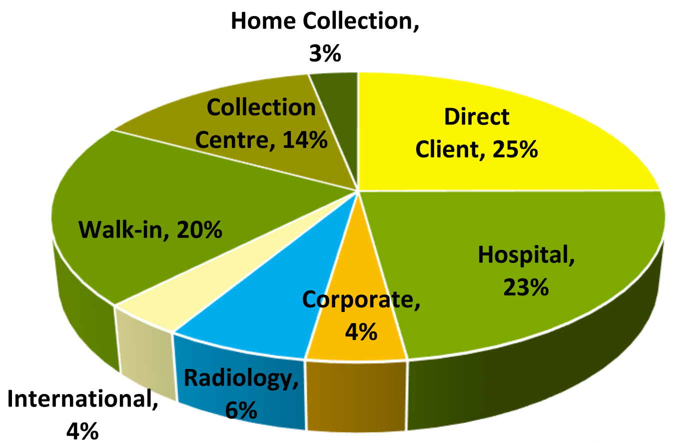


Customer Mix*

Q2 FY21



Q2 FY20



** Excluding JVs*

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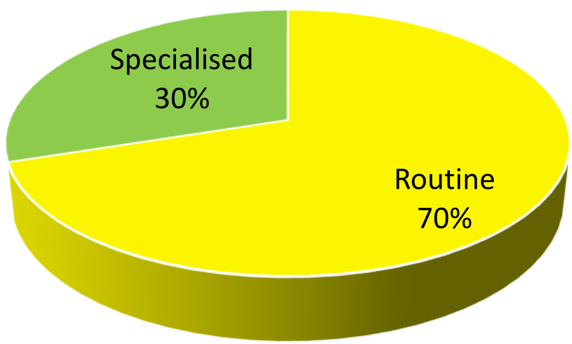
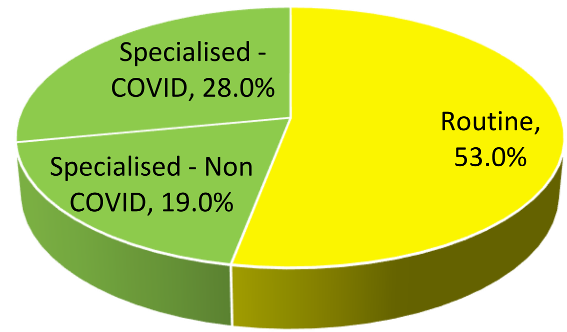
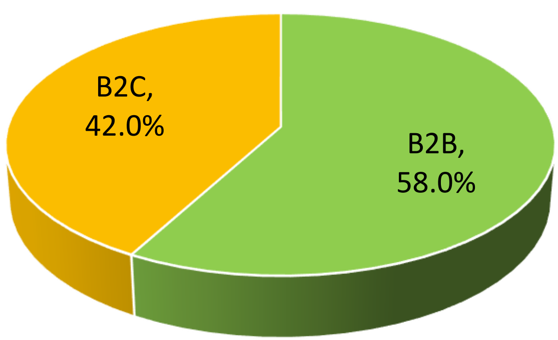
Revenue Mix by Product and Segment

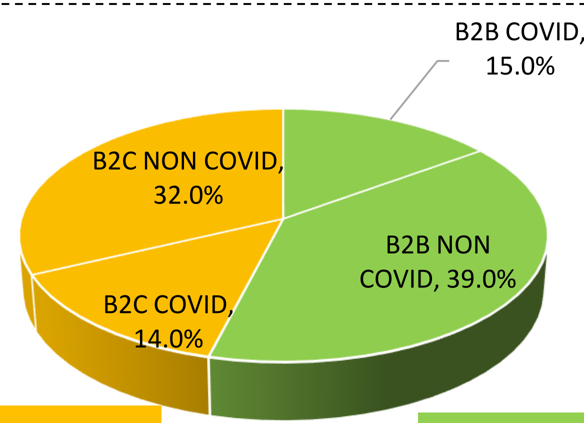
Q2FY20



Q2FY21







B2C – 46%

B2B – 54%

5. Appendix

Group Consolidated P&L – Q2FY21

Particulars (INR Cr)	Q2FY20 Unaudited	Q1FY21 Unaudited	Q2FY21 Unaudited
Revenue from operations	**1,212.2**	**606.0**	**994.7**
Other income	9.8	4.4	25.6
Total income	**1,221.9**	**610.4**	**1,020.3**
Expenses	1,027.7	709.2	874.7
EBITDA*	**194.2**	**(98.8)**	**145.6**
Margin	**16.0%**	**-16.3%**	**14.6%**
Finance costs	49.2	41.1	42.1
Depreciation and amortisation expense	70.8	71.6	74.3
PBT	**74.3**	**(211.6)**	**29.2**
Share of profit / (loss) of associates and joint ventures (net)	3.2	2.9	8.3
Net profit / (loss) before exceptional items and tax	**77.4**	**(208.7)**	**37.4**
Exceptional gain^	52.3	0.5	0.6
Profit / (loss) before tax from continuing operations	**129.7**	**(208.3)**	**38.0**
Tax expense / (credit)**	5.7	(20.4)	22.6
Net profit / (loss) for the period from continuing operations	**124.0**	**(187.9)**	**15.5**
Profit / (loss) from continuing operations attributable to Owners of the company	**111.0**	**(178.9)**	**(3.9)**

*EBITDA includes other income, forex and exceptional/non-recurring expenses
^Exceptional gain in Q2FY20 was primarily due to profit on divestment of MSCL, Mauritius
**Tax credit in Q1FY21 mainly due to non-recognition of DTA in certain Fortis subsidiaries

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Group Consolidated P&L – H1FY21

Particulars (INR Cr)	H1FY20 Unaudited	H1FY21 Unaudited
Revenue from operations	**2,350.5**	**1,600.7**
Other income	29.3	30.1
Total income	**2,379.8**	**1,630.8**
Expenses	2,023.7	1,583.9
EBITDA*	**356.1**	**46.7**
Margin	**15.1%**	**2.9%**
Finance costs	100.2	83.2
Depreciation and amortisation expense	141.7	146.0
PBT	**114.2**	**(182.4)**
Share of profit / (loss) of associates and joint ventures (net)	6.0	11.1
Net profit / (loss) before exceptional items and tax	**120.2**	**(171.3)**
Exceptional gain^	61.8	1.1
Profit / (loss) before tax from continuing operations	**182.0**	**(170.2)**
Tax expense / (credit)**	(20.0)	2.2
Net profit / (loss) for the period from continuing operations	**202.0**	**(172.4)**
Profit / (loss) from continuing operations attributable to Owners of the company	**178.8**	**(182.8)**

*EBITDA includes other income, forex and exceptional/non-recurring expenses
^Exceptional gain in H1FY20 was primarily due to profit on divestment of MSCL, Mauritius
**Tax credit in H1FY21 mainly due to non-recognition of DTA in certain Fortis subsidiaries

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Thank You