

**Fortis Healthcare Limited**

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South City 1, Sector – 41, Gurgaon,
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FHL/SEC / 2019-20**February 14, 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 Disclosure Requirements) Regulation, 2015, this is to inform you that the Board of Directors of the Company at its meeting held today i.e. February 14, 2020, *inter-alia*, considered and approved standalone and consolidated un-audited financial results of the Company for the quarter and period ended on December 31, 2019 along with limited review report thereon;

Please find enclosed standalone and consolidated un-audited financial results along with limited review report given by the Statutory Auditor of the Company for quarter and period ended on December 31, 2019 and statement of deviation or variation for proceeds of Preferential issue and a copy of the press release being issued in this regard.

The Board Meeting commenced at 1330 Hours and concluded at 2015 Hours.

This is for your information and records please.

Thanking you,

Yours faithfully,

For **Fortis Healthcare Limited**

**Sumit Goel
Company Secretary
F6661**

FORTIS HEALTHCARE LIMITED

Regd. Office : Fortis Hospital, Sector 62, Phase – VIII, Mohali – 160062

Tel : 0172-5096001, Fax : 0172-5096221, CIN : L85110PB1996PLC045933

BSR & Co. LLP

Chartered Accountants

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DLF Cyber City, Phase - II
Gurugram - 122 002, India

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

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

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Fortis Healthcare Limited ("the Company" or "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit/ loss after tax and total comprehensive income of its associates and joint ventures for the quarter ended 31 December 2019 and year to date results for the period from 1 April 2019 to 31 December, 2019 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

Parent:

- (i) Fortis Healthcare Limited

Subsidiaries:

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

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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

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

- (i) As explained in Note 15 of the Statement, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company carried out an independent investigation and special audits by external professional firms on matters relating to systematic lapses/override of internal controls. As a result of investigation/ special audits, the Company recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 5, 6 and 15 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; and their qualifications and disclaimers including completeness of related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018.

Further, as explained in Note 15 and 16 of the Statement, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations on these matters, which are currently ongoing.

As explained in Note 15 (f) of the Statement, 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 financial results is yet to be concluded.

Also, as explained in Note 10 of the Statement, a Civil Suit claiming Rs. 25,344 lacs was filed by a third party against various entities including the Company and certain entities within the group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

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

- (ii) As explained in Note 17 of the Statement, during the year ended 31 March 2018, the Company concluded that it had paid amount aggregating to Rs. 2,002 lacs to the erstwhile Executive Chairman in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013 as his remuneration and other reimbursements. This is accordingly a

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non-compliance with the provisions of Section 197 of the Companies Act, 2013. Due to the uncertainty involved on recoverability of the said amounts, a provision for this amount has also been recorded in the year ended 31 March 2018.

- (iii) The Group had recorded a cumulative financial liability as at 31 March 2019 of Rs. 118,000 lacs (included under "Other current financial liabilities") by debiting "Other Equity" in respect of put option available with certain non-controlling shareholders of SRL Limited (refer to Note 19 of the statement). The Group has not quantified the liability relating to such put option as at 31 December 2018. Accordingly, we are unable to comment on the impact of such liability on the Statement.
6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 9 below, except for the effects/ possible effects of the matters described in paragraph 5, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. We draw attention to the following Notes in the Statement:
- a) Note 8(a) and 8(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 9 regarding matter relating to termination of Hospital lease agreement of Hiranandani Healthcare Private Limited, one of the subsidiaries in the Group, by Navi Mumbai Municipal Corporation (NMMC) vide order dated 18 January 2018.
- Based on the advice given by external legal counsel, the management believes that outflow in the above litigations is not likely and accordingly no provision/adjustment has been considered necessary with respect to the above matters in the Statement.
- Our conclusion is not modified in respect of the above matters.
8. We also draw attention to note 14 of the Statement relating to the order dated 15 November 2019 of the Hon'ble Supreme Court, where it is stated that the Hon'ble Supreme Court has issued suo-motu contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by Northern TK Venture Pte Ltd., Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia, to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company. As also explained in the said note, the management believes that it has a strong case on merits and as per the current position of the case, the liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the Statement. Our conclusion is not modified in respect of this matter.

B S R & Co. LLP

9. The Statement includes the interim financial information of twelve subsidiaries, which have not been reviewed, whose interim financial information (before intercompany-elimination and consolidation adjustments), reflect total revenues of Rs. 2,094 lacs and Rs. 7,015 lacs, total net loss after tax of Rs. 2,339 lacs and Rs. 8,193 lacs and total comprehensive loss of Rs. 2,390 lacs and Rs. 8,872 lacs for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the Statement. The Statement also include the Group's share of net profit after tax of Rs. 391 lacs and Rs. 981 lacs and total comprehensive income of Rs. 453 lacs and Rs. 1,044 lacs for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the consolidated unaudited financial results, in respect of four associates and four joint ventures, based on their interim financial information which have not been reviewed. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

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

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



Rajesh Arora
Partner
Membership No.: 076124
UDIN: 20076124AAAAAL4347

Place: Gurugram
Date: 14 February 2020

FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933
Fortis Hospital, Sector 62 Phase - VIII, Mohali - 160062
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE
MONTHS ENDED DECEMBER 31, 2019

Particulars	(Rupees in lacs)					
	Consolidated					
	Quarter ended			Nine months ended		Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Revenue from operations	116,892	121,217	110,327	351,940	328,521	446,936
2. Other income	492	975	4,324	3,423	8,240	9,240
3. Total income (1+2)	117,384	122,192	114,651	355,363	336,761	456,176
4. Expenses						
(a) Cost of materials consumed	23,991	24,815	23,665	73,017	68,995	92,824
(b) Employee benefits expense	23,436	22,706	22,073	69,733	67,197	91,359
(c) Finance costs	4,796	4,923	11,098	14,811	27,200	33,683
(d) Hospital service fee expense	-	-	9,571	-	28,490	30,126
(e) Professional charges to doctors	24,973	24,708	22,154	73,617	65,901	88,679
(f) Depreciation and amortisation expense	6,994	7,076	6,014	21,165	17,294	23,292
(g) Other expenses	28,796	30,538	29,063	87,199	86,916	121,426
Total expenses	112,986	114,766	123,638	339,542	361,993	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)	4,398	7,426	(8,987)	15,821	(25,232)	(25,213)
6. Share of profit / (loss) of associates and joint ventures (net)	416	316	1,700	1,014	3,108	36,441
7. Net profit / (loss) before exceptional items and tax (5+6)	4,814	7,742	(7,287)	16,835	(22,124)	11,228
8. Exceptional gain / (loss) (refer note 4)	-	5,233	(12,767)	6,183	(22,263)	(22,238)
9. Profit / (loss) before tax from continuing operations (7+8)	4,814	12,975	(20,054)	23,018	(44,387)	(11,010)
10. Tax expense / (credit) (Refer note 24)	11,746	571	(2,043)	9,745	(6,897)	11,361
11. Net profit / (loss) for the period from continuing operations (9-10)	(6,932)	12,404	(18,011)	13,273	(37,490)	(22,371)
12. Profit / (loss) before tax from discontinued operations	-	-	-	-	-	-
13. Tax expense of discontinued operations	-	-	-	-	-	-



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MONTHS ENDED DECEMBER 31, 2019

Particulars	(Rupees in lacs)					
	Consolidated					
	Quarter ended			Nine months ended		Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
14. Net profit / (loss) for the period from discontinued operations (12-13)	-	-	-	-	-	-
15. Net profit / (loss) for the period (11+14)	(6,932)	12,404	(18,011)	13,273	(37,490)	(22,371)
16. Profit / (loss) from continuing operations attributable to:						
Owners of the Company	(7,634)	11,098	(19,707)	10,245	(43,453)	(29,893)
Non-Controlling Interest	702	1,306	1,696	3,028	5,963	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)	1,792	(309)	(4,902)	1,532	(4,497)	(4,517)
19. Total comprehensive income / (loss) for the period (15+18)	(5,140)	12,095	(22,913)	14,805	(41,987)	(26,888)
20. Total comprehensive income / (loss) attributable to:						
Owners of the Company	(5,851)	10,757	(24,597)	11,736	(47,976)	(34,449)
Non-Controlling interest	711	1,338	1,684	3,069	5,989	7,561
21. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,495	75,496	75,495	75,495
22. Other equity as per the audited balance sheet						584,585
23. Earnings per equity share for continuing operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	(1.01)	1.47	(3.06)	1.36	(7.75)	(4.91)



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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE
MONTHS ENDED DECEMBER 31, 2019

Particulars	Consolidated					(Rupees in lacs)
	Quarter ended			Nine months ended		Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Diluted earnings / (loss) per share - In Rupees	(1.01)	1.47	(3.06)	1.36	(7.75)	(4.91)
24. Earnings per equity share for discontinued operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	-	-	-	-	-	-
Diluted earnings / (loss) per share - In Rupees	-	-	-	-	-	-
25. Earnings per equity share from continuing and discontinued operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	(1.01)	1.47	(3.06)	1.36	(7.75)	(4.91)
Diluted earnings / (loss) per share - In Rupees	(1.01)	1.47	(3.06)	1.36	(7.75)	(4.91)
26. Earnings before depreciation and amortisation expense, finance costs, exceptional items, tax expense and share in profit / (loss) of associates and joint ventures (EBITDA) (Refer note 3)	16,188	19,425	8,125	51,797	19,262	31,762

Notes to the results

1. The above Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2019 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on February 14, 2020. The modified limited review report of the Statutory Auditors is being filed with BSE Limited and National Stock Exchange of India Limited. For more details on consolidated results, visit investors section of our website at www.fortishealthcare.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.

2. Segment Reporting

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



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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

S. No	Particulars	(Rupees in lacs)					
		Quarter ended			Nine months ended		Year ended
		December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1	Segment value of sales and services (revenue)						
	- Healthcare	95,428	97,247	89,390	283,982	262,465	359,204
	- Diagnostics	24,939	27,861	24,257	78,445	75,908	101,016
	Gross value of sales and services	120,367	124,908	113,647	362,427	338,373	460,220
	Less : Inter segment sales and services	(3,475)	(3,691)	(3,320)	(10,487)	(9,852)	(13,284)
	Revenue from operations	116,892	121,217	110,327	351,940	328,521	446,936
2	Segment results						
	- Healthcare	6,866	6,423	(4,940)	16,319	(16,390)	(14,872)
	- Diagnostics	2,036	4,951	2,729	10,890	10,119	14,102
	Total segment profit / (loss) before interest and tax	8,702	11,374	(2,211)	27,209	(6,271)	(770)
	(i) Finance cost	(4,796)	(4,923)	(11,098)	(14,811)	(27,200)	(33,683)
	(ii) Exceptional items and unallocable expenditure (net of unallocable income)	492	6,208	(8,445)	9,606	(14,024)	(12,998)
	(iii) Share of profit / (loss) of associates and joint ventures (net)	416	316	1,700	1,014	3,108	36,441
	Profit / (loss) before tax	4,814	12,975	(20,054)	23,018	(44,387)	(11,010)
3	Segment assets						
	- Healthcare	891,859	889,755	483,247	891,859	483,247	883,036
	- Diagnostics	114,198	116,688	110,534	114,198	110,534	112,956
	- Unallocable assets	152,165	153,481	608,651	152,165	608,651	221,744
	Total assets	1,158,222	1,159,924	1,202,432	1,158,222	1,202,432	1,217,736
	Less : Inter segment assets	(18,307)	(19,357)	(20,663)	(18,307)	(20,663)	(22,609)
	Total segment assets	1,139,915	1,140,567	1,181,769	1,139,915	1,181,769	1,195,127
4	Segment liabilities						
	- Healthcare	219,429	222,153	118,336	219,429	118,336	238,675
	- Diagnostics	17,852	17,060	17,483	17,852	17,483	17,111
	- Unallocable liabilities	194,751	189,421	173,442	194,751	173,442	250,702
	Total liabilities	432,032	428,634	309,261	432,032	309,261	506,488



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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE
MONTHS ENDED DECEMBER 31, 2019

S. No	Particulars	(Rupees in lacs)					
		Quarter ended			Nine months ended		Year ended
		December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Less : Inter segment liabilities	(18,307)	(19,357)	(20,663)	(18,307)	(20,663)	(22,610)
	Total segment liabilities	413,725	409,277	288,598	413,725	288,598	483,878

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

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

S. No.	Particulars	(Rupees in lacs)					
		Quarter ended			Nine months ended		Year ended
		December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(a)	Gain on disposal of an associate (refer note 22)	-	3,857	-	3,857	-	-
(b)	Impairment of goodwill on consolidation in books pertaining to certain cash generating units (CGU's)	-	-	(12,767)	-	(16,798)	(16,798)
(c)	Impairment of investment in an associate	-	-	-	-	(5,586)	(5,586)
(d)	Reversal of impairment of goodwill and assets of a CGU	-	-	-	-	307	307
(e)	Allowance for advance and security deposit given to body corporate along with impairment of Capital work-in-progress [refer note 6]	-	-	-	-	(186)	(186)
(f)	Reversal of allowance for loan given to body corporate [refer note 7]	-	1,376	-	2,276	-	-
(g)	Reversal of allowance for loan given to Fortis C-Doc Healthcare Limited	-	-	-	50	-	25
	Net exceptional gain / (loss)	-	5,233	(12,767)	6,183	(22,263)	(22,238)



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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

5. 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 December 31, 2019, ICDs aggregating to Rupees 44,503 lacs including interest accrued thereon of Rupees 4,260 lacs calculated up to March 31, 2018 remained outstanding. In view of the uncertainty in realisability of the security and/or collection of the amounts, the outstanding amount of Rupees 44,503 lacs was fully provided during the year ended March 31, 2018.

On failure to meet repayment obligations by the Borrowers, FHsL initiated legal action to recover the outstanding ICDs, including interest thereon. FHsL has accrued for the interest on the ICDs till March 2018 for the purpose of including the same in the legal claim on the borrowers. However, in line with applicable accounting norms, interest thereon for the current quarter and period subsequent to March 31, 2018 amounting to Rupees 1,420 lacs and Rupees 9,879 lacs respectively has not been accrued considering the uncertainties around ultimate realisation of the amounts. During the previous quarter, FHsL has filed a civil suit on August 26, 2019 for recovery of Rupees 52,019 lacs before Hon'ble Delhi High Court against the Borrowers and few other entities.

Reference is invited to note 15 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 15 (g) on SEBI Order).

6. 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



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

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group had recorded provisions aggregating to Rupees 5,333 lacs in the Consolidated Financial Results for the year ended March 31, 2018 (also refer note 15(d)(v)) and a further provision of Rupees 186 lacs was made in respect of expenditure accrued during the quarter ended June 30, 2018.

7. 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 15(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 nine months ended December 31, 2019 towards full and final settlement.

8. In case of one of the subsidiaries ("Escorts Heart Institute and Research Centre Limited") ('EHIRCL'), that was formed after amalgamation of Escorts Heart Institute and Research Centre ('EHIRC'), Delhi Society with EHIRC, Chandigarh Society and thereafter registration of EHIRC, Chandigarh Society as a company:
- a) Delhi Development Authority ('DDA') had terminated the lease deeds and allotment letters relating to land parcels on which a hospital of EHIRCL exists. The matter is currently pending before the Hon'ble High Court of Delhi. Consequent to termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. The eviction proceedings initiated before the Estate Officer were challenged before the Hon'ble Supreme Court. Supreme Court vide its order dated November 14, 2019 has quashed the Show Cause Notice for eviction proceedings. Based on the external legal counsel advice, the Company is of the understanding that EHIRCL will be able to suitably defend the termination of lease deeds and allotment letters and accordingly considers that no adjustments are required to the Unaudited Consolidated Financial Results.
- b) Further, EHIRCL also has open tax demands of Rupees 7,952 lacs ((after adjusting Rupees 15,017 lacs as at December 31, 2019) (As at March 31, 2019 Rupees 8,724 lacs (after adjustment Rupees 14,245 lacs as at March 31, 2019)) of an escrow account which was maintained out of sale consideration payable by the Company to the erstwhile promoters of EHIRCL) for various assessment years. Further, as per the Share Purchase Agreement, one third of any excess of the net demand, amounting to Rupees 2,651 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



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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.
9. In case of one of the subsidiaries ("Hiranandani Healthcare Private Limited") ('HHPL'):
Navi Mumbai Municipal Corporation ('NMMC') terminated the Hospital lease agreement with HHPL vide order dated January 18, 2017 ('Termination Order') for certain alleged contravention of the Hospital Lease agreement. HHPL has filed a Writ Petition before the Hon'ble Supreme Court of India challenging the Termination Order. The Writ Petition has been tagged with Special Leave Petition which has also been filed by HHPL for *inter alia* challenging the actions of State Government, City Industrial Development Corporation and NMMC which led to the passing of the said Termination Order. The Hon'ble Supreme Court of India in the hearing held on January 30, 2017 ordered "Status Quo". SLP has been admitted on January 22, 2018 and "Status Quo" has been continuing. Based on external legal counsel opinion, management is confident that HHPL is in compliance of conditions of Hospital Lease Agreement and accordingly considers that no adjustment is required to the Unaudited Consolidated Financial Results.
10. A party (to whom the ICDs were assigned – refer note 5 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



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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 15).

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 and the same is being contested. This third party has also filed a claim for damages and injunctive reliefs against the Company before International Chamber of Commerce (ICC), notice of which has been received on November 2, 2019. It has not deposited requisite administrative charges, as required under ICC Rules and further 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.

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 Unaudited Consolidated Financial Results with respect to these claims.

11. Effective from January 15, 2019, the Company completed the acquisition of 100% stake in International Hospital Limited, Fortis Health Management Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited and 49% stake in Fortis Hospotel Limited (in which the Company had already held 51% stake) for a consideration of Rupees 466,630 lacs. The transaction was accounted as business combination and consequent to a preliminary purchase price allocation, a goodwill of Rupees 180,070 lacs has been recorded in the previous year ended March 31, 2019.
12. During the year ended March 31, 2019, Fortis Cancer Care Limited (FCCL), a step-down subsidiary of the Company entered into definitive agreements in relation to sale of its entire shareholding in Lalitha Healthcare Private Limited (LHPL) another step down subsidiary of the Company, representing 79.43% of the total issued and paid up equity share capital of LHPL, to the remaining promoters of LHPL. With the consummation of the transaction, LHPL ceased to be a step-down subsidiary of the Company and therefore LHPL has not been consolidated w.e.f. June 30, 2018. The gain on sale/deconsolidation aggregating to Rupees 307 lacs was shown as an exceptional item for the year ended March 31, 2019.



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13. 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".
14. 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, at the request of a public shareholder of the Company by way of an application seeking impleadment, the Hon'ble Supreme Court of India has also impleaded the relevant public shareholder as a party in the said petition. The relevant public shareholder has also inter alia prayed for the allowing the Mandatory Open Offer. Next date for the concerned matters in the Supreme Court is March 16, 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



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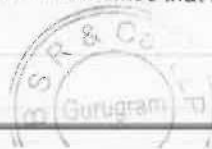
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Company, basis external legal advice, the management believes that it has a strong case on merits. It is the view of the Company these transactions were, at all times, conducted in a fair and transparent manner after obtaining all relevant regulatory and shareholders approval and only after making all due disclosures to public shareholders of the Company and to the regulatory authorities, in a timely manner. As per the current position of the case, liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly at present, no adjustment is required in the Unaudited Consolidated Financial Results.

15. 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 5 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 10 and 5 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 18 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



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

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

- iii. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company (refer note 5). 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 18 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 15 (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



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available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility cannot be ruled out that there may have been additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.

- (f) With respect to the other matters identified in the Investigation Report, the Board initiated specific improvement projects to strengthen the process and control environment. The projects included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement. The assessment work has been done and corrective action plans have been implemented. The 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



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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 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 cooperating 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 5 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 Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2019. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above is known.

16. 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.



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

17. Letter of Appointment of erstwhile Executive Chairman

The Company having considered all necessary facts and taking into account external legal advice, had on June 27, 2018 decided to treat as *non-est* the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company, the payments made to him under this LoA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him. The erstwhile Executive Chairman sent a notice to the Company claiming Rupees 4,610 lacs as allegedly due to him under the employment agreement. The Company replied to the same through its legal counsel denying any liability and stated that the demand is not payable being illegal and accordingly no adjustment has been made in these Unaudited Consolidated Financial Results with respect to these claims. Subsequently, Company filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received back vehicles which were being used by him. However, IT assets and excess amounts paid are yet to be received. (Also refer note 15(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.

- 18.** 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 15).
- 19.** As per an Exit Agreement dated June 12, 2012, certain non-controlling shareholders of SRL Limited have the right to exercise a Put Option on the Company on the occurrence of certain events as described in the Exit Agreement. During the year ended March 31, 2019, the Company has recorded a liability in its Consolidated Financial Statements in accordance with the requirements of Ind AS 32 – "Financial Instruments: Presentation" with a corresponding debit to "other Equity" for an amount of Rupees 118,000 lacs.
- 20.** Effective April 1, 2018, the Group adopted Ind AS 115 - "Revenue from Contracts with Customers" using the cumulative effect method which is applied to contract that were not completed as of April 1, 2018. There was no material effect on adoption of Ind AS 115 on the consolidated audited results



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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 and a corresponding liability of Rupees 20,058 lacs. Additionally leasehold land and assets created under embedded leases have now been reclassified from Property, plant and equipment to Right-of-Use assets. The effect of this adoption is decrease in profit before tax by Rupees 161 lacs and 694 lacs for the quarter and nine months ended December 31, 2019 respectively.

Details of impact on statement of profit and loss	(Rupees in lacs)		
	Quarter ended December 31, 2019	Quarter ended September 30, 2019	Nine months ended December 31, 2019
	Unaudited	Unaudited	Unaudited
Rent and other expenses are lower by	1,111	1,170	3,468
Depreciation and amortisation expense are higher by	759	849	2,577
Finance costs are higher by	513	535	1,585

22. During the previous 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 (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 previous 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 current quarter and nine months ended December 31, 2019 based on the new tax rates for certain group companies.
24. During the current quarter, among others, in respect of one of the subsidiaries of the group, deferred tax amounting to Rs 18,183 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. Previous period figures have been regrouped/ reclassified wherever necessary to conform to current period classification.
26. **Management's response to comments of the statutory auditors in the Limited Review Report**
- (a) With regard to the comments of the statutory auditors in paragraph 5 (i) of Limited Review Report, pertaining to the Investigation Report, it is submitted that, based on the investigation carried out by the external legal firm, SEBI Interim orders dated October 17, 2018, December 21, 2018 and confirmed vide order dated March 19, 2019 and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which assessment work has been done and corrective action plans have been implemented. The Board, however, continues to evaluate other areas to



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strengthen processes and build a robust governance framework. Further, various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, pursuant to the actions to be taken by the Board and as and when the results of the various investigations are known. With regard to other comments all identified adjustments/disclosures have been made. For more details, please refer to notes 5,6,7,13,15,16, 18.

- (b) With regard to the comments of the statutory auditors in paragraph 5 (ii) of Limited Review Report, pertaining to the amounts paid to the erstwhile Executive Chairman, the Company, having considered all necessary facts, has decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman and is taking suitable legal measures to recover the payments made to him

under the LoA as well as all the Company's assets in this possession. For more details, please refer to note 17.

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

Date: February 14, 2020

Place: Gurugram

For and on behalf of the Board of Directors


Dr. Ashutosh Raghuvanshi
Managing Director & CEO
DIN: 02775637



BSR & Co. LLP

Chartered Accountants

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

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

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Fortis Healthcare Limited (the "Company") for the quarter ended 31 December 2019 and year to date results for the period from 1 April 2019 to 31 December 2019 ("the Statement").
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. The matters stated below were also subject matter of qualification in our audit opinion on the standalone financial results for the year ended 31 March 2019 and review report on the unaudited standalone financial results for the quarter ended 30 June 2019 and quarter ended 30 September 2019:
 - (i) As explained in Note 9 of the Statement, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Company carried out an independent investigation and special audits by external professional firms on matters relating to systematic lapses/override of internal controls. As a result of investigation/ special audits, the Company recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 4 and 9 of the Statement. However, the report of said investigation was subject to limitations on the information available to the external professional firms; and their qualifications and disclaimers including completeness of related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018.

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Further, as explained in Note 9 and 10 of the Statement, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations on these matters, which are currently ongoing.

As explained in Note 9 (f) of the Statement, 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 financial results is yet to be concluded.

Also, as explained in Note 5 of the Statement, a Civil Suit claiming Rs. 25,344 lacs was filed by a third party against various entities including the Company and certain entities within the group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

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

- (ii) As explained in Note 11 of the Statement, during the year ended 31 March 2018, the Company concluded that it had paid amount aggregating to Rs. 2,002 lacs to the erstwhile Executive Chairman in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013 as his remuneration and other reimbursements. This is accordingly a non-compliance with the provisions of Section 197 of the Companies Act, 2013. Due to the uncertainty involved on recoverability of the said amounts, a provision for this amount has also been recorded in the year ended 31 March 2018.

5. Based on our review conducted as above, except for the effects/ possible effects of the matters described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We also draw attention to note 8 of the Statement relating to the order dated 15 November 2019 of the Hon'ble Supreme Court; where it is stated that the Hon'ble Supreme Court has issued suo- motu contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by Northern TK Venture Pte Ltd., Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia, to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company. As also explained in the said note, the management believes that it has a strong case on merits and as per the current position of the

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case. the liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the Statement. Our conclusion is not modified in respect of this matter.

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



Rajesh Arora
Partner
Membership No.: 076124
UDIN: 20076124AAAAAK1975

Place: Gurugram
Date: 14 February 2020

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(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Nine months ended		Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Revenue from operations	17,386	18,140	16,971	53,406	48,859	65,649
2. Other income	5,810	14,799	7,086	88,202	17,246	52,449
3. Total income (1+2)	23,196	32,939	24,057	141,608	66,105	118,098
4. Expenses						
(a) Cost of materials consumed	3,717	3,802	3,399	11,248	9,882	13,169
(b) Employee benefits expense	3,990	3,534	3,635	11,607	11,472	14,953
(c) Finance costs	3,662	3,778	7,012	11,836	14,310	19,227
(d) Hospital service fee expense	1,227	1,293	3,565	3,790	10,588	14,154
(e) Professional charges to doctors	3,458	3,031	2,879	9,551	8,436	11,137
(f) Depreciation and amortisation expense	2,396	2,426	666	7,215	2,068	2,714
(g) Other expenses	3,679	3,983	6,910	11,232	16,287	24,780
Total expenses	22,129	21,847	28,066	66,479	73,043	100,133
5. Net profit / (loss) from continuing operations before exceptional items and tax (3-4)	1,067	11,092	(4,009)	75,129	(6,938)	17,965
6. Exceptional gain / (loss) (refer note 3)	-	(8,978)	-	(13,501)	(8)	-
7. Profit / (loss) before tax from continuing operations (5+6)	1,067	2,114	(4,009)	61,628	(6,946)	17,965
8. Tax expense / (credit) (refer note 16)	(3,573)	3,441	902	11,107	3	5,656
9. Net profit / (loss) for the period from continuing operations (7-8)	4,640	(1,327)	(4,911)	50,521	(6,949)	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)	4,640	(1,327)	(4,911)	50,521	(6,949)	12,309
14. Other Comprehensive Income / (loss) (after tax)	-	40	(46)	(4)	18	22



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(Rupees in lacs)

Particulars	Standalone					
	Quarter ended			Nine months ended		Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
15. Total comprehensive income / (loss) for the period (13+14)	4,640	(1,287)	(4,957)	50,517	(6,931)	12,331
16. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,495	75,496	75,495	75,495
17. Other equity as per the audited balance sheet						760,828
18. Earnings per equity share for continuing operations (not annualised)						
Basic earnings / (loss) per share - In Rupees	0.61	(0.17)	(0.76)	6.69	(1.24)	2.02
Diluted earnings / (loss) per share - In Rupees	0.61	(0.17)	(0.76)	6.69	(1.24)	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	0.61	(0.17)	(0.76)	6.69	(1.24)	2.02
Diluted earnings / (loss) per share - In Rupees	0.61	(0.17)	(0.76)	6.69	(1.24)	2.02
21. Earnings before depreciation and amortisation expense, finance costs, exceptional items and tax expense (EBITDA) (refer note 2)	7,125	17,296	3,669	94,180	9,440	39,906



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Notes to the results

- The above Unaudited Standalone Financial Results for the quarter and nine months ended December 31, 2019 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on February 14, 2020. The modified limited review report of the Statutory Auditors is being filed with BSE Limited and National Stock Exchange of India Limited. For more details on standalone results, visit investors section of our website at www.fortishealthcare.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.
- 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.
- Exceptional gain / (loss) included in the above Unaudited Standalone Financial Results include:

(Rupees in lacs)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
a) Impairment of investment and allowance for doubtful loan given to Subsidiary Companies	-	(8,978)	-	(13,501)	(8)	-
Net exceptional gain / (loss)	-	(8,978)	-	(13,501)	(8)	-

- 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 9(d)(v)).



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5. 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 9).

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. 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 and the same is being contested. This third Party has also filed a claim for damages and injunctive reliefs against the Company before International Chamber of Commerce (ICC), notice of which has been received on November 2, 2019. It has not deposited requisite administrative charges, as required under ICC Rules and further 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.

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 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 Unaudited Standalone Financial Results with respect to these claims.

6. 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 Hospital Limited (in which the Company had already held 51% stake) for a consideration of Rupees 466,630 lacs.
7. 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".



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8. 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.

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, at the request of a public shareholder of the Company by way of an application seeking impleadment, the Hon'ble Supreme Court of India has also impleaded the relevant public shareholder as a party in the said petition. The relevant public shareholder has also inter alia prayed for the allowing the Mandatory Open Offer. Next date for the concerned matters in the Supreme Court is March 16, 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 position of the case, liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the Unaudited Standalone Financial Results.



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9. 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 5 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 5 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.
- (c) The investigation report ("Investigation Report") was submitted to the re-constituted Board on June 8, 2018.
- (d) The re-constituted Board discussed and considered the Investigation Report and noted certain significant findings of the external legal firm, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report.
- i. While the Investigation Report did not conclude on utilization of funds by the borrower companies, there are findings in the report to suggest that the ICDs were utilized by the borrower companies for granting/ repayment of loans to certain additional entities including those whose current and/ or past promoters/ directors are known to/ connected with the erstwhile promoters of the Company.
- ii. In terms of the relationship with the borrower companies, there was no direct relationship between the borrower companies and the Company and/ or its subsidiaries during the period December 2011 till December 14, 2017 (these borrower companies became related parties from December 15, 2017). The Investigation Report has made observations where erstwhile promoters were evaluating certain transactions concerning certain assets owned by them for the settlement of ICDs thereby indirectly implying some sort of affiliation with the borrower companies. The Investigation Report has observed that the borrower companies could possibly qualify as related parties of the Company and / or FHsL, given the substance of the relationship. In this regard, reference was made to Indian Accounting Standards dealing with related party disclosures, which states that for considering each possible related party relationship, attention is to be directed to the substance of the relationship and not merely the legal form.



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

- iii. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company (refer note 5). 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 9 (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.

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

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

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

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

Further, based on the SEBI orders and the information available at this stage no further adjustments are required to be made in Unaudited Standalone Financial Results for the quarter and nine months ended December 31, 2019. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above is known.

10. 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.

11. 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 9 (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.

12. During the nine months ended December 31, 2019, previous quarter ended September 30, 2019, and previous year ended March 31, 2019, the Company received dividend of Rupees 70,456 lacs, Rupees 8,978 lacs and Rupees 24,270 lacs respectively from its wholly owned subsidiary, Fortis Healthcare International Limited (FHIL), Mauritius.
13. Effective April 1, 2018, the Company adopted Ind AS-115 "Revenue from Contracts with Customers" using the cumulative effect method which is applied to contract that were not completed as of April 1, 2018. There was no material effect on adoption of Ind AS 115 on the standalone financial results.
14. Effective April 1, 2019, the Group adopted Ind AS-116 "Leases" using the modified retrospective method and elected to measure the Right-of-Use assets at an amount equal to the lease liability as at the date of initial application. On transition, the adoption of the new standard resulted in recognition of Right-of-Use assets and a corresponding liability of Rupees 64,725 lacs. Additionally, assets created under embedded leases have now been reclassified from Property, plant and equipment to Right-of-Use assets. The effect of this adoption is decrease in profit before tax by Rupees 890 lacs and Rupees 2,753 lacs for the quarter and nine months ended December 31, 2019 respectively.

Details of impact on statement of profit and loss	(Rupees in lacs)		
	Quarter ended December 31, 2019	Quarter ended September 30, 2019	Nine months ended December 31, 2019
	Unaudited	Unaudited	Unaudited
Rent, Hospital service fee expense and other expenses are lower by	2,635	2,628	7,881
Depreciation and amortisation expense are higher by	1,781	1,773	5,319
Finance costs are higher by	1,744	1,776	5,315

15. During the previous 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.
16. During the current quarter, among others, the Company has also recognised deferred tax assets (DTA) of Rs 3,579 lacs based on future taxable profits of the entity. The management would continue to reassess the DTA recoverability at each period end.
17. Previous period figures have been regrouped/ reclassified wherever necessary to conform to current period classification.
18. 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'.



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

- (a) With regard to the comments of the statutory auditors in paragraph 4 (i) of Limited Review Report, pertaining to the Investigation Report, it is submitted that, based on the investigation carried out by the external legal firm, SEBI Interim order dated October 17, 2018 and December 21, 2018 and confirmed vide order dated March 19, 2019 and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, have been made. Further, the Board initiated specific improvement projects to strengthen the process and control environment for which assessment work has been done and corrective action plans have been implemented. The Board, however, continues to evaluate other areas to strengthen processes and build a robust governance framework. Further, various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, pursuant to the actions to be taken by the Board and as and when the results of the various investigations are known. With regard to other comments all identified adjustments/disclosures have been made. For more details, please refer to note 4, 5,9,10.
- (b) With regard to the comments of the statutory auditors in paragraph 4 (ii) of Limited Review Report, pertaining to the amounts paid to the erstwhile Executive Chairman, the Company, having considered all necessary facts, has decided to treat as *non est* the LoA issued to the erstwhile Executive Chairman and is taking suitable legal measures to recover the payments made to him under the LoA as well as all the Company's assets in this possession. For more details, please refer to note 11.

Date: February 14, 2020

Place: Gurugram

For and on behalf of the Board of Directors



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

er *or* *of*



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 Statement of Deviation / Variation in utilisation of funds raised

Name of listed entity	Fortis Healthcare Limited
Mode of Fund Raising	Public Issues / Rights Issue / Preferential Issues / QIP / Others
Date of Raising Funds	13-Nov-18
Amount Raised (in INR)	39,999,999,989
Report filed for Quarter ended	31-Dec-19
Monitoring Agency	applicable / Not Applicable
Monitoring Agency Name, if applicable	Not Applicable
Is there a Deviation / Variation in use of funds raised	Yes / No
If yes, whether the same is pursuant to change in terms of a contract or objects, which was approved by the shareholders	Not Applicable
If Yes, Date of shareholder Approval	Not Applicable
Explanation for the Deviation / Variation	Not Applicable
Comments of the Audit Committee after review	Not Applicable
Comments of the auditors, if any	Not Applicable

Objects for which funds have been raised and where there has been a deviation, in the following table

Original Object	Modified Object, if any	Original Allocation	Modified allocation, if any	Funds Utilised	Amount of Deviation/Variation for the quarter according to applicable object	Remarks, if any

- Deviation or variation could mean:
- (a) Deviation in the objects or purposes for which the funds have been raised or
 - (b) Deviation in the amount of funds actually utilized as against what was originally disclosed or
 - (c) Change in terms of a contract referred to in the fund raising document i.e. prospectus, letter of offer, etc

For and on behalf of the Board of Directors

(Signature)
 Dr. Ashutosh Rajgurunath
 Managing Director & CEO
 14 Feb 20
 Gurugram



(Signature)

Fortis Healthcare announces Q3 FY20 Consolidated Financial Results

Revenues grow 6% to INR 1168.9 Crs

EBITDA at INR 161.9 Crs vs INR 81.2 Crs (13.8% margin versus 7.4%)

- *Hospital Business records third consecutive quarter of earnings growth; revenues for Q3 are up 7.3% to INR 953.5 Crs, EBITDA at INR 133.8 Cr versus INR 41.4 Crs.*
- *9MFY20 hospital business revenues are up 8.8% to INR 2838.8 Crs, EBITDA at INR 371.4 Crs vs INR 47.5 Crs*

Gurugram, February 14, 2020: Fortis Healthcare Ltd. ("Fortis" or the "Company"), India's leading healthcare delivery company, today announced its unaudited consolidated financial results for the quarter and nine months ended December 31, 2019.

COMPANY HIGHLIGHTS

- Q3 FY20 continues to witness earnings growth with margin expansion in the hospitals business.
- Hospital business contributes approx. 80% to overall revenues and EBITDA. Margins expand to 14.0% from 4.7% in Q3 FY 19 driven by operating performance and the elimination of the net Business Trust costs.
 - Occupancy for the quarter was at 68% similar to the corresponding previous quarter. ARPOB stood at INR 1.62 Crs, up 6% YoY while ALOS was at 3.24 days versus 3.42 days in the corresponding previous period.
- The diagnostic business gross revenue was at INR 249.4 Cr vs INR 242.6 Crs, a growth of 2.8%. This was impacted by the abnormally severe winter in North and Central India specially in the month of December.
- Diagnostic business EBITDA margins were at 16.0% vs 16.3% in Q3FY19

Other Highlights

- Net debt to equity ratio of 0.17 times. Net debt stood at INR 1,237 Crs in the quarter.
- Lower finance costs which witnessed a decline of 57% to INR 48 Crs in the quarter.

- Emphasis on better collection through timely bill submission and inventory management.
- Capex for growth and expansion on track with investments in new medical technologies, state of the art medical equipment and new / additional beds.
- Cost efficiency initiatives continue. Ongoing cost optimization actions comprise key elements related to manpower costs, doctor productivity, contract renegotiations, G&A, Power & Fuel and corporate office expenses.

KEY FINANCIAL HIGHLIGHTS FOR Q3 FY20 (versus Q3 FY19)

- **Consolidated Revenues for Q3** grew 6% to reach INR 1,168.9 Crs. Consolidated EBITDA** for Q3 increased 2x to INR 161.9 Crs.
 - Hospital business revenues stood at INR 953.5 Crs, a growth of 7.3%
 - The hospital business EBITDA was at INR 133.8 Crs versus an EBITDA of INR 41.4 Crs in Q3FY19.
 - Diagnostic business revenues (*Gross*) were at INR 249.4 Crs, + 2.8%
 - The EBITDA for the diagnostic business stood at INR 39.8 Crs versus INR 39.6 Crs in Q3 FY19.
- PBT for the quarter stood at INR 48.2 Crs versus a loss of INR 200.5 Crs in Q3 FY19.
- During the current quarter, the Company on a conservative basis has chosen to derecognize net deferred tax asset (DTA) amounting to INR 102 Crs in certain entities. This non-cash adjustment has been reflected in the company's tax charge and would be reassessed at each time period.
- Consequent upon the non-cash tax charge taken, the company reported a net loss for the quarter at INR 76.3 Crs. This compares with a net loss of INR 197 Crs in Q3 FY19.

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

KEY FINANCIAL HIGHLIGHTS FOR 9M FY20 (versus 9M FY19)

- Consolidated Revenues for 9MFY20 grew 7.1% to reach INR 3,519.4 Crs. Consolidated EBITDA** for 9MFY20 increased 2.7x to INR 518 Crs.
 - Hospital business revenues stood at INR 2,838.8 Crs, a growth of 8.8%
 - The hospital business EBITDA was at INR 371.4 Crs versus INR 47.5 Crs in the corresponding previous period. Margins stood at 13.1% versus 1.8% in 9MFY19.
 - Diagnostic business revenues (*Gross*) were at INR 784.4 Crs, + 3.3%
 - The diagnostics business EBITDA was at INR 163.6 Crs versus INR 138.4 Crs in the corresponding previous period. Margins stood at 20.9% versus 18.2% in 9MFY19.
- PBT for 9M FY20 stood at INR 230.2 Crs versus a loss of INR 443.9 Crs in the corresponding previous period.
- Reported Net Profit (PATMI) stood at INR 102.5 Crs. This compares to a loss of INR 434.5 Crs for 9MFY19.

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



Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, “We have come a long way to bring the business back on its path to growth and profitability. The Q3 results are the third successive quarter of an improved earnings performance specifically from the hospital business. While the diagnostics business has shown a stable performance, we are cognizant of the inherent potential that this business offers. As we conclude an eventful fiscal, we remain optimistic of the way forward and are supporting the management to chalk out key strategic imperatives as they pertain to clinical talent, medical programs and patient care. All these should expectedly strengthen the organization and further entrench its position as a leading healthcare delivery player in the country.”

Commenting on the results, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, “I’m pleased with our hospital business operations having progressively improved over successive quarters as reflected in the continuous margin expansion being witnessed. We continue to focus on the key expense line items across the network in order to ensure that we run a leaner organization and our Balance Sheet remains robust with low gearing and a more efficient working capital cycle. The diagnostics business while maintaining its margins has seen a relatively stable growth but we do expect it to ramp up in the foreseeable future. Our impetus going forward will be to objectively look at our portfolio of assets and expansion strategy so as to judiciously allocate resources. In parallel, we are undertaking efforts to further strengthen the critical building blocks of the business in terms of doctor engagement, clinical specialties, quaternary care medical treatments and technology led initiatives in order to enhance growth and performance”



About Fortis Healthcare Limited

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Dubai and Sri Lanka with 36 healthcare facilities (including projects under development), approximately 9,000 potential beds and over 415 diagnostics centres.

DISCLAIMER

This press release may contain forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this press release are cautioned not to place undue reliance on these forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent development, information or events, or otherwise. The information contained herein is subject to change without notice and past performance is not indicative of future results. The Company may alter, modify or otherwise change in any manner the content of this press release, without obligation to notify any person of such revision or changes.

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