Fortis Healthcare Limited
Tower-A, Unitech Business Park, Block-F,
South City 1, Sector – 41, Gurgaon,
Haryana – 122 001 (India)
Tel : 0124 492 1033
Fax : 0124 492 1041
Emergency : 105010
Email : secretarial@fortishealthcare.com
Website : www.fortishealthcare.com

FHL/SEC / 2019-20 **November 6, 2019**

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

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

Scrip Symbol: FORTIS

Scrip Code:532843

Sub: <u>Outcome of the Board Meeting</u>

Dear Sir(s),

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, this is to inform you that the Board of Directors of the Company at its meeting held today i.e. November 6, 2019, *inter-alia*, considered and approved standalone and consolidated un-audited financial results of the Company for the quarter and period ended on September 30, 2019 along with limited review report thereon;

Please find enclosed standalone and consolidated un-audited financial results along with limited review report given by the Statutory Auditor of the Company for quarter and period ended on September 30, 2019, statement of assets & liabilities' and statement of cash flow for the half year ended September 30, 2019 and a copy of the press release and investor presentation being issued in this regard.

The Board Meeting commenced at 0900 Hours and concluded at 1745 Hours.

This is for your information and records please.

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

SUMIT GOEL

Digitally signed by SUMIT GOEL
Date: 2019.11.06 17:59:29 +05'30'

Sumit Goel
Company Secretary

B S R & Co. LLP

Chartered Accountants

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

Telephone: +91 124 719 1000
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Limited review report on unaudited quarterly standalone financial results and standalone year-to-date results of Fortis Healthcare Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Fortis Healthcare Limited (the "Company") for the quarter ended 30 September 2019 and year to date results for the period from 1 April 2019 to 30 September 2019 ("the Statement").

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

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

4. The matters stated below were also subject matter of qualification in our audit opinion on the standalone financial results for the year ended 31 March 2019 and review report on the unaudited standalone financial results for the quarter ended 30 June 2019:

   (i) As explained in Note 12 of the Statement, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company carried out an independent investigation and special audits by external professional firms on matters relating to systematic lapses/override of internal controls. As a result of investigation/ special audits, the Company recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 7 and 12 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; and their qualifications and disclaimers including completeness of related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018.

   Further, as explained in Note 12 and 13 of the Statement, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations on these matters, which are currently ongoing.

As explained in Note 12 (f) of the Statement, the management has also initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Consequently, an overall assessment of the impact of the additional procedures/ enquiries and/or investigations on the financial results is yet to be concluded.

Also, as explained in Note 8 of the Statement, a Civil Suit claiming Rs. 25,344 lacs was filed by a third party against various entities including the Company and certain entities within the group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

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

(ii) As explained in Note 14 of the Statement, during the year ended 31 March 2018, the Company concluded that it had paid amount aggregating to Rs. 2,002 lacs to the erstwhile Executive Chairman in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013 as his remuneration and other reimbursements. This is accordingly a non-compliance with the provisions of Section 197 of the Companies Act, 2013. Due to the uncertainty involved on recoverability of the said amounts, a provision for this amount has also been recorded in the year ended 31 March 2018.

5. The standalone financial results for the quarter ended 30 September 2018 and six months ended 30 September 2018 were reviewed by the predecessor auditor (vide their modified review report dated 5 November 2018). Our conclusion is not modified in respect of this matter.

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

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

Rajesh Arora
Partner
Membership No.: 076124
UDIN: 19076124AAAABP1869

Place: Gurugram
Date: 6 November 2019

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Six months ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited (refer note 2)	Unaudited	Unaudited (refer note 2)	Audited
1. Revenue from operations	18,140	17,880	16,255	36,020	31,888	65,649
2. Other income	14,799	67,593	6,424	82,392	10,152	52,449
3. Total income (1+2)	**32,939**	**85,473**	**22,679**	**118,412**	**42,040**	**118,098**
4. Expenses						
(a) Cost of materials consumed	3,802	3,729	3,237	7,531	6,483	13,169
(b) Employee benefits expense	3,534	4,083	3,800	7,617	7,789	14,953
(c) Finance costs	3,778	4,396	4,362	8,174	7,298	19,227
(d) Hospital service fee expense	1,293	1,270	3,526	2,563	7,023	14,154
(e) Professional charges to doctors	3,031	3,062	2,792	6,093	5,557	11,137
(f) Depreciation and amortisation expense	2,426	2,393	711	4,819	1,402	2,714
(g) Other expenses	3,983	3,570	5,008	7,553	9,417	24,780
Total expenses	**21,847**	**22,503**	**23,436**	**44,350**	**44,969**	**100,133**
5. Net profit / (loss) from continuing operation before exceptional items and tax (3-4)	**11,092**	**62,970**	**(757)**	**74,062**	**(2,929)**	**17,965**
6. Exceptional gain / (loss) (refer note 4)	(8,978)	(4,523)	(5)	(13,501)	(8)	-
7. Profit / (loss) before tax from continuing operations (5-6)	**2,114**	**58,447**	**(762)**	**60,561**	**(2,937)**	**17,965**
8. Tax expense / (credit)	3,441	11,239	(133)	14,680	(899)	5,656
9. Net profit / (loss) for the period from continuing operations (7-8)	**(1,327)**	**47,208**	**(629)**	**45,881**	**(2,038)**	**12,309**
10. Profit / (loss) before tax from discontinued operations	-	-	-	-	-	-
11. Tax expense of discontinued operations	-	-	-	-	-	-
12. Net profit / (loss) for the period from discontinued operations (10-11)	-	-	-	-	-	-
13. Net profit / (loss) for the period (9+12)	**(1,327)**	**47,208**	**(629)**	**45,881**	**(2,038)**	**12,309**
14. Other Comprehensive Income / (loss) (including OCI relating to associates and joint venture) (after tax)	40	(44)	24	(4)	64	22

B S R & Co. LLP GURGAON Chartered Accountants

Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED
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Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Six months ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited (refer note 2)	Unaudited	Unaudited (refer note 2)	Audited
15. Total comprehensive income / (loss) for the period (13+14)	**(1,287)**	**47,164**	**(605)**	**45,877**	**(1,974)**	**12,331**
16. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	51,908	75,496	51,908	75,495
17. Other equity as per the audited balance sheet						760,828
18. Earnings per equity share for continuing operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	(0.17)	6.25	(0.12)	6.08	(0.38)	2.02
Diluted earnings / (loss) per share - In Rupees	(0.17)	6.25	(0.12)	6.08	(0.38)	2.02
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	(0.17)	6.25	(0.12)	6.08	(0.38)	2.02
Diluted earnings / (loss) per share - In Rupees	(0.17)	6.25	(0.12)	6.08	(0.38)	2.02
21. Earnings before depreciation and amortisation expense, finance costs, exceptional items and tax expense (EBITDA) (refer note 3)	17,296	69,759	4,316	87,055	5,771	39,906

Fortis Healthcare Limited

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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

Notes to the results

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

2. The predecessor auditor had issued a modified opinion on the Unaudited Standalone Financial Results for the quarter and six months ended September 30, 2018.

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

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

(Rupees in lacs)

Particulars	**Quarter ended**			**Six months ended**		**Year ended**
	September 30, 2019	**June 30, 2019**	**September 30, 2018**	**September 30, 2019**	**September 30, 2018**	**March 31, 2019**
	Unaudited	**Unaudited**	**Unaudited (refer note 2)**	**Unaudited**	**Unaudited (refer note 2)**	**Audited**
a) Impairment of investment and allowance for doubtful loan given to Subsidiary Companies	(8,978)	(4,523)	(5)	(13,501)	(8)	-
Net exceptional gain / (loss)	**(8,978)**	**(4,523)**	**(5)**	**(13,501)**	**(8)**	**-**

5. Statement of Assets and Liabilities:

(Rupees in lacs)

Particulars	**Standalone**	
	As at September 30, 2019	**As at March 31, 2019**
	Unaudited	**Audited**
ASSETS		
Non-current assets		
(a) Property, plant and equipment	13,115	14,796
(b) Capital work-in-progress	14,099	15,778
(c) Right-of-Use Assets	63,230	-
(d) Goodwill	2,722	2,722
(e) Other intangible assets	486	483
(f) Intangible assets under development	726	708
(g) Financial assets		
(i) Investments in associates	-	-
(ii) Investments in subsidiaries	810,048	830,988
(iii)Loans	89,302	98,347
(iv)Other financial assets	174	513

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Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED
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Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

(Rupees in lacs)

Particulars	Standalone	
	As at September 30, 2019	As at March 31, 2019
	Unaudited	Audited
(h) Deferred tax assets (net)	2,783	5,463
(i) Non-current tax assets (net)	5,557	5,510
(j) Other non-current assets	486	367
Total non-current assets	**1,002,728**	**975,675**
Current assets		
(a) Inventories	649	598
(b) Financial assets		
(i) Trade receivables	9,218	8,366
(ii) Cash and cash equivalents	851	1,214
(iii) Bank balances other than (ii) above	-	2,059
(iv) Loans	12,553	3,016
(v) Other financial assets	23,610	20,191
(c) Other current assets	1,008	910
Total current assets	**47,889**	**36,354**
Total assets	**1,050,617**	**1,012,029**
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	75,496	75,495
(b) Other equity	806,709	760,828
Total equity	**882,205**	**836,323**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i)Borrowings	123,594	34,660
(b) Provisions	1,265	1,150
Total non-current liabilities	**124,859**	**35,810**
Current liabilities		
(a) Financial liabilities		
(i)Borrowings	5,974	110,098
(ii)Trade payables	18,079	19,551
(iii)Other financial liabilities	10,126	7,155
(b) Provisions	1,410	1,313
(c) Current tax liabilities (net)	6,197	-
(d) Other current liabilities	1,767	1,779
Total current liabilities	**43,553**	**139,896**
Total liabilities	**168,412**	**175,706**
Total equity and liabilities	**1,050,617**	**1,012,029**

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Fortis Healthcare Limited

6. **Cash flow statement:**

(Rupees in lacs)

Particulars	Six months ended September 30, 2019 Unaudited	Year ended March 31, 2019* Audited
Cash flows from operating activities		
Profit before tax	**60,561**	**17,965**
Adjustments for:		
Exceptional gain (net)	13,501	-
Finance cost	8,174	19,227
Interest income	(11,859)	(27,473)
Loss on disposal of property, plant and equipment (net)	78	241
Allowance for bad and doubtful trade receivables	343	905
Allowance for bad and doubtful advances	-	62
Provision for contingencies	-	8
Depreciation and amortisation expense	4,819	2,714
Share based payment to employees	-	337
Receivables written off	-	3
Balances no longer required written back	(48)	(312)
Financial guarantee income	(29)	(286)
Dividend income	(70,456)	(24,271)
Sub Total	**(55,477)**	**(28,845)**
Operating profit / (loss) before changes in following assets and liabilities	**5,084**	**(10,880)**
Changes In operating assets and liabilities		
Increase in trade and other receivables	(1,196)	(2,177)
(Increase) / decrease in inventories	(50)	97
(Increase) / decrease in loans, other assets and other financial assets	(165)	7,607
(Decrease) / increase in other financial liabilities, provisions, other liabilities and trade payables	(360)	4,383
Cash generated by / (used in) operations	**3,313**	**(970)**
Income taxes paid (net of refunds)	(5,847)	(5,156)
Net cash used in operating activities (A)	**(2,534)**	**(6,126)**
Cash flows from investing activities		
Interest received	8,458	15,226
Payment for acquisition of subsidiaries	-	(465,218)
Maturity of bank deposits (net)	2,401	-
Payments to acquire property, plant and equipment and intangible asset	(829)	(594)
Proceeds on sale of property, plant and equipment	878	82
Loan / advances given to subsidiaries	(27,485)	(61,254)
Loan / advances received from subsidiaries	27,006	18,686
Dividend received	70,456	24,271
Proceeds from investment in bonds / debentures	7,439	-
Net cash generated by / (used in) investing activities (B)	**88,324**	**(468,801)**

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Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED
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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

(Rupees in lacs)

Particulars	Six months ended September 30, 2019 Unaudited	Year ended March 31, 2019* Audited
Cash flows from financing activities		
Proceeds from issue of equity instruments (including securities premium)	2	400,977
Repayment of lease liability	(1,675)	-
Proceeds from long-term borrowings	30,868	30,431
Repayments of long-term borrowings	(2,933)	(28,758)
Proceeds from / (repayments of) short-term borrowings (net)	(104,124)	95,400
Interest paid	(8,291)	(18,817)
Net cash (used in) / generated by financing activities (C)	**(86,153)**	**479,233**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(363)**	**4,306**
Cash and cash equivalents at the beginning of the period	1,214	(6,191)
Cash and cash equivalents at the end of the period	**851**	**(1,885)**

* Being the first year of requirement to present half-yearly statement of cash flows for the period ended September 30, 2019, comparative information has been provided for previous year ended March 31, 2019.

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

   In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company had recorded provisions aggregating to Rupees 4,743 lacs in the Standalone Financial Results for the year ended March 31, 2018 (also refer note 12(d)(vi)).

8. A third party (to whom the ICDs were assigned by a Subsidiary, Fortis Hospitals Limited ('FHsL') ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and has, *inter alia,* claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') with a certain party ("Party"), the Company is liable for claims owed by the Claimant to the Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favor of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit (also refer note 12).

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

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Fortis Healthcare Limited

has invoked arbitration which the Company is contesting by raising defenses in the matter inter alia denying existence of any arbitration agreement inter se. This Party has filed a claim for damages and injunctive reliefs against the Company before International Chamber of Commerce, notice of which has been received on November 2, 2019. The Company is seeking legal advice from its external counsels for appropriate action in this regard.

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

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

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

During the previous year ended March 31, 2019, the Party also filed an application for being impleaded as party to the Civil Suit by the Claimant. The matter is pending adjudication before District Court, Delhi.

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

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

10. The Board of Directors at its meeting held on July 13, 2018, approved re-classification of the then promoter holding under the category of 'Public Shareholding'. This was approved by the shareholders at their Extra Ordinary General Meeting dated August 13, 2018. During the quarter ended June 30, 2019, the Company received approval from SEBI for re-classification of erstwhile promoters as "public shareholder". SEBI has also reclassified the erstwhile promoters as "public shareholder".

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

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Fortis Healthcare Limited

Out of the proceeds the Company has used a sum of Rupees 356,630 lacs for substantially funding the acquisition as described in note 9 and balance towards repayment of debt and general corporate purposes during the previous year ended March 31, 2019.

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

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

(b) The terms of reference of the investigation, *inter alia*, comprised: (i) ICDs amounting to a total of Rupees 49,414 lacs (principal), placed by the Company's wholly-owned subsidiary, FHsL, with three borrowing companies as on July 1, 2017 (refer note 8 above); (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer note 8 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.

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

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

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

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

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

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Fortis Healthcare Limited

iv. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company (refer note 7). Whilst the matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was *sub-judice*.

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

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

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

Other Matters:

(e) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report (refer notes 12 (d) (i), (ii), (iii), (iv), (v) and (vi) above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility cannot be ruled out that there may have been additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

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

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Fortis Healthcare Limited

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company having considered all necessary facts and taking into account external legal advice, had on June 27, 2018 decided to treat as *non-est* the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company, the payments made to him under this LoA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him. The erstwhile Executive Chairman sent a notice to the Company claiming Rupees 4,610 lacs as allegedly due to him under the employment agreement. The Company has replied to the same through its legal counsel denying any liability and stated that the demand is not payable being illegal and accordingly no adjustment has been made in these Unaudited Standalone Financial Results with respect to these claims. Subsequently, Company has filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received back vehicles which were being used by him. However, IT assets and excess amounts paid are yet to be received (also refer note 12(g) on recent SEBI Order).

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

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Fortis Healthcare Limited

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

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

17. Effective April 1, 2019, the Group adopted Ind AS-116 "Leases" using the modified retrospective method and elected to measure the Right-of-Use assets at an amount equal to the lease liability as at the date of initial application. On transition, the adoption of the new standard resulted in recognition of Right-of-Use assets and a corresponding liability of Rupees 64,725 lacs. Additionally assets created under embedded leases have now been reclassified from Property, plant and equipment to Right-of-Use assets. The effect of this adoption is decrease in profit before tax by Rupees 921 lacs and Rupees 1,863 lacs for the quarter and six months ended September 30, 2019 respectively.

(Rupees in lacs)

Details of impact on statement of profit and loss	Quarter ended September 30, 2019	Quarter ended June 30, 2019	Six months ended September 30, 2019
	Unaudited	Unaudited	Unaudited
Rent, Hospital service fee expense and other expenses are lower by	2,628	2,618	5,246
Depreciation and amortisation expense are higher by	1,773	1,765	3,538
Finance costs are higher by	1,776	1,795	3,571

(Rupees in lacs)

Details of impact on statement of assets and liabilities	As at September 30, 2019
	Unaudited
Right-of-Use assets recognised (inclusive assets created under embedded leases reclassified)	63,230
Lease liabilities recognized	66,063
Net impact on retained earning	(4,147)

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

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

20. 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'.

21. The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in Income Tax Act, 1961, which provides an option to the Company for paying Income Tax at reduced rates as per the provisions/conditions specified in the said section. The Company is in the process of evaluating the impact of this ordinance.

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Fortis Healthcare Limited

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

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

(a) With regard to the comments of the statutory auditors in paragraph 4 (i) of Limited Review Report, pertaining to the Investigation Report, it is submitted that, based on the investigation carried out by the external legal firm, SEBI Interim order dated October 17, 2018 and December 21, 2018 and confirmed vide order dated March 19, 2019 and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which assessment work has been done and corrective action plans have been implemented. The Board, however, continues to evaluate other areas to strengthen processes and build a robust governance framework. Further, various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, pursuant to the actions to be taken by the Board and as and when the results of the various investigations are known. With regard to other comments all identified adjustments/disclosures have been made. For more details, please refer to note 7, 8,12,13

(b) With regard to the comments of the statutory auditors in paragraph 4 (ii) of Limited Review Report, pertaining to the amounts paid to the erstwhile Executive Chairman, the Company, having considered all necessary facts, has decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman and is taking suitable legal measures to recover the payments made to him under the LoA as well as all the Company's assets in this possession. For more details, please refer to note 14.

Date: November 6, 2019

Place: Gurugram

For and on behalf of the Board of Directors

Ashutosh

Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

Fortis Healthcare Limited

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

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

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

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

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

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

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

   Subsidiaries:

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

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

Joint ventures:

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

Associates:

(i) Sunrise Medicare Private Limited
(ii) The Medical and Surgical Centre Limited
(iii) Lanka Hospitals Corporate Plc
(iv) Fortis Global Healthcare Infrastructure Pte. Limited
(v) RHT Health Trust

5. The matters stated below were also subject matter of qualification in our audit opinion on the consolidated financial results for the year ended 31 March 2019 and review report on the unaudited consolidated financial results for the quarter ended 30 June 2019:

(i) As explained in Note 18 of the Statement, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company carried out an independent investigation and special audits by external professional firms on matters relating to systematic lapses/override of internal controls. As a result of investigation/ special audits, the Company recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 8, 9 and 18 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; and their qualifications and disclaimers including completeness of related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018.

Further, as explained in Note 18 and 19 of the Statement, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations on these matters, which are currently ongoing.

As explained in Note 18 (f) of the Statement, the management has also initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Consequently, an overall assessment of the impact of the additional procedures/ enquiries and/or investigations on the financial results is yet to be concluded.

Also, as explained in Note 13 of the Statement, a Civil Suit claiming Rs. 25,344 lacs was filed by a third party against various entities including the Company and certain entities within the group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

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

(ii) As explained in Note 20 of the Statement, during the year ended 31 March 2018, the Company concluded that it had paid amount aggregating to Rs. 2,002 lacs to the erstwhile Executive Chairman in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013 as his remuneration and other reimbursements. This is accordingly a non-compliance with the provisions of Section 197 of the Companies Act, 2013. Due to the uncertainty involved on recoverability of the said amounts, a provision for this amount has also been recorded in the year ended 31 March 2018.

(iii) The Group had recorded a cumulative financial liability as at 31 March 2019 of Rupees 118,000 lacs (included under "Other current financial liabilities") by debiting "Other Equity" in respect of put option available with certain non-controlling shareholders of SRL Limited (refer to Note 22 of the statement). The Group has not quantified the liability relating to such put option as at 30 September 2018. Accordingly, we are unable to comment on the impact of such liability on the Statement.

6. The consolidated financial results for the quarter ended 30 September 2018 and six months period ended 30 September 2018 were reviewed by the predecessor auditor (vide their modified review report dated 5 November 2018). Our conclusion is not modified in respect of this matter.

7. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 9 below, except for the effects/ possible effects of the matters described in paragraph 5, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

   a) Note 11(a) and 11(c) relating to the outcome of the civil suit/arbitrations with regard to termination of certain land leases allotted by Delhi Development Authority (DDA) and the matter related to non-compliance with the order of the Hon'ble High Court of Delhi in relation to provision of free treatment/beds to poor by EHIRCL.

   b) Note 12 regarding matter relating to termination of Hospital lease agreement of Hiranandani Healthcare Private Limited, one of the subsidiaries in the Group, by Navi Mumbai Municipal Corporation (NMMC) vide order dated 18 January 2018.

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

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

9. (a) We did not review the interim financial information of one subsidiary included in the Statement, whose interim financial information (before intercompany-elimination and consolidation adjustments), reflect total assets of Rs 1,900 lacs as at 30 September 2019, total revenues of Rs. 647 lacs and Rs.1,282 lacs, total net loss after tax of Rs. 173 lacs and Rs. 285 lacs and total comprehensive loss of Rs. 173 lacs and Rs. 285 lacs, for the quarter ended 30 September 2019 and for the period from 1 April 2019 to 30 September 2019, respectively, and cash outflows (net) of Rs. 74 lacs for the period from 1 April 2019 to 30 September 2019, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also includes the Group's share of net profit after tax of Rs. 174 lacs and Rs. 289 lacs and total comprehensive income of Rs. 174 and Rs. 289 lacs for the quarter ended 30 September 2019 and for the period from 1 April 2019 to 30 September 2019, respectively, as considered in the Statement, in respect of one joint venture, whose interim financial information have not been reviewed by us. These interim information have been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and joint venture, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

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

   (b) The Statement includes the interim financial information of nine subsidiaries, which have not been reviewed, whose interim financial information (before intercompany-elimination and consolidation adjustments), reflect total assets of Rs. 93,290 lacs as at 30 September 2019, total revenues of Rs. 1,752 lacs and Rs. 3,733 lacs, total net loss after tax of Rs. 2,652 lacs and Rs. 5,659 lacs and total comprehensive loss of Rs. 3,379 lacs and Rs. 6,288 lacs for the quarter ended 30 September 2019 and for the period from

1 April 2019 to 30 September 2019, respectively and cash outflows (net) of Rs. 2,657 lacs for the period from 1 April 2019 to 30 September 2019, as considered in the Statement. The Statement also include the Group's share of net profit after tax of Rs. 134 lacs and Rs. 301 lacs and total comprehensive income of Rs. 134 lacs and Rs. 301 lacs for the quarter ended 30 September 2019 and for the period from 1 April 2019 to 30 September 2019, respectively, as considered in the consolidated unaudited financial results, in respect of five associates and three joint ventures, based on their interim financial information which have not been reviewed. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

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

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

Rajesh Arora
Partner
Membership No.: 076124
UDIN: 19076124AAAABQ4259

Place: Gurugram
Date: 6 November 2019

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

(Rupees in lacs)

Particulars	Consolidated					
	Quarter ended			Six month ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited (refer note 2)	Unaudited	Unaudited (refer note 2)	Audited
1. Revenue from operations	121,217	113,831	113,990	235,048	218,194	446,936
2. Other income	975	1,956	1,065	2,931	3,916	9,240
3. Total income (1+2)	**122,192**	**115,787**	**115,055**	**237,979**	**222,110**	**456,176**
4. Expenses						
(a) Cost of materials consumed	24,815	24,211	23,104	49,026	45,330	92,824
(b) Employee benefits expense	22,706	23,591	21,993	46,297	45,011	91,359
(c) Finance costs	4,923	5,092	8,462	10,015	16,102	33,683
(d) Hospital service fee expense	-	-	9,611	-	18,919	30,126
(e) Professional charges to doctors	24,708	23,936	22,635	48,644	43,747	88,679
(f) Depreciation and amortisation expense	7,076	7,095	5,586	14,171	11,280	23,292
(g) Other expenses	30,538	27,865	30,234	58,403	57,966	121,426
Total expenses	**114,766**	**111,790**	**121,625**	**226,556**	**238,355**	**481,389**
5. Net profit / (loss) from continuing operations before share in profit / (loss) of associates and joint ventures, exceptional items and tax (3-4)	**7,426**	**3,997**	**(6,570)**	**11,423**	**(16,245)**	**(25,213)**
6. Share of profit / (loss) of associates and joint ventures (net)	316	282	508	598	1,408	36,441
7. Net profit / (loss) before exceptional items and tax (5+6)	**7,742**	**4,279**	**(6,062)**	**12,021**	**(14,837)**	**11,228**
8. Exceptional gain / (loss) (refer note 7)	5,233	950	(9,607)	6,183	(9,496)	(22,238)
9. Profit / (loss) before tax from continuing operations (7+8)	**12,975**	**5,229**	**(15,669)**	**18,204**	**(24,333)**	**(11,010)**
10. Tax expense / (credit)	571	(2,572)	(1,470)	(2,001)	(4,854)	11,361
11. Net profit / (loss) for the period from continuing operations (9-10)	**12,404**	**7,801**	**(14,199)**	**20,205**	**(19,479)**	**(22,371)**
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)	**12,404**	**7,801**	**(14,199)**	**20,205**	**(19,479)**	**(22,371)**
16. Profit / (loss) from continuing operations attributable to:						
Owners of the Company	11,098	6,781	(16,672)	17,879	(23,746)	(29,893)

B S R & Co. LLP GURGAON Chartered Accountants

Fortis Healthcare Limited

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

(Rupees in lacs)

Particulars	Consolidated					
	Quarter ended			Six month ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited (refer note 2)	Unaudited	Unaudited (refer note 2)	Audited
Non-Controlling Interest	1,306	1,020	2,473	2,326	4,267	7,522
17. Profit / (loss) from discontinuing operations attributable to:						
Owners of the Company	-	-	-	-	-	-
Non-Controlling Interest	-	-	-	-	-	-
18. Other Comprehensive Income / (loss) (including OCI relating to associates and joint venture) (after tax)	(309)	49	(1,019)	(260)	405	(4,517)
19. Total comprehensive Income / (loss) for the period (15+18)	**12,095**	**7,850**	**(15,218)**	**19,945**	**(19,074)**	**(26,888)**
20. Total comprehensive Income / (loss) attributable to:						
Owners of the Company	10,757	6,830	(17,716)	17,587	(23,379)	(34,449)
Non-Controlling interest	1,338	1,020	2,498	2,358	4,305	7,561
21. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	51,908	75,496	51,908	75,495
22. Other equity as per the audited balance sheet						584,585
23. Earnings per equity share for continuing operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	1.47	0.90	(3.21)	2.37	(4.57)	(4.91)
Diluted earnings / (loss) per share - In Rupees	1.47	0.90	(3.21)	2.37	(4.57)	(4.91)
24. Earnings per equity share for discontinued operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	-	-	-	-	-	-
Diluted earnings / (loss) per share - In Rupees	-	-	-	-	-	-
25. Earnings per equity share from continuing and discontinued operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	1.47	0.90	(3.21)	2.37	(4.57)	(4.91)

S.R. & Co. LLP GURGAON Chartered Accountants

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(Rupees in lacs)

Particulars	Consolidated					
	Quarter ended			Six month ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited (refer note 2)	Unaudited	Unaudited (refer note 2)	Audited
Diluted earnings / (loss) per share - In Rupees	1.47	0.90	(3.21)	2.37	(4.57)	(4.91)
26. Earnings before depreciation and amortisation expense, finance costs, exceptional items, tax expense and share in profit / (loss) of associates and joint ventures (EBITDA) (Refer note 4)	19,425	16,184	7,478	35,609	11,137	31,762

Notes to the results

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

2. The predecessor auditor had issued a modified opinion on the Unaudited Consolidated Financial Results for the quarter and six months ended September 30, 2018.

3. **Segment Reporting**

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

(Rupees in lacs)

S. No	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited (refer note 2)	Unaudited	Unaudited (refer note 2)	Audited
1	**Segment value of sales and services (revenue)**						
	- Healthcare	97,247	91,307	90,518	188,554	173,075	359,204
	-Diagnostics	27,661	25,845	26,856	53,506	51,651	101,016
	Gross value of sales and services	124,908	117,152	117,374	242,060	224,726	460,220
	Less : Inter segment sales and services	(3,691)	(3,321)	(3,384)	(7,012)	(6,532)	(13,284)

S.R. & Co. LLP GURGAON Chartered Accountants

Fortis Healthcare Limited

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

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

(Rupees in lacs)

S. No	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited (refer note 2)	Unaudited	Unaudited (refer note 2)	Audited
	Value of sales and services	121,217	113,831	113,990	235,048	218,194	446,936
	Less : GST recovered	-	-	-	-	-	-
	Revenue from operations	**121,217**	**113,831**	**113,990**	**235,048**	**218,194**	**446,936**
2	**Segment results**						
	- Healthcare	6,423	3,230	(3,592)	9,653	(11,449)	(14,872)
	- Diagnostics	4,951	3,903	4,419	8,854	7,390	14,102
	Total segment profit / (loss) before interest and tax	11,374	7,133	827	18,507	(4,059)	(770)
	(i) Finance cost	(4,923)	(5,092)	(8,462)	(10,015)	(16,102)	(33,683)
	(ii) Exceptional items and unallocable expenditure (net of unallocable income)	6,208	2,906	(8,542)	9,114	(5,580)	(12,998)
	(iii) Share of profit / (loss) of associates and joint ventures (net)	316	282	508	598	1,408	36,441
	Profit / (loss) before tax	**12,975**	**5,229**	**(15,669)**	**18,204**	**(24,333)**	**(11,010)**
3	**Segment assets**						
	- Healthcare	889,755	900,094	495,288	889,755	495,288	883,036
	-Diagnostics	116,688	118,255	111,407	116,688	111,407	112,956
	-Unallocable assets	153,481	159,250	241,318	153,481	241,318	221,744
	Total assets	1,159,924	1,177,599	848,013	1,159,924	848,013	1,217,736
	Less : Inter segment assets	(19,357)	(20,478)	(19,003)	(19,357)	(19,003)	(22,609)
	Total segment assets	**1,140,567**	**1,157,121**	**829,010**	**1,140,567**	**829,010**	**1,195,127**
4	**Segment liabilities**						
	- Healthcare	222,153	232,223	115,458	222,153	115,458	238,675
	-Diagnostics	17,060	17,833	17,454	17,060	17,454	17,111
	-Unallocable liabilities	189,421	208,452	198,837	189,421	198,837	250,702
	Total liabilities	428,634	458,508	331,749	428,634	331,749	506,488
	Less : Inter segment liabilities	(19,357)	(20,478)	(19,003)	(19,357)	(19,003)	(22,610)
	Total segment liabilities	**409,277**	**438,030**	**312,746**	**409,277**	**312,746**	**483,878**

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Fortis Healthcare Limited

4. 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.

5. Statement of Assets and Liabilities:

(Rupees in lacs)

Particulars	**Consolidated**	
	As at September 30, 2019	**As at March 31, 2019**
	Unaudited	**Audited**
ASSETS		
Non-current assets		
(a) Property, plant and equipment	391,908	469,416
(b) Right-of-Use assets	89,318	-
(c) Capital work-in-progress	40,915	42,085
(d) Goodwill	372,076	372,076
(e) Other intangible assets	6,339	6,180
(f) Intangible assets under development	2,256	2,893
(g) Investments in associates and joint ventures	15,491	19,031
(h) Financial assets		
(i) Loans	3,179	2,947
(ii) Other financial assets	667	5,694
(i) Non current tax assets (net)	56,277	56,171
(j) Deferred tax assets (net)	51,546	46,533
(k) Other non-current assets	5,783	5,442
Total non-current assets	**1,035,755**	**1,028,468**
Current assets		
(a) Inventories	6,011	5,653
(b) Financial assets		
(i)Other investments	-	7,929
(ii)Trade receivables	55,071	54,242
(iii)Cash and cash equivalents	19,572	79,405
(iv)Bank balances other than (iii) above	9,956	6,180
(v)Loans	1,594	2,110
(vi)Other financial assets	6,633	5,834
(c) Other current assets	5,909	5,240
	104,746	**166,593**
Assets classified as held for sale	66	66
Total current assets	**104,812**	**166,659**
Total assets	**1,140,567**	**1,195,127**
EQUITY AND LIABILITIES		
Equity		
(a)Equity share capital	75,496	75,495
(b)Other equity	602,230	584,585
Equity attributable to owners of the Company	**677,726**	**660,080**

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Chartered Accountants

Fortis Healthcare Limited

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CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

(Rupees in lacs)

Particulars	Consolidated	
	As at September 30, 2019	As at March 31, 2019
	Unaudited	Audited
Non-controlling interests	53,564	51,169
Total equity	**731,290**	**711,249**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i)Borrowings	112,260	67,463
(ii)Other financial liabilities	902	1,313
(b) Provisions	6,983	6,586
(c) Deferred tax liabilities (net)	32,795	48,081
(d) Other non-current liabilities	208	1,337
Total non-current liabilities	**153,148**	**124,780**
Current liabilities		
(a) Financial liabilities		
(i)Borrowings	29,007	123,074
(ii)Trade payables	64,616	75,352
(iii)Other financial liabilities	136,736	136,998
(b) Provisions	7,808	7,867
(c) Current tax liabilities (net)	6,563	611
(d) Other current liabilities	11,399	15,196
Liabilities directly associated with assets classified as held for sale	-	-
Total current liabilities	**256,129**	**359,098**
Total liabilities	**409,277**	**483,878**
Total equity and liabilities	**1,140,567**	**1,195,127**

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Fortis Healthcare Limited

6. CONSOLIDATED CASH FLOW STATEMENT:

(Rupees in lacs)

Particulars	Six months ended September 30, 2019 Unaudited	Year ended March 31, 2019* Audited
Cash flows from operating activities		
Profit / (loss) before tax	18,204	(11,010)
Adjustments for:		
Exceptional gain / (loss) (net)	(6,183)	22,238
Finance cost	10,015	33,683
Interest income	(1,925)	(7,384)
Loss on disposal of property, plant and equipment (net)	94	619
Profit on sale of current investments	(41)	(192)
Allowance for bad and doubtful trade receivables	2,919	7,931
Allowance for bad and doubtful advances	135	307
Depreciation and amortisation expense	14,171	23,292
Provision for contingencies and litigation	-	393
Bad debts written off	-	113
Expense recognised in respect of equity-settled share-based payments	75	364
Share of profit / (loss) of associates and joint ventures (net)	(598)	(36,441)
Balances written back	(1,115)	(2,193)
Operating profit before changes in following assets and liabilities	**35,751**	**31,720**
Changes in operating assets and liabilities		
Increase in trade and other receivables	(3,748)	(14,955)
(Increase) / decrease in inventories	(358)	1,064
Increase in loans, other assets and other financial assets	(2,162)	(7,051)
Decrease in trade payables	(8,381)	(3,964)
Increase in provisions	607	696
Decrease in other liabilities and other financial liabilities	(3,760)	(585)
Cash generated from operations	**17,949**	**6,925**
Income taxes paid (net of refunds)	(12,541)	(24,777)
Net cash generated by / (used in) operating activities (A)	**5,408**	**(17,852)**
Cash flows from investing activities		
Interest received	1,994	7,284
Maturity / (investment) in bank deposits (net)	1,399	(4,406)
Unpaid dividend	-	(4)
Payments for property, plant and equipment & intangible assets	(6,572)	(8,311)
Proceeds from disposal of property, plant and equipment & intangible assets	1,313	55

B S R & Co. LLP GURGAON Chartered Accountants

Fortis Healthcare Limited

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

(Rupees in lacs)

Particulars	Six months ended	Year ended
	September 30, 2019	March 31, 2019*
	Unaudited	Audited
Proceeds from repayment of loan / advance by body corporate	2,975	-
Proceeds from disposal of investments in associate	7,388	9,422
Proceeds from sale of mutual funds	7,970	33,910
Payment on acquisition of partial interest in a subsidiary that does not involve change of control	-	(106,302)
Purchase of subsidiaries	-	(360,328)
Dividend received from associates	247	96,406
Net cash generated by / (used in) investing activities (B)	**16,714**	**(332,274)**
Cash flows from financing activities		
Proceeds from issue of equity instruments (including securities premium)	2	400,977
Repayment of lease liability	(1,251)	-
Proceeds from long-term borrowings	33,768	41,491
Unpaid dividend	-	4
Repayments of long-term borrowings	(10,692)	(67,959)
(Repayments of) / proceeds from short-term borrowings (net)	(93,949)	91,277
Interest paid	(9,751)	(40,129)
Net cash (used in) / generated by financing activities (C)	**(81,873)**	**425,661**
Effect of exchange rate changes (D)	**(82)**	**(4,750)**
Net (decrease) / increase in cash and cash equivalents (A+B+C+D)	**(59,833)**	**70,785**
Cash and cash equivalents at the beginning of the period	79,405	(16,506)
Add: Cash and cash equivalents in respect of subsidiaries acquired during the period	-	9,091
Cash and cash equivalents at the end of the period	**19,572**	**63,370**

* Being the first year of requirement to present half-yearly statement of cash flows for the period ended September 30, 2019, comparative information has been provided for previous year ended March 31, 2019.

S R & Co. LLP GURGAON Chartered Accountants

Fortis Healthcare Limited

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CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

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

(Rupees in lacs)

S. No.	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited (refer note 2)	Unaudited	Unaudited (refer note 2)	Audited
(a)	Gain on disposal of an associate (refer note 25)	3,857	-	-	3,857	-	-
(b)	Impairment of goodwill on consolidation in books pertaining to certain cash generating units (CGU's) and impairment on closure of one hospital facility	-	-	(4,031)	-	(4,031)	(16,798)
(c)	Impairment of investment in an associate	-	-	(5,586)	-	(5,586)	(5,586)
(d)	Reversal of impairment of goodwill and assets of a CGU	-	-	7	-	307	307
(e)	Allowance for advance and security deposit given to body corporate along with impairment of Capital work-in-progress [refer note 9]	-	-	-	-	(186)	(186)
(f)	Reversal of allowance for loan given to body corporate [refer note 10]	1,376	900	-	2,276	-	-
(g)	Reversal of allowance for loan given to Fortis C-Doc Healthcare Limited	-	50	-	50	-	25
(h)	Expenses on composite scheme of arrangement and amalgamation	-	-	3	-	-	-
	Net exceptional gain / (loss)	**5,233**	**950**	**(9,607)**	**6,183**	**(9,496)**	**(22,238)**

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Fortis Healthcare Limited

8. 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 ('Assignee company'). Such assignments were subsequently terminated on January 5, 2018. On February 28, 2018, these ICDs were secured by way of a charge on the present and future assets of the Borrowers.

As on September 30, 2019, 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 of Rupees 44,503 lacs was fully provided during the year ended March 31, 2018.

On failure to meet repayment obligations by the Borrowers, FHsL initiated legal action to recover the outstanding ICDs, including interest thereon. FHsL has accrued for the interest on the ICDs till March 2018 for the purpose of including the same in the legal claim on the borrowers. However, in line with applicable accounting norms, interest thereon for the current quarter and period subsequent to March 31, 2018 amounting to Rupees 1,420 lacs and Rupees 8,459 lacs respectively has not been accrued considering the uncertainties around ultimate realisation of the amounts. FHsL is asserting its rights for receiving entire outstanding from the borrowers. During the current quarter, 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.

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

9. 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. Lessor responded to the notice of the Company for amicable resolution, which have not yet yielded any results. The subsidiary, SRL Limited, has filed criminal complaint in Mumbai against the private company under Section 138 of the Negotiable Instruments Act wherein its Directors and authorized representatives were directed to appear before District Court. The Hon'ble District Court has directed the Directors of Lessor to deposit 20% of the cheque amount. SRL has also initiated arbitration proceeding against the Lessor for recovery of Rupees 460 lacs paid towards Security Deposit and Rupees 304 lacs incurred pertaining to the office space. Vide order dated February 20, 2019 Hon'ble Delhi High Court appointed an arbitrator before whom SRL has filed its claim. Further, Company and SRL have filed their respective claims before Interim Resolution Professional (IRP) appointed by NCLT in a matter filed by one of creditors of Lessor. IRP is currently adjudicating the claims of various creditors of the Lessor including that of the Company and SRL Limited.

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Fortis Healthcare Limited

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group had recorded provisions aggregating to Rupees 5,333 lacs in the Consolidated Financial Results for the year ended March 31, 2018 (also refer note 18(d)(vi)) and a further provision of Rupees 186 lacs was made in respect of expenditure accrued during the quarter ended June 30, 2018.

10. 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 realisation of the amounts.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group had recorded provisions aggregating to Rupees 2,549 lacs towards the amounts due, including interest, in the year ended March 31, 2018 (also refer note 18(d)(v)).

One of the directors of the entity post summoning in the pending litigation has settled the matter with Company for himself and the entity and has paid Rupees 2,300 lacs towards full and final settlement.

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

a) Delhi Development Authority ('DDA') had terminated the lease deeds and allotment letters relating to land parcels on which a hospital of EHIRCL exists. Consequent to termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. These matters are currently pending before the Hon'ble High Court of Delhi, Hon'ble Supreme Court and Estate Officer. Based on the external legal counsel opinions, the Company is of the understanding that EHIRCL will be able to suitably defend the termination order and eviction proceedings and accordingly considers that no adjustments are required to the Unaudited Consolidated Financial Results.

b) Further, EHIRCL also has open tax demands of Rupees 8,209 lacs ((after adjusting Rupees 14,760 lacs as at September 30, 2019) (As at March 31, 2019 Rupees 8,724 lacs (after adjustment Rupees 14,245 lacs as at March 31, 2019)) of an escrow account which was maintained out of sale consideration payable by the Company to the erstwhile promoters of EHIRCL) for various assessment years. Further, as per the Share Purchase Agreement, one third of any excess of the net demand, amounting to Rupees 2,736 lacs after adjusting the recovery from escrow account, would be borne by the said erstwhile promoters of EHIRCL and the rest by the Company. During the year ended March 31, 2015, the Commissioner of Income Tax (Appeals) decided the case in favour of EHIRCL. Income Tax Department had filed an appeal before Income Tax Appellate Tribunal (ITAT) and during the quarter ended June 30, 2019, ITAT decided the case in favour of EHIRCL.

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

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

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

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

13. A third party (to whom the ICDs were assigned – refer note 8 above) ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and has, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') with a certain party ("Party"), the Company is liable for claims owed by the Claimant to the Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit (also refer note 18).

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The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged Term Sheet with the Party. This Party has approached Delhi High Court for seeking certain interim reliefs against the Company under the provisions of The Arbitration and Conciliation Act, 1996 and the same is being contested. This party has invoked arbitration which the Company is contesting by raising defences in the matter inter alia denying existence of any arbitration agreement inter se. This Party has filed a claim for damages and injunctive reliefs against the Company before International Chamber of Commerce, notice of which has been received on November 2, 2019. The Company is seeking legal advice from its external counsels for appropriate action in this regard.

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

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

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

During the previous year ended March 31, 2019, the Party also filed an application for being impleaded as party to the Civil Suit by the Claimant. The matter is pending adjudication before District Court, Delhi.

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

14. Effective from January 15, 2019, the Company completed the acquisition of 100% stake in International Hospital Limited, Fortis Health Management Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited and 49% stake in Fortis Hospotel Limited (in which the Company had already held 51% stake) for a consideration of Rupees 466,630 lacs. The transaction was accounted as business combination and consequent to a preliminary

purchase price allocation, a goodwill of Rupees 180,070 lacs has been recorded in the previous year ended March 31, 2019.

15. During the year ended March 31, 2019, Fortis Cancer Care Limited (FCCL), a step-down subsidiary of the Company entered into definitive agreements in relation to sale of its entire shareholding in Lalitha Healthcare Private Limited (LHPL) another step down subsidiary of the Company, representing 79.43% of the total issued and paid up equity share capital of LHPL, to the remaining promoters of LHPL. With the consummation of the transaction, LHPL ceased to be a step-down subsidiary of the Company and therefore LHPL has not been consolidated w.e.f. June 30, 2018. The gain on sale/deconsolidation aggregating to Rupees 307 lacs was shown as an exceptional item for the year ended March 31, 2019.

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16. The Board of Directors at its meeting held on July 13, 2018, approved re-classification of the then promoter holding under the category of 'Public Shareholding'. This was approved by the shareholders at their Extra Ordinary General Meeting dated August 13, 2018. During the quarter ended June 30, 2019, the Company received approval from SEBI for re-classification of erstwhile promoters as "public shareholder". SEBI has also reclassified the erstwhile promoters as "public shareholder".

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

Out of the proceeds, the Company used a sum of Rupees 356,630 lacs for substantially funding the acquisition as described in note 14 and balance towards repayment of debt and general corporate purposes during the year ended March 31, 2019.

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

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

(b) The terms of reference of the investigation, *Inter alia*, comprised: (i) ICDs amounting to a total of Rupees 49,414 lacs (principal), placed by the Company's wholly-owned subsidiary, FHsL, with three borrowing companies as on July 1, 2017 (refer note 8 above); (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer notes 13 and 8 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) (refer note 21 below); (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.

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

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Fortis Healthcare Limited

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

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

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

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

iii. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company (refer note 8). Whilst the matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was *sub-judice*.

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

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

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Fortis Healthcare Limited

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

Other Matters:

(e) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report (refer notes 18 (d) (i), (ii), (iii), (iv), (v) and (vi) above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility cannot be ruled out that there may have been additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.

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

additional procedures/enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm.

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

In furtherance of the above, on October 17, 2018 SEBI passed an *ex-parte* Interim Order ("Order") whereby it observed that certain transactions were structured by some identified entities over a certain duration, and undertaken through the Company, which were *prima facie* fictitious and fraudulent in nature and which resulted in *inter alia* diversion of funds from the Company for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Company. Further, it issued certain interim

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Fortis Healthcare Limited

directions that *inter alia* directed the Company to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile promoters and various other entities, as mentioned in the Order. More importantly, the said entities had also been directed to jointly and severally repay Rupees 40,300 lacs along with due interest to Company within three months of the order. Incidentally, the order also included FHsL as one of the entities directed to repay the due sums. Pursuant to this, FHsL's beneficial owner account had been suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited. Further, SEBI had also directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile-promoters have also been directed not to associate themselves with the affairs of the Company in any manner whatsoever, till further directions. Parties named in the Order had been granted opportunity for filing their respective replies/objections within 21 days.

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

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

The matter before SEBI is *sub-judice* and the investigation is ongoing, in as much as it has observed that a detailed investigation would be undertaken to ascertain the role of each entity in the alleged diversion and routing of funds. The Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. In the aforesaid context, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. (also refer note 8 above).

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

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Fortis Healthcare Limited

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

19. Investigation by Various Other Regulatory Authorities:

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

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

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

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

20. Letter of Appointment of erstwhile Executive Chairman

The Company having considered all necessary facts and taking into account external legal advice, had on June 27, 2018 decided to treat as *non-est* the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company, the payments made to him under this LoA would be considered to be covered under the

limits of section 197 of the Companies Act, 2013. The Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him. The erstwhile Executive Chairman sent a notice to the Company claiming Rupees 4,610 lacs as allegedly due to him under the employment agreement. The Company replied to the same through its legal counsel denying any liability and stated that the demand is not payable being illegal and accordingly no adjustment has been made in these Unaudited Consolidated Financial Results with respect to these claims. Subsequently, Company filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received back vehicles which were being used by him. However, IT assets and excess amounts paid are yet to be received. (Also refer note 18(g) on SEBI Order).

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

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21. The Company through its overseas subsidiaries [i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited] made investments in Global Dynamic Opportunity Fund, an overseas fund. During year ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10%. As at March 31, 2018, the carrying value of the investments in the overseas fund were recorded at the net recoverable values based on subsequent realisation. The consequential foreseeable loss of Rupees 5,510 lacs (between the previously recorded carrying value of the investment and the amount subsequently realised) was considered in the Consolidated Financial Results for the year ended March 31, 2018 (also refer note 18).

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

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

24. Effective April 1, 2019, the Group adopted Ind AS 116 - "Leases" using the modified retrospective method and elected to measure the Right-of-Use assets at an amount equal to the lease liability as at the date of initial application. On transition, the adoption of the new standard resulted in recognition of Right-of-Use assets and a corresponding liability of Rupees 20,058 lacs. Additionally leasehold land and assets created under embedded leases have now been reclassified from Property, plant and equipment to Right-of-Use assets. The effect of this adoption is decrease in profit before tax by Rupees 214 lacs and 533 lacs for the quarter and six months ended September 30, 2019 respectively.

(Rupees in lacs)

Details of impact on statement of profit and loss	Quarter ended September 30, 2019	Quarter ended June 30, 2019	Six months ended September 30, 2019
	Unaudited	Unaudited	Unaudited
Rent and other expenses are lower by	1,170	1,187	2,357
Depreciation and amortisation expense are higher by	849	969	1,818
Finance costs are higher by	535	537	1,072

(Rupees in lacs)

Details of impact on statement of assets and liabilities	As at September 30, 2019
	Unaudited
Right-of-Use assets recognised (inclusive of leasehold land and assets created under embedded leases reclassified)	89,318
Lease liabilities recognized	23,234
Net impact on retained earning	2,396

25. During the current quarter, the transaction by a wholly owned subsidiary of the Company in Mauritius for sale of its entire shareholding in C-Care, Mauritius (formerly known as Medical and Surgical Centre Limited) was consummated post receipt of approval by the Company's shareholders. The sale resulted in a gain of Rupees 3,857 lacs, effect of which has been given in above Unaudited Consolidated Financial Results for the current quarter and six months ended September 30, 2019.

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

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

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

(a) With regard to the comments of the statutory auditors in paragraph 5 (i) of Limited Review Report, pertaining to the Investigation Report, it is submitted that, based on the investigation carried out by the external legal firm, SEBI Interim orders dated October 17, 2018 , December 21, 2018 and confirmed vide order dated March 19, 2019 and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which assessment work has been done and corrective action plans have been implemented. The Board, however, continues to evaluate other areas to strengthen processes and build a robust governance framework. Further, various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, pursuant to the actions to be taken by the Board and as and when the results of the various investigations are known. With regard to other comments all identified adjustments/disclosures have been made. For more details, please refer to notes 8,9,10 13,18,19, 21.

(b) With regard to the comments of the statutory auditors in paragraph 5 (ii) of Limited Review Report, pertaining to the amounts paid to the erstwhile Executive Chairman, the Company, having considered all necessary facts, has decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman and is taking suitable legal measures to recover the payments made to him under the LoA as well as all the Company's assets in this possession. For more details, please refer to note 20.

(c) With regard to the comments of the statutory auditors in paragraph 5 (iii) of Limited Review Report in relation to put options granted to certain non-controlling shareholders of subsidiary, due to contractual agreement, facts and circumstances of the case at that time, Group considered not to recognize this liability as at September 30, 2018.

Date: November 6, 2019

Place: Gurugram

For and on behalf of the Board of Directors

Ashutosh

Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

Fortis Healthcare Limited

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Earnings Presentation – Q2 FY2020






November 6, 2019

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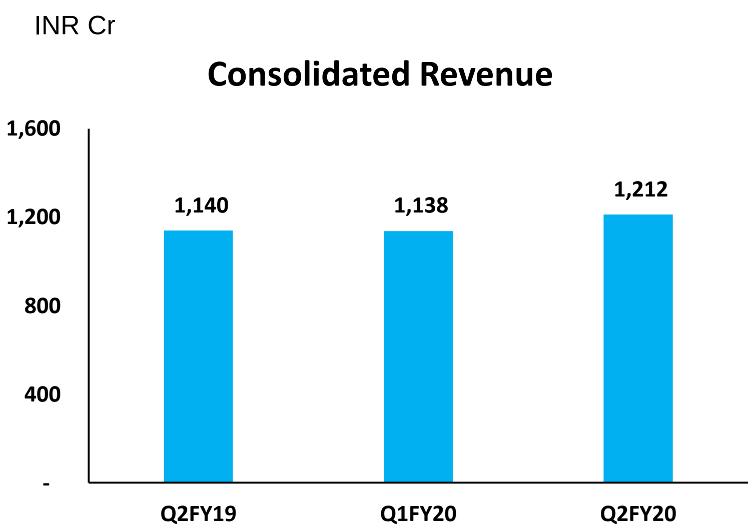
Agenda

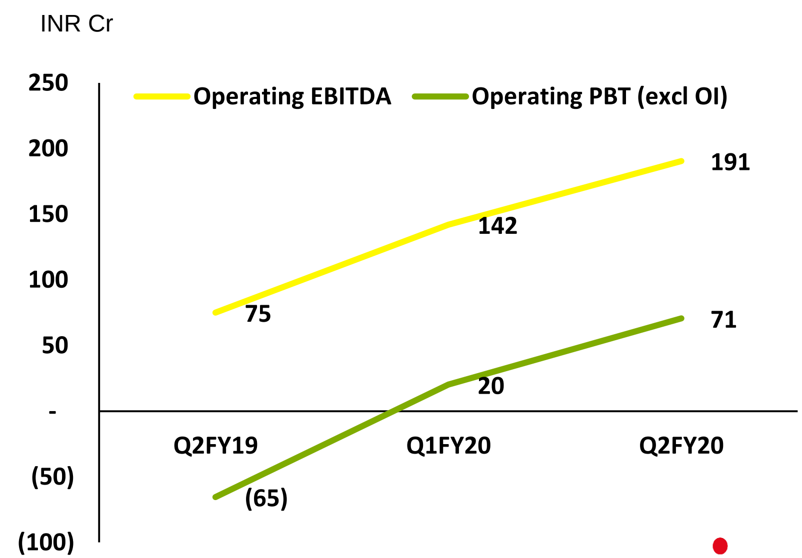
1. Key Business Highlights – Hospitals and Diagnostics
2. Executive Results Summary – Q2 FY 20 and H1 FY 20
3. Performance Review – Hospitals Business
4. Performance Review – Diagnostics Business
5. Appendix

1. Key Business Highlights

Q2FY20 – Consolidated Earnings Summary

- Consolidated Operating Revenues at INR 1,212.2 Cr, up 6.3%
- Operating EBITDA at INR 190.6 Cr, an increase of ~2.5x (Q2FY19 EBITDA at INR 75.1 Cr)
- Operating EBITDA margins at 15.7% vs 6.6% in Q2FY19
- PBT from operations at INR 70.6 Cr versus a PBT loss of INR 65.3 Cr in Q2FY19
- Reported PATMI at INR 111.0 Cr versus PATMI loss of INR 166.6 Cr in Q2 FY19





Q2FY20 – Business Highlights

Hospital Business witnesses strong traction

- Revenues at INR 972.3 Cr, up 8.1%
- EBITDAC grows 47.6% to INR 129.0 Cr, operating EBITDA grows ~6.3x to INR 129.0 Cr from INR 20.6 Cr in Q2FY19
- EBITDAC margin expands 360 bps to 13.3% in Q2FY20 from 9.7% in Q2FY19 (10.1% in Q1FY20)
- PBT from operations at INR 24.1 Cr versus a PBT loss of INR 108.8 Cr in Q2FY19
- Facilities of FMRI, Mohali, BG Road, Noida, Anandapur and Faridabad witness healthy growth in both revenue and operating profitability
- Significant ramp up in occupancy at 72% vs 69% in Q2FY19 ; ARPOB grows at 4% to INR 1.54 Cr
- Continuing focus on optimizing costs in terms of non-medical manpower, productivity enhancement and other expenses.

(1) EBITDAC refers to EBITDA before net business trust costs, includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019 (2) EBITDA after other income, forex and non recurring expense stood at INR 125.4 Crs

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Q2FY20 – Business Highlights *(cont..)*

Diagnostic Business records robust margins

- Gross Revenues at INR 276.6 Cr, up 3.0% ; net revenue at INR 239.6 Cr, up 2.0%
- EBITDA grows at 18.2% to reach INR 63.8 Cr
- Margins at 26.6% versus 23.0% in Q2FY19 & 23.9% in Q1FY20 (basis net revenue)
- PBT from operations at INR 46.2 Cr versus a PBT of INR 43.1 Cr in Q2FY19 (PBT of INR 36.2 Cr in Q1FY20)
- No of tests performed during the quarter witnessed growth of approx. 5% to 8.36 mn versus 7.98 mn in Q2FY19
- Contribution to revenue from Direct Clients and Hospitals increased to 20% and 23% respectively (versus 18% and 20% in Q2FY19 respectively).

(1) EBITDA includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019 (2) EBITDA after other income and forex stood at INR 69 Crs

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Q2FY20 – Business Highlights *(cont..)*

Strong Balance Sheet

- Stronger Balance Sheet as a result of lower debt, reduced cost of borrowing and improvement in working capital
- Net Debt (including lease liabilities) as of September 30, 2019 at INR 1,194 Cr (net debt to equity at 0.16x) versus INR 1,227 Cr (net debt to equity at 0.17x) as of June 30, 2019
- Improvement in Credit rating to BBB+ from BBB-; significant notches up over previous periods
- Interest rate reduction of 42% to INR 49.2 Cr in Q2FY20
- Better working capital management led by a strong focus on improving collections.

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2. Executive Results Summary

Executive Summary – Consolidated Financials Q2 FY20

Particulars (INR Cr)	Q2FY19	Q1FY20	Q2FY20	% YoY
Revenue	**1,139.9**	**1,138.3**	**1,212.2**	**6.3%**
Operating EBITDAC*	142.1	142.3	190.6	34.1%
Operating EBITDAC margin	12.5%	12.5%	15.7%	
Operating EBITDA	**75.1**	**142.3**	**190.6**	**153.6%**
Operating EBITDA margin	**6.6%**	**12.5%**	**15.7%**	
PBT from operations - pre-exceptional / FX / Other Income	(65.3)	20.4	70.6	
PATMI	**(166.6)**	**67.8**	**111.0**	

- For Q1FY20 & Q2FY20, operating EBITDA increased significantly due improvement in operational performance for both hospitals and diagnostics business and complete elimination of business trust fees pursuant to acquisition of RHT India assets
- PATMI for Q2FY19 includes Exceptional loss which primarily pertains to Goodwill Impairment (Rs40 Cr), investment Impairment (Rs 56 Cr) and One off expenses
- PATMI for Q2 FY 20 includes exceptional gain which primarily pertains to the one off gain of INR 38.6 Crs as a result of the equity stake sale of 28.9% in the Medical and Surgical Center Limited , Mauritius.

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

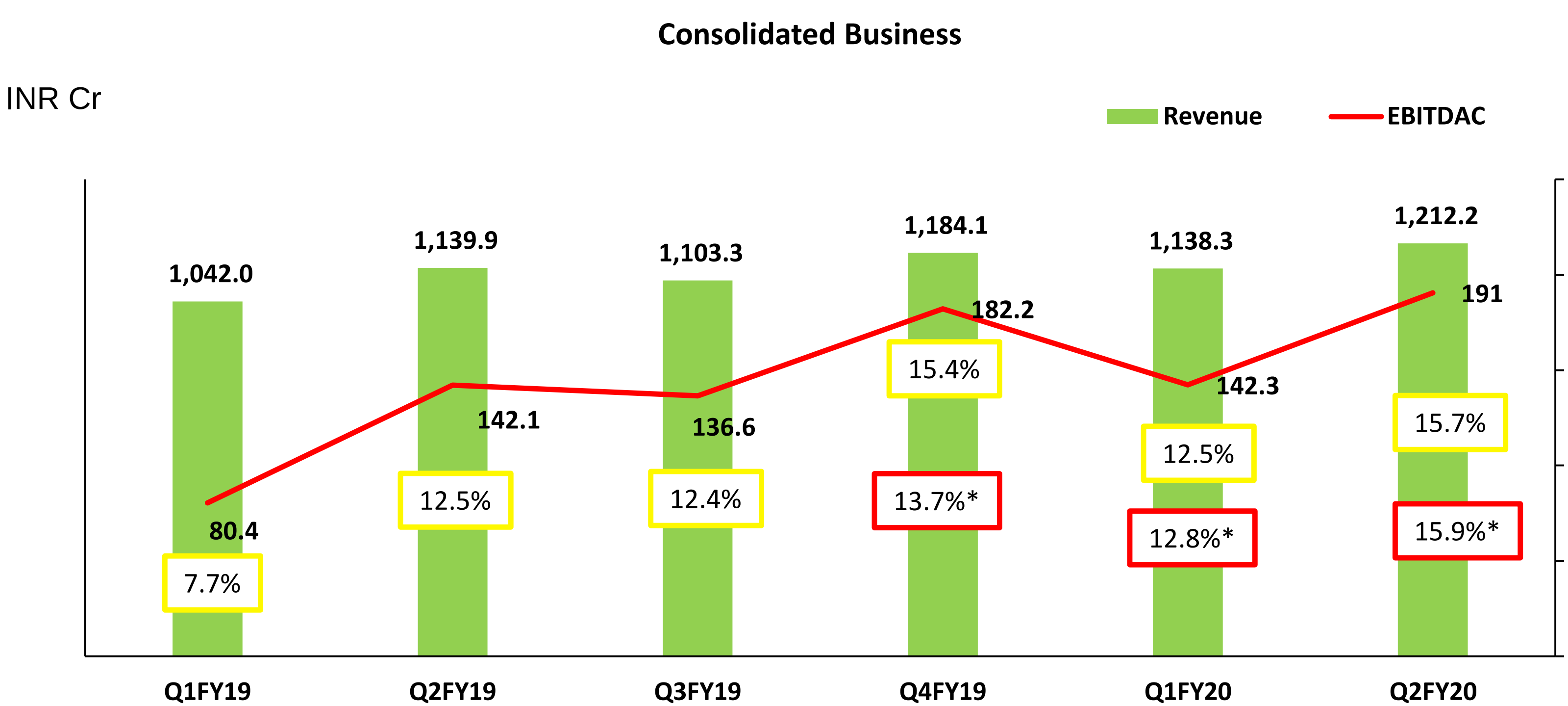
Executive Summary – Consolidated Financials H1 FY20

Particulars (INR Cr)	H1FY19	H1FY20	% Change
Revenue	**2,181.9**	**2,350.5**	**7.7%**
Operating EBITDAC*	222.6	332.8	49.5%
Operating EBITDAC margin	10.2%	14.2%	
Operating EBITDA	**90.2**	**332.8**	**268.8%**
Operating EBITDA margin	**4.1%**	**14.2%**	
PBT from operations - pre-exceptional / FX / Other Income	(183.6)	91.0	
PATMI	**(237.5)**	**178.8**	

- For H1FY20, operating EBITDA increased significantly due improvement in operational performance for both hospitals and diagnostics business and complete elimination of business trust fees pursuant to acquisition of RHT India assets
- PATMI for H1FY19 includes Exceptional loss which primarily pertains to Goodwill Impairment (Rs40 Cr), investment Impairment (Rs 56 Cr) and One off expenses
- PATMI for H1 FY 20 includes exceptional gain which primarily pertains to the one off gain of INR 38.6 Crs as a result of the equity stake sale of 28.9% in the Medical and Surgical Center Limited , Mauritius.

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

Quarterly Revenues and Margins - Q1 FY19 to Q2 FY20



- Consistent improvement in Operating Performance

**Excluding the financials of RHTTM, consolidated margins on a like to like basis have expanded from 7.7% in Q1FY19 to 15.9% in Q2FY20*

Balance Sheet – September 30, 2019

Balance Sheet (INR Cr)	June 30, 2019	Sept 30, 2019
Shareholder's Equity	7,191	7,313
Debt	1,347	1,261
Lease Liabilities (Ind AS 116)*	237	232
Total Capital Employed	**8,775**	**8,806**
Net Fixed Assets (includes CWIP)	5,351	5,307
Goodwill	3,721	3,721
Investments	189	155
Cash and Cash Equivalents	358	299
Net Other Assets	(843)	(676)
Total Assets	**8,775**	**8,806**
Net Debt / (cash)	**1,227**	**1,194**
Net Debt to Equity	**0.17x**	**0.16x**

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

3. Performance Review – Hospitals Business

India Hospital Business – Q2 FY20

Particulars	Q2FY19 (INR Cr.)	Q1FY20** (INR Cr.)	Q2FY20** (INR Cr.)	QoQ % Change
Operating Revenue	899.5	913.0	972.3	8.1%
Operating EBITDAC*	**87.6**	**92.1**	**129.0**	**47.2%**
Operating EBITDAC margin	**9.7%**	**10.1%**	**13.3%**	
Net BT Costs	67.0	-	-	
Operating EBITDA	**20.6**	**92.1**	**129.0**	**525.2%**
Operating EBITDA margin	**2.3%**	**10.1%**	**13.3%**	
Other Income	**11.8**	15.9	2.2	
EBITDA	**32.4**	**108.0**	**131.2**	
EBITDA after forex / non recurring expenses ^	**17.3**	**112.2**	**125.4**	

- International patient revenue at INR 107 Cr, + 8% growth over corr. quarter
- Key Hospitals revenue growth (over Q2 FY19)
  - Noida +17%
  - Shalimar Bagh +18%
  - Anandapur +11%
  - FMRI +13%
  - Mohali +11%
- Key hospitals that witnessed operating profitability growth over Q2FY19 are FMRI, Mohali, BG Road, Noida, Shalimar Bagh and Anandapur

*EBITDAC refers to EBITDA before net business trust (BT) costs; ^ non recurring expenses primarily pertain to one off legal expenses

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

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India Hospital Business – H1 FY20

Particulars	H1FY19 (INR Cr.)	H1FY20** (INR Cr.)	% Change
Operating Revenue	1,719.4	1,885.3	9.6%
Operating EBITDAC*	**129.5**	**221.1**	**70.8%**
Operating EBITDAC margin	**7.5%**	**11.7%**	
Net BT Costs	132.3	-	
Operating EBITDA	**(2.9)**	**221.1**	
Operating EBITDA margin	**-0.2%**	**11.7%**	
Other Income	22.6	18.1	
EBITDA	**19.7**	**239.2**	
EBITDA after forex / non recurring expenses ^	**6.2**	**237.6**	

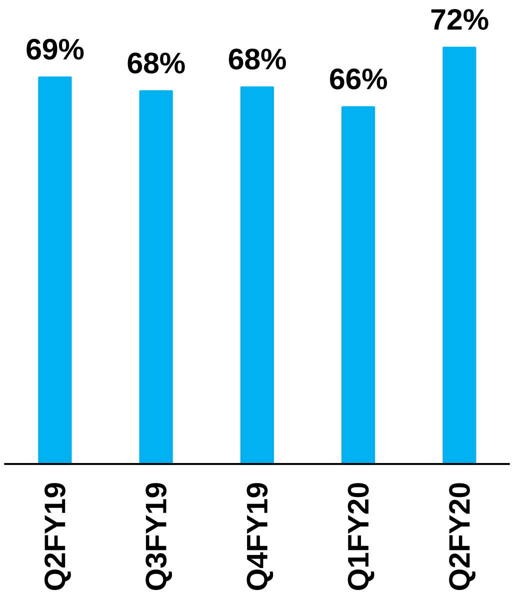
*EBITDAC refers to EBITDA before net business trust (BT) costs; ^ non recurring expenses primarily pertain to one off legal expenses related

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

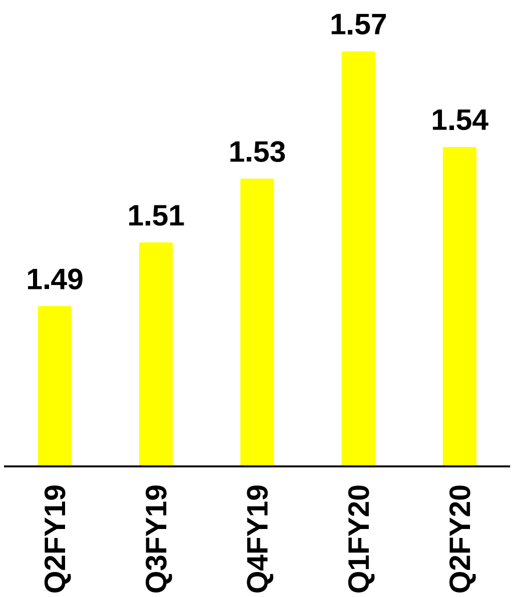
Key Performance Metrics – Hospitals Business

➢ **Consistent improvement in all operating parameters**

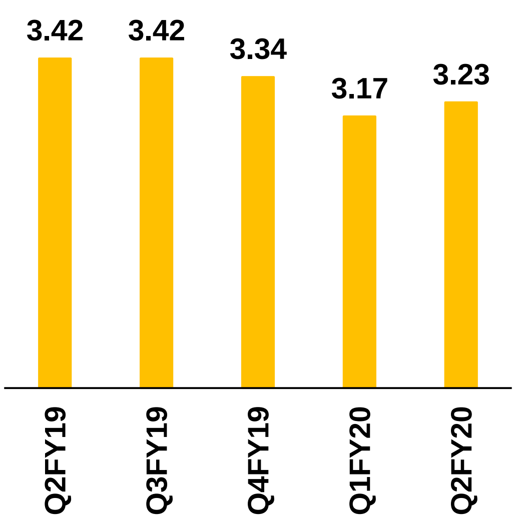
Occupancy (%)



ARPOB (INR Cr per annum)

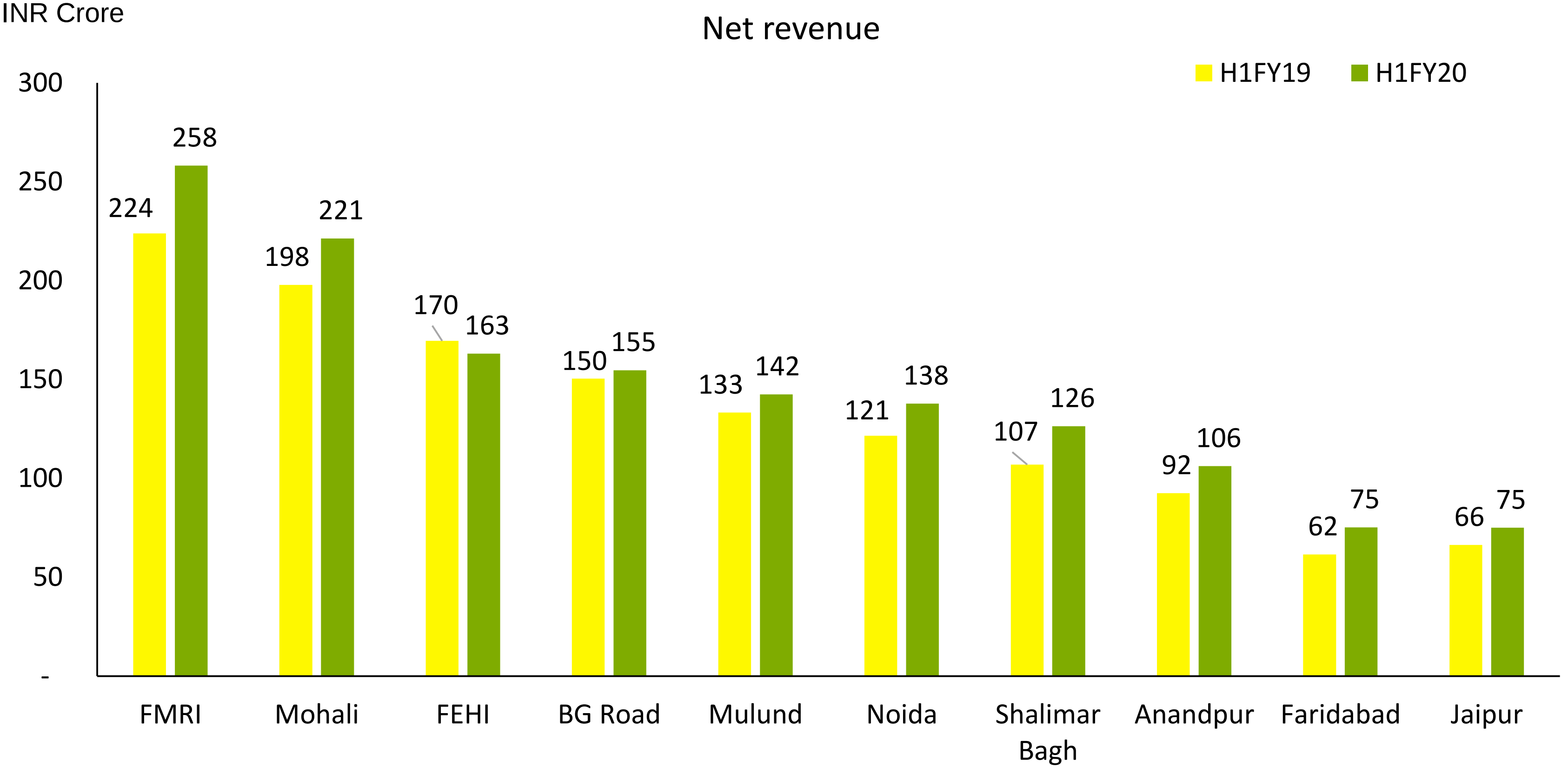


ALOS (Days)



Key Hospitals Performance

INR Crore



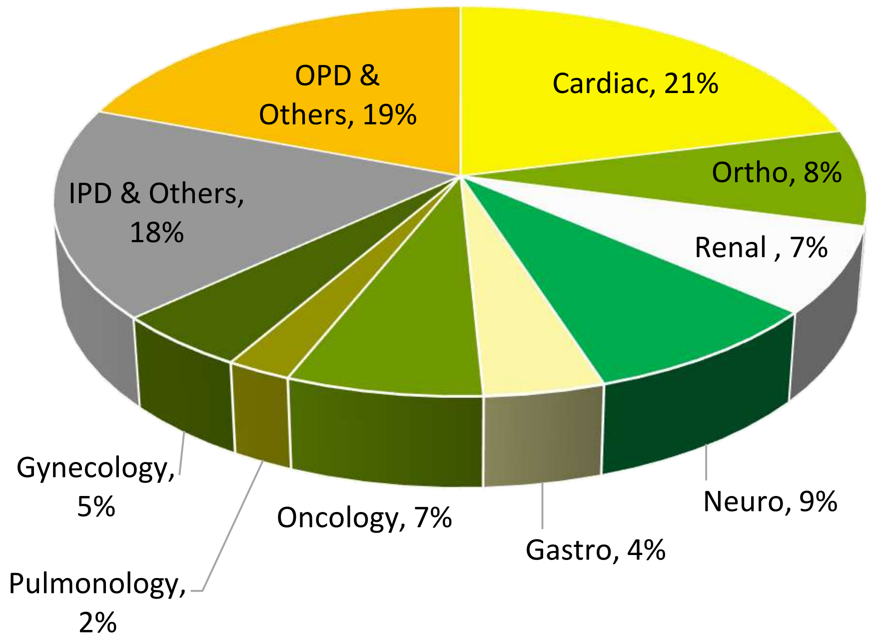
Hospitals Margin Matrix - H1FY20

EBITDA	No of Facilities	Revenue contribution	Operational beds	ARPOB (INR Cr)	Occupancy
>25%	2	14%	408	1.26	76%
20% - 25%	5	28%	831	1.83	72%
15% - 20%	3	17%	596	1.62	66%
10% - 15%	5	18%	735	1.23	80%
<10%	9	23%	1,093	1.47	58%
Total/Average	**24**	**100%**	**3,663**	**1.55**	**69%**

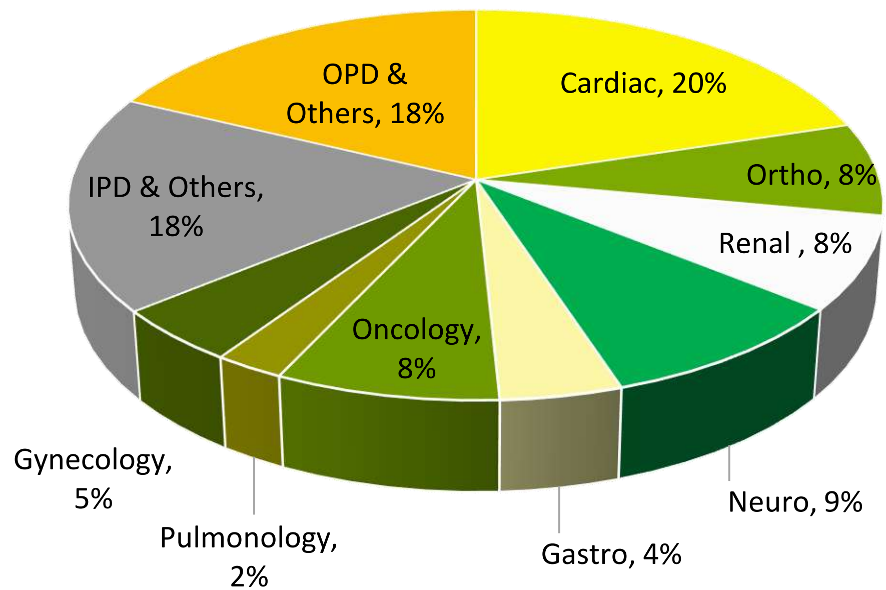
- EBITDA margins are prior to corporate cost allocation

Specialty Mix – Q2 FY20

Q2FY19

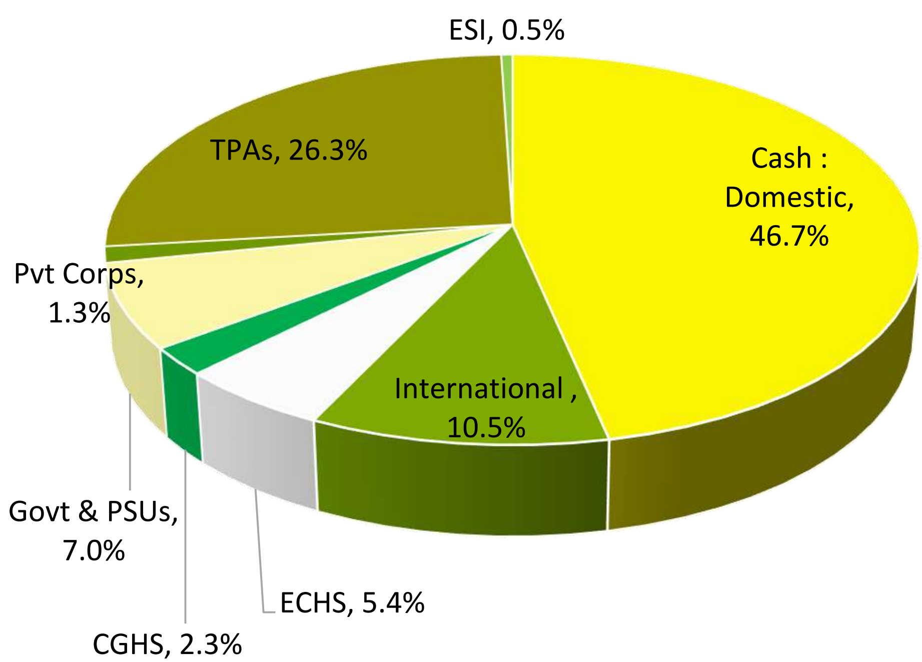


Q2FY20

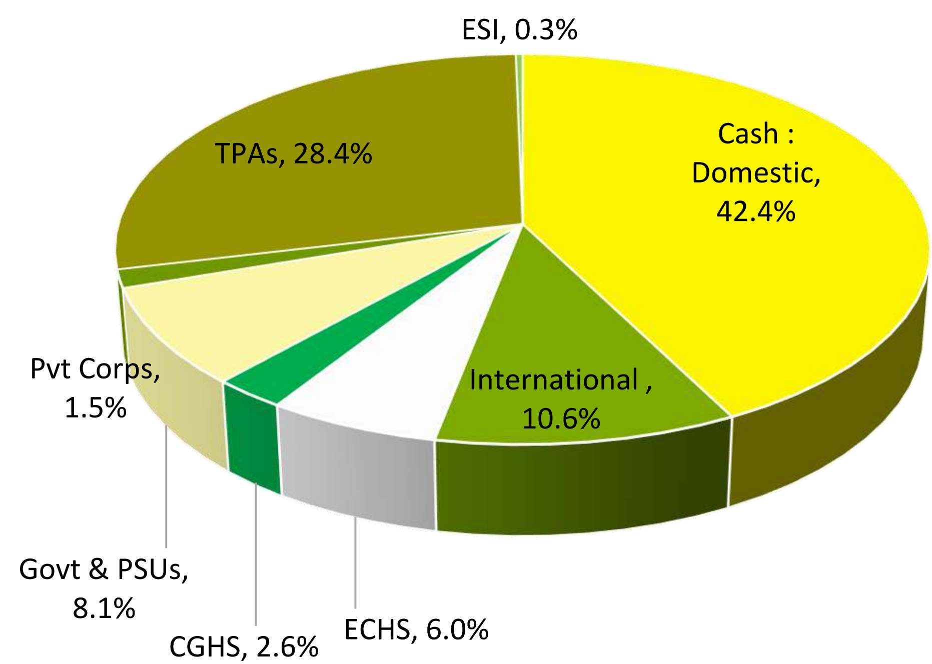


Payor Mix – Q2 FY20

Q2FY19



Q2FY20



Key Initiatives – Q2 FY20

- **Fortis Hospital, Mulund,** launched the 'National Trauma Life Support' programme, a training initiative aimed at doctors involved in Emergency Care and Acute Trauma Care, in association with the Society for Emergency Medicine India (SEMI). The programme is accredited by the Maharashtra Medical and is endorsed by the Association of National Board Accredited Institutes (ANBAI), Association of Healthcare Providers (AHP) and SEMI
- **Fortis, Vasant Kunj's** Department of Minimal Access, Bariatric and GI Surgery will be offering the Fellowship of National Board (FNBE) in Minimal Access Surgery from October 2019.
- **Fortis Hospital, Mohali,** launched a 'Safe Medication' initiative to prevent intravenous medication (IVM) related errors, which pose great risk to patients.
- **Fortis Hospital, Mohali,** launched a hospital-based Drug Information Centre to achieve medication safety goals for better patient care.
- **Fortis Hiranandani Hospital, Vashi** has procured the state-of-the-art Alair System, used to conduct Bronchial Thermoplasty, a procedure used to treat patients of severe asthma to help open their airways.

Clinical Excellence and Awards & Accolades – Q2 FY20

A team of doctors at Fortis Hospital, Bannerghatta Road, Bengaluru, conducted a rare surgery to remove a plum-sized cluster of 160 cysts from the heart of a 12-year-old Iraqi boy.

Fortis Noida, Fortis Vasant Kunj and SL Raheja, received the Ethics Committee accreditation from the National Accreditation Board for Hospitals and Healthcare Providers (NABH).

Fortis Memorial Research Institute (FMRI), Gurugram, earned Joint Commission International's (JCI) Gold Seal of Approval(r) for Hospital Accreditation.

Fortis Hospital, Mulund, won two prestigious awards for Quality Improvement Projects at the Asian Hospital Management Awards (AHMA) 2019 hosted at Hanoi, Vietnam. The winning entries were chosen from over 500 entries from 129 hospitals, across 17 countries.

Two patients a male and a female, both aged 69 years underwent a rare, non-surgical catheter based Transcatheter Mitral Valve Replacement (TMVR) procedure at Fortis Escorts. Only a handful of these procedures have been done in Asia Pacific.

Fortis Hospital, Rajajinagar, Bengaluru, has received the coveted NABH accreditation

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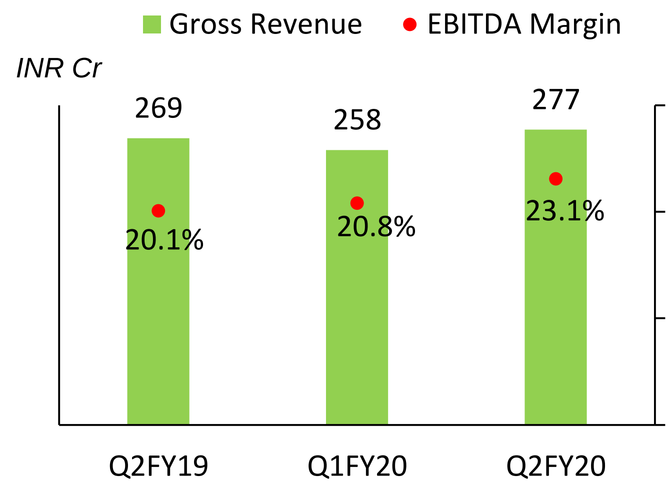
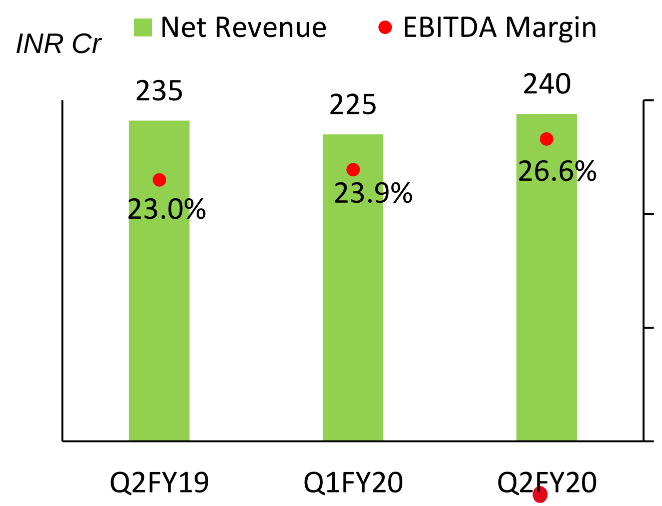
4. Performance Review – Diagnostics Business

Diagnostics Business – Q2 FY20

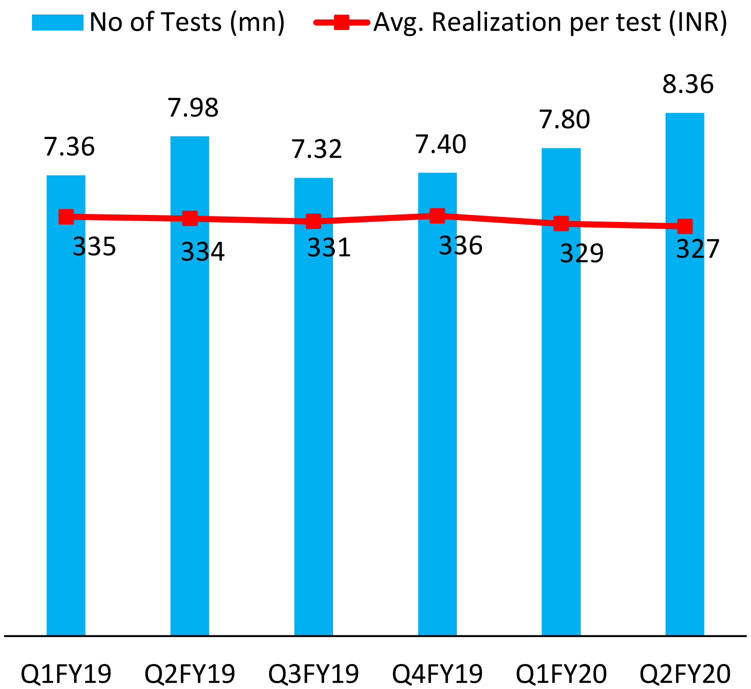
- Gross Operating revenue at INR 277 Cr, +3.0% *(like for like growth ~6%);* Growth continues to be driven by new direct clients as well as the hospitals segment
- Operating EBITDA margin basis gross revenue stood at 23.1% compared to 20.1% in Q2FY19 & 20.8% in Q1FY20
- SRL conducted approximately 8.36 million tests during Q2FY20 compared to 7.98 mn tests conducted in Q2FY19 (excluding joint ventures), a growth of ~ 5%
- Focus continues to be on enhancing customer accessibility, focusing on high growth channels & specific diseases portfolio and adopting cost containment measures.



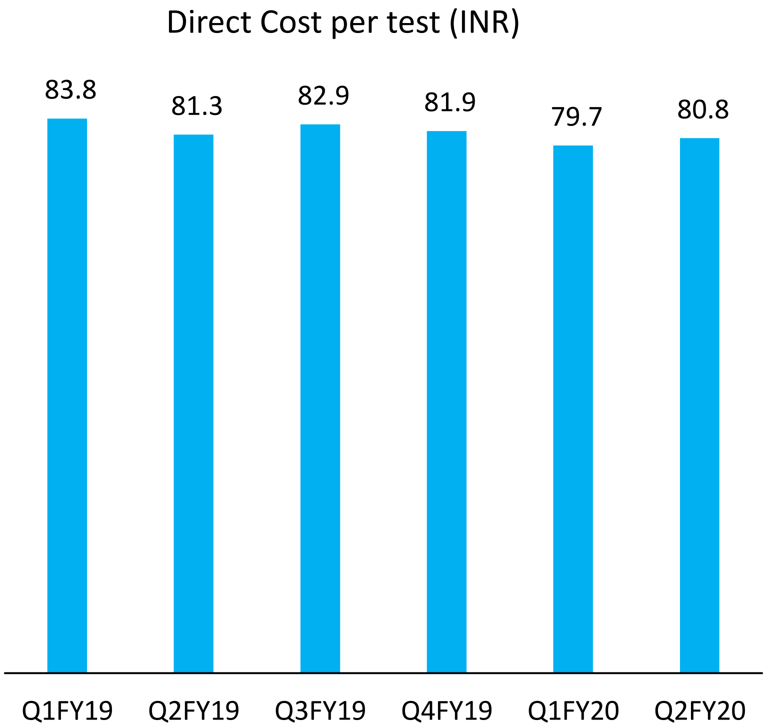


Key Performance Metrics

Number of Tests and Average Realizations*



Direct Cost per test

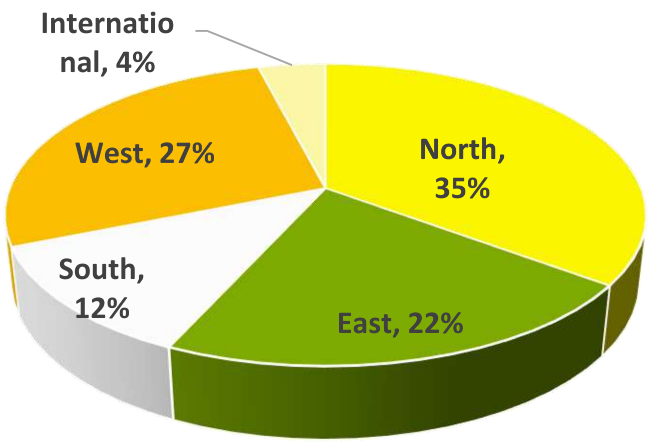


**Excluding joint ventures*

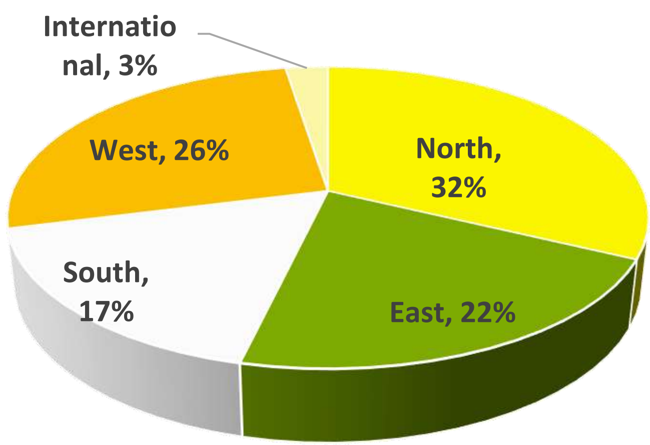
Revenue Mix

Geographic Mix

Q2FY2020

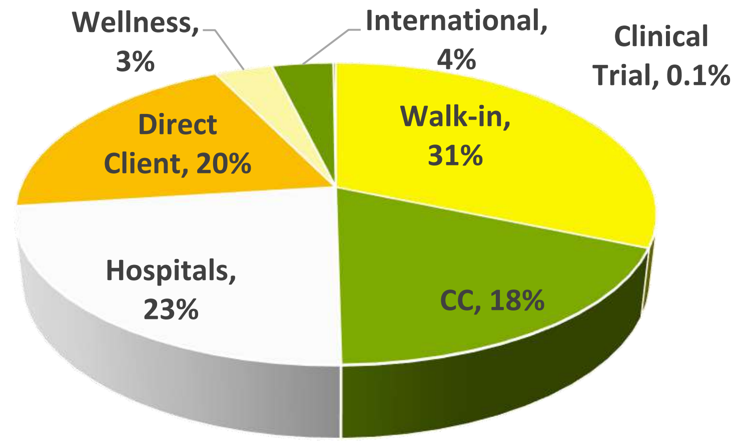


Q2FY2019

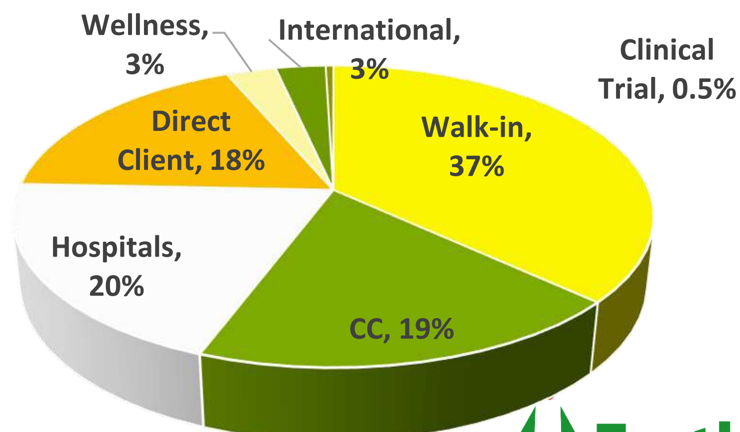


Customer Mix

Q2FY2020



Q2FY2019



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5. Appendix

Group Consolidated P&L – Q2 FY20

Particulars	Q2FY19 (Rs Cr.)	Q1FY20^^ (Rs Cr.)	Q2FY20^^ (Rs Cr.)	% Change
Operating Revenue	1,139.9	1,138.3	1,212.2	6.3%
Operating EBITDAC*	**142.1**	**142.3**	**190.6**	**34.1%**
Operating EBITDAC margin	**12.5%**	**12.5%**	**15.7%**	
Net BT Costs	67.0	-	-	
Operating EBITDA	**75.1**	**142.3**	**190.6**	**153.6%**
Operating EBITDA margin	**6.6%**	**12.5%**	**15.7%**	
Other Income	12.6	17.6	4.7	
EBITDA	**87.8**	**159.8**	**195.3**	**122.4%**
Finance Costs	84.6	50.9	49.2	-41.8%
Depreciation & Amortization	55.9	71.0	70.8	
PBT before Forex (excl Other Income)	**(65.3)**	**20.4**	**70.6**	
Foreign Exchange (Loss)/ Gain	(2.0)	2.0	5.0	
PBT before Exceptional Item (incl Other Income & Forex)	**(54.7)**	**40.0**	**80.3**	
Exceptional (Loss)/ Gain^	(107.1)	9.5	46.3	
Tax Expense	(14.7)	(25.7)	5.7	
PAT before minority interest and share in associates	**(147.1)**	**75.2**	**120.9**	
Share in Associates	5.1	2.8	3.2	
PAT after minority interest and share in associates	**(166.6)**	**67.8**	**111.0**	

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

^*For Q2FY19, exceptional items* primarily pertain to impairments related to the goodwill and of certain investments. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions completed.

^^Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019. PATMI in Q2 FY 20 includes one time gain of INR 38.6 Crs largely on account of the MSCL (Mauritius) equity stake sale

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Group Consolidated P&L – H1 FY20

Particulars	H1FY19 (Rs Cr.)	H1FY20^^ (Rs Cr.)	% Change
Operating Revenue	2,181.9	2,350.5	7.7%
Operating EBITDAC*	**222.6**	**332.8**	**49.5%**
Operating EBITDAC margin	**10.2%**	**14.2%**	
Net BT Costs	132.3	-	
Operating EBITDA	**90.2**	**332.8**	**268.8%**
Operating EBITDA margin	**4.1%**	**14.2%**	
Other Income	24.6	22.3	
EBITDA	**114.8**	**355.1**	**209.3%**
Finance Costs	161.0	100.2	
Depreciation & Amortization	112.8	141.7	
PBT before Forex (excl Other Income)	**(183.6)**	**91.0**	
Foreign Exchange (Loss)/ Gain	14.6	7.0	
PBT before Exceptional Item (incl Other Income & Forex)	**(144.4)**	**120.3**	
Exceptional (Loss)/ Gain^	(113.0)	55.8	
Tax Expense	(48.5)	(20.0)	
PAT before minority interest and share in associates	**(208.9)**	**196.1**	
Share in Associates**	14.1	6.0	
PAT after minority interest and share in associates	**(237.5)**	**178.8**	

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

^For H1FY19, exceptional items primarily pertain to impairments related to the goodwill and of certain investments. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions completed.

^^Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019. PATMI in H1 FY 20 includes one time gain of INR 38.6 Crs largely on account of the MSCL (Mauritius) equity stake sale

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India Consolidated P&L – Q2 FY20

Particulars	Q2FY19 (Rs Cr.)	Q1FY20 (Rs Cr.)	Q2FY20 (Rs Cr.)	% Change
Operating Revenue	1,134.4	1,138.1	1,211.9	6.8%
Operating EBITDAC*	**141.6**	**145.9**	**192.8**	**36.1%**
Operating EBITDAC margin	**12.5%**	**12.8%**	**15.9%**	
Net BT Costs	67.0	-	-	
Operating EBITDA	**74.6**	**145.9**	**192.8**	**158.4%**
Operating EBITDA margin	**6.6%**	**12.8%**	**15.9%**	
Other Income	12.6	17.1	4.4	
EBITDA	**87.2**	**163.0**	**197.2**	**126.0%**
Finance Costs	**84.3**	50.9	49.2	
Depreciation & Amortization	55.8	70.9	70.7	
PBT before Forex (excl Other Income)	**(65.5)**	**24.1**	**72.9**	
Foreign Exchange (Loss)/ Gain	(2.8)	4.0	0.7	
PBT before Exceptional Item (incl Other Income & Forex)	**(55.6)**	**45.2**	**78.0**	
Exceptional (Loss)/ Gain^	**(107.1)**	9.5	46.3	
Tax Expense	(15.1)	(26.0)	5.5	
PAT before minority interest and share in associates	**(147.6)**	**80.7**	**118.8**	
Share in Associates**	**2.7**	1.1	1.9	
PAT after minority interest and share in associates	**(169.4)**	**71.6**	**107.7**	

**EBITDAC refers to EBITDA before net business trust costs*
^For Q2FY19, exceptional items primarily pertain to impairments related to the goodwill and of certain investments. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions completed.
^^Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019. PATMI in Q2 FY 20 includes one time gain of INR 38.6 Crs largely on account of the MSCL (Mauritius) equity stake sale

India Consolidated P&L – H1 FY20

Particulars	H1FY19 (Rs Cr.)	H1FY20 (Rs Cr.)	% Change
Operating Revenue	2,170.6	2,350.0	8.3%
Operating EBITDAC*	**224.0**	**338.6**	**51.2%**
Operating EBITDAC margin	**10.3%**	**14.4%**	
Net BT Costs	132.3	-	
Operating EBITDA	**91.6**	**338.6**	**269.5%**
Operating EBITDA margin	**4.2%**	**14.4%**	
Other Income	**24.5**	21.6	
EBITDA	**116.2**	**360.2**	**210.1%**
Finance Costs	**160.4**	100.1	
Depreciation & Amortization	112.6	141.6	
PBT before Forex (excl Other Income)	**(181.4)**	**97.0**	
Foreign Exchange (Loss)/ Gain	6.5	4.7	
PBT before Exceptional Item (incl Other Income & Forex)	**(150.3)**	**123.2**	
Exceptional (Loss)/ Gain^	**(113.0)**	55.8	
Tax Expense	(48.9)	(20.5)	
PAT before minority interest and share in associates	**(214.4)**	**199.5**	
Share in Associates**	**9.1**	3.1	
PAT after minority interest and share in associates	**(248.0)**	**179.3**	

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

^*For H1FY19, exceptional items* primarily pertain to impairments related to the goodwill and of certain investments. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions completed.

^^Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019. PATMI in H1 FY 20 includes one time gain of INR 38.6 Crs largely on account of the MSCL (Mauritius) equity stake sale

Fortis

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Fortis Healthcare Limited

Thank You

Press Release

November 6, 2019

Fortis Healthcare announces Q2 FY20 Consolidated Financial Results

Revenues grow 6.3% to INR 1212.2 Crs

Operating EBITDA increases 2.5x to INR 190.6 Crs (15.7% margin versus 6.6%)

Profit After Tax* at INR 111 Crs versus a loss of INR 166.6 Crs in Q2 FY19

- *Hospital revenues up 8.1% to INR 972.3 Crs, EBITDA grows 47.2% to INR 129 Crs*
- *Diagnostics business EBITDA margins at 26.6%, 360 bps expansion over Q2 FY19*

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

COMPANY HIGHLIGHTS

- **Q2 FY20 continues to see a healthy business momentum with an improvement in operational profitability in both the hospitals and the diagnostics business.**

- **Hospital business, contributing 80% to overall revenues, records a robust improvement in margins as a result of a stronger operating performance and elimination of the net Business Trust costs.**

    - All Key operating metrics of the hospital business witness a robust improvement. Occupancy and ARPOB for the quarter stood at 72% and INR 1.54 Crs versus 69% and INR 1.49 Crs in Q2 FY19 respectively.

- **Further strengthening of cash flows and liquidity position reflected in:**

    - **A healthy net debt to equity ratio of 0.13 times. Net debt stood at INR 1194 Crs in the quarter.**
    - **Further improvement in credit rating by two notches to BBB+ from BBB-**
    - **Lower finance costs which witnessed a decline of 41.9% to INR 49.2 Crs in the quarter as result of lower debt and reduced borrowing costs.**
    - **Continuous focus on better collections and inventory management.**

- **Investments on track for upgrading and commissioning new medical equipment and advanced medical technologies in select facilities. Plans for new medical programs in select key hospitals progressing well.**

- **Operational improvement being supplemented by higher cost efficiencies primarily driven by rationalization of the non-medical manpower cost, reduction in other expenses including G&A and after absorbing inflationary pressures. Bad debts**

provision sees a reduction during the quarter due to a noticeable improvement in the collections and billing processes across the network.

** PAT after Minority Interest and Share in Associates.*

KEY FINANCIAL HIGHLIGHTS (versus Q2 FY19)

- **Consolidated Revenues for Q2** grew 6.3% to reach INR 1,212.2 Crs.
  - Hospital business revenues stood at INR 972.3 Crs, a growth of 8.1%
  - Diagnostic business revenues *(Gross)* were at INR 276.6 Crs, + 3.0%
- **Consolidated Operating EBITDA** for Q2** increased 2.5x to INR 190.6 Crs.
  - The hospital business operating EBITDA grew 6.3x to INR 129 Crs versus an EBITDA of INR 20.6 Crs in Q2FY19.
    - On a like for like basis (after excluding the impact of net BT fees) margins in the hospital business expanded 360 bps to 13.3% reflecting an operating EBITDA growth of 47.2%.
  - The diagnostics business operating EBITDA grew 18.2% to INR 63.8 Crs versus INR 54.0 Crs in Q2FY19
- Operational PBT* for the quarter stood at INR 70.6 Crs versus a loss of INR 65.3 Crs in Q2 FY19 *(*prior to other income, exceptional item and forex).*
- Reported Net Profit (PATMI) after accounting for exceptional items stood at INR 111 Crs in the quarter versus a loss of INR 166.6 Crs in Q2 FY19.

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

KEY FINANCIAL HIGHLIGHTS (versus H1 FY19)

- **Consolidated Revenues for H1** grew 7.7% to reach INR 2,350.5 Crs.
  - Hospital business revenues stood at INR 1,885.3 Crs, a healthy growth of 9.6%
  - Diagnostic business revenues *(Gross)* were at INR 535.1 Crs, + 3.6%
- **Consolidated Operating EBITDA** for H1** increased 3.7x to INR 332.8 Crs.

- The hospital business operating EBITDA was at INR 221.1 Crs versus a negative EBITDA of INR 2.9 Crs in H1FY19.
  - On a like for like basis (after excluding the impact of net BT fees) margins in the hospital business expanded 420 bps to 11.7% reflecting an EBITDA growth of 70.8%.
- The diagnostics business operating EBITDA grew 24.4% to INR 117.5 Crs versus INR 94.5 Crs in H1FY19

- Operational PBT* for the first half stood at INR 91 Crs versus a loss of INR 183.6 Crs in H1 FY19 *(*prior to other income, exceptional item and forex).*

- Reported Net Profit (PATMI) after accounting for exceptional items stood at INR 178.8 Crs in the H1 FY 20 versus a loss of INR 237.5 Crs in H1 FY19.

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

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, "With Q2 FY20 results, the Company continues to witness progressively improving quarters in both the hospitals and the diagnostics business. Our focus would now be to channelize our efforts to ensure that strategic actions are in place to define the long-term roadmap of the business. This will lay emphasis on looking at the business holistically in its various elements including critical aspects such as talent, patient care outcomes, information technology and other important functional areas. The Board will support and enable management to drive future performance and create long term sustainable value in the business for all stakeholders."

Commenting on the results, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, " We continue to witness an upward trend in our business operations and will remain focused on optimally leveraging our portfolio of assets. While challenges remain, our strategic actions and initiatives lay emphasis on consolidation and growth. With a stronger Balance Sheet and improving operational performance we are actively pursuing our investment and capex plans so as to enable and provide our clinicians and administrators a relatively stronger ecosystem for driving future performance. Simultaneously, we have and continue to foster a culture of cost consciousness across the organization without compromising on our quality and care. All these should gradually should also reflect in the performance of the Company over the medium and long term and I do believe that Q2 FY 20 results are reflective of this intent and direction."

About Fortis Healthcare Limited

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Dubai and Sri Lanka with 36 healthcare facilities (including projects under development), approximately 9,000 potential beds and over 410 diagnostics centres.

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