



**Fortis Healthcare Limited**

Tower-A, Unitech Business Park, Block-F,  
South City 1, Sector – 41, Gurgaon,  
Haryana – 122 001 (India)

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Website : [www.fortishealthcare.com](http://www.fortishealthcare.com)

**FHL/SEC/2023-24**

**May 23, 2023**

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

**BSE Limited**  
**Scrip Code:532843**

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

Dear Madam / Sir,

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, this is to inform you that the Board of Directors of the Company at its meeting held today i.e. May 23, 2023, *inter-alia*, has:

- a) Considered and approved the standalone and consolidated audited financial results of the Company for the quarter and financial year ended on March 31, 2023. M/s B S R and Co. LLP, the Statutory Auditors of the Company have issued an Audit Report with unmodified opinion.

Accordingly, please find enclosed standalone and consolidated audited financial results along with respective audit reports thereon given by the Statutory Auditors of the Company for the financial year ended March 31, 2023. Further, a declaration pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding Unmodified Opinion of the Statutory Auditors on the audited financial results for the financial year ended March 31, 2023 is also enclosed herewith.

- b) Considered and recommended a final dividend of ₹ 1 /- per equity share (10% of face value of ₹ 10 /- each), for the financial year 2022-23, subject to approval of the members of the Company, which shall be paid/ dispatched within 30 days from the conclusion of the ensuing Annual General Meeting.

The meeting commenced at 0930 Hours IST and concluded at 2040 Hours IST.

This is for your information and record.

Thanking you,  
Yours sincerely,

For **Fortis Healthcare Limited**

  
**Murlee Manohar Jain**  
**Company Secretary**  
**ICSI Membership: F9598**

Encl: a/a

**FORTIS HEALTHCARE LIMITED**

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

# B S R & Co. LLP

Chartered Accountants

Building No. 10, 12th Floor, Tower-C,  
DLF Cyber City, Phase - II,  
Gurugram - 122 002, India  
Tel: +91 124 719 1000  
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## Independent Auditor's Report

To the Board of Directors of Fortis Healthcare Limited

Report on the audit of the Standalone Annual Financial Results

### Opinion

We have audited the accompanying standalone annual financial results of Fortis Healthcare Limited (hereinafter referred to as the "Company") for the year ended 31 March 2023, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive loss and other financial information for the year ended 31 March 2023.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion on the standalone annual financial results.

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**Emphasis of Matters**

- a. We draw attention to Note 8 and 9 of the standalone annual financial results which deal with various matters including the ongoing investigation by Serious Fraud Investigation Office ("SFIO") on Fortis Healthcare Limited and its subsidiaries ("the Group") regarding alleged improper transactions and non-compliances with laws and regulations including Companies Act, 2013 (including matters relating to remuneration paid to managerial personnel). These transactions and non-compliances relate to or originated prior to take over of control by reconstituted board of directors in the year ended 31 March 2018. As mentioned in the Note, the Group has been submitting information required by SFIO and is also cooperating in the regulatory investigations.

As explained in the said Note, the Group had recorded significant adjustments/ provisions in its books of account during the year ended 31 March 2018. The Company has launched legal proceedings and has also filed a complaint with the Economic Offences Wing ('EOW') against erstwhile promoters and their related entities based on the findings of the investigation conducted by the Group. Further, based on management's detailed analysis and consultation with external legal counsel, a further provision has been made and recognised in the year ended 31 March 2021 for any contingency that may arise from the aforesaid issues. As per the management, any further additional impact, to the extent it can be reliably estimated as at present, is not expected to be material.

- b. We draw attention to Note 7 of the standalone annual financial results relating to the order dated 22 September 2022 of the Hon'ble Supreme Court whereby it has directed the Hon'ble Court of Delhi inter alia that it may also consider issuing appropriate process and appointing forensic auditor(s) to analyse the transactions entered into between the Company and RHT Health Trust and other related transaction. The above mentioned Note also states that the Hon'ble Supreme Court has observed that prima facie, it appears to be acquisition of proprietary interest of RHT Health Trust by the Company are to subserve the business structure of the Company.

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

**Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results**

These standalone annual financial results have been prepared on the basis of the standalone annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net profit/ loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Independent Auditor's Report (Continued)**

**Fortis Healthcare Limited**

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results**

Our objectives are to obtain reasonable assurance about whether the standalone annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**Independent Auditor's Report (Continued)**

**Fortis Healthcare Limited**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Other Matter**

- a. The standalone annual financial results include the results for the quarter ended 31 March 2023 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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

*Chartered Accountants*

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



**Rajesh Arora**

Partner

Membership No.: 076124

UDIN: 23076124BGZBIB4496

Gurugram

23 May 2023

FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

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

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023

(Rupees in lacs)

Particulars	Standalone				
	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Audited	Unaudited	Audited	Audited	Audited
1. Revenue from operations	27,747	26,225	21,026	1,05,293	86,261
2. Other income	3,012	3,292	3,211	14,957	13,410
<b>3. Total income (1+2)</b>	<b>30,759</b>	<b>29,517</b>	<b>24,237</b>	<b>1,20,250</b>	<b>99,671</b>
4. Expenses					
(a) Purchases of medical consumable and drugs	7,086	6,505	5,147	26,640	20,930
(b) Changes in inventories of medical consumable and drugs	121	(51)	(245)	(112)	(501)
(c) Employee benefits expense	4,335	4,513	3,712	17,545	15,423
(d) Finance costs	2,475	2,548	3,324	10,624	12,958
(e) Hospital service fee expense	1,920	1,840	1,429	7,362	5,911
(f) Professional charges to doctors	5,109	4,919	4,299	19,881	16,081
(g) Depreciation and amortisation expense	2,943	2,933	2,849	11,588	11,263
(h) Other expenses	6,422	4,893	4,746	20,663	16,877
<b>Total expenses</b>	<b>30,411</b>	<b>28,100</b>	<b>25,261</b>	<b>1,14,191</b>	<b>98,942</b>
5. Net profit / (loss) from continuing operation before exceptional items and tax (3-4)	348	1,417	(1,024)	6,059	729
6. Exceptional gain / (loss) (refer note 4)	-	941	(1,628)	4,829	(1,628)
<b>7. Profit / (loss) before tax from continuing operations (5-6)</b>	<b>348</b>	<b>2,358</b>	<b>(2,652)</b>	<b>10,888</b>	<b>(899)</b>
8. Tax expense / (credit)	141	419	(228)	1,264	426
<b>9. Net profit / (loss) for the period from continuing operations (7-8)</b>	<b>207</b>	<b>1,939</b>	<b>(2,424)</b>	<b>9,624</b>	<b>(1,325)</b>
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)	-	-	-	-	-
<b>13. Net profit / (loss) for the period (9+12)</b>	<b>207</b>	<b>1,939</b>	<b>(2,424)</b>	<b>9,624</b>	<b>(1,325)</b>
14. Other Comprehensive Income / (loss) (after tax)	(7)	(26)	34	(127)	28
<b>15. Total comprehensive income / (loss) for the period (13+14)</b>	<b>200</b>	<b>1,913</b>	<b>(2,390)</b>	<b>9,497</b>	<b>(1,297)</b>



**FORTIS HEALTHCARE LIMITED**

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

**STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023**

(Rupees in lacs)

Particulars	Standalone				
	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Audited	Unaudited	Audited	Audited	Audited
16. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496	75,496
17. Other equity as per the audited balance sheet				8,20,858	8,11,360
18. Earnings per equity share for continuing operations (not annualised)					
Basic earnings / (loss) per share - In Rupees	0.03	0.26	(0.33)	1.27	(0.18)
Diluted earnings / (loss) per share - In Rupees	0.03	0.26	(0.33)	1.27	(0.18)
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	0.03	0.26	(0.33)	1.27	(0.18)
Diluted earnings / (loss) per share - In Rupees	0.03	0.26	(0.33)	1.27	(0.18)
21. Earnings before depreciation and amortisation expense, finance costs, exceptional items and tax expense (EBITDA) (refer note 2)	5,766	6,898	5,149	28,271	24,950

- The above-audited Standalone Financial Results of Fortis Healthcare Limited ("the Company") for the quarter and year ended March 31, 2023, have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 22, 2023 and May 23, 2023. The unqualified audit 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](http://www.fortishealthcare.com) and Financial Results at Corporate Section of [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com).
- The Company has presented Earnings before finance costs, tax, depreciation and amortization (EBITDA) additionally in the financial results. In its measurement, the Company includes other income, but does not include depreciation and amortization expense, finance costs, exceptional items and tax expense.
- Figures for the quarter ended March 31, 2023, included in the Standalone Statement, are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures up to December 31, 2022 being the end of the third quarter of the financial year. The figures for the quarter ended March 31, 2022 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2022 and the published year to date figures up to December 31, 2021 being the end of the third quarter of the previous financial year.



FORTIS HEALTHCARE LIMITED

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

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023

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

(Rupees in lacs)

Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Audited	Unaudited	Audited	Audited	Audited
a) Reversal of Impairment/(Impairment) of investment in Subsidiary Company	-	941	(1,628)	4,829	(1,628)
<b>Net exceptional gain / (loss)</b>	<b>-</b>	<b>941</b>	<b>(1,628)</b>	<b>4,829</b>	<b>(1,628)</b>

5. Statement of Asset and Liabilities:

(Rupees in lacs)

Particulars	Standalone	
	As at March 31, 2023	As at March 31, 2022
	Audited	Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	13,595	28,128
(b) Capital work-in-progress	267	633
(c) Right-of-Use Assets	32,178	45,142
(d) Goodwill	2,722	2,722
(e) Other intangible assets	690	1,036
(f) Financial assets		
(i) Investments in subsidiaries	8,84,760	8,84,529
(ii) Loans	14,616	22,493
(iii) Other financial assets	79	217
(g) Deferred tax assets (net)	5,706	6,454
(h) Non-current tax assets (net)	13,001	10,540
(i) Other non-current assets	241	158
<b>Total non-current assets</b>	<b>9,67,855</b>	<b>10,02,052</b>
<b>Current assets</b>		
(a) Inventories	1,287	1,380
(b) Financial assets		
(i) Trade receivables	9,736	7,569
(ii) Cash and cash equivalents	98	107
(iii) Bank balances other than (ii) above	5	-
(iv) Other financial assets	31,868	30,519
(c) Other current assets	448	994
(d) Asset held for sale (refer note 16)	25,570	-
<b>Total current assets</b>	<b>69,012</b>	<b>40,569</b>
<b>Total assets</b>	<b>10,36,867</b>	<b>10,42,621</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	75,496	75,496
(b) Other equity	8,20,858	8,11,360





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

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023

(Rupees in lacs)

Particulars	Standalone	
	As at March 31, 2023	As at March 31, 2022
	Audited	Audited
<b>Total equity</b>	<b>8,96,354</b>	<b>8,86,856</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	28,158	58,552
(ii) Lease liabilities	34,377	48,992
(iii) Other financial liabilities	119	141
(b) Provisions	2,161	1,805
<b>Total non-current liabilities</b>	<b>64,815</b>	<b>1,09,490</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	8,820	5,681
(ii) Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	2,558	1,112
- Total outstanding dues other than micro enterprises and small enterprises	39,004	26,550
(iii) Lease liabilities	7,158	6,036
(iv) Other financial liabilities	2,647	2,650
(b) Provisions	2,198	2,289
(c) Other current liabilities	2,081	1,957
(d) Liability directly associated with assets classified as held for sale (refer note 16)	11,232	-
<b>Total current liabilities</b>	<b>75,698</b>	<b>46,275</b>
<b>Total liabilities</b>	<b>1,40,513</b>	<b>1,55,765</b>
<b>Total equity and liabilities</b>	<b>10,36,867</b>	<b>10,42,621</b>

6. Statement of Cash flow:

(Rupees in lacs)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
	Audited	Audited
<b>Cash flows from operating activities</b>		
Profit/ (loss) before tax	10,888	(899)
<b>Adjustments for:</b>		
Exceptional (Gain)/ Loss	(4,829)	1,628
Finance cost	10,624	12,958
Interest income	(12,558)	(13,283)
Loss on sale of property, plant and equipment (net)	64	21
Allowance for doubtful trade receivables	569	380
Allowance for doubtful advances	218	92
Advance income tax (TDS) written off	25	-



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STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR  
ENDED MARCH 31, 2023

(Rupees in lacs)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
	Audited	Audited
Depreciation and amortisation expense	11,588	11,263
Provision / liability no longer required written back	(570)	(613)
Financial guarantee income	(222)	(91)
Dividend from equity investments	(2,149)	-
	<b>13,648</b>	<b>11,456</b>
<b>Working capital adjustments</b>		
Increase in trade receivables	(3,487)	(577)
Increase in inventories	(111)	(501)
Increase in loans, other financial assets and other assets	(337)	(2,823)
Increase in other financial liabilities, provisions, other liabilities and trade payables	13,489	4,973
<b>Cash generated from operating activities</b>	<b>23,202</b>	<b>12,528</b>
Income taxes paid (net)	(3,364)	(4,879)
<b>Net cash generated from operating activities (A)</b>	<b>19,838</b>	<b>7,649</b>
<b>Cash flows from investing activities</b>		
Interest received	9,119	10,371
Amount received against investments	4,597	3,693
Investment in subsidiaries	-	(2)
Purchase of property, plant and equipment and intangible asset	(5,365)	(2,682)
Proceeds from sale of property, plant and equipment	15	18
(Investment)/ maturity of bank deposits (net)	-	111
Loans/ advances repayment by subsidiaries	9,950	12,265
Dividend from equity investments	2,149	-
<b>Net cash generated from investing activities (B)</b>	<b>20,465</b>	<b>23,774</b>
<b>Cash flows from financing activities</b>		
Principal payment of lease liabilities	(2,446)	(4,944)
Proceeds from non-current borrowings	1,535	21,758
Repayment of non-current borrowings	(31,930)	(29,584)
Proceeds/ (repayment) of current borrowings (net)	3,906	(6,335)
Finance cost paid*	(10,609)	(12,877)
<b>Net cash used in financing activities (C)</b>	<b>(39,544)</b>	<b>(31,982)</b>
<b>Net Increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>759</b>	<b>(559)</b>
Cash and cash equivalents at the beginning of the year	(1,975)	(1,416)
Less: Cash and cash equivalent classified as asset held for sale (refer note 16)	(2)	-
<b>Cash and cash equivalents at the end of the year</b>	<b>(1,218)</b>	<b>(1,975)</b>

\* Including interest on lease liability Rupees 5,926 lacs and Rupees 6,442 lacs for the year ended March 31, 2023 and March 31, 2022 respectively.



FORTIS HEALTHCARE LIMITED

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

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023

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:

Particulars	(Rupees in lacs)	
	Year ended	
	March 31, 2023	March 31, 2022
	Audited	Audited
(a) Balances with banks		
- on current accounts	68	80
(b) Cash on hand	32	27
Less: Classified as held for sale (refer note 16)	(2)	-
<b>Cash and cash equivalents as per balance sheet</b>	<b>98</b>	<b>107</b>
Bank overdrafts	(1,316)	(2,082)
<b>Cash and cash equivalents as per statement of cash flows</b>	<b>(1,218)</b>	<b>(1,975)</b>

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. The Company had accordingly filed an application seeking for modification of the said order which has been disposed of pursuant to the judgement of the Hon'ble Supreme Court dated September 22, 2022. Vide its judgement dated November 15, 2019, the Hon'ble Supreme Court had issued suo- moto contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of the its order dated December 14, 2018. In this respect, the Hon'ble Supreme Court had sought an enquiry, into (i) whether the subscription by the Acquirer to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company.

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

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

Vide judgment dated 22nd September 2022 ("Judgement"), the Hon'ble Supreme Court of India disposed of Special Leave Petition (Civil) No. 20417 of 2017, Contempt Petition No. 2120 of 2018 in SLP (C) No. 20417 of 2019 and Sua Motu Contempt Petition (C) No. 4 of 2019, which includes the Petition in which the Status Quo Order dated December



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14, 2018 had been issued. It has directed the Hon'ble High Court of Delhi *inter alia* that it may also consider issuing appropriate process and appointing forensic auditor(s) to analyse the transactions entered into between FHL and RHT and other related transactions. In so far as the acquisition of proprietary interests of RHT Health Trust by the Company is concerned, the Hon'ble Supreme Court has observed that *prima facie*, it appears to be acquisition of proprietary interest to subvert the business structure of the Company, as suggested by IHH/NTK while observing that it is a matter to be enquired into and facts to be assessed in light of any forensic analysis, if the court so deems appropriate.

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

In view of the legal positions/claim(s) and defence(s) available to the Company and basis external legal advice, the management believes that it has a strong case on merits. It is of the view that these transactions were conducted in a fair and transparent manner, after obtaining all relevant regulatory and shareholders' approval and only after making all due disclosures to public shareholders of the Company and to the regulatory authorities, in the requisite manner. Therefore, no adjustment is required in the unaudited standalone Financial Results.

Further, during the year ended March 31, 2021, in view of the aforesaid *suo moto* contempt notice, for abundant caution, an application was filed by the Company before the Hon'ble Supreme Court of India, praying for grant of permission to it and its subsidiaries for changing their respective names, brands and logos; and for continued usage of the same if the said application was not disposed of prior to expiry of the term of the Brand License Agreements to allow adequate time for smooth brand transition without any disruption to business. During the previous year ended March 31, 2022 the Brand License Agreements have expired. As mentioned above, the Judgment has disposed of the Petitions and all applications thereunder, and the Company is evaluating the path ahead in consultation with its legal advisors with regard to the aforesaid brand transition.

**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, FHL, 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



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

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

**B. Additional procedures/enquiries by the reconstituted Board**

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

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

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

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

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

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



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proposed to be taken on lease from the Lessor, which is also being claimed from the Lessor pursuant to the aforesaid termination. The Company has issued legal notice demanding the outstanding. Lessor responded to the notice of the Company for amicable resolution, which has not yet yielded any results. Further, Company has filed claim before Interim Resolution Professional (IRP) appointed by NCLT in a matter filed by one of creditors of Lessor. IRP is currently adjudicating the claims of various creditors of the Lessor including that of the Company.

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

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

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

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

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

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

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

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

- (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



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where it would find it hard to recover from its own now wholly owned subsidiary Further, the said loan advanced by FHsL to FESL was impaired in the books of account of FHsL due to anticipated chances of non-recovery.

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

(vi) Remuneration to ex-chairman

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

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

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

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



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

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

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

- (ix) In respect of certain other matters found during the Additional Procedures/Enquiries by independent experts no actions were recommended since there were no sufficient evidences on those matters. However, there is no impact of those matters on the financials.
- (D) Based on investigation carried out by the external legal firm and the additional procedures/enquiries by independent experts, all identified/required adjustments/provisions/disclosures have been made in the standalone financial results of the Company. The Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, on relevant aspects, the Company has also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies and EOW is investigating the matter. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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

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

**9. Matters in relation to Regulatory Authorities:**

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

In furtherance of the above, subsequently on October 17, 2018 SEBI passed an *ex-parte* Interim Order ("Interim Order") whereby it observed that certain transactions were structured by some identified entities over a certain duration, and undertaken through the Company, which were *prima facie* fictitious and fraudulent in nature and which resulted in *inter alia* diversion of funds from the Company for the ultimate benefit of the erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Company. Further, it *inter alia* directed the Company to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile promoters and various other entities, as mentioned in the Interim Order. More importantly, the said entities had also been directed to jointly and severally repay Rupees 40,300 lacs along with due interest to Company within three months of the Interim Order. Incidentally, the Interim Order also included FHSL as one of the entities directed to repay the due sums. Pursuant to this, FHSL's beneficial owner account had been





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suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited. Further, SEBI had also directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile-promoters were also directed not to associate themselves with the affairs of the Company in any manner whatsoever, till further directions.

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

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

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

By an order dated November 12, 2020, SEBI revoked its Interim orders read with Confirmatory Order qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and directed that the ongoing proceedings against them be substituted with adjudication proceedings. The order expressly clarified that the Company and FHsL were at liberty to pursue remedies under law, as deemed appropriate by them, against the abovementioned entities in respect of their role in the diversion of funds. A Show-Cause Notice (SCN-1) was issued by SEBI to various entities including the Company and FHsL on November 20, 2020. In the SCN-1, it was inter-alia alleged that the consolidated financials of the Company at the relevant period were untrue and misleading for the shareholders of the Company and the Company had circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956; and certain SEBI regulations. In response, a joint representation/reply was filed by the Company and FHsL on December 28, 2020 praying for quashing of the SCN-1 by inter alia reiterating that the Company and FHsL, were in fact victims of the schemes of the erstwhile Promoters (Malvinder Mohan Singh and Shivinder Mohan Singh) and justice, equity and fairness demands that the victim ought not be punished for the offences of the wrongdoers. All acts impugned in the SCN-1 relate to the period when the erstwhile Promoters controlled the affairs of Company and FHsL and the erstwhile Promoters are no longer involved in the affairs of the Company and FHsL. The erstwhile Promoters were responsible for financial misrepresentation and not the Company and FHsL. Post resignation of the erstwhile Promoters in February 2018, the Board of Directors of the Company, solely comprising independent Directors looked after its welfare. The new promoter of the Company (i.e. NTK Venture Pte. Ltd.) assumed control of the Company pursuant to a preferential allotment which was approved by both the Competition Commission of India and SEBI which approved the open offer triggered pursuant to such preferential allotment. Any adverse orders against the Company and FHsL would harm their existing shareholders, employees and creditors. The Company and FHsL have taken substantial legal actions against the erstwhile Promoters and significant steps to recover the diverted amounts. SEBI passed an order dated April 19, 2022 w.r.t SCN -1 directing the Company & FHsL to pursue the measures taken to recover the amount of INR 397.12 Crores (approx.) along with the interest from erstwhile Promoters; & Audit Committee to regularly monitor the progress of such measures and report the same to Board of Directors at regular intervals. SEBI has imposed a penalty of Rupees 100 lacs and Rupees 50 lacs on Company and FHsL respectively. The Company and FHsL have filed an appeal against the order dated April 19, 2022 before Hon'ble Securities Appellate Tribunal, Mumbai which is sub-judice. On August 25, 2022, SEBI filed its affidavit in reply in the matter. Thereafter, the Company and FHsL have filed a rejoinder to SEBI's reply. Appeal is pending adjudication. During the current year, the Company & FHsL have deposited Rupees 50 lacs and Rupees 25 lacs respectively under protest with Hon'ble Securities Appellate Tribunal, Mumbai.

On April 09, 2021, SEBI issued another Show cause notice (SCN-2) to various notices including Escorts Heart Institute and Research Centre Limited ("EHIRCL"). In the said SCN-2, with respect to EHIRCL, it was alleged that Rupees 567 crore was lent by the Company to EHIRCL in 2011, which was subsequently transferred by



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ENDED MARCH 31, 2023

EHIRCL to Lowe Infra and Wellness Private Limited ("Lowe") in multiple transactions for the purchase of a land parcel. This land parcel, which was allegedly indirectly to be acquired by the Company through its subsidiary EHIRCL and another entity Lowe, was then transferred to RHC Holdings Private Limited ("RHC Holdings"). It was stated in the said SCN-2 that a structured rotation of funds was carried out to portray that the loan extended by the Company for the purchase of land had been paid back with interest in the year 2011. It is alleged that the Company was actually paid back by RHC Holding over a period of four years ending on July 31, 2015. In this respect, the Company and FHsL funds were allegedly routed through various layers in order to camouflage the transactions, and to circumvent legal provisions with respect to related party transactions.

In the SCN-2, EHIRCL had been clubbed along with the other notices, and had been painted with the same brush as the other notices in alleging that certain notices, including EHIRCL, were part of a fraudulent and deceptive device wherein they acted in fraudulent manner which led to the misuse and/or diversion of funds from a listed company i.e. FHL, amounting to approximately Rupees 397.12 crore for the ultimate benefit of RHC Holdings and the erstwhile promoters. Thereby, it is alleged, that EHIRCL has aided and abetted the routing of funds from the Company, ultimately to RHC Holdings, for the benefit of the promoter entities.

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

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

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

The Company is fully co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters.

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

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

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

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

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

12. During the year ended March 31, 2021, the Shareholders' of the Company approved the postal ballot resolution on March 14, 2021 to acquire additional 50% stake equivalent to 2,50,000 equity shares in 'DDRC SRL Diagnostics Private Limited' (DDRC SRL) by SRL Limited, a material subsidiary, for a cash consideration of Rs 350 crores. The said transaction was consummated on April 5, 2021. The acquisition has been made by SRL Limited, which is in the



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same line of business as that of entity being acquired. Post this acquisition DDRC SRL has become 100% indirect subsidiary of SRL Limited (subsidiary of Fortis Healthcare Limited).

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

Further, the Board and the shareholders of the Company approved the merger of two wholly owned international subsidiaries of the company. This is subject to other regulatory approvals.

14. During the year ended March 31, 2023, the company has received dividend of Rupees 2,149 lacs from its subsidiary SRL Limited at the rate of Rupees 4.75 per equity share.
15. On April 20, 2023, the Company signed definitive agreements with the VPS group for the acquisition of assets of Medeor Hospital in Manesar, Gurugram, Haryana, ("Medeor Hospital") for an overall purchase consideration of Rupees 22,500 lacs. The Hospital has a potential bed capacity of 350 beds and can be operationalized in a phased manner in approximately 9 months.

The transaction entails the purchase of land, building and moveable assets of Medeor Hospital in Manesar, Gurugram, owned by Medeor Hospitals Limited and is expected to close by end of July, 2023, subject to the completion of certain conditions precedent as stipulated in the definitive agreements. The transaction will be funded through a mix of debt and internal accruals.

16. On March 31, 2023, the Board of directors of the Company gave their consent to sell/transfer/dispose-off Arcot Road Hospital, Chennai as a going concern/on slump sale basis on "as is where is" basis on such terms and conditions as per the draft business transfer agreement and with closure of points under discussion. Further, the related assets and liabilities have been classified as held for sale as per provisions of "IND AS 105-non-current assets held for sale" in these standalone financial results. This transaction is expected to be materialised within 1 year from the reporting date.
17. The Board of Directors of the Company in its meeting on May 23, 2023 recommended a dividend of Rupee 1.00 per equity share (at the rate of 10% on face value of Rupees 10 per share) of the Company for the year ended March 31, 2023 which will be paid subject to the approval of the shareholders in the Annual General Meeting (AGM) of the Company, to those shareholders whose names appear on the register of members as on the date of Book Closure in proportion to the paid up value of the equity shares and if approved, would result in a net cash outflow of approximately Rupees 7,550 lacs.

Further, the Board of Directors of SRL Limited, a subsidiary of the Company in its meeting held on May 18 2023, recommended a dividend of Rupees 2.97 per equity share for the financial year ended March 31 2023. This payment is subject to the approval of shareholders in the AGM of SRL Limited.



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18. The healthcare business operates inter alia within two categories of entities within the Fortis Group i.e. operations entities and establishment entities. In order to consolidate the operations entities and establishment entities such that both operations and establishment of a hospital are housed in same entity, the Board of Directors of the Company consented to the demerger of certain healthcare operations from the operations entities into the establishment entities. This is subject to the approval of the shareholders of the Company and Board of Directors of the respective Companies.

Date: May 23, 2023

Place: Gurugram

For and on behalf of the Board of Directors

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



*[Handwritten signature]*

# B S R & Co. LLP

Chartered Accountants

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## Independent Auditor's Report

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

**Report on the audit of the Consolidated Annual Financial Results**

### Opinion

We have audited the accompanying consolidated annual financial results of Fortis Healthcare Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures for the year ended 31 March 2023, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements of the subsidiary and joint venture, the aforesaid consolidated annual financial results:

a. include the annual financial results of the following entities

Parent:

Fortis Healthcare Limited

Subsidiaries:

- (i) Escorts Heart Institute and Research Centre Limited
- (ii) Fortis Hospitals Limited
- (iii) Fortis Asia Healthcare Pte Limited
- (iv) Fortis Healthcare International Limited
- (v) Fortis Global Healthcare (Mauritius) Limited
- (vi) Fortis Malar Hospitals Limited
- (vii) Malar Stars Medicare Limited
- (viii) Fortis Health Staff Limited
- (ix) Fortis Cancer Care Limited
- (x) 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
- (xviii) Birdie and Birdie Realtors Private Limited
- (xix) Stellant Capital Advisory Services Private Limited
- (xx) RHT Health Trust Manager Pte Limited
- (xxi) Fortis Emergency Services Limited
- (xxii) Fortis Hospotel Limited
- (xxiii) Escort Heart and Super Speciality Hospital Limited
- (xxiv) International Hospital Limited
- (xxv) Hospitalia Eastern Private Limited
- (xxvi) Fortis Health Management Limited
- (xxvii) Medical Management Company Limited
- (xxviii) Mena Healthcare Investment Company Limited
- (xxix) DDRC SRL Diagnostics Limited

Joint ventures:

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

Associates:

- (i) Lanka Hospitals Corporate Plc
- (ii) THR Infrastructure Pte Ltd
- (iii) RHT Health Trust

- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net profit and other comprehensive loss and other financial information of the Group for the year ended 31 March 2023.

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**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results section of our report. We are independent of the Group, its associates and its joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, along with the consideration of reports of the other auditors referred to in sub paragraph no. a of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated annual financial results.

**Emphasis of Matters**

- a. We draw attention to Note 8 and 9 of the consolidated annual financial results which deal with various matters including the ongoing investigation by Serious Fraud Investigation Office ("SFIO") on Fortis Healthcare Limited and its subsidiaries ("the Group") regarding alleged improper transactions and non-compliances with laws and regulations including Companies Act, 2013 (including matters relating to remuneration paid to managerial personnel). These transactions and non-compliances relate to or originated prior to take over of control by reconstituted board of directors in the year ended 31 March 2018. As mentioned in the Note, the Group has been submitting information required by SFIO and is also cooperating in the regulatory investigations.

As explained in the said Note, the Group had recorded significant adjustments/ provisions in its books of account during the year ended 31 March 2018. The Company has launched legal proceedings and has also filed a complaint with the Economic Offences Wing ('EOW') against erstwhile promoters and their related entities based on the findings of the investigation conducted by the Group. Further, based on management's detailed analysis and consultation with external legal counsel, a further provision has been made and recognised in the year ended 31 March 2021 for any contingency that may arise from the aforesaid issues. As per the management, any further additional impact, to the extent it can be reliably estimated as at present, is not expected to be material.

- b. We draw attention to Note 13 of the consolidated annual financial results relating to the order dated 22 September 2022 of the Hon'ble Supreme Court whereby it has directed the Hon'ble Court of Delhi inter alia that it may also consider issuing appropriate process and appointing forensic auditor(s) to analyse the transactions entered into between the Company and RHT Health Trust and other related transaction. The above mentioned Note also states that the Hon'ble Supreme Court has observed that prima facie, it appears to be acquisition of proprietary interest of RHT Health Trust by the Company are to subserve the business structure of the Company.

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

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**Management's and Board of Directors' Responsibilities for the Consolidated Annual Financial Results**

These consolidated annual financial results have been prepared on the basis of the consolidated annual financial statements.

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net profit/ loss and other comprehensive income and other financial information of the Group including its associates and joint ventures in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Management and Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated annual financial results by the Management and the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated annual financial results, the respective Management and the Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures is responsible for overseeing the financial reporting process of each company.

**Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results**

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations,



**Independent Auditor's Report (Continued)**

**Fortis Healthcare Limited**

or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities within the Group and its associates and joint ventures to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated annual financial results of which we are the independent auditors. For the other entities included in the consolidated annual financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph no. a of the "Other Matters" paragraph in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated annual financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular No CIR/CFD/CMD1/44/2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.



**Other Matters**

- a. The consolidated annual financial results include the audited financial results of one subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 2,140.57 lacs as at 31 March 2023, total revenue (before consolidation adjustments) of Rs. 1,441.38 lacs and total net profit after tax (before consolidation adjustments) of Rs. 207.11 lacs and net cash outflows (before consolidation adjustments) of Rs. 341.32 lacs for the year ended on that date, as considered in the consolidated annual financial results, which have been audited by its independent auditor. The consolidated annual financial results also include the Group's share of total net loss after tax of Rs. 0.95 lakhs for the year ended 31 March 2023, as considered in the consolidated annual financial results, in respect of one joint venture, whose financial statements have been audited by its independent auditor. The independent auditor's reports on financial statements of these entities have been furnished to us by the management.

Our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the reports of such auditors and the procedures performed by us are as stated in paragraph above.

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

Our opinion on the consolidated annual financial results is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

- b. The consolidated annual financial results include the unaudited financial results of fourteen subsidiaries, whose financial information reflects total assets (before consolidation adjustments) of Rs. 33,468.73 lacs as at 31 March 2023, total revenue (before consolidation adjustments) of Rs. 1,072.83 lacs, total net loss after tax (before consolidation adjustments) of Rs. 4,312.34 lacs and net cash outflows (before consolidation adjustments) of Rs. 43.05 lacs for the year ended on that date, as considered in the consolidated annual financial results. These unaudited financial statements have been furnished to us by the Board of Directors. The consolidated annual financial results also include the Group's share of total net profit after tax of Rs. 2,182.92 lacs for the year ended 31 March 2023, as considered in the consolidated annual financial results, in respect of three associates and two joint ventures. These unaudited financial information have been furnished to us by the Board of Directors.

Our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures is based solely on such financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial information are not material to the Group.

Our opinion on the consolidated annual financial results is not modified in respect of the above matter with respect to the financial information certified by the Board of Directors.

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**Independent Auditor's Report (Continued)**

**Fortis Healthcare Limited**

- c. The consolidated annual financial results include the results for the quarter ended 31 March 2023 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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

*Chartered Accountants*

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



**Rajesh Arora**

Partner

Membership No.: 076124

UDIN: 23076124BGZBIC7131

Gurugram

23 May 2023

FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

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

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED  
MARCH 31, 2023

(Rupees in lacs)

Particulars	Consolidated				
	Quarter Ended			Year Ended	Year Ended
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Audited	Unaudited	Audited	Audited	Audited
1. Revenue from operations	164,270	155,988	137,810	629,763	571,761
2. Other income	1,379	1,170	599	6,172	2,734
3. Total income (1+2)	165,649	157,158	138,409	635,935	574,495
4. Expenses					
(a) Purchases of medical consumable and drugs	37,775	36,542	33,274	145,465	140,337
(b) Changes in inventories of medical consumable and drugs	465	(717)	(958)	6	(4,614)
(c) Employee benefits expense	26,083	26,268	23,788	104,688	97,294
(d) Finance costs	3,172	3,337	3,002	12,909	14,685
(e) Professional charges to doctors	34,181	32,883	28,157	131,146	110,130
(f) Depreciation and amortisation expense	8,178	8,275	7,728	31,574	30,084
(g) Other expenses	38,679	33,368	31,426	138,324	121,718
<b>Total expenses</b>	<b>148,533</b>	<b>139,956</b>	<b>126,417</b>	<b>564,112</b>	<b>509,634</b>
5. Net profit / (loss) from continuing operations before share in profit / (loss) of associates and joint ventures, exceptional items and tax (3-4)	17,116	17,202	11,992	71,823	64,861
6. Add: Share in profit of associate companies and joint ventures	171	261	633	2,184	2,415
7. Net profit / (loss) before exceptional items and tax (5+6)	17,287	17,463	12,625	74,007	67,276
8. Exceptional gain (refer note 5)	1,054	1,147	20	7,361	31,503
9. Profit / (loss) before tax from continuing operations (7+8)	18,341	18,610	12,645	81,368	98,779
10. Tax expense / (credit)	4,511	4,397	3,942	18,070	19,784
11. Net profit / (loss) for the period from continuing operations (9-10)	13,830	14,213	8,703	63,298	78,995
12. Profit / (loss) before tax from discontinued operations	-	-	-	-	-
13. Tax expense of discontinued operations	-	-	-	-	-
14. Net profit / (loss) for the period from discontinued operations (12-13)	-	-	-	-	-
15. Net profit / (loss) for the period (11+14)	13,830	14,213	8,703	63,298	78,995
16. Profit / (loss) from continuing operations attributable to:					
Owners of the Company	13,255	12,956	6,797	58,873	55,512
Non-Controlling Interest	575	1,257	1,906	4,425	23,483
17. Profit / (loss) from discontinuing operations attributable to:					
Owners of the Company	-	-	-	-	-
Non-Controlling Interest	-	-	-	-	-
18. Other Comprehensive Income (including OCI relating to associates and joint venture) (after tax)	2,758	259	(5,051)	(787)	(4,650)



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**STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED  
MARCH 31, 2023**

(Rupees in lacs)

Particulars	Consolidated				
	Quarter Ended			Year Ended	Year Ended
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Audited	Unaudited	Audited	Audited	Audited
19. Other comprehensive Income/(Loss) attributable to:					
Owners of the Company	2,790	261	(5,089)	(771)	(4,640)
Non Controlling interest	(32)	(2)	38	(16)	(10)
20. Total comprehensive Income/( Loss) (15+18)	16,588	14,472	3,652	62,511	74,345
21. Total comprehensive Income/(Loss) attributable to:					
Owners of the Company	16,045	13,217	1,708	58,102	50,872
Non-Controlling interest	543	1,255	1,944	4,409	23,473
22. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496	75,496
23. Other equity as per the audited balance sheet				648,730	542,328
24. Earnings per equity share for continuing operations (not annualised)					
Basic earnings per share - In Rupees	1.76	1.72	0.90	7.80	7.35
Diluted earnings per share - In Rupees	1.76	1.72	0.90	7.80	7.35
25. Earnings per equity share for discontinued operations (not annualised)					
Basic earnings per share - In Rupees	-	-	-	-	-
Diluted earnings per share - In Rupees	-	-	-	-	-
26. Earnings per equity share from continuing and discontinued operations					
Basic earnings per share - In Rupees	1.76	1.72	0.90	7.80	7.35
Diluted earnings per share - In Rupees	1.76	1.72	0.90	7.80	7.35
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 2)	28,466	28,814	22,722	116,306	109,630



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**Notes to the results**

- The above audited Consolidated Financial Results of Fortis Healthcare Limited ("the Company") and its subsidiaries (Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures for the quarter and year ended March 31, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 22, 2023 and May 23, 2023. The unmodified audit 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](http://www.fortishealthcare.com) and Financial Results at Corporate Section of [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com).
- 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.
- Figures for the quarter ended March 31, 2023, included in the Consolidated Statement, are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures up to December 31, 2022 being the end of the third quarter of the financial year. The figures for the quarter ended March 31, 2022 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2022 and the published year to date figures up to December 31, 2021 being the end of the third quarter of the previous financial year.
- Segment Reporting**

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

(Rupees in lacs)

S.No	Particulars	Quarter ended			Year Ended	Year Ended
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
		Audited	Unaudited	Audited	Audited	Audited
1	<b>Segment value of sales and services (revenue)</b>					
	- Healthcare	135,098	126,719	104,078	510,741	426,364
	-Diagnostics	33,214	33,153	37,234	134,746	160,491
	<b>Gross value of sales and services</b>	<b>168,312</b>	<b>159,872</b>	<b>141,312</b>	<b>645,487</b>	<b>586,855</b>
	Less : inter segment sales and services	(4,042)	(3,884)	(3,502)	(15,724)	(15,094)
	<b>Revenue from operations</b>	<b>164,270</b>	<b>155,988</b>	<b>137,810</b>	<b>629,763</b>	<b>571,761</b>
2	<b>Segment results</b>					
	- Healthcare	16,189	15,379	8,574	63,536	43,648
	-Diagnostics	2,698	3,990	5,822	15,001	33,164
	<b>Total segment profit / (loss) before interest and tax</b>	<b>18,887</b>	<b>19,369</b>	<b>14,396</b>	<b>78,537</b>	<b>76,812</b>
	(i) Finance cost	(3,172)	(3,337)	(3,002)	(12,909)	(14,685)
	(ii) Exceptional items and unallocable expenditure (net of unallocable income)	2,455	2,317	618	13,556	34,237
	(iii) Share of profit / (loss) of associates and joint ventures (net)	171	261	633	2,184	2,415
	<b>Profit / (loss) before tax</b>	<b>18,341</b>	<b>18,610</b>	<b>12,645</b>	<b>81,368</b>	<b>98,779</b>
3	<b>Segment assets</b>					
	- Healthcare	886,259	887,339	866,083	886,259	866,083
	-Diagnostics	197,836	198,341	181,751	197,836	181,751



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**STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023**

(Rupees in lacs)

S.No	Particulars	Quarter ended			Year Ended	Year Ended
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
		Audited	Unaudited	Audited	Audited	Audited
	-Unallocable assets	161,695	153,068	143,386	161,695	143,386
	Total assets	1,245,790	1,238,748	1,191,220	1,245,790	1,191,220
	Less : inter segment assets	(2,430)	(4,017)	(2,745)	(2,430)	(2,745)
	Total segment assets	1,243,360	1,234,731	1,188,475	1,243,360	1,188,475
4	Segment liabilities					
	- Healthcare	283,606	278,799	320,993	283,606	320,993
	-Diagnostics	40,179	40,491	34,225	40,179	34,225
	-Unallocable liabilities	111,967	125,773	135,177	111,967	135,177
	Total liabilities	435,752	445,063	490,395	435,752	490,395
	Less : inter segment liabilities	(2,430)	(4,017)	(2,745)	(2,430)	(2,745)
	Total segment liabilities	433,322	441,046	487,650	433,322	487,650

5. Exceptional gain included in the above audited Consolidated Financial Results include:

(Rupees in lacs)

S. No.	Particulars	Quarter Ended			Year Ended	Year Ended
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
		Audited	Unaudited	Audited	Audited	Audited
(a)	Reversal of impairment in an associate Company	1,054	1,147	-	7,361	-
(b)	Gain on remeasurement of previously held equity interest (refer note 14)	-	-	-	-	30,614
(c)	Reversal of allowance for loan given to C-Doc Healthcare Limited	-	-	20	-	80
(d)	Profit on sale of land & building (net of goodwill written off Rs 1,231 lacs)	-	-	-	-	809
	Net exceptional gain	1,054	1,147	20	7,361	31,503

6. Statement of Assets and Liabilities :

(Rupees in lacs)

Particulars	Consolidated	
	As at March 31, 2023	As at March 31, 2022
	Audited	Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	3,79,184	3,83,232
(b) Capital work-in-progress	22,774	19,343
(c) Right-of-use assets	1,05,773	1,11,794
(d) Goodwill	4,14,099	4,12,321
(e) Other intangible assets	43,584	34,223
(f) Intangible assets under development	10	6



STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED  
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(Rupees in lacs)

Particulars	Consolidated	
	As at March 31, 2023	As at March 31, 2022
	Audited	Audited
(g) Investments accounted for using equity method	21,030	10,360
(h) Financial assets		
(i) Loans	91	29
(ii) Other financial assets	4,918	4,963
(i) Non current tax assets (net)	68,179	54,267
(j) Deferred tax assets (net)	34,426	36,911
(k) Other non-current assets	8,657	7,699
<b>Total non-current assets</b>	<b>11,02,725</b>	<b>10,75,148</b>
<b>Current assets</b>		
(a) Inventories	12,284	12,290
(b) Financial assets		
(i) Trade receivables	58,161	51,217
(ii) Cash and cash equivalents	14,108	14,323
(iii) Bank balances other than (ii) above	22,164	26,947
(iv) Loans	162	149
(v) Other financial assets	3,159	2,113
(c) Other current assets	4,992	5,997
(d) Assets classified as held for sale (refer note 17)	25,605	291
<b>Total current assets</b>	<b>1,40,635</b>	<b>1,13,327</b>
<b>Total assets</b>	<b>12,43,360</b>	<b>11,88,475</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	75,496	75,496
(b) Other equity	6,48,730	5,42,328
<b>Equity attributable to owners of the Company</b>	<b>7,24,226</b>	<b>6,17,824</b>
Non-controlling interests	85,813	83,001
<b>Total equity</b>	<b>8,10,039</b>	<b>7,00,825</b>
<b>Non-current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	57,222	77,910
(ii) Lease liabilities	18,263	25,364
(iii) Other financial liabilities	1,61,151	2,07,839
(b) Provisions	13,024	11,471
(c) Deferred tax liabilities (net)	41,073	38,122
<b>Total non-current liabilities</b>	<b>2,90,733</b>	<b>3,60,706</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	13,093	18,657
(ii) Lease liabilities	3,994	3,562
(iii) Trade payables		
-Total outstanding dues of micro enterprises and small enterprises	11,866	6,365





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(Rupees in lacs)

Particulars	Consolidated	
	As at March 31, 2023	As at March 31, 2022
	Audited	Audited
-Total outstanding dues of creditors other than micro enterprises and small enterprises	59,563	59,728
(iv)Other financial liabilities	20,830	16,526
(b) Provisions	5,583	6,839
(c) Current tax liabilities (net)	391	245
(d) Other current liabilities	16,036	14,894
(e) Liabilities directly associated with assets classified as held for sale (refer note 17)	11,232	128
<b>Total current liabilities</b>	<b>1,42,588</b>	<b>1,26,944</b>
<b>Total liabilities</b>	<b>4,33,321</b>	<b>4,87,650</b>
<b>Total equity and liabilities</b>	<b>12,43,360</b>	<b>11,88,475</b>

**7. Statement of Cash flow :**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	(Rupees in Lacs)	(Rupees in Lacs)
<b>Cash flows from operating activities</b>		
Profit before tax for the year	81,368	98,779
<b>Adjustments for:</b>		
Exceptional gain (net)	(7,361)	(31,503)
Finance cost	12,909	14,685
Interest income	(2,383)	(2,155)
Profit on disposal of property, plant and equipment (net)	(160)	(352)
Profit on disposal of asset held for sale	(1,530)	-
Allowance for doubtful trade receivables	4,633	3,447
Allowance for doubtful advances	1,343	1,171
Advance tax (TDS) written off	623	-
Depreciation and amortisation expense	31,574	30,084
Provision for contingencies and litigation	37	-
Bad debts written off	-	374
Share of profit of equity accounted investees (net of tax)	(2,184)	(2,415)
Provisions/ liabilities no longer required written back	(5,161)	(3,262)
Unrealised foreign exchange gain	(1,546)	(153)
	<b>112,162</b>	<b>108,700</b>
<b>Working capital adjustments</b>		
Increase in trade and other receivables	(12,327)	(8,464)
Increase in inventories	(200)	(3,822)
Increase in loans, other assets and other financial assets	(2,752)	(1,292)
Increase in trade payables	10,422	13,830
Gain on sale of investment	(74)	-
Increase / (decrease) in other liabilities, provisions and other financial liabilities	2,416	(1,276)



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Particulars	Year ended	Year ended
	March 31, 2023 (Rupees in Lacs)	March 31, 2022 (Rupees in Lacs)
<b>Cash generated from operations</b>	109,647	107,676
Income taxes paid (net)	(27,423)	(21,137)
<b>Net cash generated by operating activities</b>	<b>82,224</b>	<b>86,539</b>
<b>Cash flows from investing activities</b>		
Interest received	2,556	2,059
Maturity/(Investment) in bank deposits (net)	4,853	(11,274)
Payments for property, plant and equipment and intangible assets	(44,724)	(21,549)
Proceeds from disposal of property, plant and equipment	571	10,022
Proceeds from disposal of asset held for sale	1,658	-
(Repayment)/Proceeds from repayment of loan by body corporate	-	54
Purchase of current investment	(12,099)	-
Proceeds from sale of current investment	12,173	-
Dividends received from associates	280	1,750
Payment on acquisition of business operations (refer note 14)	(1,249)	(32,500)
Payment for acquisition for assets in business combinations	(1,389)	-
<b>Net cash used in investing activities</b>	<b>(37,370)</b>	<b>(51,438)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	24,010	30,643
Principal payment of lease liabilities	(4,375)	(3,066)
Repayments of long-term borrowings	(43,582)	(60,155)
Repayments of short-term borrowings (net)	(8,610)	(4,449)
Dividend Paid	(1,598)	-
Interest paid (including interest on lease liabilities of Rupees 3,066 lacs ( March 31, 2022 Rupees 2,955 lacs)	(12,967)	(14,704)
<b>Net cash used in financing activities</b>	<b>(47,122)</b>	<b>(51,731)</b>
<b>Effect of exchange rate changes</b>	<b>124</b>	<b>6</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(2,144)</b>	<b>(16,624)</b>
Cash and cash equivalents at the beginning of the year	6,660	21,912
Add: Cash and cash equivalents in respect of subsidiaries acquired during the period	-	1,372
Less: Cash and cash equivalent classified as asset held for sale (refer note 17)	(2)	-
<b>Cash and cash equivalents at the end of the year</b>	<b>4,514</b>	<b>6,660</b>

(Rupees in lacs)

Particulars	March 31, 2023	March 31, 2022
(a) Balances with banks		
- on current accounts	5,633	6,750
- deposits with original maturity of less than three months	8,092	7,154
(b) Cheques, drafts on hand	3	4
(c) Cash on hand	383	415
Less: Classified as held for sale	(2)	-



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MARCH 31, 2023**

(Rupees in lacs)

Particulars	March 31, 2023	March 31, 2022
Cash and cash equivalents as per balance sheet	14,109	14,323
Bank overdrafts and cash credit facility	(9,595)	(7,663)
Cash and cash equivalents as per statement of cash flows	4,514	6,660

**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 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



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

- (ii) The Company and its subsidiary SRL Limited ('SRL') had paid security deposits and advances aggregating to Rupees 2,676 lacs in the financial year 2013-14 and 2017-18 respectively, to a private company ("Lessor") towards lease of office space. Due to delays in obtaining occupancy certificate (OC), the lease agreement/MOUs were either terminated by the Company or expired during the financial year 2017-18. SRL Limited attempted to encash the cheques issued by the Lessor for refund of the advance paid but the same were returned unpaid. Additionally, expenditure aggregating to Rupees 2,843 lacs was incurred towards capital work-in-progress on the premises proposed to be taken on lease from the Lessor, which is also being claimed from the Lessor pursuant to the aforesaid termination. The Company has issued legal notice demanding the outstanding. The subsidiary, SRL Limited, has filed criminal complaint in Mumbai against the private company under Section 138 of the Negotiable Instruments Act wherein its Directors and authorized representatives were directed to appear before District Court. This complaint is sub-judice. One of the directors of Lessor has approached the High Court of Bombay challenging the summoning in the said criminal complaint. 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



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by NCLT in a matter filed by one of creditors of Lessor. IRP is currently adjudicating the claims of various creditors of the Lessor including that of the Company and SRL Limited.

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

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

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

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

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

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

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

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

- (v) During the year ended March 31, 2018, the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")), purchased further 51% equity interest in Fortis Emergency Services Limited (FESL) at an aggregate consideration of Rupees 0.255 lacs from erstwhile promoter group company. Subsequently, FHsL advanced a loan to FESL, which was used to repay the outstanding unsecured loan amount of Rupees 215 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by FESL and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs / vendor advance to FHsL / Company. Further, FESL was not in a position to repay loan to the erstwhile promoter group company. FHsL also could not directly takeover the loan, as FHsL (holding 49%) could not



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have taken over the burden of the entire debt of FESL. Therefore, this transaction was in a way to help the erstwhile promoter group company (51% shareholders) to avoid making payment for its share, and place FHsL in a situation where it would find it hard to recover from its own now wholly owned subsidiary. Further, the said loan advanced by FHsL to FESL was impaired in the books of account of FHsL due to anticipated chances of non-recovery.

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

## (vi) Remuneration to ex-chairman

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

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

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

- (a) Payments were made to the erstwhile Executive Chairman from a foreign wholly owned subsidiary of the Company as one-time bonus in February 2016 of equivalent ~ Rupees 846 lacs and managerial remuneration was paid for the period January 2016 to May 2016, amounting to equivalent ~ Rupees 349 lacs. Further, remuneration paid in excess of Central Govt. approval by the Company for FY 2014-15 & FY 2015-16 amounting to ~ Rupees 528 lacs was refunded by erstwhile executive chairman in March 2016 to FHL. It is possible that the amounts recovered towards excess remuneration paid from the company to erstwhile executive chairman of ~ Rupees 528 lacs was compensated through the foreign wholly owned subsidiary.
  - (b) Payments were made to an erstwhile promoter entity from another foreign wholly owned subsidiary of the Company under an investment advisory agreement amounting to equivalent ~ Rupees 344 lacs for the period June 2016 to September 2016. However, there was nothing on record to suggest that any services were rendered by the erstwhile promoter entity under this agreement.
- (vii) During the financial year 2014-15, FHsL acquired 100% stake in Birdie & Birdie Realtors Pvt Ltd. ("Birdie") from certain persons related to the erstwhile promoters, wherein Rupees 12,275 lacs were paid towards ICDs at a rate of interest of 14% per annum and Rupees 7,725 lacs were paid for the shares acquired. The total enterprise value of Birdie was projected at Rupees 20,000 lacs based on the valuation report of land and building by an independent valuer. However, the equity valuation of Rupees 7,725 lacs was arrived based on a land and building valuation report by



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

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

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

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

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

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

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



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## 9. Matters in relation to Regulatory Authorities:

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

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

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

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

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

By an order dated November 12, 2020, SEBI revoked its Interim orders read with Confirmatory Order qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and directed that the ongoing proceedings against them be substituted with adjudication proceedings. The order expressly clarified that the Company and FHsL were at liberty to pursue remedies under law, as deemed appropriate by them, against the abovementioned entities in respect of their role in the diversion of funds. A Show-Cause Notice (SCN-1) was issued by SEBI to various entities including the Company and FHsL on November 20, 2020. In the SCN-1, it was *inter alia* alleged that the consolidated financials of the Company at the relevant period were untrue and misleading for the shareholders of the Company and the Company had circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956, and certain SEBI regulations. In response, a joint representation/reply was filed by the Company and FHsL on December 28, 2020 praying for quashing of the SCN-1 by *inter alia* reiterating that the Company and FHsL, were in fact victims of the schemes of the erstwhile Promoters (Malvinder Mohan Singh and Shivinder Mohan Singh) and justice, equity and fairness demands that the victim ought not be punished for the offences of the wrongdoers. All acts impugned in the SCN-1 relate to the period when the erstwhile Promoters controlled the affairs of Company and FHsL and the erstwhile Promoters are no longer involved in the affairs of the





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Company and FHsL. The erstwhile Promoters were responsible for financial misrepresentation and not the Company and FHsL. Post resignation of the erstwhile Promoters in February 2018, the Board of Directors of the Company, solely comprising independent Directors looked after its welfare. The new promoters of the Company (i.e. NTK Venture Pte. Ltd.) assumed control of the Company pursuant to a preferential allotment which was approved by the Competition Commission of India and SEBI which approved the open offer that had got triggered pursuant to such preferential allotment. Any adverse orders against the Company and FHsL would harm their existing shareholders, employees and creditors. The Company and FHsL have taken substantial legal actions against the erstwhile Promoters and significant steps to recover the diverted amounts. SEBI passed an order dated April 19, 2022 w.r.t SCN-1 directing the Company & FHsL to pursue the measures taken to recover the amount of Rupees 397.12 Crores (approx.) along with the interest from erstwhile Promoters; & Audit Committee to regularly monitor the progress of such measures and report the same to Board of Directors at regular intervals. Based on the aforesaid allegations and actions taken by the Company against the erstwhile promoters and related entities, SEBI had imposed a penalty of Rs 100 lacs and Rs 50 lacs on Company and FHsL respectively. The Company and FHsL have filed an appeal against the order dated April 19, 2022 before Hon'ble Securities Appellate Tribunal, Mumbai. On August 25, 2022, SEBI filed its affidavit in reply in the matter. Thereafter, the Company and FHsL have filed a rejoinder to SEBI's reply. Appeal is pending adjudication. During the current year, the Company & FHsL have deposited Rupees 50 lacs and Rupees 25 lacs respectively under protest with Hon'ble Securities Appellate Tribunal, Mumbai.

On April 09, 2021, SEBI issued another Show cause notice (SCN-2) to various noticees including Escorts Heart Institute and Research Centre Limited ("EHIRCL"). In the said SCN-2, with respect to EHIRCL, it was alleged that Rupees 567 crore was lent by the Company to EHIRCL in 2011, which was subsequently transferred by EHIRCL to Lowe Infra and Wellness Private Limited ("Lowe") in multiple transactions for the purchase of a land parcel. This land parcel, which was allegedly indirectly to be acquired by the Company through its subsidiary EHIRCL and another entity Lowe, was then transferred to RHC Holdings Private Limited ("RHC Holdings"). It was stated in the said SCN-2 that a structured rotation of funds was carried out to portray that the loan extended by the Company for the purchase of land had been paid back with interest in the year 2011. It is alleged that the Company was actually paid back by RHC Holding over a period of four years ending on July 31, 2015. In this respect, the Company and FHsL funds were allegedly routed through various layers in order to camouflage the transactions, and to circumvent legal provisions with respect to related party transactions.

In the SCN-2, EHIRCL had been clubbed along with the other noticees, and had been painted with the same brush as the other noticees in alleging that certain noticees, including EHIRCL, were part of a fraudulent and deceptive device wherein they acted in fraudulent manner which led to the misuse and/or diversion of funds from a listed company i.e. FHL, amounting to approximately Rupees 397.12 crore for the ultimate benefit of RHC Holdings and the erstwhile promoters. Thereby, it is alleged, that EHIRCL has aided and abetted the routing of funds from the Company, ultimately to RHC Holdings, for the benefit of the promoter entities.

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

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

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



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The Company is fully co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters.

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

10. 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:
- Delhi Development Authority ('DDA') had terminated the lease deeds and allotment letters relating to land parcels on which a hospital of EHIRCL exists. The matter is currently pending before the Hon'ble High Court of Delhi. Consequent to termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. The eviction proceedings initiated before the Estate Officer were challenged before the Hon'ble Supreme Court. Supreme Court vide its order dated November 14, 2019 has quashed the Show Cause Notice for eviction proceedings. Based on the external legal counsel advice, the Company believes that EHIRCL will be able to suitably defend the termination of lease deeds and allotment letters and accordingly considers that no adjustments are required to the audited Consolidated Financial Results.
  - In relation to the judgement of the Hon'ble High Court of Delhi relating to provision of free treatment/ beds to patients of economic weaker section, Directorate of Health Services ('DoHS'), Government of NCT of Delhi, appointed a Firm to calculate "unwarranted profits" arising to it due to alleged non-compliance. During the year ended March 31, 2014, the Special Committee of DoHS gave an intimation basis the calculation of the appointed Firm, which as per their method of calculations was Rupees 73,266 lacs for the period 1984-85 to 2011-12 and sought hospital's comments and inputs, if any. EHIRCL responded to the said intimation explaining errors and raised objections to the said calculations. During the year ended March 31, 2016, EHIRCL received another notice from DoHS to appear for a formal and final hearing which raised a demand of Rupees 50,336 lacs for the period till FY 2006-2007, against which EHIRCL again responded explaining errors and raised objections to the calculations. During the quarter ended June 30, 2016, DoHS issued a demand notice dated June 9, 2016 directing EHIRCL to deposit Rupees 50,336 lacs within one month. EHIRCL challenged the demand notice by way of a writ petition in Hon'ble High Court of Delhi which vide order dated August 1, 2016 set aside the demand and disposed off the petition of EHIRCL. DoHS agreed to grant hearing to EHIRCL. Hearings were held before DoHS and order dated May 28, 2018 was passed imposing a demand of Rupees 50,336 lacs. This order was challenged by EHIRCL before the Delhi High Court and the Court vide order dated June 1, 2018 has issued notice and directed that no coercive steps may be taken subject to EHIRCL depositing a sum of Rupees 500 lacs before the concerned authority. EHIRCL deposited Rupees 500 lacs on June 20, 2018. Matter is sub judice before Delhi High Court. Based on its internal assessment and advice from its counsels on the basis of the documents available, the Company believes that EHIRCL is in compliance of conditions of free treatment and free beds to the patients of economic weaker section and has a good case for success and expects the demand to be set aside. Accordingly, no adjustment is required to the audited Consolidated Financial Results.
11. 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 audited Consolidated Financial Results.
12. Corporate Social Responsibility (CSR) activities of the company and its subsidiaries during earlier years were carried out through Fortis Charitable Foundation (FCF) (erstwhile promoter entity) with whom dealings have been stopped.



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

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

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

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

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

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

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

Pursuant to the Judgement, Hon'ble High Court of Delhi vide its order dated 18th October 2022 has directed Decree Holder to file an application defining contours of the forensic audit sought, which could thereafter be considered by the



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Delhi High Court. Decree Holder has filed application(s) before Delhi High Court seeking appropriate directions in connection with forensic audit. Matter is pending adjudication.

In view of the legal positions/claim(s) and defence(s) available to the Company and basis external legal advice, the management believes that it has a strong case on merits. It is of the view that these transactions were conducted in a fair and transparent manner, after obtaining all relevant regulatory and shareholders' approval and only after making all due disclosures to public shareholders of the Company and to the regulatory authorities, in the requisite manner. Therefore, no adjustment is required in the audited Consolidated Financial Results.

Further during the year ended March 31, 2021, in view of the aforesaid suo moto contempt notice, for abundant caution, an application was filed by the Company before the Hon'ble Supreme Court of India, praying for grant of permission to it and its subsidiaries for changing their respective names, brands and logos; and for continued usage of the same if the said application was not disposed of prior to expiry of the term of the Brand License Agreements to allow adequate time for smooth brand transition without any disruption to business. During the previous year ended March 31, 2022, the Brand License Agreements have expired. As mentioned above, the Judgment has disposed of the Petitions and all applications thereunder, and the Company is evaluating the path ahead in consultation with its legal advisors with regard to the aforesaid brand transition.

14. During the year ended March 31, 2021, the Shareholders' of the Company approved the postal ballot resolution on March 14, 2021 to acquire additional 50% stake equivalent to 2,50,000 equity shares in 'DDRC SRL Diagnostics Private Limited' (DDRC SRL) by SRL Limited, a material subsidiary, for a cash consideration of Rs 350 crores. The said transaction was consummated on April 5, 2021. The acquisition has been made by SRL Limited which is in the same line of business as that of entity being acquired. Post this acquisition DDRC SRL has become 100% indirect subsidiary of SRL Limited (subsidiary of Fortis Healthcare Limited).

The Group remeasured its previously held equity interest in DDRC SRL at its fair value on acquisition of the additional 50% stake and recognised the resultant gain as an exceptional item during the year ended March 31, 2022 in accordance with the applicable Indian Accounting Standard. Purchase price allocation of the purchase consideration has been done at the acquisition date and adjusted in the audited consolidated financial results.

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

Further, the Board and the shareholders of the Company approved the merger of two wholly owned international subsidiaries of the company. This is subject to other regulatory approvals.

16. On April 20, 2023, the Company signed definitive agreements with the VPS group for the acquisition of assets of Medeor Hospital in Manesar, Gurugram, Haryana, ("Medeor Hospital") for an overall purchase consideration of Rupees 22,500 lacs. The Hospital has a potential bed capacity of 350 beds and can be operationalized in a phased manner in approximately 9 months.

The transaction entails the purchase of land, building and moveable assets of Medeor Hospital in Manesar, Gurugram, owned by Medeor Hospitals Limited and is expected to close by end of July 2023, subject to the completion of certain conditions precedent as stipulated in the definitive agreements. The transaction will be funded through a mix of debt and internal accruals.

17. On March 31, 2023, the Board of directors of the Company gave their consent to sell/transfer/dispose-off Arcot Road Hospital, Chennai as a going concern/on slump sale basis on "as is where is" basis on such terms and conditions as per the draft business transfer agreement and with closure of points under discussion. Further, the related assets and liabilities have been classified as held for sale as per provisions of "IND AS 105-non-current assets held for sale" in these standalone financial results. This transaction is expected to be materialised within 1 year from the reporting.

18. The Board of Directors of the Company in its meeting on May 23, 2023 recommended a dividend of Rupee 1.00 per equity share (at the rate of 10% on face value of Rupees 10 per share) of the Company for the year ended March 31,



FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

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

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2023 which will be paid subject to the approval of the shareholders in the Annual General Meeting (AGM) of the Company, to those shareholders whose names appear on the register of members as on the date of Book Closure in proportion to the paid up value of the equity shares and if approved, would result in a net cash outflow of approximately Rupees 7,550 lacs.

Further, the Board of Directors of SRL Limited, a subsidiary of the Company in its meeting held on May 18 2023, recommended a dividend of Rs. 2.97 per equity share for the financial year ended March 31 2023. This payment is subject to the approval of shareholders in the AGM of SRL Limited.

19. The healthcare business operates inter alia within two categories of entities within the Fortis Group i.e. operations entities and establishment entities. In order to consolidate the operations entities and establishment entities such that both operations and establishment of a hospital are housed in same entity, the Board of Directors of the Company consented to the demerger of certain healthcare operations from the operations entities into the establishment entities. This is subject to the approval of the shareholders of the Company and Board of Directors of the respective Companies.

Date: May 23, 2023

Place: Gurugram

For and on behalf of the Board of Directors

  
Dr. Ashutosh Raghuvanshi  
Managing Director & CEO  
DIN: 02775637



FHL/SEC/2023-24

May 23, 2023

**The National Stock Exchange of India Ltd.**  
Scrip Symbol: FORTIS**BSE Limited**  
Scrip Code:532843**Sub: Declaration pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Madam / Sir,

Pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby declared that M/s B S R and Co. LLP, the Statutory Auditors of the Company, have issued an Unmodified Audit Report on the Standalone and Consolidated Financial Results of the Company for the financial year ended March 31, 2023.

This is for your information and records.

Thanking you,  
Yours sincerely,  
For Fortis Healthcare Limited  
**Dr. Ashutosh Raghuvanshi**  
Managing Director & CEO  
DIN: 02775637  
**Vivek Kumar Goyal**  
Chief Financial Officer