FORTIS HEALTHCARE LIMITED

STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED JUNE 30, 2014

(₹ In lacs)

Part I

Particulars	Consolidated				Standalone			
	Quarter ended			Year ended	Quarter ended			Year ended
	30-Jun-14	31-Mar-14	30-Jun-13	31-Mar-14	30-Jun-14	31-Mar-14	30-Jun-13	31-Mar-14
	(Unaudited)	(Audited) (Refer note 2)	(Unaudited)	(Audited)	(Unaudited)	(Audited) (Refer note 2)	(Unaudited)	(Audited)
1. Income from operations	100,940	92,808	150,363	470,183	14,784	9,015	9,428	35,407
2. Other operating income	1,127	1,264	1,377	5,747	328	433	387	1,483
3. Total Income	**102,067**	**94,072**	**151,740**	**475,930**	**15,112**	**9,448**	**9,816**	**36,890**
4. Expenditure								
(a) Cost of material consumed	24,623	23,022	28,547	100,784	3,984	2,596	3,091	10,833
(b) Employees benefit expenses	21,473	19,222	49,195	123,073	4,544	3,772	3,272	13,604
(c) Other expenditure	53,495	54,912	68,396	233,733	10,730	7,212	4,545	20,496
Total	**99,691**	**97,156**	**146,138**	**457,590**	**19,258**	**13,680**	**10,908**	**44,933**
5. Profit (+)/ Loss (-) from operations before other income, finance costs, depreciation and amortisation (3-4)	**2,476**	**(3,084)**	**5,602**	**18,340**	**(4,146)**	**(4,132)**	**(1,093)**	**(8,043)**
6. Other income	2,484	4,356	4,262	17,059	5,622	5,293	4,658	22,964
7. Exceptional gain/ (loss) (refer note 6)	191	-	(8,459)	35,334	265	-	-	-
8. Profit from operations before finance costs, depreciation and amortisation (5+6+7) (EBITDA)	**5,151**	**1,272**	**1,405**	**70,733**	**1,741**	**1,161**	**3,565**	**14,921**
9. Net depreciation/ impairment & amortisation expenses	6,392	5,345	6,951	24,786	899	366	449	1,700
10. Profit (+)/ Loss (-) from operations before finance costs (8-9)	**(1,241)**	**(4,073)**	**(5,546)**	**45,947**	**842**	**795**	**3,116**	**13,221**
11. Finance costs	3,901	2,764	14,811	31,633	2,058	2,057	2,217	9,078
12. Profit (+)/ Loss (-) from operations before tax (10-11) (Including profit attributable to discontinuing operations, refer note 7)	**(5,142)**	**(6,837)**	**(20,357)**	**14,314**	**(1,216)**	**(1,262)**	**899**	**4,143**
13. Tax expense	436	1,140	1,583	2,650	-	(90)	145	1,744
14. Profit (+)/ Loss (-) from ordinary activities after tax (12-13)	**(5,578)**	**(7,977)**	**(21,940)**	**11,664**	**(1,216)**	**(1,172)**	**754**	**2,399**
15. Less : Minority interest in profit/ (loss)	487	(6)	283	496	-	-	-	-
16. Add : Share in profit of associate companies	1,485	240	93	1,086	-	-	-	-
17. Net profit (+)/ Loss (-) after taxes, minority interest and share of profit of associates (14-15+16)	**(4,580)**	**(7,731)**	**(22,130)**	**12,254**	**(1,216)**	**(1,172)**	**754**	**2,399**
18. Paid-up equity share capital (Face Value ₹10 per Share)	46,279	46,279	45,904	46,279	46,279	46,279	45,904	46,279
19. Reserves excluding revaluation reserves				381,956				324,679
20.Earnings per share (excluding exceptional items) :- Basic	(1.03)	(1.71)	(3.20)	(5.09)	(0.32)	(0.26)	0.18	0.53
:- Diluted	(1.03)	(1.71)	(3.20)	(5.09)	(0.32)	(0.26)	0.18	0.53
Part II								
A. Particulars of Shareholding								
1. Public shareholding - No of shares	132,634,166	132,632,366	128,885,017	132,632,366	132,634,166	132,632,366	128,885,017	132,632,366
- Percentage of shareholding	28.66%	28.66%	28.08%	28.66%	28.66%	28.66%	28.08%	28.66%

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2. Promoters and promoter group shareholding								
a) Pledged/ encumbered - No of shares	272,530,150	229,777,900	222,596,300	229,777,900	272,530,150	229,777,900	222,596,300	229,777,900
- Percentage of shares (as a % of total shareholding of promoter and promoter group)	82.55%	69.60%	67.42%	69.60%	82.55%	69.60%	67.42%	69.60%
- Percentage of shares (as a % of the total share capital of the company)	58.89%	49.65%	48.49%	49.65%	58.89%	49.65%	48.49%	49.65%
b) Non-encumbered - No of shares	57,623,798	100,376,048	107,557,648	100,376,048	57,623,798	100,376,048	107,557,648	100,376,048
- Percentage of shares (as a % of total shareholding of promoter and promoter group)	17.45%	30.40%	32.58%	30.40%	17.45%	30.40%	32.58%	30.40%
- Percentage of shares (as a % of the total share capital of the company)	12.45%	21.69%	23.43%	21.69%	12.45%	21.69%	23.43%	21.69%

B. Investor complaints	
Pending at the beginning of the quarter	1
Received during the quarter	5
Disposed off during the quarter	6
Remaining unsolved at the end of the quarter	Nil

Notes to the results:

1. The above unaudited financial results for the quarter ended June 30, 2014 have been reviewed by the Audit, Risk & Control Committee and approved by the Board of Directors at their respective meetings held on August 06, 2014 and August 07, 2014. These unaudited financial results for the quarter ended June 30, 2014 were subjected to a limited review by the auditors of the Company.

2. The figures for the quarter ended March 31, 2014 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2014 and the unaudited published year to date figures up to December 31, 2013, being the end of the third quarter of the financial year 2013-2014, which was subjected to a limited review.

3. **Segment Reporting**

Business segments:

The Group is primarily engaged in the business of healthcare services, which in the opinion of management is considered to be the only reportable business segment as per Accounting Standard 17 on 'Segment Reporting' notified under the Companies (Accounting Standards) Rules, 2006 as amended. Healthcare services include various patient care services delivered through clinical establishment, medical services companies, pathology and radiology services etc.

Geographical segments:

The group operates in the business segment explained above in two principal geographical areas, geographical segments being classified as secondary segment. In India, its home country, the group focuses largely on healthcare services. Additionally, the group's operations 'Outside India' are now mostly focusing on South East Asia and Middle East. The group primarily operates in Singapore, Dubai and Mauritius.

<u>Revenue from operations –by geographical markets</u>

The following table shows the distribution of the Company's consolidated revenues by geographical market.

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(₹ In lacs)

Region	Quarter ended			Year ended
	30-Jun-14	31-Mar-14	30-Jun-13	31-Mar-14
India	96,421	88,533	81,187	344,764
Outside India	5,646	5,539	70,553*	131,166*
Total	**102,067**	**94,072**	**151,740**	**475,930**

* Includes revenue relating to discontinuing operations (see note 7 below).

4. Other income includes interest income, foreign exchange fluctuation gain, profit on sale of assets, profit on sale of investments, forward cover premium amortization and miscellaneous income, whichever is relevant for the period.

5. A) In case of one of the subsidiary, 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 hospital of one of the subsidiary company exists. Consequent to termination DDA issued show cause notice and initiated eviction proceedings against the subsidiary company. Both these matters are currently pending in various courts of law. Based on the experts' opinions, management is confident that subsidiary company will be able to suitably defend the termination order and eviction proceedings and accordingly considers that no adjustments are required to the financial result.

b) Further, the subsidiary company also has open tax demands of ₹ 8,311 lacs (after adjusting ₹ 4,155 lacs for which the Company has a legal right to claim from erstwhile promoters and ₹ 10,503 lacs of an escrow account which was maintained out of sale consideration payable by the Company to the erstwhile promoters) for relevant assessment years. Based on the experts' opinions, management considers these tax demands as not tenable against the subsidiary company and management is confident that the ultimate outcome of these matters will not have a material adverse impact on the subsidiary's financial position, results of operations or cash flows.

c) In relation to the order of honorable High Court of Delhi relating to provision of free treatment/beds to poor, Directorate of Health Services, Government of NCT of Delhi, (DHS) appointed a firm to calculate "unwarranted profits" arising to it due to non-compliance. The special committee of DHS stated that before giving a formal hearing to the hospital, a formal intimation shall be given regarding the recoverable amount as per calculation of the appointed firm, which as per their method of calculations amounts to ₹ 73,266 lacs, seeking hospital's comments and inputs if any. The company has responded to such intimation explaining errors and objections to the calculations and is awaiting a formal hearing in the matter with the DHS. Based on its internal assessment and advice from its counsels on the basis of the documents available, management of the group believes that it is in compliance of conditions of free treatment and free beds to the poor and does not anticipate any liability after proper hearing with DHS. No notice of hearing has since been received till date.

B) One of the subsidiary had received an Order from Navi Mumbai Municipal Corporation (NMMC) under Bombay Nursing Home Registration Act, 1949,for certain alleged contravention of the provisions of the Act and to cancel the registration of the Hospital and immediately cease its operations. The subsidiary filed writ petition with Bombay High Court (HC) that it is ultra vires and contrary to principles of Natural Justice HC stayed the order and restrained NMMC from taking any steps to interfere or obstruct the functioning. Despite above order, NMMC again issued another Order to submit original certificate of registration of the subsidiary. The subsidiary has filed civil application in the Writ Petition seeking leave of HC to amend the Writ Petition to include grounds of challenging the new Order as well which are pending before the HC. As per advice obtained from external legal counsel, the subsidiary has very good case to contend and the Orders are out to be set aside.

6. Exceptional items included in the above consolidated financial results includes:

(₹ In lacs)

Particulars	Quarter ended June 30, 2014	Quarter ended March 31, 2014	Quarter ended June 30, 2013	Year ended March 31, 2014
a) Loss on dilution of stake in Religare Health Trust ("RHT")	-	-	(513)	(513)
b) Gain on dilution of stake in Dental Corporation Holdings Limited ("DC") [Refer note 7 (a)]	-	-	961	961
c) Realized foreign exchange fluctuation loss on settlement of loans within the group from sale proceeds of DC [Refer note 7 (a)]	-	-	(8,907)	(8,907)
d) Gain on dilution of stake in Fortis Hoan My Medical Corporation ("Hoan my") [Refer note 7 (b)]	-	-	-	1,377
e) Gain on dilution of stake in Quality Healthcare, Hong Kong [Refer note 7 (c)]	-	-	-	42,416
f) Gain on sale of net assets related to Mohali clinical establishment to EHSSHL, one of the subsidiary of RHT	191	-	-	-
Net exceptional items	**191**	**-**	**(8,459)**	**35,334**

Loss on dilution of stake in RHT

During year ended March 31, 2012, the Company initiated internal corporate restructuring within the Group with a view to streamline and focus Group companies' resources and energies on different divisions and undertakings and to align the business with the internationally emerging trends by moving towards innovative and cost effective methods such as transformation to asset light models. Subsequent to it RHT, a business trust established in Singapore, was listed on the Singapore Exchange Securities Trading Limited on October 19, 2012.

RHT made an offering of 567,455,000 common units at S$ 0.90 per common unit. Post the listing of RHT on Singapore Stock Exchange on October 19, 2012, the stake of Group in RHT has been diluted from 100% to 28%. Accordingly, assets and liabilities of Clinical Establishment Division held by RHT Group do not form part of the consolidated assets and liabilities of the Company w.e.f. October 19, 2012. Such deconsolidation had resulted in a net gain of ₹ 99,591 lacs (net of expenses directly incurred on the transaction) and was included as an exceptional item for the year ended March 31, 2013 and for other quarters and year ended March 31, 2014 the exceptional item is related to expenses directly incurred on the transaction.

In continuance of Group's Asset light model, during the current quarter ended June 30, 2014, the Company has entered in to an agreement with Escorts Heart and Super Specialty Hospital Limited ("EHSSHL"), a subsidiary of Religare Health Trust, for transfer of net assets relating to the Mohali Clinical Establishment

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(in Punjab) to EHSSHL. Such transaction has resulted in net gain of ₹ 191 lacs (net of unrealised gain of ₹ 74 lacs pertaining to the Company's share in RHT) and ₹ 265 lacs in the consolidated and standalone results respectively and has been included as an exceptional item during the quarter.

Further, in view of unavailability of financial statements for the quarter ended June 30, 2014 of Religare Health Trust, Singapore ('RHT'), an associate of the Company, the share of profits of RHT for the quarter, amounting to ₹ 1,366 lacs has been accounted for based on reasonable management estimates.

7. a) Discontinuing of operations relating to Dental Corporation Holdings Limited ("DC"), Australia

During the year ended March 31, 2013, Fortis Healthcare Australia Pty Limited (FHA), a wholly owned subsidiary of the Company entered into a Non-Binding Indicative offer to divest its 63.51% holding in DC to BUPA, Australia for a consideration of AUD 276 million. The deal was completed during the previous year on May 31, 2013 post approvals by the shareholders of DC, other regulatory authorities and the Supreme Court of Victoria (Australia). Accordingly, assets and liabilities of DC do not form part of the consolidated assets and liabilities of the Company w.e.f. May 31, 2013. Such deconsolidation resulted in a net gain of ₹ 961 lacs and was included as an exceptional item in the quarter ended June 30, 2013. Further, exceptional item during the quarter ended June 30, 2013 also included ₹ 8,907 lacs of realized foreign exchange fluctuation loss on settlement of loans within the group from sale proceeds of DC.

The revenue and expenses in respect of the activities attributable to above discontinuing operations included in the consolidated financial results are as follows:

(₹ In lacs)

Particulars	**Quarter ended**	**Quarter ended**	**Quarter ended**	**Year ended**
	30-Jun-14	**31-Mar-14**	**30-Jun-13**	**31-Mar-14**
Total Income	-	-	33,044	33,044
Total expenditure	-	-	34,294	34,294
Profit before tax	-	-	**(1,250)**	**(1,250)**
Tax expenses	-	-	(70)	(70)
Profit after tax	-	-	**(1,180)**	**(1,180)**

b) Discontinuing of operations relating to Fortis Hoan My Medical Corporation, Vietnam

During the quarter ended June 30, 2013, Fortis Healthcare International Pte Ltd., a subsidiary of the Company had entered into an agreement with Viva Holdings Vietnam (Pte.) Ltd, a Chandler Corporation company, to divest entire stake in Fortis Hoan My Medical Corporation (Vietnam), for a consideration of USD 80 million. The deal was completed on August 20, 2013 post receipt of all approvals. Accordingly, assets and liabilities of Hoan My do not form part of the consolidated assets and liabilities of the Company w.e.f. August 20, 2013. Such deconsolidation had resulted in a net gain of ₹ 1,377 lacs and was included as an exceptional item for quarter ended September 30, 2013.

The revenue and expenses in respect of the activities attributable to above discontinuing operations included in the consolidated financial results are as follows:

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(₹ In lacs)

Particulars	Quarter ended	Quarter ended	Quarter ended	Year ended
	30-Jun-14	31-Mar-14	30-Jun-13	31-Mar-14
Total Income	-	-	7,185	13,246
Total expenditure	-	-	6,594	12,036
Profit before tax	-	-	**591**	**1,210**
Tax expenses	-	-	84	338
Profit after tax	-	-	**507**	**872**

c) Discontinuing of operations relating to Quality Healthcare, Hong Kong

During the previous year, Fortis Healthcare International Pte Ltd. ('FHIPL'), a subsidiary of the Company entered into an agreement with BUPA International Limited to divest entire stake in Altai Investments Limited, the holding Company of Quality Healthcare, Hongkong for USD 321 million, further USD 44 million was received on account of inter group receivables net of payables. Group has received USD 365 million towards this transaction. The deal was completed on October 24, 2013 post receipt of all approvals. Accordingly, assets and liabilities of Quality Healthcare do not form part of the consolidated assets and liabilities of the Company w.e.f. October 24, 2013. Such deconsolidation has resulted in a net gain of ₹ 42,416 lacs and has been included as an exceptional item for the quarter ended December 31, 2013. Net gain of ₹ 42,416 lacs is net of goodwill of ₹ 31,580 lacs arising on consolidation of FHIPL. In view of management, considering disposal of all significant subsidiaries of FHIPL, no goodwill is allocable to any other remaining entities.

The revenue and expenses in respect of the activities attributable to above discontinuing operations included in the consolidated financial results are as follows:

(₹ In lacs)

Particulars	Quarter ended	Quarter ended	Quarter ended	Year ended
	30-Jun-14	31-Mar-14	30-Jun-13	31-Mar-14
Total Income	-	-	25,191	63,162
Total expenditure	-	-	24,367	59,212
Profit before tax	-	-	**824**	**3,950**
Tax expenses	-	-	203	718
Profit after tax	-	-	**621**	**3,232**

8. Effective from April 1, 2014, the Company has charged depreciation based on the revised remaining useful life of the assets as per requirement of Schedule II of the Companies Act, 2013. Due to above, depreciation charge for the quarter ended June 30, 2014, is higher by ₹ 1,074 lacs. Further, based on transitional provision provided in Note 7(b) of Schedule II, an amount of ₹ 1,279 lacs (net of deferred tax) have been adjusted with retained earnings.

9. During the quarter ended September 30, 2013, Hon'ble High Court of Delhi approved the scheme of amalgamation ('the scheme') of Fortis Health Management (North) Limited ('FHMNL') with Fortis Hospitals Limited ('FHsL'), both wholly owned subsidiaries of the Company. The scheme became effective

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from September 1, 2013 with appointed date as April 1, 2012. The amalgamation was done with an objective of reducing administrative cost, general overhead, managerial & other expenditure and to bring the expertise, technology & facilities under one roof. Due to this amalgamation, during the quarter ended September 30, 2013, the Company had accrued income of ₹ 4,236 lacs on account of reversal of tax expenses (₹ 2,499 lacs on account of reversal of tax expense, which is related to previous year ending March 31, 2013 and ₹ 1,737 lacs on account of deferred tax credit recognized, which is related to quarter ended June 30, 2013).

10. As permitted, the Group has elected to present earnings before interest, tax, depreciation/impairment and amortisation (EBITDA) as a separate line item in its financial statements and as required by clause 41 to the listing agreement to use the classifications as per financial statement, the Group has shown the EBITDA as a separate line item in the above financial results. In its measurement, the Group does not include depreciation/impairment and amortisation expenses, finance costs and tax expenses.

11. The previous periods'/ year figures have been regrouped and recasted, wherever considered necessary.

for and on behalf of the Board of Directors

Fortis Healthcare Limited
New Delhi

Malvinder Mohan Singh
Executive Chairman

Date: August 07, 2014
Place: Mumbai