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FHL/SEC/STEX/RR/2017-18

February 28, 2018

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

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

Scrip Code:532843

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

Dear Sir(s),

This is to inform you that the Board of Directors of the Company at its meeting held today, *inter-alia*, considered and approved the Un-Audited Financial Results and Limited Review Report of the Company for the quarter(s) and period ended on September 30, 2017 and December 31, 2017.

Copy of the Un audited Financial Results, Limited Review Report and press release being issued in this regard is attached for your reference and records.

The Board Meeting commenced at 10:00 p.m. and concluded at 11:45 p.m.

This is for your information and records please.

Thanking you,

Yours faithfully,

For Fortis Healthcare Limited

Ranjan

Fortis Healthcare Limited

Rahul Ranjan
Company Secretary
Membership No.: A17035

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Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REVIEW REPORT
ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
FORTIS HEALTHCARE LIMITED

1. We were engaged to review the accompanying Statement of Standalone Unaudited Financial Results ("the Statement") of **FORTIS HEALTHCARE LIMITED** ("the Company") for the quarter and nine months ended December 31, 2017, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5 July, 2016.

   The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. The Statement has been approved by the Board of Directors of the Company.

2. 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.

   However, because of the significance of the matter described in paragraph 3 below and in view of the matter described in paragraph 4 below, we were not able to obtain sufficient appropriate evidence relating to the matters referred to therein, as a basis for expressing a conclusion on the Statement.

3. (i) As more fully described in Note 12(i) of the Statement, the Audit and Risk Management Committee of the Company has initiated an independent investigation by an external legal firm, the scope of which, *inter alia*, covers (a) Inter Corporate Deposits ("ICDs") given by a wholly owned subsidiary of the Company (b) Intra-group and related party transactions, including compliance with applicable laws and regulations (c) Evaluation of the implications of a recent legal notice received by the Company.

   (ii) As described in Note 12(ii) of the Statement, the Securities and Exchange Board of India ("SEBI") is in the process of conducting an investigation, in respect of secured short-term investments of Rs. 473 crores made by a wholly owned subsidiary of the Company.

   Pending completion of the aforesaid investigations, we are unable to conclude on the effects, if any, of the outcome of the same on the financial results, state of affairs, cash flows and operations of the Company.

4. Other financial assets (current) as at December 31, 2017, includes an unsecured advance of Rs. 1,796 lacs due from a vendor for which the repayment terms have not been stipulated. In the absence of any security and a repayment plan, we are unable to conclude on the recoverability of the said advance.

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5. Because of the significance of the matter described in paragraph 3 above relating to the ongoing investigations and in view of the matter described in paragraph 4 above relating to the recoverability of a vendor advance, we have not been able to obtain sufficient appropriate evidence to form a conclusion on the Statement and hence we do not express a conclusion on the Statement.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Deloitte Haskins & Sells LLP
Chartered Accountants

RASHIM TANDON
Partner
(Membership No. 095540)

Gurugram, 28 February, 2018
RT/YK/2018

FORTIS HEALTHCARE LIMITED
STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS

(Rupees in lacs)

Particulars	Quarter ended			Nine Months ended		Year ended
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Mar-17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Income from operations	16,619	17,028	15,766	50,490	49,313	64,512
2. Other income	3,229	3,460	4,231	10,511	12,829	16,920
3. Total income (1+2)	**19,848**	**20,488**	**19,997**	**61,001**	**62,142**	**81,432**
4. Expenses						
(a) Cost of material consumed	3,332	3,390	3,726	10,516	11,657	15,051
(b) Employee benefits expenses	4,317	4,227	4,686	12,971	14,449	19,015
(c) Finance costs	1,322	1,559	3,117	4,675	8,575	10,636
(d) Hospital service fee	3,482	3,525	3,377	10,522	10,294	13,604
(e) Professional charges to doctors	2,135	2,158	1,870	6,405	5,821	7,647
(f) Reversal of derivative gain (refer note 8)	-	-	5,636	-	5,636	5,636
(g) Net depreciation/ impairment & amortisation	745	687	653	2,119	1,912	2,662
(h) Other expenses	4,450	4,434	4,812	13,252	13,416	18,214
Total expenses	**19,783**	**19,980**	**27,877**	**60,460**	**71,760**	**92,465**
5. Net profit / (loss) from continuing operations (3-4)	**65**	**508**	**(7,880)**	**541**	**(9,618)**	**(11,033)**
6. Exceptional gain/ (loss) (refer note 5)	(21)	(86)	(180)	(164)	(283)	(373)
7. Profit / (loss) before tax from continuing operations (5-6)	**44**	**422**	**(8,060)**	**377**	**(9,901)**	**(11,406)**
8. Tax expense/ (credit)	133	245	(1,913)	393	(2,586)	(3,934)
9. Net profit / (loss) for the period from continuing operations (7-8)	**(89)**	**177**	**(6,147)**	**(16)**	**(7,315)**	**(7,472)**
10. Profit from discontinued operations before tax	-	-	-	-	-	-
11. Tax expense of discontinued operations	-	-	-	-	-	-
12. Net profit / (loss) for the period from discontinuing operations (10-11)	-	-	-	-	-	-
13. Net profit / (loss) for the period (9+12)	**(89)**	**177**	**(6,147)**	**(16)**	**(7,315)**	**(7,472)**
14. Other Comprehensive Income/(loss) ('OCI')	36	(2)	(55)	25	(57)	107
15. Total comprehensive Income/(Loss) (13+14)	**(53)**	**175**	**(6,202)**	**9**	**(7,372)**	**(7,365)**
16. Paid-up equity share capital (Face Value Rupees 10 per Share)	51,852	51,852	48,156	51,852	48,156	51,773
17. Reserves						375,413
18. Earnings per equity share for continuing operations						
Basic earnings (loss) per share - In Rupees	(0.02)	0.03	(1.32)	(0.00)	(1.57)	(1.57)
Diluted earnings (loss) per share - In Rupees	(0.02)	0.03	(1.32)	(0.00)	(1.57)	(1.57)
19. Earnings per equity share for discontinued operations						
Basic earnings (loss) per share - In Rupees	-	-	-	-	-	-
Diluted earnings (loss) per share - In Rupees	-	-	-	-	-	-

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Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED
STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS

(Rupees in lacs)

Particulars	Quarter ended			Nine Months ended		Year ended
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Mar-17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
20. Earnings per equity share from continuing and discontinued operations						
Basic earnings (loss) per share - In Rupees	(0.02)	0.03	(1.32)	(0.00)	(1.57)	(1.57)
Diluted earnings (loss) per share - In Rupees	(0.02)	0.03	(1.32)	(0.00)	(1.57)	(1.57)
21. Earnings before depreciation and amortization expense, finance costs, exceptional items and tax expenses (EBITDA) (refer note 15)	2,132	2,754	(4,110)	7,335	869	2,265

Notes to the results

1. The above financial results for the quarter and nine months ended December 31, 2017 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on February 28, 2018.

2. The financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 Interim Financial Reporting, prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India.

3. Other income includes interest income from Banks, foreign exchange fluctuation gain (net), profit on sale of assets (net), fair value adjustments, dividend on investments, forward cover premium amortization (net) and miscellaneous income, etc. whichever is relevant for the period.

4. Disclosure on operating segments is presented as part of the consolidated unaudited financial results.

5. Exceptional gain/ (loss) included in the above standalone unaudited financial results include:

(Rupees in lacs)

Particulars	Quarter ended			Nine months ended		Year ended
	31-Dec-17 Unaudited	30-Sep-17 Unaudited	31-Dec-16 Unaudited	31-Dec-17 Unaudited	31-Dec-16 Unaudited	31-Mar-17 Audited
a. Expenses on Composite Scheme of Arrangement and Amalgamation (Refer note 6)	(21)	(86)	(180)	(164)	(283)	(373)
Total	**(21)**	**(86)**	**(180)**	**(164)**	**(283)**	**(373)**

6. The Board of Directors of the Company at their meeting held on August 19, 2016 approved the proposal to demerge its diagnostic business and that is housed in its majority owned subsidiary SRL Limited ("SRL") into another majority owned subsidiary, Fortis Malar Hospitals Limited ("Fortis Malar") pursuant to a composite scheme of arrangement and amalgamation ("the Composite Scheme"). The Composite Scheme also provided for the sale of the hospital business of Fortis Malar to the Company through a demerger by way of a slump sale. The demerger was to be followed by merger of SRL, which has the diagnostic business, with Fortis Malar as an integral part of the same Composite Scheme. On transfer of the diagnostic business to Fortis Malar and Fortis Malar issuing its equity shares to the shareholders of the Company, the diagnostic business of the Company and the investment in SRL would stand demerged from the Company. The appointed date for the slump sale, demerger and merger under the Composite Scheme is January 1, 2017. The Composite Scheme is subject to various judicial/regulatory and other required approvals. Pending such approvals, no effect of the proposed Composite Scheme has been given in the Financial Results.

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Fortis Healthcare Limited

7. During the previous year ended March 31, 2017, the Company completed acquisition of control in Fortis Hospotel Limited ('FHTL') by way of acquiring 51% economic interest over equity through purchase of the compulsorily convertible debentures (CCDs) from Fortis Global Healthcare Infrastructure Pte Ltd (FGHIPL) and amendment to the Shareholders Agreement with Fortis Health Management Limited (FHML). FGHIPL and FHML are subsidiaries of RHT Health Trust (RHT) which is an associate of the Company.

8. The Statement of Profit and Loss for the year ended March 31, 2017 includes a charge of Rupees 5,636 lacs relating to the derecognition of an option in the Shareholders' Agreement on acquisition of control in FHTL during that year. This option was earlier recognized in the Statement of Profit and Loss during the year ended March, 2016 on the first time adoption of the Ind AS by the Company.

9. The Board of Directors in their meeting held on November 14, 2017 approved a significant restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust ("RHT") into the Company and its subsidiaries. The Company and the Trustee Manager of RHT signed a binding Term Sheet on November 14, 2017 and entered into an exclusivity arrangement for the acquisition of all the securities of RHT's entities in India, directly or indirectly holding the clinical establishments and businesses for an enterprise value of approximately Rupees 465,000 lacs ("the Proposed Transaction"). The exclusivity period to execute definitive agreements for the Proposed Transaction was 60 days commencing from the date of the Term Sheet. On January 12, 2018, the parties to the Term Sheet mutually agreed to extend the exclusivity period by an additional period of 31 days from January 12, 2018.

   On February 12, 2018, the parties to the Term Sheet entered into definitive agreement(s) with respect to the Proposed Transaction. The completion of the Proposed Transaction is subject to the satisfaction of conditions precedent under the definitive agreement(s) including regulatory and shareholders approvals by the Company, the unit holders in RHT and any other approvals as may be required.

10. On February 8, 2018, the Promoters of the Company Mr. Malvinder Mohan Singh, Executive Chairman and Dr. Shivinder Mohan Singh, Non-Executive Vice Chairman tendered their resignation from the directorship of the Company, effective immediately. The Board of Directors of the Company discussed the matter in detail at their meeting held on February 13, 2018 and accepted their resignation with effect from February 8, 2018. Further, the Board of Directors, as an interim measure, constituted a Management Committee to oversee the functioning of the Company from a strategic and operational guidance and vested the Management Committee with all the responsibilities and authorities of the Executive Chairman and the Non-Executive Vice Chairman.

11. As on December 31, 2017, the Promoters and Promoter Group entities together held 34.33% of the paid-up capital of the Company of which approximately 98% was pledged to various bank as a security towards the loans raised by the Promoters / Promoter Group entities. In a matter relating to the Promoters and the Promoter Group entities, the Hon'ble Supreme Court of India vide their interim orders dated August 11, 2017 and August, 31, 2017 had directed that status quo was required to be maintained over the shares pledged by the Promoter and Promoter Group entities. Subsequently, the Hon'ble Supreme Court of India in its Order on February 15, 2018, has clarified that the earlier direction to maintain status quo of the promoter holding in the Company shall not apply to shares of the Company as may have been encumbered on or before the date of the interim orders. Based on this clarification, the Banks in whose favor the shares of the Company were pledged have invoked their right over the shares and consequently the holding of the Promoters and Promoter Group entities have reduced to 0.77% of the paid-up capital of the Company (as on February 28, 2018).

12. (i) There have been recent reports in the media and enquiries of the Company about certain loans given by a wholly owned subsidiary of the Company. The 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. The scope of the investigation, *inter alia*, covers (a) Inter Corporate Deposits ("ICDs") given by a wholly owned subsidiary of the Company (b) Intra-group and related party transactions, including compliance with applicable laws and regulations (c) Evaluation of the implications of a recent legal notice received by the Company. Also, the Executive Chairman and the Non-Executive Vice Chairman, in their letter of resignation from the Board of Directors of the Company had requested the members of the Board to look into all intra-group transactions.

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Fortis Healthcare Limited

(ii) The Company has 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 regard to secured short-term investments made by a wholly owned subsidiary of the Company. In the aforesaid letter, SEBI has summoned 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. Failure to produce the information required for investigation could result in penalties as provided under section 15A and criminal proceedings under section 11C(6) of the SEBI Act, 1992. The Company has furnished some of the information and documents requested and has sought additional time for submitting the balance information as requested.

The aforesaid investigations are in progress and the effect, if any, of its outcome on the financial results will be dealt with when the investigations are complete.

(iii) The Company has also received a notice from the Registrar of Companies under section 206(1) of the Companies Act, 2013, *inter alia*, seeking information on the same matter.

13. During the previous year ended March 31, 2017, the Company allotted 18,070,650 equity shares to Standard Chartered (Mauritius) III Limited against USD 30 Million Foreign Currency Convertible Bonds (FCCB), on exercise of conversion option as per Offering Circular.

14. During the previous year ended March 31, 2017, the Company allotted 35,690,887 equity shares to International Finance Corporation against USD 55 Million FCCB, on exercise of conversion option as per FCCB Subscription Agreement.

15. The Company has presented Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) additionally in the financial results. In its measurement, the Group includes other income, but does not include depreciation and amortization expense, finance costs, exceptional items and tax expenses.

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

16. With regard to the comments of the statutory auditors in paragraph 3 of the Limited Review Report on their inability to conclude on the effect, if any, of the outcome of the ongoing investigations on the financial results, state of affairs, cash flows and operations of the Company, the effect, if any, of the outcome of the investigations on the financial results will be dealt with when the investigations are complete.

17. With regard to the comments of the statutory auditors in paragraph 4 of the Limited Review Report on their inability to conclude on the recoverability of a vendor balance, the Management has assessed the recoverability of the same and concluded that this amount is recoverable.

Date: February 28, 2018
Place: Gurugram

Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Dr. Brian William Tempest
(DIN 00101235)
Director

Lt. Gen. Tejinder Singh Shergill
(DIN 00940392)
Director

Fortis Healthcare Limited

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INDEPENDENT AUDITOR'S REVIEW REPORT
ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
FORTIS HEALTHCARE LIMITED

1. We were engaged to review the accompanying Statement of the Consolidated Unaudited Financial Results ('the Statement') of **FORTIS HEALTHCARE LIMITED** ("the Parent"), its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the profit / (loss) of its joint ventures and associates for the quarter and nine months ended December 31, 2017, being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5 July, 2016.

   The Parent's Management is responsible for preparation of the Statement 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 read with relevant rules issued thereunder and other accounting principles generally accepted in India. The Statement has been approved by the Board of Directors of the Parent.

2. 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 Group's 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.

   However, because of the significance of the matters described in paragraphs 4 to 6 below, we were not able to obtain sufficient appropriate evidence relating to the matters referred to therein, as a basis for expressing a conclusion on the Statement.

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

   a. Fortis Healthcare Limited (the Parent Company)
   b. Fortis Hospitals Limited ("FHsL") (wholly owned subsidiary of the Parent Company) and results of its subsidiaries and joint ventures:
      i. Birdie & Birdie Realtors Private Limited (wholly owned subsidiary of FHsL)
      ii. Fortis C-Doc Healthcare Limited (joint venture of FHsL)
      iii. Fortis Health Management (East) Limited (wholly owned subsidiary of FHsL)
      iv. Fortis Cancer Care Limited ("FCCL") (wholly owned subsidiary of FHsL) and the results of its subsidiary Lalitha Healthcare Private Limited
      v. Fortis Cauvery (joint venture of FCCL)
      vi. Fortis Malar Hospitals Limited (subsidiary of FHsL) and the results of its wholly owned subsidiary Malar Stars Medicare Limited.
      vii. Fortis Emergency Services Limited (wholly owned subsidiary of FHsL)
      viii. Stellant Capital Advisory Services Private Limited (wholly owned subsidiary of FHsL) and the results of its wholly owned subsidiary Religare Health Trust Trustee Manager Pte Limited.

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ix. Fortis Global Healthcare (Mauritius) Limited (wholly owned subsidiary of FHsL w.e.f 4 October, 2016)

c. Escorts Heart Institute and Research Centre Limited ("EHIRCL") (wholly owned subsidiary of the Parent Company) and results of its subsidiaries and associate:
   i. Fortis Health Staff Limited (wholly owned subsidiary of EHIRCL)
   ii. Fortis Asia Healthcare Pte. Limited (wholly owned subsidiary of EHIRCL) and the results of its wholly owned subsidiary Fortis Healthcare International Pte. Limited ("FHIPL")
   iii. Lanka Hospitals Corporation Plc (associate of FHIPL)
   iv. Fortis Healthcare Middle East LLC (subsidiary of FHIPL)
   v. Mena Healthcare Investment Company Limited (subsidiary of FHIPL) and the results of its wholly owned subsidiary Medical Management Company Limited
   vi. SRL Diagnostics FZ-LLC (wholly owned subsidiary of FHIPL) up to 07 July, 2016

d. SRL Limited ("SRL") (subsidiary of the Parent Company) and the results of its subsidiaries and joint ventures:
   i. SRL Diagnostics Private Limited (wholly owned subsidiary of SRL)
   ii. SRL Reach Limited (wholly owned subsidiary of SRL)
   iii. DDRC SRL Diagnostics Services Private Limited (joint venture of SRL)
   iv. Super Religare Reference Laboratories (Nepal) Private Limited (joint venture of SRL)
   v. SRL Diagnostics FZ-LLC (wholly owned subsidiary of SRL) with effect from 07 July, 2016

e. Hiranandani Healthcare Private Limited (wholly owned subsidiary of the Parent Company)

f. Fortis Healthcare International Limited ("FHIL) (wholly owned subsidiary of the Parent Company) and results of its subsidiaries and associates:
   i. Fortis Global Healthcare (Mauritius) Limited (wholly owned subsidiary of FHIL up to 3 October, 2016)
   ii. Fortis Medicare International Limited (associate of FHIL)
   iii. RHT Health Trust (previously known as Religare Health Trust) and its subsidiaries (associate of FHIL)
   iv. Medical and Surgical Centre Limited (associate of FHIL)

g. Fortis La Femme Limited (wholly owned subsidiary of the Parent Company)

h. Fortis Hospotel Limited (subsidiary of the Parent Company) with effect from 13 October, 2016.

4. (i) As more fully described in Note 15 (i) of the Statement, the Audit and Risk Management Committee of the Parent has initiated an independent investigation by an external legal firm, the scope of which, *inter alia*, covers (a) Inter Corporate Deposits ("ICDs") given by a wholly owned subsidiary of the Parent (b) Intra-group and related party transactions, including compliance with applicable laws and regulations (c) Evaluation of the implications of a recent legal notice received by the Parent.

(ii) As described in Note 15 (ii) of the Statement, the Securities and Exchange Board of India ("SEBI") is in the process of conducting an investigation, in respect of secured short-term investments of Rs. 473 crores made by a wholly owned subsidiary of the Parent.

Pending completion of the aforesaid investigations, we are unable to conclude on the effects, if any, of the outcome of the same on the financial results, state of affairs, cash flows and operations of the Group.

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5. We draw attention to Note 16 of the Statement. As stated therein, Fortis Hospitals Limited (FHsL) a wholly owned subsidiary in the Group, had placed ICDs for a period of 90 days in terms of agreements dated July 1, 2017 with three companies. These were subsequently assigned to another company on September 30, 2017 for a consideration that aggregated to the balance outstanding of Rs. 47,243 lacs and interest thereon of Rs. 1,105 lacs. Subsequently, on January 5, 2018 the aforesaid assignment was terminated based on mutual agreement between the parties, pursuant to which the balance of the loans due from the three companies along with the interest accrued thereon aggregating to Rs. 2,772 lacs reverted to FHsL. As represented by the Management, these three companies became part of the Promoter Group with effect from December 15, 2017, due to a shareholding change in the entities which held the shares of these companies. Subsequent to December 31, 2017, FHsL has received Rs. 7,000 lacs from one company against partial payment of its dues.

   In regard to the aforesaid transactions, based on the procedures carried out by us, we are unable to conclude on:

   a) the compliance with the FHsL's internal control policy for authorizing the grant of ICDs, execution of the ICD agreements, assignment of the outstanding balances and termination of the assignment agreement;

   b) the availability and adequacy of the security for the ICDs and its recoverability (net of subsequent realization);

   c) the accrual and recognition of interest income, considering the default in repayment of principal and interest; and

   d) the possible effect of the matters described above, on the financial results, state of affairs, cash flows and operations of the Group.

6. Other financial assets (current) as at December 31, 2017, includes unsecured advances of Rs. 5,776 lacs due from certain vendors where recoveries have been delayed. In the absence of any security and delays in the recoveries, we are unable to conclude on the recoverability of the said advances.

7. (a) We draw attention to notes 5(a), 5(b) and 5(c) to the Statement which describe uncertainty related to the outcome of income tax assessments, arbitrations with regard to termination of certain land leases allotted by Delhi Development Authority (DDA), and matter related to non-compliance with the order of the Honorable High Court of Delhi in relation to provision of free treatment/beds to poor against one of the subsidiaries ("Escorts Heart Institute and Research Centre Limited"). Based on the advice given by external legal counsel, no provision/adjustment has been considered necessary by the Management in this regard in the Statement.

   (b) We draw attention to note 6 to the Statement, regarding matter relating to termination of Hospital lease agreement of one of the subsidiaries ("Hiranandani Healthcare Private Limited") by Navi Mumbai Municipal Corporation ('NMMC') vide order dated 18 January, 2017. Based on the advice given by external legal counsel, no provision/adjustment has been considered necessary by the Management in this regard in the Statement.

8. (a) The consolidated unaudited financial results also includes the Group's share of profit after tax of Rs. 134 lacs and Rs. 511 lacs and Total comprehensive income of Rs. 134 lacs and Rs. 511 lacs for the quarter and nine months ended December 31, 2017, respectively, as considered in the Statement, in respect of 1 Joint Venture, whose interim financial results have not been reviewed by us.

   These interim financial results have been reviewed by other auditors whose report has been furnished to us by the Management.

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(b) The consolidated unaudited financial results also includes the Group's share of profit/(loss) after tax of Rs. (468) lacs and Rs. 2,987 lacs and Total comprehensive income/(loss) of Rs. (472) lacs and Rs. 2,605 lacs for the Quarter and nine months ended December 31, 2017, respectively, as considered in the Statement, in respect of 3 associates and 1 Joint venture, whose interim financial results have not been reviewed by us.

The interim financial results of the above associates and joint venture have been prepared under Singapore Financial Reporting Standards "SFRS" and Nepal Accounting Standard "NAS" respectively and have been reviewed by other auditors whose reports have been furnished to us by the Management. The Management of the Parent Company has converted these financial results of the associates and joint venture to accounting principles generally accepted in India (Indian Accounting Standards), for the purpose of the preparation of the Statement.

(c) Statement includes the interim financial results of 17 subsidiaries which have not been reviewed by their auditors, whose interim financial results reflect total revenue of Rs. 5,201 lacs and Rs. 16,387 lacs for the quarter and nine months ended December 31, 2017, respectively, and total loss after tax of Rs. 4,329 lacs and Rs. 10,466 lacs and total comprehensive loss of Rs. 2,329 lacs and Rs. 9,496 lacs for the quarter and nine months ended December 31, 2017, respectively, as considered in the Statement.

(d) The Statement also include the Group's share of profit after tax of Rs. 144 lacs and Rs. 278 lacs and Total comprehensive income of Rs. 144 lacs and Rs. 278 lacs for the quarter and nine months ended December 31, 2017, respectively, as considered in the Statement, in respect of 2 joint ventures and 3 associates, based on their interim financial results which have not been reviewed by their auditors. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group.

9. Because of the significance of the matters described in paragraph 4 above relating to the ongoing investigations, paragraph 5 above relating to loans given and paragraph 6 above relating to the recoverability of certain vendor advances, we have not been able to obtain sufficient appropriate evidence to form a conclusion on the Statement and hence we do not express a conclusion on the Statement.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Deloitte Haskins & Sells LLP Chartered Accountants

RASHIM TANDON
Partner
(Membership No. 095540)

Gurugram, 28 February, 2018
RT/YK/2018

FORTIS HEALTHCARE LIMITED
STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS

(Rupees in lacs)

Particulars	Quarter ended			Nine Months ended		Year ended
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Mar-17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Income from operations	112,065	119,717	113,338	347,443	345,028	457,371
2. Other income	4,262	3,708	5,893	12,102	12,993	16,600
3. Total income (1+2)	**116,327**	**123,425**	**119,231**	**359,545**	**358,021**	**473,971**
4. Expenses						
(a) Cost of material consumed	25,063	25,875	23,579	76,909	75,195	99,756
(b) Employee benefits expenses	23,401	22,879	22,722	69,953	67,564	90,528
(c) Finance costs	6,320	6,601	7,479	19,364	16,283	22,944
(d) Hospital service fee	9,442	9,643	10,146	28,652	41,260	50,508
(e) Professional charges to doctors	14,308	14,415	13,491	42,840	39,756	53,472
(f) Net depreciation/ impairment & Amortization	5,902	6,067	5,994	17,868	15,917	22,218
(g) Other expenses	34,692	36,260	32,172	103,044	93,865	127,806
Total expenses	**119,128**	**121,740**	**115,583**	**358,630**	**349,840**	**467,232**
5. Net profit / (loss) from continuing operations before share in profit/ (loss) of associates and joint ventures (3-4)	**(2,801)**	**1,685**	**3,648**	**915**	**8,181**	**6,739**
6. Add : Share in profit /(loss) of associate companies and joint ventures (refer note 11)	1,170	2,328	43,764	5,010	48,196	48,606
7. Net profit / (loss) before exceptional items and tax (5+6)	**(1,631)**	**4,013**	**47,412**	**5,925**	**56,377**	**55,345**
8. Exceptional gain/ (loss) (refer note 8)	(20)	(4,676)	(180)	(4,753)	(87)	(177)
9. Profit / (loss) before tax from continuing operations (7-8)	**(1,651)**	**(663)**	**47,232**	**1,172**	**56,290**	**55,168**
10. Tax expense/ (credit)	259	1,698	1,903	3,182	4,610	7,240
11. Net profit / (loss) for the period from continuing operations (9-10)	**(1,910)**	**(2,361)**	**45,329**	**(2,010)**	**51,680**	**47,928**
12. Profit from discontinued operations before tax	-	-	-	-	-	-
13. Tax expense of discontinued operations	-	-	-	-	-	-
14. Net profit / (loss) for the period from discontinuing operations (12-13)	-	-	-	-	-	-
15. Net profit / (loss) for the period (11+14)	**(1,910)**	**(2,361)**	**45,329**	**(2,010)**	**51,680**	**47,928**
16. Profit/ (loss) from continuing operations attributable to:						
Owners of the Company	(3,676)	(4,572)	44,192	(7,719)	48,949	42,166
Non-Controlling Interest	1,766	2,211	1,137	5,709	2,731	5,762
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)) ('OCI')	973	(2,561)	(1,984)	(993)	(2,264)	(2,734)

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Fortis Healthcare Limited

FORTIS HEALTHCARE LIMITED
STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS

(Rupees in lacs)

Particulars	Quarter ended			Nine Months ended		Year ended
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Mar-17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
19. Total comprehensive Income/(Loss) (15+18)	**(937)**	**(4,922)**	**43,345**	**(3,003)**	**49,416**	**45,194**
20. Total comprehensive Income/(Loss) attributable to:						
Owners of the Company	(2,691)	(7,102)	42,208	(8,652)	46,685	39,456
Non-Controlling interest	1,754	2,180	1,137	5,649	2,731	5,738
21. Paid-up equity share capital (Face Value Rupees 10 per Share)	51,852	51,852	48,156	51,852	48,156	51,773
22. Reserves						462,576
23. Earnings per equity share for continuing operations						
Basic earnings (loss) per share - In Rupees	(0.71)	(0.88)	9.49	(1.49)	10.51	8.87
Diluted earnings (loss) per share - In Rupees	(0.71)	(0.88)	8.85	(1.49)	9.70	8.87
24. Earnings per equity share for discontinued operations						
Basic earnings (loss) per share - In Rupees	-	-	-	-	-	-
Diluted earnings (loss) per share - In Rupees	-	-	-	-	-	-
25. Earnings per equity share from continuing and discontinued operations						
Basic earnings (loss) per share - In Rupees	(0.71)	(0.88)	9.49	(1.49)	10.51	8.87
Diluted earnings (loss) per share - In Rupees	(0.71)	(0.88)	8.85	(1.49)	9.70	8.87
26. Earnings before depreciation and amortization expense, finance costs, exceptional items, tax expenses and share in profit /(loss) of associate companies and joint ventures (EBITDA) (refer note 7)	9,421	14,353	17,121	38,147	40,381	51,888

Notes to the results

1. The above financial results for the quarter and nine months ended December 31, 2017 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their meetings held on February 28, 2018.

2. The financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 Interim Financial Reporting, prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India.

3. **Segment Reporting**

Operating segments:
The Group is primarily engaged in the business of healthcare services, which in the opinion of management is considered to be the only reportable operating segment as per Ind AS 108 on 'Operating Segments' prescribed under Section 133 of the Companies Act, 2013. Healthcare services include various patient care services delivered through clinical establishment, medical services companies, pathology and radiology services etc.

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Fortis Healthcare Limited

Geographical areas:
The principal geographical areas in which the Group operates are India and outside India. Outside India the Group now primarily operates in Dubai, Singapore and Mauritius.

Income from operations – by geographical area

The following table shows the distribution of the Groups' consolidated revenues by geographical area:

(Rupees in lacs)

Region	Quarter ended			Nine months ended		Year ended
	31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Mar-17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
India	110,304	1,18,009	109,251	342,043	337,197	447,788
Outside India	1,761	1,708	4,087	5,400	7,831	9,583
Total	**112,065**	**119,717**	**113,338**	**347,443**	**345,028**	**457,371**

4. Other income includes interest income from Inter-Corporate Deposits (ICDs) and from Banks, foreign exchange fluctuation gain (net), profit on sale of assets (net), fair value adjustments, dividend on investments, forward cover premium amortization (net) and miscellaneous income, etc. whichever is relevant for the period.

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

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

   b) Further, EHIRCL also has open tax demands of Rupees 9,923 lacs (after adjusting Rupees 13,046 lacs of an escrow account which was maintained out of sale consideration payable by the Company to the erstwhile promoters) for various assessment years. Further, as per the Share Purchase Agreement, one third of any excess of the net demand, amounting to Rupees 3,308 lacs after adjusting the recovery from escrow account, would be borne by the said erstwhile promoters 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 has filed an appeal before Income Tax Appellate Tribunal (ITAT), and the matter is currently pending at ITAT. Based on management assessment, Group believes that it has good chance of success in these cases.

   c) In relation to the judgement of the Hon'ble High Court of Delhi relating to provision of free treatment/ beds to poor, Directorate of Health Services ('DoHS'), Government of NCT of Delhi, appointed a Firm to calculate "unwarranted profits" arising to it due to non-compliance. During the year ended March 31, 2014, the Special Committee of DoHS stated that before giving a hearing to the hospital, a formal intimation shall be given regarding the recoverable amount as per calculation of the appointed Firm, which as per their method of calculations amounts to Rupees 73,266 lacs for the period 1984-85 to 2011-12, seeking hospital's comments and inputs, if any. The company responded to the said intimation explaining errors and objections to the calculations. During the year ended March 31, 2016, EHIRCL received notice from DoHS to appear for a formal and final hearing which raised a demand of Rupees 50,336 lacs for the period till FY 2006 -2007, against which the Company again responded explaining errors and objections to the calculations. During the quarter ended June 30, 2016, DoHS issued a demand notice dated June 9, 2016 directing EHIRCL to deposit Rupees 50,336 lacs within one month. EHIRCL

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Fortis Healthcare Limited

challenged the demand notice by way of a writ petition in Hon'ble High Court of Delhi which vide order dated August 1, 2016 has set aside the demand and disposed of the petition of EHIRCL. DoHS agreed to grant hearing to EHIRCL on the reply submitted to it. Hearings have been held before DoHS but no order has been passed till date. Based on its internal assessment and advice from its external legal counsel on the basis of the documents available, management believes that it is in compliance of conditions of free treatment and free beds to the poor and does not anticipate any liability on account of this matter.

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

   Navi Mumbai Municipal Corporation ('NMMC') has terminated the Hospital lease agreement with HHPL vide order dated 18 January, 2017 (Termination Order') for certain alleged contravention of the Hospital Lease agreement. NMMC has granted a period of one month to HHPL to hand over the possession of the hospital to NMMC and also directed HHPL not to admit any new patients. HHPL has filed Writ Petition before the Hon'ble Supreme Court of India challenging the Termination Order. The Writ Petition has been tagged with Special Leave Petition also filed by HHPL 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 30 January, 2017 ordered "Status Quo'. SLP has been admitted on January 22, 2018 and "Status Quo" has been continuing. Based on the 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 consolidated unaudited financial results.

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

8. Exceptional gain/ (loss) included in the above consolidated financial results include:

(Rupees in lacs)

Particulars	Quarter ended			Nine months ended		Year ended
	31-Dec-17 Unaudited	30-Sep-17 Unaudited	31-Dec-16 Unaudited	31-Dec-17 Unaudited	31-Dec-16 Unaudited	31-Mar-17 Audited
a. Expenses on Composite Scheme of Arrangement and Amalgamation (Refer note 9)	(20)	(87)	(180)	(164)	(283)	(373)
b. Gain/ (Loss) on impairment of investment and assets held in subsidiary companies	-	-	-	-	196	196
c. Loss on closure of hospital facility	-	(4,589)	-	(4,589)	-	-
Net exceptional gain/ (loss)	**(20)**	**(4,676)**	**(180)**	**(4,753)**	**(87)**	**(177)**

9. The Board of Directors of the Company at their meeting held on August 19, 2016 approved the proposal to demerge its diagnostic business and that is housed in its majority owned subsidiary SRL Limited ("SRL") into another majority owned subsidiary, Fortis Malar Hospitals Limited ("Fortis Malar") pursuant to a composite scheme of arrangement and amalgamation ("the Composite Scheme"). The Composite Scheme also provided for the sale of the hospital business of Fortis Malar to the Company through a demerger by way of a slump sale. The demerger was to be followed by merger of SRL, which has the diagnostic business, with Fortis Malar as an integral part of the same Composite Scheme. On transfer of the diagnostic business to Fortis Malar and Fortis Malar issuing its equity shares to the shareholders of the Company, the diagnostic business of the Company and the investment in SRL would stand demerged from the Company. The appointed date

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Fortis Healthcare Limited

for the slump sale, demerger and merger under the Composite Scheme is January 1, 2017. The Composite Scheme is subject to various judicial/regulatory and other required approvals. Pending such approvals, no effect of the proposed Composite Scheme has been given in the consolidated unaudited financial results.

10. During the previous year ended March 31, 2017, the Company completed acquisition of control in Fortis Hospotel Limited ('FHTL') by way of acquiring 51% economic interest over equity through purchase of the compulsorily convertible debentures (CCDs) from Fortis Global Healthcare Infrastructure Pte Ltd (FGHIPL) and amendment to the Shareholders Agreement with Fortis Health Management Limited (FHML). FGHIPL and FHML are subsidiaries of RHT Health Trust (RHT) which is an associate of the Group. Subsequent to the acquisition of 51% economic interest in FHTL, the consolidated financial results for the year ended March 31, 2017 includes financial results of FHTL for the post acquisition period starting October 13, 2016. As per requirement of Ind AS 103 "Business Combination', the Group has recorded goodwill on acquisition amounting to Rupees 23,376 lacs and fair value of net tangible assets acquired amounting to Rupees 160,494 lacs as at the acquisition date.

11. Share in profit/ (loss) of associate companies and joint ventures for the year ended March 31,2017 includes the Group's share of profit (in full) of around Rs. 42,117 lacs on gain recognized by its associate (RHT) arising from the disposal of FHTL business to the Company and consequent fair valuation of RHT's residual interest in FHTL under Ind AS 110. The same has been accounted for in full by the Group under Ind AS 28 considering it to be a disposal of a business by RHT, and a business acquisition for the Group accounted under Ind AS 103.

12. The Board of Directors in their meeting held on November 14, 2017 approved a significant restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust ("RHT") into the Company and its subsidiaries. The Company and the Trustee Manager of RHT signed a binding Term Sheet on November 14, 2017 and entered into an exclusivity arrangement for the acquisition of all the securities of RHT's entities in India, directly or indirectly holding the clinical establishments and businesses for an enterprise value of approximately Rupees 465,000 lacs ("the Proposed Transaction"). The exclusivity period to execute definitive agreements for the Proposed Transaction was 60 days commencing from the date of the Term Sheet. On January 12, 2018, the parties to the Term Sheet mutually agreed to extend the exclusivity period by an additional period of 31 days from January 12, 2018.

    On February 12, 2018, the parties to the Term Sheet entered into definitive agreement(s) with respect to the Proposed Transaction. The completion of the Proposed Transaction is subject to the satisfaction of conditions precedent under the definitive agreement(s) including regulatory and shareholders approvals by the Company, the unit holders in RHT and any other approvals as may be required.

13. On February 8, 2018, the Promoters of the Company Mr. Malvinder Mohan Singh, Executive Chairman and Dr. Shivinder Mohan Singh, Non-Executive Vice Chairman tendered their resignation from the directorship of the Company, effective immediately. The Board of Directors of the Company discussed the matter in detail at their meeting held on February 13, 2018 and accepted their resignation with effect from February 8, 2018. Further, the Board of Directors, as an interim measure, constituted a Management Committee to oversee the functioning of the Company from a strategic and operational guidance and vested the Management Committee with all the responsibilities and authorities of the Executive Chairman and the Non-Executive Vice Chairman.

14. As on December 31, 2017, the Promoters and Promoter Group entities together held 34.33% of the paid-up capital of the Company of which approximately 98% was pledged to various bank as a security towards the loans raised by the Promoters / Promoter Group entities. In a matter relating to the Promoters and the Promoter Group entities, the Hon'ble Supreme Court of India vide their interim orders dated August 11, 2017 and August, 31, 2017 had directed that status quo was required to be maintained over the shares pledged by the Promoter and Promoter Group entities. Subsequently, the Hon'ble Supreme Court of India in its Order on February 15, 2018, has clarified that the earlier direction to maintain status quo of the promoter holding in the Company shall not apply to shares of the Company as may have been encumbered on or before the date of the interim orders. Based on this clarification, the Banks in whose favor the shares of the Company were pledged have invoked

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Fortis Healthcare Limited

their right over the shares and consequently the holding of the Promoters and Promoter Group entities have reduced to 0.77% of the paid-up capital of the Company (as on February 28, 2018).

15. (i) There have been recent reports in the media and enquiries of the Company about certain loans given by a wholly owned subsidiary of the Company. The 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. The scope of the investigation, inter alia, covers (a) Inter Corporate Deposits ("ICDs") given by a wholly owned subsidiary of the Company (b) Intra-group and related party transactions, including compliance with applicable laws and regulations (c) Evaluation of the implications of a recent legal notice received by the Parent. Also, the Executive Chairman and the Non-Executive Vice Chairman, in their letter of resignation from the Board of Directors of the Company had requested the members of the Board to look into all intra-group transactions.

    (ii) The Company has 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 regard to secured short-term investments made by a wholly owned subsidiary of the Company. In the aforesaid letter, SEBI has summoned 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. Failure to produce the information required for investigation could result in penalties as provided under section 15A and criminal proceedings under section 11C(6) of the SEBI Act, 1992. The Company has furnished some of the information and documents requested and has sought additional time for submitting the balance information as requested. Also refer Note 16 below.

    The aforesaid investigations are in progress and the effect, if any, of its outcome on the financial results will be dealt with when the investigations are complete.

    (iii) The Company has also received a notice from the Registrar of Companies under section 206(1) of the Companies Act, 2013, inter alia, seeking information on the same matter.

16. Fortis Hospitals Limited (FHsL) a wholly owned subsidiary in the Group, has deployed funds in secured short term investments in the normal course of the treasury operations with three companies which were not related to the Group until December 14, 2017. The ICDs were given for a period of 90 days in terms of agreements dated July 1, 2017 with each company. ICDs aggregating to Rupees 47,243 lacs and interest thereon of Rupees 1,105 lacs were not realised on the due date of September 29, 2017. The balances outstanding from these companies were assigned by FHsL to another company on September 30, 2017 by way of an Assignment Agreement with a view to accelerate the realisation of the balances. The assignment was secured against current and future assets of the other company and the consideration were receivable by March 31, 2018. Subsequently, on January 5, 2018 the aforesaid Assignment Agreement was terminated based on mutual agreement between the parties. Pursuant to above, the balance of the loans due from the three companies along with the interest accrued thereon aggregating to Rs. 2,772 lacs reverted to FHsL. With effect from December 15, 2017, these companies became part of the Promoter Group due to a shareholding change in the entities which held the shares of these companies. Consequently, these transactions have been recognized as related party transactions in compliance with applicable regulatory requirements. The repayment of the balances has since commenced and subsequently, in February 2018, FHsL has received Rupees 7,000 lacs from one company towards partial payment of its dues.

17. During the previous year ended March 31, 2017, the Company allotted 18,070,650 equity shares to Standard Chartered (Mauritius) III Limited against USD 30 Million Foreign Currency Convertible Bonds (FCCB), on exercise of conversion option as per Offering Circular.

18. During the previous year ended March 31, 2017, the Company allotted 35,690,887 equity shares to International Finance Corporation against USD 55 Million FCCB, on exercise of conversion option as per FCCB Subscription Agreement.

19. The consolidated unaudited financial results include financial results of FHTL from October 13, 2016, hence figures for the current quarter and nine months are not comparable with figures for the quarter and nine months ended December 31, 2016.

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Fortis Healthcare Limited

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

20. With regard to the comments of the statutory auditors in paragraph 4 of the Limited Review Report on their inability to conclude on the effect, if any, of the outcome of the ongoing investigations on the financial results, state of affairs, cash flows and operations of the Group, the effect, if any, of the outcome of the investigations on the financial results will be dealt with when the investigations are complete.

    With regard to the comments of the statutory auditors in paragraph 5 of the Limited Review Report on their inability to conclude on certain matters relating to the loans given, the Management submits that the Company through its subsidiary Fortis Hospitals Limited (FHsL) has deployed funds in secured short-term investments through ICD's which were approved. The ICD's are secured by way of charge created upon all present and future assets up-to one time of the loan amount. The management considers the outstanding amount as recoverable in due course.

21. With regard to the comments of the statutory auditors in paragraph 6 of the Limited Review Report on their inability to conclude on the recoverability of certain vendor balances, the Management has assessed the recoverability of the same and concluded that these amounts are recoverable.

Date: February 28, 2018
Place: Gurugram

For and on behalf of the Board of Directors

Dr. Brian William Tempest
(DIN 00101235)
Director

Lt. Gen. Tejinder Singh Shergill
(DIN 00940392)
Director

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Fortis Healthcare Limited

FORTIS REPORTS Q2FY18, Q3FY18 AND 9MFY18 EARNINGS

- **SIGNS DEFINITIVE AGREEMENTS WITH RHT ENTITIES TO ACQUIRE THE ENTIRE PORTFOLIO OF ASSETS OF RHT HEALTH TRUST (RHT), LISTED IN SINGAPORE**

- **BUSINESS OPERATIONS STAY ON COURSE; REMAIN STEADY DESPITE CURRENT EXTERNAL HEADWINDS**

- **PROMOTERS STEP OFF THE COMPANY'S BOARD; CURRENT SHAREHOLDING AT APPROX. 0.77%**

- **STEADY FINANCIAL PERFORMANCE FOR THE NINE MONTHS ENDED 31ST DECEMBER 2017**

  - GROUP CONSOLIDATED REVENUES FOR 9MFY18 AT RS 3474 CR, OPERATING EBITDAC MARGIN AT 14.8%; OPERATING EBITDA INCREASES 13% TO RS 313 Cr

  - GROUP CONSOLIDATED REVENUES FOR Q3FY18 AT RS 1121 CR, OPERATING EBITDAC MARGIN AT 13.6%; OPERATING EBITDA AT RS 85 Cr

  - GROUP CONSOLIDATED REVENUES FOR Q2FY18 AT RS 1197 CR, OPERATING EBITDAC MARGIN AT 16.7%; OPERATING EBITDA INCREASES 33% TO RS 132 Cr

Gurugram, February 28, 2018: Fortis Healthcare Ltd. (Fortis), India's leading healthcare delivery Company, today, announced its consolidated results for the quarter ended September 2017 (Q2 FY18) , quarter ended December 2017 (Q3 FY18) and nine months period ended December 31, 2017 (YTD 9M FY18).

Group Consolidated Business (9MFY18)

- Revenues at Rs 3474 Cr for the period versus Rs 3450 Cr in 9MFY17
- Consolidated EBITDAC at Rs 516 Cr versus Rs 586 Cr in previous period, 14.8% margin versus 17.0% margin in 9MFY17
- Consolidated operating EBITDA at Rs 313 Cr versus Rs 278 Cr in 9MFY17, an increase of 13%
- Consolidated PBT before forex and exceptional items at Rs 49 Cr versus Rs 59 Cr in 9MFY17
- Consolidated PATMI at Rs (77) Cr versus Rs 490 Cr in 9MFY17. PATMI for the current period includes exceptional item of Rs 45 Cr which pertains to goodwill amortization on closure of certain operations by the company. PATMI for 9MFY17 includes a one-time gain in Share in Associates which was the Company's share in the profits of RHT which includes the exceptional gain arising from the FHTL transaction.

- **Hospital Business (9MFY18)**
  - Revenues at Rs 2815 Cr versus Rs 2799 Cr in 9M FY17
  - EBITDAC at Rs 395 Cr versus Rs 435 Cr in 9MFY17. Represents 14.0% margin versus 15.5% in 9MFY17.
  - Operating EBITDA at Rs 192 Cr, a 52% increase over 9MFY17

- **Diagnostics Business .i.e. SRL (9MFY17)**
  - Revenues at Rs 642 Cr, up 8.3% over 9MFY17.
  - Operating EBITDA at Rs 128 Cr versus Rs 134 Cr in 9MFY17. Represents 20% margin versus 22.7% margin in 9MFY17.

Group Consolidated Business (Q3FY18)

- Revenues at Rs 1121 Cr for the quarter compared to Rs 1133 Cr reported in the corresponding quarter
- Consolidated EBITDAC at Rs 153 Cr vs Rs 187 Cr in corresponding quarter
- Consolidated EBITDAC margin stood at 13.6% margin versus 16.5% margin in Q3 FY17
- Consolidated operating EBITDA at Rs 85 Cr compared to Rs 115 Cr in Q3FY17
- Consolidated PATMI stood at Rs (37) Cr vs Rs 442 Cr in Q3FY17. PATMI for Q3FY17 includes a one-time gain in Share in Associates. This was the Company's share in the profits of RHT which includes the exceptional gain arising from the FHTL transaction.

- **Hospital Business (Q3FY18)**
  - Revenues at Rs 909 Cr compared to Rs 917 Cr in the corresponding quarter.
  - Operating EBITDAC at Rs 117 Cr compared to Rs 131 Cr reported in Q3FY17
  - Operating EBITDAC margin stood at 13.0% vs 14.3% in Q3FY17
  - Operating EBITDA stood at Rs 50 Cr compared to Rs 60 Cr in the corresponding quarter

- **Diagnostics Business .i.e. SRL (Q3FY18)**
  - Revenues at Rs 206 Cr in the quarter, up 22% versus Q3FY17
  - Operating EBITDA at Rs 38 Cr in the quarter similar to Q3FY17. Represents 18.2% margin versus 22.6% in Q3FY17

Group Consolidated Business (Q2FY18)

- Revenues at Rs 1197 Cr for the quarter, similar to the corresponding quarter Consolidated EBITDAC at Rs 200 Cr vs Rs 219 Cr in corr qtr
- Consolidated EBITDAC margin stood at 16.7% margin versus 18.3% margin in Q2 FY17
- Consolidated operating EBITDA at Rs 132 Cr, an increase of 33% over Q2 FY17. Margins at 11% in Q2FY18 vs 8.3% margin in Q2FY17
- Consolidated PBT before forex and exceptional items was at Rs 23 Cr vs Rs 43 Cr in Q2FY17

- Consolidated PATMI stood at Rs (46) Cr vs Rs 31 Cr in Q2FY17. PATMI for the quarter includes exceptional item of Rs 45 Cr which pertains to goodwill amortization on closure of certain operations by the company.

- **Hospital Business (Q2FY18)**
  - Revenues at Rs 966 Cr compared to Rs 972 Cr in corr qtr
  - Operating EBITDAC at Rs 150 Cr compared to Rs 164 Cr reported in Q2FY17
  - Operating EBITDAC margin stood at 15.5% vs 16.8% in Q2FY17
  - Operating EBITDA stood at Rs 82 Cr, a 87% improvement over Q2FY17

- **Diagnostics Business .i.e. SRL (Q2FY18)**
  - Revenues at Rs 224 Cr in the quarter, up 5% and 6% versus Q2FY17
  - Operating EBITDA at Rs 52 Cr in the quarter versus Rs 54 Cr in Q2 FY17. Represents 23.0% margin versus 25.3% in Q2 FY17.

**EBITDAC refers to EBITDA before net BT costs*

The Company witnessed a challenging environment over the past few months, primarily due to external headwinds in the healthcare environment, coupled with specific issues related to the group. Despite the aforesaid, the business both operationally and strategically stayed on course driven by a continuing focus on improving patient care and a renowned medical talent pool delivering world class healthcare services to patients. The broader healthcare environment has now begun to witness signs of improvement and stabilization and this is expected to augur well for the Company going forward.

The Company has also witnessed a significant change in its ownership and shareholding of the Promoters. The Promoters shareholding has declined to approx. 0.77% versus approx. 34.4% previously. Mr Malvinder Mohan Singh, Executive Chairman and Dr Shivinder Mohan Singh, Non-Executive Vice Chairman have resigned from the Board of the Company pursuant to the decision of the High Court in the Daiichi Sankyo matter. The Board has subsequently instituted a Management Committee to oversee the functioning of the Company both from a strategic and operational perspective.

The Company also continues to explore options related to fund raise and has a resolution in place to raise upto Rs 5000 Cr through equity, debt and/or quasi-equity instruments. In order to realign the current structure with the RHT Health Trust and further strengthen its operational performance, the Company has on February 12, 2018 signed documents for the acquisition of the entire RHT asset portfolio for an enterprise value of Rs 4,650 Cr. Fortis as a sponsor to the RHT Health Trust currently holds approx. 29.7% in the RHT Health Trust.

The Company maintained a healthy balance sheet with net debt as of September 30, 2017 and December 31, 2017 at Rs 1,655 Cr and Rs 1,339 Cr, respectively, representing a net debt to equity ratio of 0.27x and

0.22x, respectively. This can be compared with a net debt to equity of 0.19x for June 30, 2017 and 0.20x for March 31, 2017.

Commenting on the results, Mr. Bhavdeep Singh, CEO Fortis Healthcare said "Garnering continuous profitability margins for private sector hospitals tend to be testing, given the multiple costs incurred in infrastructure, technological knowhow, training of clinicians, quality drugs, other facilities and services that need to be upgraded constantly. We are also facing regulatory challenges at this point of time which have made us closely monitor our operations, review our processes and delivery mechanisms. As a result of the challenges faced in the past few months we have witnessed a relatively muted Quarter 3 compared to a healthy Quarter 2. At the same time, we are also seeing signs of stabilization in the broader healthcare environment and remain confident of addressing our various issues. As we move forward we expect a progressive improvement in our performance in the ensuing quarters. "

Key Highlights – Hospital Business (9MFY18)

- The Company's top 10 facilities witnessed revenues of Rs 2152 Cr compared to Rs 2129 Cr during 9MFY17. These contributed 76.5% to total revenues similar to the corresponding previous period. Key hospitals such as FMRI, Fortis BG Road, Fortis Shalimar Bagh, and Fortis Malar continued to exhibit a healthy performance.

- Key operating metrics of hospitals continued to remain in a positive trajectory. ARPOB for the period was at Rs 1.51 Cr versus Rs 1.45 Cr in the corresponding previous period. ALOS stood at 3.48 days versus 3.57 days in 9MFY17.

- Occupancy across facilities stood at 72% versus 76% in the corresponding previous period. In facilities' such as FEHI, Noida, Anandapur and Amritsar occupancy was in excess of 80% signifying an improvement and uptick in business performance.

- Revenue from International patients for the 9 month period stood at Rs 305 Cr compared to Rs 296 Cr reported in the corresponding previous period, contributing 11% to overall revenues.

- The Company's Gurugram facility, FMRI, witnessed a 66% occupancy with ARPOB at Rs 2.81 Cr. With 290 operational beds FMRI generated revenues of Rs 392 Cr during 9MFY18. Better product mix supported by reputed clinicians led to the continuing healthy performance of the hospital. The international patient mix at FMRI witnessed a 14% growth contributing 41% to its revenues for the quarter.

- FEHI recorded revenues of Rs 289 Cr compared to Rs 294 Cr in 9MFY17. It witnessed an occupancy of 83% and an ARPOB of Rs 1.62 Cr.

Key Highlights – Diagnostics Business (9MFY18)

The lab medicine .i.e. the pathology business contributed 87.4% to total revenues and grew 8% over the corresponding period. The contribution of the imaging business to total revenues stood at 6.3% down from 6.9% in the corresponding previous period. Clinical Trial, Wellness and the International segment revenues contributed 5.6% to overall revenues.

SRL performed over 12.25 million accessions during 9MFY18, a 6% growth over the previous period. Through these accessions it undertook 28.8 million tests as compared to 26.4 million tests during 9MFY17.

During Q3FY18, SRL added 10 new labs while it closed 13 labs. During the same period, SRL added 39 collection centres and closed 34. During Q2FY18, SRL added 13 new labs and closed 8; it added 47 collection centres and closed 15. The total network of SRL as of December 31, 2017 spans 374 laboratories and approximately 6,640 collection points.

The business continued to have a well -diversified geographical mix with no over dependence on any region, allowing it to optimally capitalize on its pan India network. The business witnessed 32% revenues from the north, 27% from the west, 20% from the east & Central India, 18% from the south and 2% from International for the nine month period ended December 31, 2017.

CLINICAL EXCELLENCE

- Doctors at Fortis Hospital, BG Road, Bengaluru, gave a new lease of life to a baby born with two critical congenital heart defects, Coarctation of the Aorta and Ventricular Septal Defect (VSD).
- A team of doctors led by Dr Z. S. Meharwal, Director, Cardio Thoracic Vascular Surgeon, at Fortis Escorts, New Delhi, performed a life-saving heart transplant in a 50-year-old patient from Muzzafarnagar, Uttar Pradesh. The transplant was made possible after the family of a 21-year-old brain dead patient in Jaipur consented to donate their kin's organs.
- Dr H. K. Bali, Director - Cardiology, Fortis Hospital, Mohali, presented a new technique of Ostial Coronary Artery Stenting at the prestigious Interventional Cardiology conference, 'Transcatheter Therapeutics,' held at Denver, United States. The technique can potentially change the way ostial coronary artery disease is treated. The technique has been successfully used on several patients at Fortis Mohali.
- The Cardiac Transplant Team at Fortis Hospital, Mulund, achieved the 50th heart transplant milestone by conducting a transplant surgery on a 32-year-old patient from Ukrain. Dr Anvay Mulay, Head of the Cardiac Transplant Team, led the surgery.
- The Fortis Centre for Heart Failure and Transplant at Fortis Malar Hospital, Chennai, under the leadership of Dr K. R. Balakrishnan, Director Cardiac Sciences and Dr Suresh Rao K. G., Chief of Cardiac Anaesthesia and Critical Care, performed 8 consecutive organ transplant surgeries in a span of just 10 days, setting a new benchmark.

- The Fortis Bone & Joint Institute (FBJI), under the leadership of Dr Ashok Rajgopal, Executive Director & Chairman, completed a year of operation, blazing a trail of clinical excellence. The Institute achieved the 3,000th surgery milestone and conducted the first robotic knee replacement surgery in north India.
- A team of doctors led by Dr Susheen Dutt, Consultant - ENT, Head and Neck Surgeon at Fortis Hospital, Nagarbhavi, Bengaluru successfully performed a rare tongue reconstruction surgery on a 37-year-old patient diagnosed with tongue cancer.
- A team of doctors led by Dr Swapna Misra, Additional Director, Obstetrics and Gynaecology, Fortis Hospital, Mohali, performed robotic surgery on three women using the Da Vinci Surgical System, making these the first such operations in Punjab.

AWARDS & ACCOLADES

- Fortis Hospital, Mulund, won an award for its project, 'One Fortis: Training in Action' at the Asian Hospital Management Awards 2017. This was the fourth consecutive award at AHMA for the hospital.
- Fortis Escorts Hospital, Jaipur, won the National Quality Council of India (QCI) D. L. Shah Award for the fifth time in a row.
- Fortis Escorts Hospital, Faridabad, was recognised as the 'Best Heart Hospital' at the Double Helical State Health Awards 2017. The prestigious award was presented by the Hon'ble Chief Minister of Haryana, Shri Manohar Lal Khattar, at a ceremony in Chandigarh.
- Fortis Healthcare won the prestigious 'Gurgaon Best Employer Brand Award 2017.' The award, instituted by the World HRD Congress, was presented at a ceremony in New Delhi.
- Fortis Hospital, Mohali, was recognised as the Best Hospital in Paediatric Cardiac Sciences at the 3rd Advantage Healthcare India 2017, an international summit on medical value travel (medical tourism), jointly organized by FICCI, Dept. of Commerce, Ministry of Commerce & Industry, Govt. of India, and Services Export Promotion Council (SEPC). The event was held at Bengaluru.
- Fortis Hospitals, Bengaluru, bagged three awards, 'Best Patient Safety Initiative,' 'Best CSR Practices in Healthcare' and 'Best Use of Social Media and Digital Marketing' at Times Television Network - National Marketing Excellence Awards – 2017.
- Four Fortis hospitals – Mohali, Malar, Mulund and S. L. Raheja – won the top honours at the CII 18th National Awards for Excellence in Energy Management in the Building Category.
- Fortis La Femme won the Social Initiative (Corporate) Award at the FICCI Healthcare Excellence Awards 2017 for Amaara, the only human milk bank at a corporate hospital in Delhi NCR.
- Dr K. R. Balakrishnan, Director – Cardiac Sciences and Chief Cardiothoracic & Transplant Surgeon, Fortis Malar Hospital, Chennai, was honoured with the Best Medical Practitioner's Award, 2017 by the Government of Tamil Nadu. He also received the FICCI Special Jury Award for contribution to Healthcare and Medical Science.

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, Mauritius and Sri Lanka with 45 healthcare facilities (including projects under development), approximately 10,000 potential beds and over 374 diagnostic 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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