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/2020-21 **June 17, 2020**

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: Outcome of the Board Meeting

Dear Sir(s),

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015, this is to inform you that the Board of Directors of the Company at its meeting held today i.e. on June 17, 2020, *inter-alia*, considered and approved Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended on March 31, 2020.

M/s. B S R & Co. LLP, the Statutory Auditors of the Company have issued Audit Report with modified opinion along with Statement on Impact of Modified Opinion thereon.

Please find enclosed 'Audited Financial Results, Audit Report, 'Statement of Assets & Liabilities' and Statement on Impact of Modified Opinion thereon for the year ended on March 31, 2020 along with a copy of press release being issued in this regard.

The Board Meeting commenced at 1100 Hours and concluded at 1850 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: 2020.06.17 19:01:49 +05'30'

Sumit Goel
Company Secretary
Membership No.: F6661

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
Fax: +91 124 235 8613

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF FORTIS HEALTHCARE LIMITED

Report on the audit of the Consolidated Annual Financial Results

Qualified Opinion

We have audited the accompanying consolidated annual financial results of Fortis Healthcare Limited (hereinafter referred to as "the Company" or "the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures for the year ended 31 March 2020, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects, if any, of the matters described in "Basis for Qualified Opinion" paragraphs of our report and based on the consideration of reports of other auditors on separate audited financial statements of the subsidiary and joint ventures, the aforesaid consolidated annual financial results:

a. include the annual financial results of the following entities;

Parent:
(i) Fortis Healthcare Limited

Subsidiaries:
(i) Escorts Heart Institute and Research Centre Limited ("EHIRCL")
(ii) Fortis Hospitals Limited
(iii) Fortis Asia Healthcare Pte Limited
(iv) Fortis Healthcare International Limited
(v) Fortis Global Healthcare (Mauritius) Limited
(vi) Fortis Malar Hospitals Limited
(vii) Malar Stars Medicare Limited
(viii) Fortis HealthStaff Limited
(ix) Fortis Cancer Care Limited
(x) Fortis La Femme Limited
(xi) Fortis Health Management (East) Limited
(xii) Hiranandani Healthcare Private Limited
(xiii) SRL Limited
(xiv) SRL Diagnostics Private Limited
(xv) SRL Reach Limited

(xvi) SRL Diagnostics FZ-LLC
(xvii) SRL Diagnostics Middle East LLC
(xviii) Fortis Healthcare International Pte Limited (FHIPL)
(xix) Birdie and Birdie Realtors Private Limited
(xx) Stellant Capital Advisory Services Private Limited
(xxi) RHT Health Trust Manager Pte Limited
(xxii) Fortis Emergency Services Limited
(xxiii) Fortis Hospotel Limited
(xxiv) Escort Heart and Super Speciality Hospital Limited
(xxv) International Hospital Limited
(xxvi) Hospitalia Eastern Private Limited
(xxvii) Fortis Health Management Limited
(xxviii) Medical Management Company Limited
(xxix) 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 (upto date of disposal)
(iii) Lanka Hospitals Corporate Plc
(iv) THR Infrastructure Pte Ltd (formerly known as Fortis Global Healthcare Infrastructure Pte. Limited)
(v) RHT Health Trust

b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

c. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net profit and other comprehensive income and other financial information of the Group for the year ended 31 March 2020.

Basis for Qualified Opinion

a) As explained in Note 17 of the consolidated annual financial results, 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 17 of the consolidated annual financial results. However, the report of said investigation was subject to limitations on the information available to the external professional firms; and their qualifications and disclaimers including completeness of related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018.

Further, as explained in Note 17 and 18 of the consolidated annual financial results, 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 17 (f) of the consolidated annual financial results, the management has also initiated additional procedures/ enquiries, which are ongoing, 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 consolidated financial results is yet to be concluded.

Also, as explained in Note 13 of the consolidated annual financial results, 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 consolidated annual financial results 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 consolidated annual financial results.

b) As explained in Note 19 of the consolidated annual financial results, 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.

The matters stated above 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, 30 September 2019 and 31 December 2019.

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results* section of our report. We are independent of the Group, its associates and its joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated annual financial results.

Emphasis of Matter

We draw attention to the following Notes in the consolidated annual financial results:

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 2017.

Based on the advice given by external legal counsel, the management believes that outflow in the litigations in paragraph (a) and (b) above is not likely and accordingly no provision/adjustment has been considered necessary with respect to the above matters in the consolidated annual financial results.

c) We also draw attention to Note 16 of the consolidated annual financial results relating to the order dated 15 November 2019 of the Hon'ble Supreme Court, where it is stated that the Hon'ble Supreme Court has issued suo-motu contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by Northern TK Venture Pte Ltd., Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia, to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on 14 December 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company. As also explained in the said matter, the management believes that it has a strong case on merits and as per the current position of the case, the liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the consolidated annual financial results.

d) We draw attention to Note 25 of the consolidated annual financial results, which explains that due to a significant amount of dividend received during the year from a wholly owned overseas subsidiary, the 'income from financial assets' of the Company is more than 50 per cent of the gross income for the year ended 31 March 2020. Since the Company's financial assets as at that date are also more than 50 per cent of its total assets, the Company meets the criteria for classification as a Non-Banking Financial Company (NBFC) as per press release by RBI vide No. 1998-99/1269 dated 8 April 1999 as at 1 April 2020. As per the Company such dividend is non-recurring in nature and does not represent income from ordinary activities of the Company and the Company does not intend to carry on the business as a NBFC. The Company has made a representation to the RBI in this regard. The Company has not received any response from RBI in this regard till date.

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial results made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associates and joint ventures to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated annual financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled "Other Matters" in this audit report.

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

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

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

Other Matters

(a) The consolidated annual financial results include the audited financial results of 1 subsidiary, whose financial information reflect total assets (before consolidation adjustments) of Rs. 2,417.89 lacs as at 31 March 2020, total revenue (before consolidation adjustments) of Rs. 2,396.89 lacs and net loss after tax (before consolidation adjustments) of Rs. 750.71 lacs and net cash inflows of Rs 14.15 lacs for the year ended on that date, as considered in the consolidated annual financial results, which have been audited by their respective independent auditors. The consolidated annual financial results also include the Group's share of net profit after tax (before consolidation adjustments) of Rs. 675.86 lacs for the year ended 31 March 2020, as considered in the consolidated annual financial results, in respect of 2 joint ventures, whose financial information have been audited by their respective independent auditors. The independent auditors' reports on financial information of these entities have been furnished to us by the management and our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

Of the above entities, 1 subsidiary and 1 joint venture is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiary and joint venture located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary and joint venture located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

(b) The consolidated annual financial results include the unaudited financial results of 12 subsidiaries, whose information reflect total assets (before consolidation adjustments) of Rs. 56,816.38 lacs as at 31 March 2020, total revenue (before consolidation adjustments) of Rs. 10,335.71 lacs and total net loss after tax (before consolidation adjustments) of Rs. 1,873.95 lacs, and net cash outflows of Rs. 63,779.95 lacs for the year ended on that date, as considered in the consolidated annual financial results. The consolidated annual financial results also include the Group's share of net profit after tax (before consolidation adjustments) of Rs. 544.73 lacs for the year ended 31 March 2020, as considered in the consolidated annual financial results, in respect of 5 associates and 2 joint ventures. These unaudited financial information have been furnished to us by the Board of Directors and our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures is based solely on such annual financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial information are not material to the Group.

Our opinion on the consolidated annual financial results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Board of Directors.

(c) The consolidated annual financial results include the results for the quarter ended 31 March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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

Rajesh Arora
Partner
Membership No. 076124
UDIN: 20076124AAAABD5475

Place: Gurugram
Date: 17 June 2020

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

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

(Rupees in lacs)

Particulars	Consolidated				
	Quarter ended			Year ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
	Audited	Unaudited	Audited	Audited	Audited
1. Revenue from operations	111,292	116,892	118,415	463,232	446,936
2. Other income	1,841	492	1,000	5,264	9,240
3. Total income (1+2)	**113,133**	**117,384**	**119,415**	**468,496**	**456,176**
4. Expenses					
(a) Cost of materials consumed	23,368	23,991	23,829	96,385	92,824
(b) Employee benefits expense	21,870	23,436	23,957	91,603	91,359
(c) Finance costs	5,695	4,796	6,483	20,506	33,683
(d) Hospital service fee expense	-	-	1,636	-	30,126
(e) Professional charges to doctors	23,972	24,973	22,778	97,589	88,679
(f) Depreciation and amortisation expense	8,008	6,994	5,998	29,173	23,292
(g) Other expenses	29,504	28,796	34,715	116,703	121,426
Total expenses	**112,417**	**112,986**	**119,396**	**451,959**	**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)	**716**	**4,398**	**19**	**16,537**	**(25,213)**
6. Share of profit / (loss) of associates and joint ventures (net)	202	416	33,333	1,216	36,441
7. Net profit / (loss) before exceptional items and tax (5+6)	**918**	**4,814**	**33,352**	**17,753**	**11,228**
8. Exceptional gain / (loss) (refer note 5)	-	-	25	6,183	(22,238)
9. Profit / (loss) before tax from continuing operations (7+8)	**918**	**4,814**	**33,377**	**23,936**	**(11,010)**
10. Tax expense	5,042	11,746	18,258	14,787	11,361
11. Net profit / (loss) for the period from continuing operations (9-10)	**(4,124)**	**(6,932)**	**15,119**	**9,149**	**(22,371)**
12. Profit / (loss) before tax from discontinued operations	-	-	-	-	-

Fortis Healthcare Limited

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STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

(Rupees in lacs)

Particulars	Consolidated				
	Quarter ended			Year ended	
	March 31, 2020 Audited	December 31, 2019 Unaudited	March 31, 2019 Audited	March 31, 2020 Audited	March 31, 2019 Audited
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)	**(4,124)**	**(6,932)**	**15,119**	**9,149**	**(22,371)**
16. Profit / (loss) from continuing operations attributable to:					
Owners of the Company	(4,451)	(7,634)	13,560	5,794	(29,893)
Non-Controlling Interest	327	702	1,559	3,355	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)	(1,521)	1,792	(20)	11	(4,517)
19. Other comprehensive Income / (loss) attributable to:					
Owners of the Company	(1,338)	1,783	(33)	153	(4,556)
Non-Controlling interest	(183)	9	13	(142)	39
20. Total comprehensive Income / (loss) for the period (15+18)	**(5,645)**	**(5,140)**	**15,099**	**9,160**	**(26,888)**
21. Total comprehensive Income / (loss) attributable to:					
Owners of the Company	(5,789)	(5,851)	13,527	5,947	(34,449)
Non-Controlling interest	144	711	1,572	3,213	7,561

Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
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STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

(Rupees in lacs)

Particulars	Consolidated				
	Quarter ended			Year ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
	Audited	Unaudited	Audited	Audited	Audited
22. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,495	75,496	75,495
23. Other equity as per the audited balance sheet				590,613	584,585
24. Earnings per equity share for continuing operations (not annualised)					
Basic earnings / (loss) per share - In Rupees	(0.59)	(1.01)	1.80	0.77	(4.91)
Diluted earnings / (loss) per share - In Rupees	(0.59)	(1.01)	1.80	0.77	(4.91)
25. Earnings per equity share for discontinued operations (not annualised)					
Basic earnings / (loss) per share - In Rupees	-	-	-	-	-
Diluted earnings / (loss) per share - In Rupees	-	-	-	-	-
26. Earnings per equity share from continuing and discontinued operations (not annualised)					
Basic earnings / (loss) per share - In Rupees	(0.59)	(1.01)	1.80	0.77	(4.91)
Diluted earnings / (loss) per share - In Rupees	(0.59)	(1.01)	1.80	0.77	(4.91)
27. 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)	14,419	16,188	12,500	66,216	31,762

Fortis Healthcare Limited *

Notes to the results

1. The above audited Consolidated Financial Results for the quarter and year ended March 31, 2020 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on June 16, 2020 and June 17, 2020. The qualified audit opinion 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. Figures for the quarter ended March 31, 2020, included in the Consolidated Statement, is the balancing figure between audited figure in respect of the full financial year and the unaudited published year to date figures up to December 31, 2019 being the end of the third quarter of the financial year.The figures for the quarter ended March 31, 2019 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2019 and the published year to date figures up to December 31, 2018 being the end of the third quarter of the previous financial year.

3. **Segment Reporting**

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

Particulars	Quarter ended			Year Ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
	Audited	Unaudited	Audited	Audited	Audited
Segment value of sales and services (revenue)					
- Healthcare	91,338	95,428	96,739	375,320	359,204
-Diagnostics	23,188	24,939	25,108	101,633	101,016
Gross value of sales and services	**114,526**	**120,367**	**121,847**	**476,953**	**460,220**
Less : inter segment sales and services	(3,234)	(3,475)	(3,432)	(13,721)	(13,284)
Revenue from operations	**111,292**	**116,892**	**118,415**	**463,232**	**446,936**
Segment results					
- Healthcare	3,521	6,666	1,519	19,840	(14,872)
-Diagnostics	1,048	2,036	3,983	11,938	14,102
Total segment profit / (loss) before interest and tax	**4,569**	**8,702**	**5,502**	**31,778**	**(770)**
(i) Finance cost	(5,695)	(4,796)	(6,483)	(20,506)	(33,683)
(ii) Exceptional items and unallocable expenditure (net of unallocable income)	1,842	492	1,025	11,448	(12,998)
(iii) Share of profit / (loss) of associates and joint ventures (net)	202	416	33,333	1,216	36,441
Profit / (loss) before tax	**918**	**4,814**	**33,377**	**23,936**	**(11,010)**
Segment assets					
- Healthcare	881,319	891,859	883,036	881,319	883,036

Fortis Healthcare Limited

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

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

Particulars	Quarter ended			Year Ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
	Audited	Unaudited	Audited	Audited	Audited
-Diagnostics	113,268	114,198	112,956	113,268	112,956
-Unallocable assets	157,260	152,165	221,744	157,260	221,744
Total assets	1,151,847	1,158,222	1,217,736	1,151,847	1,217,736
Less : inter segment assets	(17,065)	(18,307)	(22,609)	(17,065)	(22,609)
Total segment assets	**1,134,782**	**1,139,915**	**1,195,127**	**1,134,782**	**1,195,127**
Segment liabilities					
- Healthcare	238,297	219,429	238,675	238,297	238,675
-Diagnostics	25,619	17,852	17,111	25,619	17,111
-Unallocable liabilities	167,372	194,751	250,702	167,372	250,702
Total liabilities	431,288	432,032	506,488	431,288	506,488
Less : inter segment liabilities	(17,065)	(18,307)	(22,610)	(17,065)	(22,610)
Total segment liabilities	**414,223**	**413,725**	**483,878**	**414,223**	**483,878**

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

(Rupees in lacs)

S. No.	Particulars	Quarter ended			Year ended	
		March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
		Audited	Unaudited	Audited	Audited	Audited
(a)	Gain on disposal of an associate (refer note 22)	-	-	-	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	-	-	-	-	(16,798)
(c)	Impairment of investment in an associate	-	-	-	-	(5,586)
(d)	Reversal of impairment of goodwill and assets of a CGU	-	-	-	-	307
(e)	Allowance for advance and security deposit given to body corporate along with impairment of Capital work-in-progress [refer note 9]	-	-	-	-	(186)
(f)	Reversal of allowance for loan given to body corporate [refer note 10]	-	-	-	2,276	-

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(Rupees in lacs)

S. No.	Particulars	Quarter ended			Year ended	
		March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
		Audited	Unaudited	Audited	Audited	Audited
(g)	Reversal of allowance for loan given to Fortis C-Doc Healthcare Limited	-	-	25	50	25
	Net exceptional gain / (loss)	**-**	**-**	**25**	**6,183**	**(22,238)**

6. **Balance Sheet**

(Rupees in lacs)

Particulars	Consolidated	
	As at 31-Mar-20	As at 31-Mar-19
	Audited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	392,223	469,416
(b) Capital work-in-progress	18,884	42,085
(c) Right-of-use	109,830	-
(d) Goodwill	372,076	372,076
(e) Other intangible assets	6,106	6,180
(f) Intangible assets under development	1,491	2,893
(g) Financial assets		
(i)Investments in associates/Joint venture	17,454	19,031
(ii)Loans	3,003	2,947
(iii)Other financial assets	8,437	5,694
(h) Non current tax assets (Net)	65,389	56,171
(i) Deferred tax assets (Net)	39,288	46,533
(j) Other non-current assets	6,553	5,442
Total non-current assets	**1,040,734**	**1,028,468**
Current assets		
(a) Inventories	7,818	5,653
(b) Financial assets		
(i)Other investments	-	7,929
(ii)Trade receivables	45,878	54,242
(iii)Cash and cash equivalents	18,186	79,405
(iv)Bank balances other than (iii) above	8,410	6,180
(v)Loans	1,739	2,110
(vi)Other financial assets	4,746	5,834
(c) Other current assets	7,047	5,240
	93,824	**166,593**
Assets classified as held for sale	224	66
Total current assets	**94,048**	**166,659**
Total assets	**1,134,782**	**1,195,127**

Fortis Healthcare Limited

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(Rupees in lacs)

Particulars	Consolidated	
	As at 31-Mar-20	As at 31-Mar-19
	Audited	Audited
EQUITY AND LIABILITIES		
Equity		
(a)Equity share capital	75,496	75,495
(b)Other equity	590,613	584,585
Equity attributable to owners of the Company	**666,109**	**660,080**
Non-controlling interests	54,450	51,169
Total equity	**720,559**	**711,249**
Non-current liabilities		
(a) Financial Liabilities		
(i)Borrowings	95,405	63,708
(ii)Lease liability	21,250	3,754
(iii)Other financial liabilities	947	1,313
(b) Provisions	7,561	6,586
(c) Deferred tax liabilities (Net)	31,161	48,081
(d) Other non-current liabilities	6	1,337
Total non-current liabilities	**156,330**	**124,779**
Current liabilities		
(a) Financial liabilities		
(i)Borrowings	36,255	123,074
(ii)Lease liability	2,780	164
(iii)Trade payables	59,763	75,353
(iv)Other financial liabilities	135,225	136,834
(b) Provisions	7,909	7,867
(c) Current tax liabilities (Net)	274	611
(d) Other current liabilities	15,567	15,196
Liabilities directly associated with assets classified as held for sale	120	-
Total current liabilities	**257,893**	**359,099**
Total liabilities	**414,223**	**483,878**
Total equity and liabilities	**1,134,782**	**1,195,127**

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7. Cash Flow Statement

	Year ended March 31, 2020 (Rupees in Lacs)	Year ended March 31, 2019 (Rupees in Lacs)
Cash flows from operating activities		
Profit/ (Loss) before tax for the year	23,936	(11,010)
Adjustments for:		
Exceptional (gain)/ loss (net)	(6,183)	22,238
Finance cost	20,506	33,683
Interest income	(3,030)	(7,384)
Loss on disposal of property, plant and equipment (net)	87	619
Profit on sale of current investment	(41)	(192)
Allowance for bad and doubtful trade receivables	6,574	7,931
Allowance for bad and doubtful advances	233	307
Depreciation and amortisation expense	29,173	23,291
Provision for contingencies and litigation	157	393
Bad debts written off	2	113
Expense recognised in respect of equity-settled share-based payments	149	364
Share of associate and joint ventures	(1,216)	(36,441)
Provisions/ liabilities no longer required written back	(3,452)	(2,193)
Unrealised foreign exchange gain (net)	(1,155)	(54)
Operating profit before changes in following assets and liabilities	**65,740**	**31,665**
Changes in operating assets and liabilities		
(Increase)/ decrease in trade and other receivables	1,787	(14,955)
Decrease)/ (increase) in inventories	(2,165)	1,064
Increase in loans, other assets and other financial assets	(3,945)	(7,051)
Decrease in trade payables	(12,170)	(3,964)
Increase in provisions	494	696
Increase/ (decrease) in other liabilities and other financial liabilities	1,360	(532)
Cash generated from operations	**51,101**	**6,923**
Income taxes paid (net of refunds)	(33,946)	(24,776)
Net cash generated/ (used in) by operating activities	**17,155**	**(17,853)**
Cash flows from investing activities		
Interest received	3,217	7,284
Investment in bank deposits (net)	(2,230)	(4,406)

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	Year ended March 31, 2020 (Rupees in Lacs)	Year ended March 31, 2019 (Rupees in Lacs)
Unpaid dividend	-	(4)
Payments for property, plant and equipment and intangible assets	(15,588)	(8,311)
Sale of investment in associate	7,388	9,422
Proceeds from disposal of property, plant and equipment	1,927	55
Proceeds from repayment of loan by body corporate	2,942	-
Proceeds from disposal of current investment	7,970	33,910
Dividends received from associates	416	96,406
Payment on acquisition of partial interest in a subsidiary that does not involve change of control	-	(106,302)
Purchase of subsidiaries	-	(360,328)
Net cash generated/ (used in) by investing activities	**6,042**	**(332,274)**
Cash flows from financing activities		
Proceeds from issue of equity instruments (including securities premium)	2	400,977
Proceeds from long-term borrowings	100,554	41,491
Payment of lease liability	(2,528)	-
Unpaid dividend	-	4
Repayment of long-term borrowings	(75,446)	(67,959)
(Repayments of)/ proceeds from short-term borrowings (net)	(88,258)	91,277
Interest paid	(20,485)	(40,129)
Net cash (used in)/ generated by financing activities	**(86,161)**	**425,661**
Effect of exchange rate changes	305	(4,750)
Net (decrease)/ increase in cash and cash equivalents	**(62,659)**	**70,784**
Cash and cash equivalents at the beginning of the year	63,370	(16,506)
Add: Cash and cash equivalents in respect of subsidiaries acquired during the year	-	9,092
Cash and cash equivalents at the end of the year	**711**	**63,370**

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

(Rupees in lacs)

Particulars	**March 31, 2020**	**March 31, 2019**
(a) Balances with banks		
- on current accounts	12,167	9,254
- deposits with original maturity of less than three months	5,822	69,612
(b) Cheques, drafts on hand	8	51
(c) Cash on hand	189	488
Cash and cash equivalents as per balance sheet	**18,186**	**79,405**
Bank overdrafts and cash credit facility	(17,475)	(16,035)
Cash and cash equivalents as per statement of cash flows	**711**	**63,370**

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 March 31, 2020, 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 1,404 lacs and Rupees 11,283 lacs respectively has not been accrued considering the uncertainties around ultimate realisation of the amounts. During the current year, 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 17 regarding the findings in the Investigation Report which indicate that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done during the financial year 2017-18 without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of FHsL. (Also refer note 17 (g) on SEBI Order).

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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.

   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 17(d)(v)) 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 17(d)(v)).

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

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. The matter is currently pending before the Hon'ble High Court of Delhi. Consequent to termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. The eviction proceedings initiated before the Estate Officer were challenged before the Hon'ble Supreme Court. Supreme Court vide its order dated November 14, 2019 has quashed the Show Cause Notice for eviction proceedings. Based on the external legal

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counsel advice, the Company is of the understanding that EHIRCL will be able to suitably defend the termination of lease deeds and allotment letters and accordingly considers that no adjustments are required to the audited Consolidated Financial Results.

b) Further, EHIRCL also has open tax demands of Rupees 7,759 lacs ((after adjusting Rupees 15,210 lacs as at March 31, 2020) (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 2,586 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 has contested the decision of ITAT before the Hon'ble High Court of Delhi.

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

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 audited Consolidated Financial Results.

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13. A party (to whom the ICDs were assigned – refer note 8 above) ("Plaintiff" or "Assignee") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and has, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree alleging that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') between the Company and a third party, the Company is liable for claims owed by the Plaintiff to the third Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Plaintiff shall be subject to orders passed in the said suit (also refer note 17).

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

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

Separately, the third party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well. Subsequently, an application has also been filed in the civil suit, seeking substitution of its name in place of Plaintiff / Assignee.

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

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 Plaintiff. The matter is pending adjudication before District Court, Delhi.

Based on external legal advice, the Management believes that the claims are without legal basis and are not tenable and accordingly no adjustment is required in these audited 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 was recorded in the previous year ended March 31, 2019. The preliminary purchase price allocation has been concluded during the year. No adjustment has been made to preliminary purchase price allocation (also refer note 16).

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15. 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".

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

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

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

Further, at the request of SEBI by way of an application seeking impleadment, the Hon'ble Supreme Court of India has impleaded SEBI as a party in the petition pending before it. SEBI has prayed for allowing the Mandatory Open Offer. Further, the Hon'ble Supreme Court of India has issued notice on application filed by a public shareholder of the Company seeking impleadment. The public shareholder has inter alia prayed for allowing the Mandatory Open Offer. Next date for the concerned matters in the Supreme Court as shown on its website is July 6, 2020.

While the matter is currently *sub-judice* and we await the orders/ directions of the Hon'ble Supreme Court in this regard, in view of the legal positions/claim(s) made and defence(s) raised by the Company, basis external legal advice, the management believes that it has a strong case on merits. It is the view of the Company these transactions were, at all times, conducted in a fair and transparent manner after obtaining all relevant regulatory and shareholders approval and only after making all due disclosures to public shareholders of the Company and to the regulatory authorities, in a timely manner. As per the current

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position of the case, liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly at present, no adjustment is required in the audited Consolidated Financial Results.

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

(a) During the year ended March 31, 2018, there were reports in the media and enquiries from, *inter alia*, the stock exchanges received by the Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management 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 20 below); (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.

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

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

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

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

Objections on record indicated that erstwhile 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 erstwhile management was in collusion with the

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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.

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 20 below).

Other Matters:

(e) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report (refer notes 17 (d) (i), (ii), (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 could not have been 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

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regulatory requirements and systems design & control enhancement. The assessment work has been done and corrective action plans have been implemented. The Company's Board of Directors had 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. The additional procedures/ enquiries are in progress.

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

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

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

Company and FHsL have filed 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. FHsL has filed a civil suit for recovery of

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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.

Further, based on the SEBI orders and the information available at this stage, no further adjustments are required to be made in audited Consolidated Financial Results for the quarter and year ended March 31, 2020. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above is known.

18. Investigation by Various Other Regulatory Authorities:

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

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

c) The Investigation Report of the external legal firm 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.

19. Letter of Appointment of erstwhile Executive Chairman

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

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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 17(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.

20. 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 17).

21. 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 (excluding prepaid and accrued rent) and a corresponding liability of Rupees 20,863 lacs. Additionally leasehold land and assets created under embedded leases amounting to Rupees 90,851 lacs have been 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 267 lacs and Rupees 961 lacs for the quarter and year ended March 31, 2020 respectively.

(Rupees in lacs)

Details of impact on statement of profit and loss	Quarter ended March 31, 2020	Quarter ended December 31, 2019	Year ended March 31, 2020
	Audited	Unaudited	Audited
Rent and other expenses are lower by	1,443	1,170	4,911
Depreciation and amortisation expense are higher by	1,087	849	3,664
Finance costs are higher by	623	535	2,208

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

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

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24. During the previous quarter ended December 31, 2019, among others, in respect of one of the subsidiaries of the group, deferred tax amounting to Rs 19,209 lacs has been derecognised due to lack of reasonable certainty of future taxable profits on a conservative basis. The Company has also recognised Deferred tax assets (DTA) of Rs 12,411 lacs in respect of certain entities of the group based on future taxable profits of these entities. The management would continue to reassess the DTA recoverability on brought forward losses at each period end.

25. The main object of the Company is to carry on the business of healthcare and other related activities either directly or through its subsidiaries. During the current year ended 31 March 2020, due to significant amount of dividend received by the Company from a wholly owned overseas subsidiary, the Company's 'income from financial assets' constituted more than 50 per cent of the gross income for the financial year ended 31 March 2020. Further, the 'financial assets' of the Company are also more than 50 per cent of its total assets as at 31 March 2020. Accordingly, the Company meets the eligibility criteria ('Principal business' test) as per the press release by RBI vide No. 1998-99/1269 dated April 8, 1999 for being classified as a Non-Banking Financial Company (NBFC) from April 1, 2020. However, the significant amount of dividend in the current year was largely on account of profits from disposal of investments held by the subsidiary and the Company does not expect dividend of such a significant amount to be recurring in future. The Board has also noted and confirmed that such dividend does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. The Company has also made a representation to the RBI in this regard. The Company will decide on appropriate future course of action in accordance with applicable law, and would have discussions with the RBI (if required), in consultation with its legal counsels.

26. As at 31 March 2020, the Group's current liabilities are higher than its current assets by Rupees 163,845 lacs (which includes financial liability for cash put option issued to minority shareholders of subsidiary amounting to approx. Rupees 11,8000 lacs). Further, the decline in business in last quarter and subsequent to the year-end due to impact of COVID-19 (as explained in note 27) has affected the performance and cash flow position of the Group. Additionally, as explained in note 16, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Group to carry out planned restructuring activities.

However, the Group's operations during the year continued to generate positive cash flows and the Management believes that the events stated above do not affect the Group's ability to continue as a going concern due to the following:

(a) As at March 31, 2020 the Group has sanctioned unutilized borrowing facilities amounting to Rupees 24,700 lacs.

(b) The exercise period for cash put option (financial liability) has been further extended till September 30, 2020. The process to find new investors to sell the shares in SRL by the minority equity shareholders is currently underway. The management believes that the chances of successful completion of the process are high.

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

Considering the above factors and expected positive cash flows in future years, the management believes that the going concern assumption in these audited consolidated financial results is appropriate. In view of the aforesaid, the management has considered it appropriate to prepare these audited consolidated financial results on a going concern basis.

27. The COVID – 19 pandemic has impacted the revenues and profitability of the Group during the quarter ended March 31, 2020 and continued subsequently with a decline in occupancy impacting significantly the hospital business revenues, profitability and cash flows. The diagnostics business of the Group also

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witnessed a significant drop in volumes However, with a slew of cost saving measures the Company has been able to partly reduce the significant negative impact on business.

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

With the lockdown restrictions easing the Company has begun to witness signs of gradual improvement in operations but would continue to see an impact on its financials through the course of the remaining Apr- June quarter till normalization of business.

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

29. 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 (a) of basis for qualified opinion of Audit 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. 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 8,9,13,17,18 and 20.

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

Date: June 17, 2020

Place: Gurugram

For and on behalf of the Board of Directors

Ashutosh

Fortis Healthcare Limited

Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF FORTIS HEALTHCARE LIMITED

Report on the audit of the Standalone Annual Financial Results

Qualified Opinion

We have audited the accompanying standalone annual financial results of Fortis Healthcare Limited (hereinafter referred to as the "Company") for the year ended 31 March 2020, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in "Basis for Qualified Opinion" section of our report, the aforesaid standalone annual financial results:

a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2020.

Basis for Qualified Opinion

(i) As explained in Note 12 of the standalone annual financial results, 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 standalone annual financial results. 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 standalone annual financial results, 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 standalone annual financial results, the management has also initiated additional procedures/ enquiries, which are ongoing, 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 standalone annual financial results is yet to be concluded.

Also, as explained in Note 8 of the standalone annual financial results, 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 standalone annual financial results 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 standalone annual financial results.

(ii) As explained in Note 14 of the standalone annual financial results, 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.

The matters stated above 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, 30 September 2019 and 31 December 2019.

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

Emphasis of Matter

i. We draw attention to note 11 of the standalone annual financial results relating to the order dated 15 November 2019 of the Hon'ble Supreme Court, where it is stated that the Hon'ble Supreme Court has issued suo- motu contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by Northern TK Venture Pte Ltd., Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia, to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company.

As also explained in the said note, the management believes that it has a strong case on merits and as per the current position of the case, the liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the standalone annual financial results. Our conclusion is not modified in respect of this matter.

ii. We draw attention to Note 21 of the standalone annual financial results, which explains that due to a significant amount of dividend received during the year from a wholly owned overseas subsidiary, the 'income from financial assets' of the Company is more than 50 per cent of the gross income for the year ended 31 March 2020. Since the Company's financial assets as at that date are also more than 50 per cent of its total assets, the Company meets the criteria for classification as a Non-Banking Financial Company (NBFC) as per press release by RBI vide No. 1998-99/1269 dated 8 April 1999 as at 1 April 2020. As per the Company such dividend is non-recurring in nature and does not represent income from ordinary activities of the Company and the Company does not intend to carry on the business as a NBFC. The Company has made a representation to the RBI in this regard. The Company has not received any response from RBI in this regard till date. Our conclusion is not modified in respect of this matter.

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone annual financial results made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

B S R & Co. LLP

Other Matters

The standalone annual financial results include the results for the quarter ended 31 March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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

Rajesh Arora
Partner
Membership No. 076124
UDIN: 20076124AAAABB2005

Place: Gurugram
Date: 17 June 2020

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

(Rupees in lacs)

Particulars	Standalone				
	Quarter ended			Year ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
	Audited	Unaudited	Audited	Audited	Audited
1. Revenue from operations	16,779	17,386	16,790	70,185	65,649
2. Other income	5,632	5,810	35,201	93,834	52,449
3. Total income (1+2)	**22,411**	**23,196**	**51,991**	**164,019**	**118,098**
4. Expenses					
(a) Cost of materials consumed	3,499	3,717	3,287	14,747	13,169
(b) Employee benefits expense	3,937	3,990	3,360	15,544	14,953
(c) Finance costs	4,181	3,662	4,917	16,017	19,227
(d) Hospital service fee expense	1,190	1,227	3,566	4,980	14,154
(e) Professional charges to doctors	3,090	3,458	2,701	12,641	11,137
(f) Depreciation and amortisation expense	2,466	2,396	646	9,681	2,714
(g) Other expenses	4,246	3,679	8,612	15,478	24,780
Total expenses	**22,609**	**22,129**	**27,088**	**89,088**	**100,133**
5. Net profit / (loss) from continuing operation before exceptional items and tax (3-4)	**(198)**	**1,067**	**24,903**	**74,931**	**17,965**
6. Exceptional gain / (loss) (refer note 4)	638	-	-	(12,863)	-
7. Profit / (loss) before tax from continuing operations (5-6)	**440**	**1,067**	**24,903**	**62,068**	**17,965**
8. Tax expense / (credit)	(372)	(3,573)	5,653	10,735	5,656
9. Net profit / (loss) for the period from continuing operations (7-8)	**812**	**4,640**	**19,250**	**51,333**	**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)	**812**	**4,640**	**19,250**	**51,333**	**12,309**
14. Other Comprehensive Income / (loss) (including OCI relating to associates and joint venture) (after tax)	(8)	-	4	(12)	22
15. Total comprehensive income / (loss) for the period (13+14)	**804**	**4,640**	**19,254**	**51,321**	**12,331**
16. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,495	75,496	75,495
17. Other equity as per the audited balance sheet				812,151	760,828

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STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

(Rupees in lacs)

Particulars	Standalone				
	Quarter ended			Year ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
	Audited	Unaudited	Audited	Audited	Audited
18. Earnings per equity share for continuing operations (not annualised)					
Basic earnings / (loss) per share - In Rupees	0.11	0.61	2.52	6.80	2.02
Diluted earnings / (loss) per share - In Rupees	0.11	0.61	2.52	6.80	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	0.11	0.61	2.52	6.80	2.02
Diluted earnings / (loss) per share - In Rupees	0.11	0.61	2.52	6.80	2.02
21. Earnings before depreciation and amortisation expense, finance costs, exceptional items and tax expense (EBITDA) (refer note 3)	6,449	7,125	30,466	100,629	39,906

Notes to the results

1. The above audited Standalone Financial Results for the quarter and year ended March 31, 2020 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on June 16, 2020 and June 17, 2020. The qualified audit opinion 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. Figures for the quarter ended March 31, 2020, included in the Standalone Statement, is the balancing figure between audited figure in respect of the full financial year and the unaudited published year to date figures up to December 31, 2019 being the end of the third quarter of the financial year. The figures for the quarter ended March 31, 2019 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2019 and the published year to date figures up to December 31, 2018 being the end of the third quarter of the previous financial year.

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

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

(Rupees in lacs)

Particulars	Quarter ended			Year ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
	Audited	Unaudited	Audited	Audited	Audited
a) Impairment of investment and allowance for doubtful loan given to Subsidiary Companies	638	-	-	(12,863)	-
Net exceptional gain/ (loss)	**638**	**-**	**-**	**(12,863)**	**-**

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

(Rupees in lacs)

Particulars	**Standalone**	
	As at March 31, 2020	**As at March 31, 2019**
	Audited	**Audited**
ASSETS		
Non-current assets		
(a) Property, plant and equipment	27,283	14,796
(b) Capital work-in-progress	2,918	15,778
(c) Right-of-Use Assets	59,827	-
(d) Goodwill	2,722	2,722
(e) Other intangible assets	789	483
(f) Intangible assets under development	364	708
(g) Financial assets		
(i) Investments in associates	-	-
(ii) Investments in subsidiaries	815,311	830,988
(iii)Loans	99,132	98,347
(iv)Other financial assets	115	513
(h) Deferred tax assets (net)	7,453	5,463
(i) Non-current tax assets (net)	6,192	5,510
(j) Other non-current assets	107	367
Total non-current assets	**1,022,213**	**975,675**
Current assets		
(a) Inventories	1,018	598
(b) Financial assets		
(i) Trade receivables	8,135	8,366
(ii) Cash and cash equivalents	334	1,214
(iii) Bank balances other than (ii) above	61	2,059
(iv) Loans	1,800	3,016
(v) Other financial assets	23,572	20,191
(c) Other current assets	953	910
Total current assets	**35,873**	**36,354**
Total assets	**1,058,086**	**1,012,029**

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STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

(Rupees in lacs)

Particulars	Standalone	
	As at March 31, 2020	As at March 31, 2019
	Audited	Audited
EQUITY AND LIABILITIES		
Equity		
(a)Equity share capital	75,496	75,495
(b)Other equity	812,151	760,828
Total equity	**887,647**	**836,323**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i)Borrowings	62,135	31,972
(ii)Lease liabilities	59,768	2,688
(iii)Other financial liabilities	289	-
(b) Provisions	1,395	1,150
Total non-current liabilities	**123,587**	**35,810**
Current liabilities		
(a) Financial liabilities		
(i)Borrowings	8,376	110,098
(ii)Trade payables	21,209	19,551
(iii)Lease liabilities	4,367	115
(iv)Other financial liabilities	9,636	7,040
(b) Provisions	1,453	1,313
(c) Other current liabilities	1,811	1,779
Total current liabilities	**46,852**	**139,896**
Total liabilities	**170,439**	**175,706**
Total equity and liabilities	**1,058,086**	**1,012,029**

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6. **Cash flow statement:**

(Rupees in lacs)

Particulars	**Year ended March 31, 2020 Audited**	**Year ended March 31, 2019 Audited**
Cash flows from operating activities		
Profit before tax	**62,068**	**17,965**
Adjustments for:		
Exceptional loss (net)	12,863	-
Finance cost	16,017	19,227
Interest income	(22,412)	(27,473)
Loss on disposal of property, plant and equipment (net)	80	241
Allowance for bad and doubtful trade receivables	101	905
Allowance for bad and doubtful advances	24	62
Provision for contingencies	48	8
Depreciation and amortisation expense	9,681	2,714
Share based payment to employees	-	337
Receivables written off	-	3
Provision / liability no longer required written back	(376)	(312)
Financial guarantee income	(890)	(286)
Dividend income	(70,456)	(24,271)
Sub Total	**(55,320)**	**(28,845)**
Operating profit / (loss) before changes in following assets and liabilities	**6,748**	**(10,880)**
Changes in operating assets and liabilities		
Increase in trade and other receivables	129	(2,177)
(Increase) / decrease in inventories	(419)	97
(Increase) / decrease in loans, other assets and other financial assets	622	7,607
(Decrease) / increase in other financial liabilities, provisions, other liabilities and trade payables	4,021	4,383
Cash generated used in operations	**11,101**	**(970)**
Income taxes paid (net of refunds)	(1,107)	(5,156)
Net cash used in operating activities (A)	**9,994**	**(6,126)**
Cash flows from investing activities		
Interest received	18,707	15,226
Interest on non-convertible / compulsorily convertible bonds	3,165	-
Payment for acquisition of subsidiaries	-	(465,218)
Payments to acquire property, plant and equipment and intangible asset	(2,441)	(594)
Proceeds on sale of property, plant and equipment	1,003	82
Investment in bank deposit(net)	1,998	-

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STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

(Rupees in lacs)

Particulars	Year ended March 31, 2020 Audited	Year ended March 31, 2019 Audited
Loan / advances given to subsidiaries	(28,896)	(61,254)
Loan / advances received from subsidiaries	29,320	18,686
Dividend received*	58,146	24,271
Net cash generated by / (used in) investing activities (B)	**81,002**	**(468,801)**
Cash flows from financing activities		
Proceeds from issue of equity instruments (including securities premium)	2	400,977
Payment of lease liability	(3,388)	-
Proceeds from long-term borrowings	64,551	30,431
Repayment of long-term borrowings	(34,934)	(28,758)
Proceeds from / (repayments of) short-term borrowings (net)	(107,000)	95,400
Interest paid	(16,384)	(18,817)
Net cash (used in) / generated by financing activities (C)	**(97,153)**	**479,233**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(6,157)**	**4,306**
Cash and cash equivalents at the beginning of the period	(1,885)	(6,191)
Cash and cash equivalents at the end of the year	**(8,042)**	**(1,885)**

*Net of tax Rupees 12,310 lacs for the year ended March 31, 2020

Cash and cash equivalents

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

(Rupees in lacs)

Particulars	Year ended March 31, 2020 Audited	Year ended March 31, 2019 Audited
(a) Balances with banks		
- on current accounts	324	1,171
(b) Cash on hand	10	43
Cash and cash equivalents as per balance sheet	**334**	**1,214**
Bank overdrafts	(8,376)	(3,099)
Cash and cash equivalents as per statement of cash flows	**(8,042)**	**(1,885)**

Fortis Healthcare Limited

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)(v)).

8. A party (to whom the ICDs were assigned by a Subsidiary, Fortis Hospitals Limited ('FHsL')) ("Plaintiff" or "Assignee") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and has, *inter alia,* claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree alleging that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') between the Company and a third party, the Company is liable for claims owed by the Plaintiff to the third Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favor of any other party, affecting the interest of the Plaintiff 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 third Party. The matter is pending adjudication before District Court, Delhi. This third Party has approached Delhi High Court for seeking certain interim reliefs against the Company under the provisions of The Arbitration and Conciliation Act, 1996. This third party had also filed a claim for damages and injunctive reliefs against the Company before International Chamber of Commerce (ICC). The Company has invited the attention of ICC to the aforesaid pending litigations before various Courts and non-maintainability of claim raised by said third party. Proceedings before Delhi High Court have been withdrawn by Third Party on February 24, 2020. Further, arbitration before ICC has also been withdrawn by Third Party on February 23, 2020 and the same has been closed by ICC on February 28, 2020.

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

   Separately, the third party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well. Subsequently, an application has also been filed in the civil suit, seeking substitution of its name in place of Plaintiff / Assignee .

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

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

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Based on external legal advice, the Management believes that the claims are without legal basis and are not tenable and accordingly no adjustment is required in these audited 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 (also refer note 11).

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

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

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

    Further, at the request of SEBI by way of an application seeking impleadment, the Hon'ble Supreme Court of India has impleaded SEBI as a party in the petition pending before it. SEBI has prayed for allowing the Mandatory Open Offer. Further, the Hon'ble Supreme Court of India has issued notice on application filed by a public shareholder of the Company seeking impleadment. The public shareholder has inter alia prayed for allowing the Mandatory Open Offer. Next date for the concerned matters in the Supreme Court as shown on its website is July 6, 2020.

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

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

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relationship, attention is to be directed to the substance of the relationship and not merely the legal form.

Objections on record indicated that erstwhile 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 erstwhile 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.

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 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.

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(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 Company's Board of Directors had 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. The additional procedures/ enquiries are in progress.

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

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

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

Company and FHsL have filed 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. FHsL has filed a civil suit

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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 audited Standalone Financial Results for the quarter and year ended March 31, 2020. 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 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).

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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.

15. During the year ended March 31, 2020 and previous year ended March 31, 2019, the Company received (gross of tax) dividend of Rupees 70,456 lacs and Rupees 24,271 lacs respectively from its wholly owned subsidiary, Fortis Healthcare International Limited (FHIL), Mauritius.

16. Effective April 1, 2019, the Group adopted Ind AS-116 "Leases" using the modified retrospective method and elected to measure the Right-of-Use assets at an amount equal to the lease liability as at the date of initial application. On transition, the adoption of the new standard resulted in recognition of Right-of-Use assets (excluding prepaid rent) and a corresponding liability of Rupees 64,720 lacs. Additionally, assets of Rupees 1,862 lacs 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 891 lacs and Rupees 3,644 lacs for the quarter and year ended March 31, 2020 respectively.

(Rupees in lacs)

Details of impact on statement of profit and loss	Quarter ended March 31, 2020	Quarter ended December 31, 2019	Year ended March 31, 2020
	Audited	Unaudited	Audited
Rent, Hospital service fee expense and other expenses are lower by	2,616	2,635	10,497
Depreciation and amortisation expense are higher by	1,789	1,781	7,108
Finance costs are higher by	1,718	1,744	7,033

17. During the quarter ended September 30, 2019 the transaction by a wholly owned subsidiary of the Company in Mauritius for sale of its entire shareholding in C-Care (Mauritius) Limited (formerly known as Medical and Surgical Centre Limited) was consummated post receipt of approval by the Company's shareholders.

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

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 main object of the Company is to carry on the business of healthcare and other related activities either directly or through its subsidiaries. During the current year ended 31 March 2020, due to significant amount of dividend received by the Company from a wholly owned overseas subsidiary, the Company's 'income from financial assets' constituted more than 50 per cent of the gross income for the financial year ended March 31, 2020. Further, the 'financial assets' of the Company are also more than 50 per cent of its total assets as at March 31, 2020 (mainly investment in wholly owned subsidiaries). Accordingly, the Company meets the eligibility criteria ('Principal business' test) as per the press release by RBI vide No. 1998-99/1269 dated April 8, 1999 for being classified as a Non-

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Banking Financial Company (NBFC) from April 1, 2020. However, the significant amount of dividend in the current year was largely on account of profits from disposal of investments held by the subsidiary and the Company does not expect dividend of such a significant amount to be recurring in future. The Board has also noted and confirmed that such dividend does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. The Company has also made a representation to the RBI in this regard. The Company will decide on appropriate future course of action in accordance with applicable law, and would have discussions with the RBI (if required), in consultation with its legal counsels.

22. As at 31 March 2020, the Company's current liabilities are higher than its current assets by INR 10,980 lacs. Further, the decline in business in last quarter and subsequent to the year-end due to impact of COVID-19 (as explained in note 23) has affected the performance and cash flow position of the Company. Additionally, as explained in note 11, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Company to carry out planned restructuring activities.

    However, the Company's operations during the year continued to generate positive cash flows and the Management believes that the events stated above do not affect the Company's ability to continue as a going concern due to the following:

(a) As at 31 March, the Company has sanctioned unutilized borrowing facilities amounting to INR.6,100 lacs.

(b) The exercise period for cash put option (financial liability) has been further extended till September 30, 2020. The process to find new investors to sell the shares in SRL by the minority equity shareholders is currently underway. The management believes that the chances of successful completion of the process are high.

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

Considering the above factors and expected positive cash flows in future years, the management believes that the going concern assumption in these audited Standalone Financial Results is appropriate. In view of the aforesaid, the management has considered it appropriate to prepare these audited Standalone Financial Results on a going concern basis.

23. The COVID – 19 pandemic has impacted the revenues and profitability of the Group during the quarter ended March 31, 2020 and continued subsequently with a decline in occupancy impacting significantly the hospital business revenues, profitability and cash flows. The diagnostics business of the Group also witnessed a significant drop in volumes However, with a slew of cost saving measures the Company has been able to partly reduce the significant negative impact on business.

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

    With the lockdown restrictions easing the Company has begun to witness signs of gradual improvement in operations but would continue to see an impact on its financials through the course of the remaining Apr- June quarter till normalization of business.

24. **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 (i) of "Basis for Qualified opinion" of Audit 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

Fortis Healthcare Limited

plans have been implemented. 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 and 13.

(b) With regard to the comments of the statutory auditors in paragraph (ii) of "Basis for Qualified opinion" of Audit 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: June 17, 2020

Place: Gurugram

For and on behalf of the Board of Directors

Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637

Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020 ON ANNUAL AUDITED STANDALONE FINANCIAL RESULTS

Qualifications In the Auditor's Report

The Board of Fortis Healthcare Limited, have dealt with the matters stated in the qualifications in statutory auditor's report on the Standalone Financial Results of Fortis Healthcare for the year ended March 31, 2020 ("the Standalone Annual Results") included in the Statement of Standalone Financial Results ("the Standalone Statement") to the extent information was available with them.

(Rupees in lacs)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)$
1	Turnover / Total income	164,019	Not Determinable
2	Total Expenditure	89,088	---Do---
3	Exceptional loss	12,863	---Do---
4	Tax expense	10,735	---Do---
5	Net Profit/(Loss)	51,333	---Do---
6	Earnings Per Share	6.8	---Do---
7	Total Assets	1,058,086	---Do---
8	Total Liabilities	170,439	---Do---
9	Net Worth	887,647	---Do---

"$" for Qualifications (i) & (ii) of the Auditor's Report.

Qualification (i) of the Auditor's Report

1. **Details of Audit Qualification:**
   As per audit report (i) reference to the Basis for Qualified Opinion

2. **Type of Audit Qualification:**
   Qualified Opinion

3. **Frequency of qualification:**
   Third time

4. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
   Not Applicable

5. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) Management's estimation on the impact of audit qualification:
Not quantifiable

(ii) If management is unable to estimate the impact, reasons for the same:
Please refer point no 24 (a) in the statement of audited standalone financial results for quarter and year ended March 31, 2020.

(iii) Auditors' Comments on (i) or (ii) above:
Due to the nature of various regulatory inquiries/ investigations, the consequential impact, if any cannot be ascertained

Qualification (II) of the Auditor's Report

1. **Details of Audit Qualification:**
   As per audit report para (ii) reference to the Basis for Qualified Opinion

2. **Type of Audit Qualification:**
   Qualified Opinion

3. **Frequency of qualification:**
   Third time

4. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
   Not Applicable

5. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:**
Not quantifiable

(ii) **If management is unable to estimate the impact, reasons for the same:**
Please refer point no 24 (b) in the statement of audited standalone audited financial results for quarter and year ended March 31, 2020

(iii) **Auditors' Comments on (i) or (ii) above:**
A continuing qualification from previous year as non-compliance with section 197 of the Companies Act, 2013 is pending to be regularized.

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

Chartered Accountants

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

Rajesh Arora

Partner

Membership No. - 076124

UDIN: 20076124AAAABB2005

For and on behalf of the Board of Directors

of **Fortis Healthcare Limited**

Indrajit Banerjee

Chairman-Audit and Risk Management Committee

DIN: 01365405

Ashutosh Raghuvanshi

Managing Director & CEO

DIN: 02775637

Vivek Kumar Goyal

CFO

Date 17 June 2020

Place. Gurugram

FORTIS HEALTHCARE LIMITED

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020 ON CONSOLIDATED FINANCIAL RESULTS

Qualifications in the Auditor's Report

The Board of Fortis Healthcare Limited, has dealt with the matters stated in the qualifications in statutory auditor's report on the Consolidated Financial Results of Fortis Healthcare Limited ("the Parent" or "the Company") and its subsidiaries (the Parent/Company and its subsidiaries together referred to as "the Group") and its share of profit /(Loss) of its joint ventures and associates for the year ended March 31, 2020 ("the Consolidated Annual Results") included in the Statement of Consolidated Financial Results ("the Consolidated Statement") to the extent information was available with them.

(Rupees in lacs)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications) $
1	Turnover / Total income	468,496	Not Determinable
2	Total Expenditure	451,959	---Do---
3	Share of profit of associates and joint ventures (net)	1,216	---Do---
4	Exceptional gain	6,183	---Do---
5	Tax expense	14,787	---Do---
6	Net Profit/(Loss)	9,149	--Do---
7	Earnings Per Share	0.77	---Do---
8	Total Assets	1,134,782	---Do---
9	Total Liabilities	414,223	---Do---
10	Net Worth *	720,559	---Do---

"$" for Qualifications a) and b) of the Auditor's Report.

* Including non-controlling interest of Rupees 54,450 lacs

Qualification a) of the Auditor's Report

1. **Details of Audit Qualification:**

   As per audit report para a) of basis for qualified opinion

2. **Type of Audit Qualification:**
   Qualified Opinion

3. **Frequency of qualification:**
   Third time

4. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
   Not Applicable

5. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:**
Not quantifiable.

(ii) **If management is unable to estimate the impact, reasons for the same:**
Please refer point no 29 (a) in the statement of audited consolidated financial results for quarter and year ended 31st March'20

(iii) Auditors' Comments on (i) or (ii) above:
Due to the nature of various regulatory inquiries/ investigations, the consequential impact, if any, cannot be ascertained.

Qualification b) of the Auditor's Report

1. **Details of Audit Qualification:**
   As per audit report para b) of basis for qualified opinion

2. **Type of Audit Qualification :**
   Qualified Opinion

3. **Frequency of qualification:**
   Third time

4. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
   Not Applicable

5. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) Management's estimation on the impact of audit qualification:
Not quantifiable

(ii) If management is unable to estimate the impact, reasons for the same:

Please refer point no 29 (b) in the statement of audited consolidated financial results for quarter and year ended 31st March'20.

(iii) Auditors' Comments on (i) or (ii) above:
A continuing qualification from previous year as non-compliance with section 197 of the Companies Act, 2013 is pending to be regularized.

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

Chartered Accountants

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

Rajesh Arora

Partner

Membership No. 076124

UDIN: 20076124AAAABD5475

For and on behalf of the Board of Directors

of Fortis Healthcare Limited

Indrajit Banerjee

Chairman-Audit and Risk Management Committee

DIN: 01365405

Ashutosh Raghuvanshi

Managing Director & CEO

DIN: 02775637

Vivek Kumar Goyal

CFO

Date: 17 June 2020

Place: Gurugram

Press Release

June 17, 2020

Fortis Healthcare announces FY20 and Q4 FY20 Consolidated Financial Results

FY 20 Revenues grow 3.6% to INR 4,632 Crs
EBITDA margins double to 14.3%; EBITDA at INR 662 Crs, up 108.5% YoY
PATMI at INR 58 Crs versus a loss of INR 299 Crs

Q4 FY 20 Revenues at INR 1,113 Crs versus INR 1,184 Crs
EBITDA margins improve to 13.0% versus 10.6% in previous corr. Quarter

- *FY 20 Hospital Business revenues at INR 3,752 Crs, up 6.4% over prior year. EBITDA for the business stood at INR 476 Crs representing a margin of 12.7% versus 2.8% in FY19*

- *Q4 FY20 Hospital business revenues at INR 913 Crs, versus INR 919 Cr in Q4 FY19 despite the Covid-19 impact in the quarter. EBITDA at INR 104 Cr, up 103% versus previous corr.*

Gurugram, June 17, 2020: Fortis Healthcare Ltd. (“Fortis” or the “Company”), India’s leading healthcare delivery company, today announced its audited consolidated financial results for the quarter and year ended March 31, 2020.

The Jan- March quarter witnessed the Covid-19 impact which began in February and was more pronounced towards end March due to the lockdown. The Company continues to face challenges in the current quarter, impacting its financial performance. While revenues saw a sharp reduction in April 2020, beginning May business is exhibiting signs of an early and gradual recovery. The impact of the pandemic is however expected to continue through the April-June quarter and beyond till visible and sustainable signs of stabilization and normalization can be seen. *(Further details are mentioned in a separate section in ensuing pages).*

FINANCIAL HIGHLIGHTS

- The Company recorded a Profit after tax after Minority interest (PATMI) of INR 58 Crs in FY 20 versus a loss of INR 299 Crs in the previous year. PATMI for FY 20 was impacted by a non-cash Deferred Tax Asset (DTA) charge in Q3 FY20 of INR 102 Crs. This was due to the Company de-recognizing DTA in respect of one of its subsidiaries partially off-set due to recognition of DTA in certain other subsidiaries; basis their respective future taxable profits.

- For the quarter, PATMI stood at a loss of INR 45 Crs versus a profit of INR 136 Crs in Q4FY19. PATMI in Q4FY19 includes share in associates of INR 333 Crs which was on account of profit recognized by an associate Company for selling its hospital assets.

- Net debt to equity ratio stood at 0.14 times as of 31 March 2020 similar to the ratio as of 31 March 2019. Net debt (excluding lease liabilities) stood at INR 1,013 Crs versus INR 974 Crs in the previous year.

- Finance costs witnessed a decline of 39% to INR 205 Crs for the year as a result of lower borrowing costs, reduction in high cost debt and improvement in credit rating by 4 notches (from BBB- to A) during the year.

- Company witnessed an improvement in its workings capital management; led by higher collections, a streamlined billing process and better inventory management.

HOSPITAL BUSINESS HIGHLIGHTS

- FY 20 witnessed a turnaround in profitability from the hospitals segment. The performance was driven by overall better operating metrics and the savings in the hospital service fees as a result of the buyback of certain hospital assets.

    - Hospital occupancy for the year was at 68% versus 67% in FY19. This was impacted by a lower occupancy in Q4 at 65% (vs 68% in Q4 FY19). YTD Feb'20 occupancy stood at 69%
    - Average revenue per occupied bed (ARPOB) for the year stood at INR 1.59 Crs, up 4.5% YoY while Average length of stay (ALOS) was at 3.23 days versus 3.39 days in the corresponding previous year.

- In order to re-build and bring the business on a growth trajectory, a number of transformative initiatives including a comprehensive portfolio assessment, non-core asset divestments and restarting critical growth imperatives were undertaken during the year; including the below.

    - Capital expenditure / commitments during the year were at approx. INR 280 Crs primarily for investments in medical equipment and growth and expansion plans. This was a significant growth impediment due to the liquidity constraints previously.

    - A number of new medical programs and service offerings were launched during the year; noticeable amongst them was the commissioning of the high-end oncology block at Fortis BG Road, Bengaluru.

    - A slew of new cost efficiency initiatives were undertaken in FY 20 which included:

        - Streamlining organizational structure for better alignment between operations and corporate functions

        - Optimization of manpower costs both in medical and non-medical areas.

- Cost efficiencies achieved in G&A, Power & Fuel and corporate office expenses
- Other ongoing cost saving initiatives including in key areas of procurement / supply chain and IT

DIAGNOSTICS BUSINESS HIGHLIGHTS

- The diagnostic business gross revenue for the year stood at INR 1,016 Cr vs INR 1,010 Cr in FY19. EBITDA Margins were at 19.4% versus 18.4% in the previous year. A slower pace of network expansion with a sub-optimal channel engagement strategy and the impact of Covid-19 impacted performance during the year. These are being addressed with efforts underway for faster expansion, a stronger channel connect and a balanced product portfolio approach.

- For the quarter, diagnostic business gross revenues were at INR 231.9 Crs versus INR 251.1 Crs while margins were at 14.5% vs 18.9% in the corresponding previous period.

- The business witnessed an expansion in its B2C and B2B network adding 420+ collection centers (+41%), primarily in H2 FY20 and approx.1,150 Direct Clients (+15%), during the year.

- SRL conducted ~30.4 million tests during FY20, similar to FY 19 volumes. YTD Feb'20 (11 months) volume growth was at 4.1%.

COVID IMPACT

The Company's business was significantly impacted from February 2020 as a result of the increasing spread of the COVID-19 pandemic. This became more pronounced in the last week of March and the entire month of April due to the nationwide lockdown and witnessed a drop in hospital occupancy to 29% for the month of April. Diagnostic business volumes declined 75% in the same time period. The company also continued to face cost pressures as a result of the additional expenses incurred to cater to COVID patients and the regulations put forth with respect to COVID treatment in some geographies.

The Company has earmarked approx. 1,000 beds across its network for COVID patients and has the potential to further scale up if required. It continues to ensure smooth running of its operations with initiatives like Flu Clinics, Flu Kiosks, Tele and Video Consults, Home healthcare and dedicated testing facilities. A slew of cost saving measures including voluntary salary reductions, optimization of administrative and sales and marketing costs, judicious allocation of capex along better working capital management and the availability of bank funding are enabling the Company to effectively manage its liquidity position currently.

With the lockdown restrictions easing beginning May, the business has shown signs of gradual improvement with hospital occupancy for the month of May improving to 35% and the decline in

SRL volumes in May improving to a negative approx. 60%. However, the business is expected to continue to face earnings pressure through the April – June quarter and beyond till the pandemic recedes and business momentum returns to normal.

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, " Fortis has been through a transformational journey in the past several quarters and I am pleased to state that all our efforts to ensure business normalization and continuity have assisted Fortis in re-establishing itself as an eminent healthcare organization in the country. With a new Board and management team, a new direction with "An aspiration to be the most trusted healthcare organization in India" would see the Company strengthening its fundamental building blocks of clinical talent and patient servicing. In parallel, the Board would support and guide management in optimizing its key value levers related to capacity expansion, commissioning of high-end medical programs and technologies and digital transformation; all within an institutionalised framework of strong systems, governance protocols and internal control mechanisms. FY20 has been an inflexion year for the Company with a healthy operating and financial performance especially with respect to the hospitals business and we are working diligently on improving the diagnostics operations with clear cut objectives. I am hopeful that this is the beginning of an eventful period in the journey of Fortis and remain optimistic that as we move forward, we will continue to see a stronger organization and be able to enhance value for all our stakeholders"

Commenting on the results for the year, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, "Our business performance has seen a healthy turnaround in the year gone by led by a consistent quarter on quarter improvement. We have witnessed a robust margin expansion in the hospital business with a number of facilities seeing a strong operational performance. We have taken significant strides to ensure that we build on our fundamental strengths of clinical excellence and patient centricity and in parallel have undertaken a portfolio assessment to ensure that we leverage our existing geographical presence to drive higher synergies. Our diagnostics business potential is yet to be unlocked and we are taking the required measures to ensure that the business comes back on the growth trajectory in the near future. Cost efforts have and will always continue to be imbibed in the ways of our working across all parameters; be it expense lines, working capital, procurement or manpower productivity. This will ensure that we run a lean and nimble organization. In the end it is with a sense of pride and gratitude that I would also like to express my sincere appreciation to the grit and determination shown by our healthcare workforce in these challenging times of COVID. I remain optimistic that we will surmount these tough times and emerge as stronger healthcare organization that will be steadfastly focused on driving business and strengthening profitability"

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 4,000 operational beds and over 400 diagnostics centres.

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