

B S R & Co. LLP

Chartered Accountants

Building No.10,12th Floor, Tower-C,
DLF Cyber City, Phase-II,
Gurugram – 122 002, India

Telephone: +91 124 719 1000
Fax: +91 124 235 8613

Independent Auditor's Report

To the Board of Directors of Fortis Healthcare Limited

Report on the audit of the Standalone Annual Financial Results

Opinion

We have audited the accompanying standalone annual financial results of Fortis Healthcare Limited (hereinafter referred to as the "Company") for the year ended 31 March 2022, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information for the year ended 31 March 2022.

Basis for Opinion

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

Emphasis of Matter(s)

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

1. Note 9 and 10 of the standalone annual financial results which deal with various matters including the ongoing investigation by Serious Fraud Investigation Office ("SFIO") on Fortis Healthcare Limited and its subsidiaries ("the Group") regarding alleged improper transactions and non-compliances with laws and regulations including Companies Act, 2013 (including matters relating to remuneration paid to managerial personnel). These transactions and non-compliances relate to or originated prior to take over of control by reconstituted board of directors in the year ended 31 March 2018. As mentioned in the note, the Group has been submitting information required by SFIO and is also cooperating in the regulatory investigations.

Independent Auditor's Report (Continued)

Fortis Healthcare Limited

As explained in the said note, the Group had recorded significant adjustments/ provisions in its books of account during the year ended 31 March 2018. The Company has launched legal proceedings and has also filed a complaint with the Economic Offences Wing ('EOW') against erstwhile promoters and their related entities based on the findings of the investigation conducted by the Group. Further, based on management's detailed analysis and consultation with external legal counsel, a further provision has been made and recognised in the previous year for any contingency that may arise from the aforesaid issues. As per the management, any further financial impact, to the extent it can be reliably estimated as at present, is not expected to be material.

2. Note 8 of the standalone annual financial results relating to the order dated 15 November 2019 of the Hon'ble Supreme Court, where it is stated that the Hon'ble Supreme Court has issued suo- moto contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of its order dated 14 December 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by Northern TK Venture Pte Ltd., Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia, to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company. As also explained in the said note, the management believes that it has a strong case on merits and as per the current position of the case, the liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the standalone annual financial results.

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

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

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

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

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

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

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Independent Auditor's Report (Continued)

Fortis Healthcare Limited

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

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

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

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



B S R & Co. LLP

Independent Auditor's Report (Continued)

Fortis Healthcare Limited

Other Matter(s)

- a. The standalone annual financial results include the results for the quarter ended 31 March 2022 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For B S R & Co. LLP

Chartered Accountants

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



Rajesh Arora

Partner

Gurugram

25 May 2022

Membership No.: 076124

UDIN:22076124AJPOYZ1458

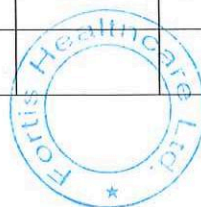
FORTIS HEALTHCARE LIMITED
CIN: L85110PB1996PLC045933

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

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2022

(Rupees in lacs)

Particulars	Standalone				
	Quarter ended			Year ended	Year ended
	March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	March 31, 2021
	Audited	Unaudited	Audited	Audited	Audited
1. Revenue from operations	21,026	22,796	19,482	86,261	63,287
2. Other income	3,211	3,505	2,738	13,410	19,198
3. Total income (1+2)	24,237	26,301	22,220	99,671	82,485
4. Expenses					
(a) Purchases of medical consumable and drugs	5,147	5,120	4,603	20,930	14,919
(b) Changes in inventories of medical consumable and drugs	(245)	37	16	(501)	139
(c) Employee benefits expense	3,712	3,880	3,989	15,423	14,765
(d) Finance costs	3,324	3,156	3,416	12,958	14,145
(e) Hospital service fee expense	1,429	1,567	1,365	5,911	4,482
(f) Professional charges to doctors	4,299	4,266	3,250	16,081	10,580
(g) Depreciation and amortisation expense	2,849	2,823	2,793	11,263	11,078
(h) Other expenses	4,746	4,094	6,603	16,877	15,610
Total expenses	25,261	24,943	26,035	98,942	85,718
5. Net profit / (loss) from continuing operation before exceptional items and tax (3-4)	(1,024)	1,358	(3,815)	729	(3,233)
6. Exceptional gain / (loss) (refer note 4)	(1,628)	-	(694)	(1,628)	5,646
7. Profit / (loss) before tax from continuing operations (5-6)	(2,652)	1,358	(4,509)	(899)	2,413
8. Tax expense / (credit)	(228)	503	(399)	426	1,993
9. Net profit / (loss) for the period from continuing operations (7-8)	(2,424)	855	(4,110)	(1,325)	420
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)	(2,424)	855	(4,110)	(1,325)	420
14. Other Comprehensive Income / (loss) (after tax)	34	25	75	28	86
15. Total comprehensive income / (loss) for the period (13+14)	(2,390)	880	(4,035)	(1,297)	506
16. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496	75,496
17. Other equity as per the audited balance sheet				811,360	812,657



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ENDED MARCH 31, 2022

(Rupees in lacs)

Particulars	Standalone				
	Quarter ended			Year ended	Year ended
	March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	March 31, 2021
	Audited	Unaudited	Audited	Audited	Audited
18. Earnings per equity share for continuing operations (not annualised)					
Basic earnings / (loss) per share - In Rupees	(0.33)	0.11	(0.54)	(0.18)	0.06
Diluted earnings / (loss) per share - In Rupees	(0.33)	0.11	(0.54)	(0.18)	0.06
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	(0.33)	0.11	(0.54)	(0.18)	0.06
Diluted earnings / (loss) per share - In Rupees	(0.33)	0.11	(0.54)	(0.18)	0.06
21. Earnings before depreciation and amortisation expense, finance costs, exceptional items and tax expense (EBITDA) (refer note 3)	5,149	7,337	2,394	24,950	21,990

Notes to the results

- The above audited Standalone Financial Results of Fortis Healthcare Limited ("the Company") for the quarter and year ended March 31, 2022 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 25, 2022. The unqualified audit 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.
- Figures for the quarter ended March 31, 2022, included in the Standalone Statement, is the balancing figure between audited figure in respect of the full financial year and the unaudited published year to date figures up to December 31, 2021 being the end of the third quarter of the financial year. The figures for the quarter ended March 31, 2021 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2021 and the published year to date figures up to December 31, 2020 being the end of the third quarter of the previous financial year.
- The Company has presented Earnings before finance costs, tax, depreciation and amortization (EBITDA) additionally in the financial results. In its measurement, the Company includes other income, but does not include depreciation and amortization expense, finance costs, exceptional items and tax expense.



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

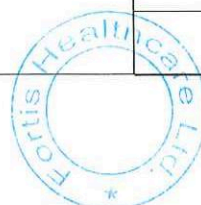
(Rupees in lacs)

Particulars	Quarter ended			Year ended	Year ended
	March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	March 31, 2021
	Audited	Unaudited	Audited	Audited	Audited
a) Impairment of investment in Subsidiary Company	(1,628)	-	(694)	(1,628)	(694)
b) Concession received due to COVID-19 (refer note 15)	-	-	-	-	6,340
Net exceptional (loss) / gain	(1,628)	-	(694)	(1,628)	5,646

5. Statement of Assets and Liabilities:

(Rupees in lacs)

Particulars	Standalone	
	As at March 31, 2022	As at March 31, 2021
	Audited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	28,128	28,687
(b) Capital work-in-progress	633	632
(c) Right-of-Use Assets	45,142	52,562
(d) Goodwill	2,722	2,722
(e) Other intangible assets	1,036	1,313
(f) Intangible assets under development	-	42
(g) Financial assets		
(i) Investments in associates	-	-
(ii) Investments in subsidiaries	884,529	889,847
(iii) Loans	22,493	30,816
(iv) Other financial assets	217	260
(h) Deferred tax assets (net)	6,454	6,665
(i) Non-current tax assets (net)	10,540	6,043
(j) Other non-current assets	158	82
Total non-current assets	1,002,052	1,019,671
Current assets		
(a) Inventories	1,380	879
(b) Financial assets		
(i) Trade receivables	7,569	7,371
(ii) Cash and cash equivalents	107	320
(iii) Bank balances other than (ii) above	-	31
(iv) Loans	-	1,337
(v) Other financial assets	30,519	27,591
(c) Other current assets	994	1,014
Total current assets	40,569	38,543
Total assets	1,042,621	1,058,214



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**STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR
ENDED MARCH 31, 2022**

(Rupees in lacs)

Particulars	Standalone	
	As at March 31, 2022	As at March 31, 2021
	Audited	Audited
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	75,496	75,496
(b) Other equity	811,360	812,657
Total equity	886,856	888,153
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	58,552	66,378
(ii) Lease liabilities	48,992	54,833
(iii) Other financial liabilities	141	207
(b) Provisions	1,805	1,392
Total non-current liabilities	109,490	122,810
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	5,681	11,669
(ii) Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	1,112	1,392
- Total outstanding dues other than micro enterprises and small enterprises	26,550	20,053
(iii) Lease liabilities	6,036	5,139
(iv) Other financial liabilities	2,650	4,253
(b) Provisions	2,289	2,995
(c) Current tax liabilities (net)	-	152
(d) Other current liabilities	1,957	1,598
Total current liabilities	46,275	47,251
Total liabilities	155,765	170,061
Total equity and liabilities	1,042,621	1,058,214



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6. Statement of Cash flow:

Particulars	(Rupees in lacs)	
	Year ended	
	March 31, 2022	March 31, 2021
	Audited	Audited
Cash flows from operating activities		
(Loss) / Profit before tax	(899)	2,413
Adjustments for:		
Exceptional Loss/(Gain) (net)	1,628	(5,646)
Finance cost	12,958	14,145
Interest income	(13,283)	(18,903)
Loss/(Profit) on disposal of property, plant and equipment (net)	21	(42)
Allowance for bad and doubtful trade receivables	380	805
Allowance for bad and doubtful advances	92	21
Provision for contingencies	-	1,462
Depreciation and amortisation expense	11,263	11,077
Provision / liability no longer required written back	(613)	(256)
Financial guarantee income	(91)	(203)
Sub Total	12,355	2,460
Operating profit before changes in following assets and liabilities	11,456	4,873
Changes in operating assets and liabilities		
(Increase) / Decrease in trade and other receivables	(577)	410
(Increase) / Decrease in inventories	(501)	139
(Increase) in loans, other assets and other financial assets	(2,823)	(629)
Increase / (Decrease) in other financial liabilities, provisions, other liabilities and trade payables	4,973	(648)
Cash generated from operations	12,528	4,145
Income taxes paid (net)	(4,879)	(950)
Net cash generated from operating activities (A)	7,649	3,195
Cash flows from investing activities		
Interest received	10,371	5,105
Amount received against investments	3,693	3,734
Investment in subsidiaries	(2)	(28,850)
Purchase of property, plant and equipment and intangible asset	(2,682)	(5,633)
Proceeds from sale of property, plant and equipment	18	116
Maturity of bank deposits (net)	111	43
Loan / advances given to subsidiaries	-	(6,195)
Loan / advances received back from subsidiaries	12,265	34,520
Net cash generated from investing activities (B)	23,774	2,840
Cash flows from financing activities		
Payment of lease liability	(4,944)	(1,566)
Proceeds from non-current borrowings	21,758	9,207
Repayment of non-current borrowings	(29,584)	(3,308)



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Particulars	(Rupees in lacs)	
	Year ended	
	March 31, 2022	March 31, 2021
	Audited	Audited
(Repayments of) / Proceeds from short-term borrowings (net)	(6,335)	6,800
Finance cost paid**	(12,877)	(10,542)
Net cash (used in) / generated from financing activities (C)	(31,982)	591
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(559)	6,626
Cash and cash equivalents at the beginning of the period	(1,416)	(8,042)
Cash and cash equivalents at the end of the period	(1,975)	(1,416)

**Including interest on lease liability Rupees 6,442 lacs and Rupees 6,618 lacs for the year ended March 31, 2022 and March 31, 2021 respectively.

Cash and cash equivalents

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

Particulars	(Rupees in lacs)	
	Year ended	
	March 31, 2022	March 31, 2021
	Audited	Audited
(a) Balances with banks		
- on current accounts	80	284
(b) Cash on hand	27	36
Cash and cash equivalents as per balance sheet	107	320
Bank overdrafts	(2,082)	(1,736)
Cash and cash equivalents as per statement of cash flows	(1,975)	(1,416)

7. A party ("Plaintiff") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and has, inter alia, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree alleging that consequent to a Term Sheet dated December 6, 2017 ("Term Sheet") between the Company and a Third Party, the Company is liable for claims owed by the Plaintiff to the Third Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Plaintiff shall be subject to orders passed in the said suit. The above referred Third Party has sought to be substituted as a Plaintiff in the District Court proceedings.

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. The Third Party has approached Delhi High Court for seeking certain interim reliefs against the Company under the provisions of The Arbitration and Conciliation Act, 1996. This Third party had also filed a claim for damages and injunctive reliefs against the Company before International Chamber of Commerce (ICC). The Company has invited the attention of ICC to the aforesaid pending



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litigations before various Courts and non-maintainability of claim raised by said Third party. Proceedings before Delhi High Court have been withdrawn by Third Party on February 24, 2020. Further, arbitration before ICC has also been withdrawn by Third Party on February 23, 2020 and the same has been closed by ICC on February 28, 2020. The Company has filed an application for perjury against the Third Party and other entities which is pending before the Delhi High Court. During the year ended March 31, 2022, signatories of Third Party to the Term Sheet have also filed a duly affirmed affidavit before Delhi High Court stating that Term Sheet was neither signed on behalf of the Company before them nor did it ever come in force.

During the year ended March 31, 2022, another Party, claiming to be one of the assignee of Third Party has filed a case against 28 named defendants, including the Company and its ultimate parent Company IHH, and 21 non-party defendants, including the Company in the United States District Court, District of New Jersey, USA. Notice of the case has not yet been served on the Company under the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters. In December 2021, a notice of this case was served to IHH which was subsequently disclosed by it to Bursa Stock Exchange, Malaysia. Company is given to understand that the case has been filed for alleged violation of, inter-alia, the U.S. Racketeer, Influenced and Corrupt Organizations Act, copyright infringement, tortious interference with contracts, etc. and Party has claimed damages in excess of USD 6.5 billion against all the defendants. Company has made disclosure about this case to stock exchange. It has also sought legal advice and will pray for dismissal of this case, as and when served.

In addition, in the year 2018, the Company had 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 were 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.

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.

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

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 (NTK) ("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.



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

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

Further, at the request of SEBI by way of an application seeking impleadment, the Hon'ble Supreme Court of India has impleaded SEBI as a party in the petition pending before it. SEBI has prayed for allowing the Mandatory Open Offer. Further, the Hon'ble Supreme Court of India has issued notice on application filed by a public shareholder of the Company seeking impleadment. NTK has also filed an application for impleadment, modification of the status quo order and for proceeding with Mandatory Open Offer.

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 shareholder's approval and only after making all due disclosures to public shareholders of the Company and to the regulatory authorities, in a timely manner. As per the current position of the case, liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the audited Standalone Financial Results.

Further during the quarter ended September 30, 2020, in view of the aforesaid suo moto contempt notice, for abundant caution, an application was filed by the Company before the Hon'ble Supreme Court of India, praying for permission to it and its subsidiaries for changing their respective names, brands and logos; and for continued usage of the same if the said application was not disposed of prior to expiry of the term of the Brand License Agreements to allow adequate time for smooth Brand transition without any disruption to business. During the current year, the Brand License Agreements have expired. The Company is awaiting order(s) of the Hon'ble Supreme court.

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

A. Background

- (i) As disclosed in the financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020, 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 given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management Committee of the Company decided to carry out an independent investigation through an external legal firm on this matter. 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 ; (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 ; (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



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promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company. The investigation report of which was submitted to the re-constituted Board in June 2018.

The investigation noted certain significant findings in relation to past transactions concerning FHL and its subsidiaries with companies whose current and/ or past promoters/ directors were known to/ connected with the erstwhile promoters of the Company. All such identified transactions were provided for by the Company in the financial statements for the year ended March 31, 2018.

The investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report. It did not cover all related party transactions during the period under investigation. 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 could be drawn in this regard.

- (ii) 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 and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility could not have been ruled out that there may have been additional related parties whose relationship may not have been disclosed and, hence, not known to the Management. While such references could not be fully analyzed during the initial investigation, the nature of these references raised certain concerns.

In order to overcome the above, additional procedures/ enquiries were initiated as below.

B. Additional procedures/enquiries by the reconstituted Board

- (i) The Company's Board of Directors initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Pending the additional procedures/ enquiries ("**Additional Procedures/ Enquiries**") and since the investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as disclosed in the audited financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020 certain audit qualifications were made in respect of FHL's financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established thereof, or any further potential impact on the financial statements. In order to resolve the same, the Board mandated the management to undertake review of certain areas in relation to historical transactions for the period April 1, 2014 to September 30, 2018 involving additional matters by engaging independent experts with specialized forensic skills to assist with the Additional Procedures/Enquiries and provide inputs and expert advice in connection therewith. The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020.
- (ii) The Board noted that the Additional Procedures/Enquiries, prima facie, revealed further instances of payments made to the erstwhile promoter or to their directly or indirectly related parties including erstwhile promoter group entities which were potentially improper. However, all of the amounts identified in the Additional Procedures/Enquiries had been previously provided for or expensed in the financial statements of FHL or its subsidiaries. There are no other improper transactions identified by the Additional Procedures/Enquiries or the management, which had not been expensed or provided.
- (iii) In connection with the potentially improper transactions, the Company has undertaken a detailed review of each case to assess the Company's legal rights and has initiated necessary action.

C. Key findings during the investigation by the external legal firm and during the Additional Procedures/Enquiries by independent experts

- (i) Fortis Hospitals Limited (FHL), 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')



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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. Such assignment was subsequently terminated on January 5, 2018. On February 28, 2018, these ICDs were secured by way of a duly registered charge on the present and future assets of the Borrowers. 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 was fully provided during the year ended March 31, 2018.

The Investigation Report indicated that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of FHsL. (Also refer note 10 on SEBI Order).

As per the Additional Procedures/Enquiries by independent experts, the borrowers were potentially linked to the erstwhile promoters and also potentially linked to each other. 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. Further, in the complaint filed with the Economic Offence Wing, New Delhi (EOW) in November 2020 for certain other matters as mentioned subsequently, reference has been made of certain queries being put by SFIO in relation to this transaction, and the Company having responded thereto. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (ii) 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 has 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.

SFIO has sought information in respect of this transaction and the same has been duly provided by the Company. Further, as stated above, a complaint has been filed with the EOW in November 2020 by the Company for certain other matters in which a reference has been made to such SFIO enquiries as well as to the Company's responses thereto and EOW is investigating the matter. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (iii) 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 realization of the amounts.



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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

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

Considering full and final settlement already done and the transaction having been legally concluded no further action is being taken.

- (iv) During the year ended March 31, 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("EHIRCL")), purchased further 71% equity interest in Fortis Healthstaff Limited ("Healthstaff") at an aggregate consideration of Rupees 3.46 lacs from erstwhile promoter group companies. Subsequently, EHIRCL advanced a loan to Healthstaff which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to an erstwhile promoters group company. Certain documents suggest that the loan repayment by Healthstaff 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, Healthstaff was not in a position to repay loan to the erstwhile promoter group company. EHIRCL also could not directly takeover the loan, as EHIRCL (holding 29%) could not have taken over the burden of the entire debt of Healthstaff. Therefore, this transaction was in a way to help the erstwhile promoter group companies (71% shareholders) to avoid making payment for its share, and place EHIRCL in a situation where it would find it hard to recover from its own now wholly owned subsidiary. Further, the said loan advanced by EHIRCL to Healthstaff was impaired in the books of account of EHIRCL due to anticipated chances of non-recovery during the year ended March 31, 2019.

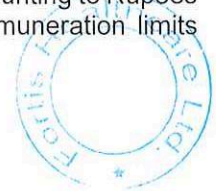
Complaint has been filed in this regard, with the EOW in November 2020 against erstwhile promoters / erstwhile promoters Group Company and EOW is investigating the matter. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (v) During the year ended March 31, 2018, the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")), purchased further 51% equity interest in Fortis Emergency Services Limited (FESL) at an aggregate consideration of Rupees 0.255 lacs from erstwhile promoter group company. Subsequently, FHsL advanced a loan to FESL, which was used to repay the outstanding unsecured loan amount of Rupees 215 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by FESL 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, FESL was not in a position to repay loan to the erstwhile promoter group company. FHsL also could not directly takeover the loan, as FHsL (holding 49%) could not have taken over the burden of the entire debt of FESL. Therefore, this transaction was in a way to help the erstwhile promoter group company (51% shareholders) to avoid making payment for its share, and place FHsL in a situation where it would find it hard to recover from its own now wholly owned subsidiary. Further, the said loan advanced by FHsL to FESL was impaired in the books of account of FHsL due to anticipated chances of non-recovery.

Complaint has been filed with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company and EOW is investigating the matter. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (vi) Remuneration to ex-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. Since the LoA was treated as non-est, the Company received legal advice from its counsels that the amount paid under the aforesaid LoA (amounting to Rupees 1,768 lacs) appears to be an arrangement designed to circumvent the managerial remuneration limits



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under Section 197 of the Companies Act, 2013 read with relevant Central Government approvals and thus was wrongfully paid. Thus, as per the legal advice, the payments made to him under this LoA for the role of 'Lead: Strategic Initiatives' ought to be considered and characterized as payments which are in the nature of managerial remuneration, as regulated and governed in section 197 of the Companies Act, 2013. An amount of Rupees 234 lacs that was reimbursed in relation to expenses incurred was in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013. Accordingly, the Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him over and above the managerial remuneration limit, as specified under the Companies Act, 2013 read with the relevant government approvals in this regard. 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 was not payable being illegal. Subsequently, Company filed a complaint against the erstwhile Executive Chairman before EOW. The Company has received back vehicles which were being used by him. However, IT assets and excess amounts paid are yet to be received.

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 recognized 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 in the Standalone Financial Results for the year ended March 31, 2018. The Company has filed a complaint against the erstwhile Executive Chairman before EOW on account of both of the above payments and EOW is investigating the matter.

An addendum to the complaint already filed with the EOW has been filed in November 2020 with the EOW including certain other findings during Additional Procedures/Enquiries by independent experts as below:

- (a) Payments were made to the erstwhile Executive Chairman from a foreign wholly owned subsidiary of the Company as one-time bonus in February 2016 of equivalent Rupees 846 lacs and managerial remuneration was paid for the period January 2016 to May 2016, amounting to equivalent Rupees 349 lacs. Further, remuneration paid in excess of Central Govt. approval by the Company for FY 2014-15 & FY 2015-16 amounting to Rupees 528 lacs was refunded by erstwhile executive chairman in March 2016 to FHL. It is possible that the amounts recovered towards excess remuneration paid from the company to erstwhile executive chairman of Rupees 528 lacs was compensated through the foreign wholly owned subsidiary.
- (b) Payments were made to an erstwhile promoter entity from another foreign wholly owned subsidiary of the Company under an investment advisory agreement amounting to equivalent Rupees 344 lacs for the period June 2016 to September 2016. However, there was nothing on record to suggest that any services were rendered by the erstwhile promoter entity under this agreement.
- (vii) During the financial year 2014-15, the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")), acquired 100% stake in Birdie & Birdie Realtors Pvt; Ltd. ("Birdie") from certain persons related to the erstwhile promoters, wherein Rupees 12,275 lacs were paid towards ICDs at a rate of interest of 14% per annum and Rupees 7,725 lacs were paid for the shares acquired. The total enterprise value of Birdie was projected at Rupees 20,000 lacs based on the valuation report of land and building by an independent valuer. However, the equity valuation of Rupees 7,725 lacs was arrived based on a land and building valuation report by another valuer of Rupees 23,700 lacs and on assumption that the Land has to be sold in 6-8 months, which in reality did not happen. Also, the "subject property photographs" used in the mentioned two valuation reports were identical. Also, the ICD's of Rupees 12,275 lacs were utilized to repay/replace the then existing debts including that of erstwhile promoters and person/entities related/known to the erstwhile promoters. It is possible that the erstwhile promoters acted in order to make excess money to repay the loans availed by Birdie from them, persons related to them and entities related/known to them.

There have been certain queries raised on this transaction by the SFIO. The Company has responded to the said queries. Further, in the above referred Complaint filed with the EOW in November 2020 against erstwhile promoters, SFIO enquiries and the Company's responses have been mentioned and



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EOW is investigating the matter. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (viii) 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. It was observed in the earlier investigation that there were significant fluctuations in the NAV of the investments during a short span of time. Further, 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%.

There is no further finding in additional procedures/enquiries by independent experts on this matter. Further, the investigation by the external legal firm done also mentioned that it appeared that GDOF was not related to Fortis based on the procedures performed by them. Accordingly, no further action is being taken.

- (ix) In respect of certain other matters found during the Additional Procedures/Enquiries by independent experts no actions were recommended since there were no sufficient evidences on those matters. However, there is no impact of those matters on the financials.

- (D) Based on investigation carried out by the external legal firm and the additional procedures/enquiries by independent experts, all identified/required adjustments/provisions/disclosures have been made in the standalone financial results of the Company. The Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, on relevant aspects, the Company has also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies and EOW is investigating the matter. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

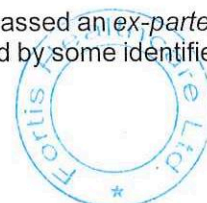
Therefore, with this conclusion, the initial investigation, which was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers has been addressed through the additional procedures/enquiries by independent experts. In addition, the current Board had 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 for which the assessment work was done and corrective action plans were implemented.

Accordingly, the Board has taken necessary actions in consultation with the legal counsels in this regard. The investigations in so far as these issues involving the erstwhile promoters/ erstwhile promoter group companies is concerned are still pending with the regulatory authorities. The management of the Company also believes that if any action is initiated by regulatory authorities against the Company, the same should not have a significant material impact on the Company as all items which may have financial impact have already been provided for in earlier years. The Company would fully co-operate with the regulatory authorities in this regard.

10. Matters in relation to Regulatory Authorities:

- (a) In the above backdrop, during financial year 2017-18 the Company received a communication 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 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, subsequently 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



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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 were also 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, ("Confirmatory Order") SEBI 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 had 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. Accordingly, 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 Investigation Report of the external legal firm was submitted by the Company to the SEBI and SFIO on June 12, 2018. Further, the Company has submitted a copy of the complaint filed with the EOW and a copy of the report of the additional procedures/ enquiries done by the independent expert to SEBI and SFIO on November 10, 2020.

By an order dated November 12, 2020, SEBI revoked its Interim orders read with Confirmatory Order qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and directed that the ongoing proceedings against them be substituted with adjudication proceedings. The order expressly clarified that the Company and FHsL were at liberty to pursue remedies under law, as deemed appropriate by them, against the abovementioned entities in respect of their role in the diversion of funds. A Show-Cause Notice (SCN-1) was issued by SEBI to various entities including the Company and FHsL on November 20, 2020. In the SCN-1, it was inter-alia alleged that the consolidated financials of the Company at the relevant period were untrue and misleading for the shareholders of the Company and the Company had circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956, and certain SEBI regulations. In response, a joint representation/reply was filed by the Company and FHsL on December 28, 2020 praying for quashing of the SCN-1 by inter alia reiterating that the Company and FHsL, were in fact victims of the schemes of the erstwhile Promoters (Malvinder Mohan Singh and Shivinder Mohan Singh) and justice, equity and fairness demands that the victim ought not be punished for the offences of the wrongdoers. All acts impugned in the SCN-1 relate to the period when the erstwhile Promoters controlled the affairs of Company and FHsL and the erstwhile Promoters are no longer involved in the affairs of the Company and FHsL. The erstwhile Promoters were responsible for financial misrepresentation and not the Company and FHsL. Post resignation of the erstwhile Promoters in February 2018, the Board of Directors of the Company, solely comprising independent Directors looked after its welfare until a new



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promoter, invested and took control of the Company, till such time as the new promoters of the Company (i.e. NTK Venture Pte. Ltd.) assumed control of the Company pursuant to a preferential allotment which was approved by the Competition Commission of India and SEBI which approved the open offer which was triggered by such preferential allotment. Any adverse orders against the Company and FHsL would harm their existing shareholders, employees and creditors. The Company and FHsL have taken substantial legal actions against the erstwhile Promoters and significant steps to recover the diverted amounts. Oral submissions in response to the SCN were made in a personal hearing before the SEBI Whole Time Member on January 20, 2021 and written submissions were filed. SEBI has passed an order dated April 19, 2022 w.r.t SCN -1 and directed the Company & FHsL to pursue the measures taken to recover the amount of INR 397.12 Crores (approx.) along with the interest from erstwhile Promoters; & Audit Committee to regularly monitor the progress of such measures and report the same to Board of Directors at regular intervals. SEBI has imposed a penalty of Rupees 1 Crore and Rupees 50 lakh on Company and FHsL respectively. Lawyers are evaluating the outcome, implications and next steps w.r.t to Order dated April 19, 2022.

On April 09, 2021, SEBI issued another Show cause notice (SCN-2) to various noticees including Escorts Heart Institute and Research Centre Limited ("EHIRCL"). In the said SCN-2, with respect to EHIRCL, it has been alleged that Rupees 567 crore was lent by the Company to EHIRCL in 2011, which was subsequently transferred by EHIRCL to Lowe Infra and Wellness Private Limited ("Lowe") in multiple transactions for the purchase of a land parcel. This land parcel, which was allegedly indirectly to be acquired by the Company through its subsidiary EHIRCL and another entity Lowe, was then transferred to RHC Holdings Private Limited ("RHC Holdings"). It has been stated in the said SCN-2 that a structured rotation of funds was carried out to portray that the loan extended by the Company for the purchase of land had been paid back with interest in the year 2011. It is alleged that the Company was actually paid back by RHC Holding over a period of four years ending on July 31, 2015. In this respect, the Company and FHsL funds were allegedly routed through various layers in order to camouflage the transactions, and to circumvent legal provisions with respect to related party transactions.

In the SCN-2, EHIRCL has been clubbed along with the other noticees, and has been painted with the same brush as the other notices in alleging that certain noticees, including EHIRCL, were part of a fraudulent and deceptive device wherein they acted in fraudulent manner which led to the misuse and/or diversion of funds from a listed company i.e. FHL, amounting to approximately Rupees 397.12 crore for the ultimate benefit of RHC Holdings and the erstwhile promoters. Thereby, it is alleged, that EHIRCL has aided and abetted the routing of funds from the Company, ultimately to RHC Holdings, for the benefit of the promoter entities.

SEBI w.r.t SCN-2 has passed an order dated May 18, 2022 imposing penalty against several erstwhile promoters entities and certain individuals. Based on the aforesaid allegations and actions taken by the Company against the erstwhile promoters and related entities, it has also imposed a penalty of Rs. 1 Crore on EHIRCL. Lawyers are evaluating the outcome, implications and next steps w.r.t to Order dated May 18, 2022.

The Board of Directors continue to be fully 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 also 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 on a going forward basis.

- (b) 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.
- (c) 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. The outcome of the SFIO investigation cannot be ascertained as of now keeping in view the present stage of the investigation.



FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

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

**STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR
ENDED MARCH 31, 2022**

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.

Based on management's analysis, a provision has been made and recognised in the quarter ended March 31, 2021 for any contingency that may arise from the aforesaid issues. This is not to be regarded as admission in any manner whatsoever by the Company of any of the violations, as alleged by any of the authorities or otherwise, against it. Further, as per the management and in consultation with external legal counsel it is believed that the likelihood of additional impact, if any, is low and is not expected to be material.

11. Corporate Social Responsibility (CSR) activities of the Company and its subsidiaries during earlier years were carried out through Fortis Charitable Foundation (FCF) (erstwhile promoter entity) with whom dealings have been stopped.

Amounts were paid by the Company and its subsidiaries to FCF for CSR activities. FCF was required to utilize the money so received strictly in various CSR programs.

However, there are unutilized amounts lying with FCF which have not been spent and neither refunded by FCF despite several reminders and notices. Accordingly, civil recovery action has been initiated for recovery of unutilized amount of Rupees 61 lacs.

12. 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'.

13. The main object of the Company is to carry on the business of healthcare and other related activities either directly or through its subsidiaries. During the year ended March 31, 2020, due to significant amount of dividend received by the Company from a wholly owned overseas subsidiary, the Company's 'income from financial assets' constituted more than 50 per cent of the gross income for the financial year ended March 31, 2020. Further, the 'financial assets' of the Company were also more than 50 per cent of its total assets as at March 31, 2020 (mainly investment and financing in wholly owned subsidiaries). Accordingly, the Company technically met 'Principal business' test as per the press release by Reserve Bank of India ("RBI") vide No. 1998-99/1269 dated April 8, 1999 for being classified as a Non-Banking Financial Company (NBFC) from April 1, 2020. However, the significant amount of dividend in the year ended March 31, 2020 was largely on account of a one-off transaction which led to dividend payment and the Company does not expect dividend of such a significant amount to be recurring in future. The Board has also noted and confirmed that such dividend does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. The Company has made a representation to the RBI in November 2019 that while the Company technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as an NBFC and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. As per the RBI's 'Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the Company has obtained a Certificate of Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-I(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". Subsequent to the completion of audit of the financial statements of the Company for the year ended March 31, 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the Company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the quarter ended September 30, 2020 the Company wrote a letter to RBI with a request to confirm that no such registration as a NBFC is required. It also requested for a meeting to give an opportunity to the Company to explain its position on the matter. During the quarter ended March 31, 2021 RBI advised the Company to submit to it the financial results for the quarter ended June 30 2020, September 30, 2020 and December 31, 2020 which was duly submitted. Further, as evident from those financial results, the criteria for principal business test was not met as at March 31, 2021 and also as at March 31, 2022.



FORTIS HEALTHCARE LIMITED
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STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR
ENDED MARCH 31, 2022

14. During the year, the operational performance of the Company has improved as compared to previous year. As at March 31, 2022, the Company has funds available of Rupees 107 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 9,383 lacs. Further, in respect of the cash put option issued to minority shareholder of subsidiary, in accordance with the amendment agreement to the shareholders' agreement entered between the parties which also incorporated the new proposed exit rights, the minority shareholders of subsidiary have agreed not to exercise the cash put option for a further period of 36 months from the relevant date (February 5 2021) as defined in the amendment agreement in lieu of the new proposed exit rights. The Company's current liabilities are higher than its current assets by Rupees 5,706 lacs. Further, the Company also has sufficient unencumbered assets that can be utilized for any additional funding requirements in future. Additionally, as explained in note 8, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Group to carry out planned restructuring activities, which could further strengthen the financial position of the Company.

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

15. During the early part of the previous year, the COVID – 19 pandemic impacted the revenues and profitability of the Company. The Company took various initiatives to support operations and optimize the cost. With a slew of these measures, the Company was able to significantly reduce the negative impact on its business and moved towards its normalization.

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

As a part of its strategy to counter the impact of COVID-19 pandemic, with cost saving measures the Company got approval from its shareholders to seek waiver of fixed service fee payable to its certain subsidiaries under the Hospital & Medical Service Agreements (HMSA) entered with the said subsidiaries for at least two quarters (April-June 2020 and July-Sep 2020) assuming that the hospital operations, occupancy and footfall will return to normalcy by October 2020. However, if the business did not recover to normal levels by October 2020, then the waiver period could be extended until business became normal with the consent of both the Company and its subsidiaries. Accordingly, 50% waiver of fixed service fee for the third quarter (Oct-Dec 2020) was approved by the subsidiaries keeping in view the continued exceptional and unforeseen circumstances. In line with guidance on accounting for such concessions that are a direct consequence of the COVID-19 pandemic, the Company has recognised an exceptional gain of Rupees 6,340 lacs for the year ended March 31, 2021.

Going forward, the actual impact of the Covid-19 pandemic may still be different from that what has been estimated. However, the Company is and will continue to closely monitor any material changes to future economic conditions.

16. During the quarter ended March 31, 2021, the Shareholders' of the Company approved the postal ballot resolution on March 14, 2021 to acquire additional 50% stake equivalent to 2,50,000 equity shares in 'DDRC SRL Diagnostics Private Limited' (DDRC SRL) by SRL Limited, a material subsidiary, for a cash consideration of Rs 350 crores. The said transaction was consummated on April 5, 2021. The acquisition has been made by SRL Limited, which is in the same line of business as that of entity being acquired. Post this acquisition DDRC SRL has become 100% indirect subsidiary of SRL Limited (subsidiary of Fortis Healthcare Limited).
17. The Board and the shareholders of the Company approved the merger of few wholly owned non-operational entities of the group with Fortis Hospitals Limited (one of the wholly owned subsidiaries of the Company). This is subject to other regulatory approvals.



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STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR
ENDED MARCH 31, 2022

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

Date: May 25, 2022

Place: Gurugram

For and on behalf of the Board of Directors

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



B S R & Co. LLP

Chartered Accountants

Building No.10,12th Floor, Tower-C,
DLF Cyber City, Phase-II,
Gurugram – 122 002, India

Telephone: +91 124 719 1000
Fax: +91 124 235 8613

Independent Auditor's Report

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

Report on the audit of the **Consolidated Annual Financial Results**

Opinion

We have audited the accompanying consolidated annual financial results of Fortis Healthcare Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures for the year ended 31 March 2022, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements of the subsidiary and joint venture, the aforesaid consolidated annual financial results:

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

Parent:

1. Fortis Healthcare Limited

Subsidiaries:

1. Escorts Heart Institute and Research Centre Limited ("EHIRCL")
2. Fortis Hospitals Limited
3. Fortis Asia Healthcare Pte Limited
4. Fortis Healthcare International Limited
5. Fortis Global Healthcare (Mauritius) Limited
6. Fortis Malar Hospitals Limited
7. Malar Stars Medicare Limited
8. Fortis HealthStaff Limited
9. Fortis Cancer Care Limited
10. Fortis La Femme Limited
11. Fortis Health Management (East) Limited
12. Hiranandani Healthcare Private Limited
13. SRL Limited
14. SRL Diagnostics Private Limited
15. SRL Reach Limited

Registered Office:

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center,
Western Express Highway, Goregaon (East), Mumbai - 400063

Independent Auditor's Report (Continued)

Fortis Healthcare Limited

16. SRL Diagnostics FZ-LLC
17. Fortis Healthcare International Pte Limited (FHIPL)
18. Birdie and Birdie Realtors Private Limited
19. Stellant Capital Advisory Services Private Limited
20. RHT Health Trust Manager Pte Limited
21. Fortis Emergency Services Limited
22. Fortis Hospotel Limited
23. Escort Heart and Super Speciality Hospital Limited
24. International Hospital Limited
25. Hospitalia Eastern Private Limited
26. Fortis Health Management Limited
27. Medical Management Company Limited
28. Mena Healthcare Investment Company Limited
29. DDRC SRL Diagnostics Private Limited (with effect from 5 April 2021)

Joint ventures:

1. Fortis Cauvery
2. Fortis C-Doc Healthcare Limited
3. DDRC SRL Diagnostics Private Limited (till 4 April 2021)
4. SRL Diagnostics (Nepal) Private Limited

Associates:

1. Sunrise Medicare Private Limited (till 17 August 2021)
2. Lanka Hospitals Corporate Plc
3. THR Infrastructure Pte Ltd (formerly known as Fortis Global Healthcare Infrastructure Pte. Limited)
4. RHT HealthTrust

- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net profit and other comprehensive income and other financial information of the Group for the year ended 31 March 2022.



Independent Auditor's Report (Continued)

Fortis Healthcare Limited

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results* section of our report. We are independent of the Group, its associates and its joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, along with the consideration of reports of the other auditors referred to in sub paragraph no. a of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated annual financial results.

Emphasis of Matters

We draw attention to the following matters in the Notes forming part of the Consolidated Annual financial Results:

1. We draw attention to Note 8 and 9 of the Consolidated Annual financial Results which deals with various matters including the ongoing investigation by Serious Fraud Investigation Office ("SFIO") on Fortis Healthcare Limited and its subsidiaries regarding alleged improper transactions and non-compliances with laws and regulations including Companies Act, 2013 (including matters relating to remuneration paid to managerial personnel). These transactions and non-compliances relate to or originated prior to take over of control by reconstituted board of directors of Fortis in the year ended 31 March 2018. As mentioned in the note, the Group has been submitting information required by SFIO and is also cooperating in the regulatory investigations.

As explained in the said note, the Group had recorded significant adjustments/ provisions in its books of account during the year ended 31 March 2018. The Company has launched legal proceedings and has also filed a complaint with the Economic Offences Wing ('EOW') against erstwhile promoters and their related entities based on the findings of the investigation conducted by the Group. Further, based on management's detailed analysis and consultation with external legal counsel, a further provision has been made and recognised in the previous year for any contingency that may arise from the aforesaid issues. As per the management, any further additional impact, to the extent it can be reliably estimated as at present, is not expected to be material.

2. Note 14 of the consolidated annual financial results relating to the order dated 15 November 2019 of the Hon'ble Supreme Court, where it is stated that the Hon'ble Supreme Court has issued suo- moto 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 Consolidated Annual financial Results.

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

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Independent Auditor's Report (Continued)

Fortis Healthcare Limited

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related

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Independent Auditor's Report (Continued)

Fortis Healthcare Limited

disclosures in the consolidated annual financial results made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities within the Group and its associates and joint ventures to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated annual financial results of which we are the independent auditor. For the other entities included in the consolidated annual financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in sub paragraph no. a of the "Other Matters" paragraph in this audit report.

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

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

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

Other Matters

- a. The consolidated annual financial results include the audited financial results of one subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 3,348.15 lacs as at 31 March 2022, total revenue (before consolidation adjustments) of Rs. 3,780.30 lacs and total net profit after tax (before consolidation adjustments) of Rs. 1,243.51 lacs and net cash outflows (before consolidation adjustments) of Rs. 575.99 lacs for the year ended on that date, as considered in the consolidated annual financial results, which has been audited by its independent auditor. The consolidated annual financial results also include the Group's share of total net profit after tax of Rs. 30.66 lacs for the year ended 31 March 2022, as considered in the consolidated annual financial results, in respect of one joint venture, whose financial statements has been audited by its independent auditor. The independent auditor's reports on financial statements of these entities have been furnished to us by the management.

Our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditor and the procedures performed by us as are stated in paragraph above.

The above entities are located outside India whose financial information have been prepared in accordance with accounting principles generally accepted in their respective country and which have been audited by other auditors under generally accepted auditing standards applicable in their respective country. The Company's management has

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Independent Auditor's Report (Continued)

Fortis Healthcare Limited

converted the financial statements of such subsidiary and joint venture located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary and joint venture located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated annual financial results is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

- b. The consolidated annual financial results include the unaudited financial results of fifteen subsidiaries, whose financial information reflects total assets (before consolidation adjustments) of Rs. 42,495.03 lacs as at 31 March 2022, total revenue (before consolidation adjustments) of Rs. 11,894.42 lacs and net loss after tax (before consolidation adjustments) of Rs. 3,662.20 lacs and net cash inflows of Rs. 115.70 lacs for the year ended on that date, as considered in the consolidated annual financial results. These unaudited financial information have been furnished to us by the Management. The consolidated annual financial results also include the Group's share of total net profit after tax of Rs. 2,353.83 lacs (before consolidation adjustments) for the year ended 31 March 2022, as considered in the consolidated annual financial results, in respect of four associates and two joint ventures. These unaudited financial information have been furnished to us by the Management.

Our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures is based solely on such such annual financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial information are not material to the Group.

Our opinion on the consolidated annual financial results is not modified in respect of the above matter with respect to the financial information certified by the Board of Directors.

- c. The consolidated annual financial results include the results for the quarter ended 31 March 2022 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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

Chartered Accountants

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



Rajesh Arora

Partner

Gurugram

25 May 2022

Membership No.: 076124

UDIN:22076124AJPOSJ5133

FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

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

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2022

(Rupees in lacs)

Particulars	Consolidated				
	Quarter Ended			Year Ended	
	March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	March 31, 2021
	Audited	Unaudited	Audited	Audited	Audited
1. Revenue from operations	137,810	146,665	125,244	571,761	403,012
2. Other income	599	669	634	2,734	4,656
3. Total income (1+2)	138,409	147,334	125,878	574,495	407,668
4. Expenses					
(a) Purchases of medical consumable and drugs	33,274	33,390	29,148	140,337	97,448
(b) Changes in inventories of medical consumable and drugs	(958)	(27)	480	(4,614)	142
(c) Employee benefits expense	23,788	25,110	21,956	97,294	84,901
(d) Finance costs	3,002	3,806	4,062	14,685	16,588
(e) Professional charges to doctors	28,157	29,735	24,028	110,130	80,897
(f) Depreciation and amortisation expense	7,728	7,611	7,151	30,084	29,060
(g) Other expenses	31,426	29,764	29,904	121,718	99,180
Total expenses	126,417	129,389	116,729	509,634	408,216
5. Net Profit/(Loss) from continuing operations before share in profit/(loss) of associates and joint ventures, exceptional items and tax (3-4)	11,992	17,945	9,149	64,861	(548)
6. Add: Share in profit of associate companies and joint ventures	633	508	1,873	2,415	4,756
7. Net Profit before exceptional items and tax (5+6)	12,625	18,453	11,022	67,276	4,208
8. Exceptional gain (refer note 5)	20	839	15	31,503	121
9. Profit before tax from continuing operations (7+8)	12,645	19,292	11,037	98,779	4,329
10. Tax expense / (credit)	3,942	5,121	4,801	19,784	9,946
11. Net Profit/(Loss) for the period from continuing operations (9-10)	8,703	14,171	6,236	78,995	(5,617)
12. Profit/(Loss) before tax from discontinued operations	-	-	-	-	-
13. Tax expense of discontinued operations	-	-	-	-	-
14. Net Profit/(Loss) for the period from discontinued operations (12-13)	-	-	-	-	-
15. Net Profit/(Loss) for the period (11+14)	8,703	14,171	6,236	78,995	(5,617)
16. Profit/(Loss) from continuing operations attributable to:					
Owners of the Company	6,797	11,674	4,317	55,512	(10,976)
Non-Controlling Interest	1,906	2,497	1,919	23,483	5,359
17. Profit/(Loss) from discontinuing operations attributable to:					
Owners of the Company	-	-	-	-	-



FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

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

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2022

(Rupees in lacs)

Particulars	Consolidated				
	Quarter Ended			Year Ended	
	March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	March 31, 2021
	Audited	Unaudited	Audited	Audited	Audited
Non-Controlling Interest	-	-	-	-	-
18. Other Comprehensive Income (including OCI relating to associates and joint venture) (after tax)	(5,051)	803	(848)	(4,650)	1,034
19. Other comprehensive Income/(Loss) attributable to:					
Owners of the Company	(5,089)	818	(863)	(4,640)	1,002
Non Controlling interest	38	(16)	15	(10)	32
20. Total comprehensive Income/(Loss) (15+18)	3,652	14,974	5,388	74,345	(4,583)
21. Total comprehensive Income/(Loss) attributable to:					
Owners of the Company	1,708	12,493	3,454	50,872	(9,974)
Non-Controlling interest	1,944	2,481	1,934	23,473	5,391
22. Paid-up equity share capital (Face Value Rupees 10 per Share)	75,496	75,496	75,496	75,496	75,496
23. Other equity as per the audited balance sheet				542,328	536,485
24. Earnings per equity share for continuing operations (not annualised)					
Basic earnings per share - In Rupees	0.90	1.55	0.57	7.35	(1.45)
Diluted earnings per share - In Rupees	0.90	1.55	0.57	7.35	(1.45)
25. Earnings per equity share for discontinued operations (not annualised)					
Basic earnings per share - In Rupees	-	-	-	-	-
Diluted earnings per share - In Rupees	-	-	-	-	-
26. Earnings per equity share from continuing and discontinued operations					
Basic earnings per share - In Rupees	0.90	1.55	0.57	7.35	(1.45)
Diluted earnings per share - In Rupees	0.90	1.55	0.57	7.35	(1.45)
27. 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 4)	22,722	29,363	20,362	109,630	45,100



STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2022

Notes to the results

- The above audited Consolidated Financial Results of Fortis Healthcare Limited ("the Company") and its subsidiaries (Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures for the quarter and year ended March 31, 2022 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 25, 2022. The unmodified audit 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.
- Figures for the quarter ended March 31, 2022, included in the Consolidated Statement, is the balancing figure between audited figure in respect of the full financial year and the unaudited published year to date figures up to December 31, 2021 being the end of the third quarter of the financial year. The figures for the quarter ended March 31, 2021 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2021 and the published year to date figures up to December 31, 2020 being the end of the third quarter of the previous financial year.
- Segment Reporting**

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

(Rupees in lacs)

S.No	Particulars	Quarter ended			Year Ended	
		March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	March 31, 2021
		Audited	Unaudited	Audited	Audited	Audited
1	Segment value of sales and services (revenue)					
	- Healthcare	104,078	111,812	98,211	426,364	312,368
	- Diagnostics	37,234	38,845	30,572	160,491	103,463
	Gross value of sales and services	141,312	150,657	128,783	586,855	415,831
	Less : Inter segment sales and services	(3,502)	(3,992)	(3,539)	(15,094)	(12,819)
	Value of sales and services	137,810	146,665	125,244	571,761	403,012
	Less : GST recovered	-	-	-	-	-
	Revenue from operations	137,810	146,665	125,244	571,761	403,012
2	Segment results					
	- Healthcare	8,574	13,172	7,765	43,648	(865)
	- Diagnostics	5,822	7,910	4,812	33,164	12,250
	Total segment profit / (loss) before interest and tax	14,396	21,082	12,577	76,812	11,385
	(i) Finance cost	(3,002)	(3,806)	(4,062)	(14,685)	(16,588)
	(ii) Exceptional items and unallocable expenditure (net of unallocable income)	618	1,508	649	34,237	4,776



STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2022

	(iii) Share of profit / (loss) of associates and joint ventures (net)	633	508	1,873	2,415	4,756
	Profit / (loss) before tax	12,645	19,292	11,037	98,779	4,329
3	Segment assets					
	- Healthcare	866,083	864,477	871,304	866,083	871,304
	- Diagnostics	181,751	181,892	110,455	181,751	110,455
	- Unallocable assets	143,386	140,069	147,679	143,386	147,679
	Total assets	1,191,220	1,186,438	1,129,439	1,191,220	1,129,438
	Less : inter segment assets	(2,745)	(3,577)	(13,970)	(2,745)	(13,970)
	Total segment assets	1,188,475	1,182,861	1,115,468	1,188,475	1,115,468
4	Segment liabilities					
	- Healthcare	320,993	324,115	273,473	320,993	273,473
	- Diagnostics	34,225	33,528	27,367	34,225	27,367
	- Unallocable liabilities	135,177	139,988	156,817	135,177	156,817
	Total liabilities	490,395	497,631	457,657	490,395	457,657
	Less : inter segment liabilities	(2,745)	(3,577)	(13,970)	(2,745)	(13,970)
	Total segment liabilities	487,650	494,054	443,687	487,650	443,687

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

5. Exceptional gain included in the above audited Consolidated Financial Results include:

(Rupees in lacs)

S. No.	Particulars	Quarter ended			Year Ended	
		March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	March 31, 2021
		Audited	Unaudited	Audited	Audited	Audited
(a)	Concession received due to Covid-19	-	-	15	-	121
(b)	Gain on remeasurement of previously held equity interest (refer note 18)	-	-	-	30,614	-
(c)	Reversal of allowance for loan given to C-Doc Healthcare Limited	20	30	-	80	-
(d)	Profit on sale of land & building (net of Goodwill written off Rupees 1,231 lacs)	-	809	-	809	-
	Net exceptional gain	20	839	15	31,503	121



STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2022

6. Balance Sheet

(Rupees in lacs)

Particulars	Consolidated	
	As at March 31, 2022	As at March 31, 2021
	Audited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	383,232	390,957
(b) Capital work-in-progress	19,343	16,314
(c) Right-of-use	111,794	110,580
(d) Goodwill	412,321	372,171
(e) Other intangible assets	34,223	6,200
(f) Intangible assets under development	6	178
(g) Financial assets		
(i) Investments in associates/Joint venture	10,360	18,603
(ii) Loans	29	22
(iii) Other financial assets	4,963	3,485
(h) Non current tax assets (Net)	54,267	50,755
(i) Deferred tax assets (Net)	36,911	37,023
(j) Other non-current assets	7,699	5,500
Total non-current assets	1,075,148	1,011,788
Current assets		
(a) Inventories	12,290	7,676
(b) Financial assets		
(i) Trade receivables	51,217	45,775
(ii) Cash and cash equivalents	14,323	26,123
(iii) Bank balances other than (ii) above	26,947	15,535
(iv) Loans	149	131
(v) Other financial assets	2,113	2,384
(c) Other current assets	5,997	5,696
	113,036	103,320
(d) Assets classified as held for sale	291	360
Total current assets	113,327	103,680
Total assets	1,188,475	1,115,468
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	75,496	75,496
(b) Other equity	542,328	536,485



STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2022

(Rupees in lacs)

Particulars	Consolidated	
	As at March 31, 2022	As at March 31, 2021
	Audited	Audited
Equity attributable to owners of the Company	617,824	611,981
Non-controlling interests	83,001	59,800
Total equity	700,825	671,781
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	77,910	96,773
(ii) Lease liability	25,364	23,158
(iii) Other financial liabilities	207,839	162,812
(b) Provisions	11,471	8,761
(c) Deferred tax liabilities (Net)	38,122	28,873
(d) Other non-current liabilities	-	7
Total non-current liabilities	360,706	320,384
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	18,657	30,303
(ii) Lease liability	3,662	2,821
(iii) Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	6,365	5,771
- Total outstanding dues of creditors other than micro enterprises and small enterprises	59,728	49,049
(iv) Other financial liabilities	16,526	12,238
(b) Provisions	6,839	9,312
(c) Current tax liabilities (Net)	245	603
(d) Other current liabilities	14,894	13,078
	126,816	123,175
(e) Liabilities directly associated with assets classified as held for sale	128	128
Total current liabilities	126,944	123,303
Total liabilities	487,650	443,687
Total equity and liabilities	1,188,475	1,115,468



STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2022

7. Cash Flow Statement

Particulars	Year ended March 31, 2022 (Rupees in Lacs)	Year ended March 31, 2021 (Rupees in Lacs)
Cash flows from operating activities		
Profit before tax for the year	98,779	4,329
Adjustments for:		
Exceptional gain (net)	(31,503)	(121)
Finance cost	14,685	16,588
Interest income	(2,155)	(4,201)
Profit on disposal of property, plant and equipment (net)	(352)	(177)
Allowance for bad and doubtful trade receivables	3,447	4,019
Allowance for bad and doubtful advances	1,171	245
Depreciation and amortisation expense	30,084	29,060
Provision for contingencies and litigation	-	1,462
Bad debts written off	374	11
Expense recognised in respect of equity-settled share-based payments	-	(94)
Share of profit of equity accounted investees (net of tax)	(2,415)	(4,756)
Provisions/ liabilities no longer required written back	(3,262)	(2,099)
Unrealised foreign exchange loss	(153)	807
Operating profit before changes in following assets and liabilities	108,700	45,073
Changes in operating assets and liabilities		
(Increase)/ decrease in trade and other receivables	(8,464)	97
(Increase)/ decrease in inventories	(3,822)	142
(Increase)/ decrease in loans, other assets and other financial assets	(1,292)	310
Increase/ (Decrease) in trade payables	13,830	(2,844)
(Decrease)/ increase in provisions	(140)	1,771
Decrease in other liabilities and other financial liabilities	(1,136)	(745)
Cash generated from operations	107,676	43,804
Income taxes paid (net of refunds)	(21,137)	4,746
Net cash generated by operating activities	86,539	48,550
Cash flows from investing activities		
Interest received	2,059	4,144
Investment in bank deposits (net)	(11,274)	786
Payments for property, plant and equipment & intangible assets	(21,549)	(21,851)



STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2022

Particulars	Year ended March 31, 2022 (Rupees in Lacs)	Year ended March 31, 2021 (Rupees in Lacs)
Proceeds from disposal of property, plant and equipment	10,022	698
Proceeds from repayment of loan by body corporate	54	17
Dividends received from associates	1,750	2,800
Payment on acquisition of business operations (refer note 18)	(32,500)	(105)
Net cash used in investing activities	(51,438)	(13,511)
Cash flows from financing activities		
Proceeds from long-term borrowings	30,643	33,546
Repayment of lease liability	(3,066)	(2,375)
Repayments of long-term borrowings	(60,155)	(23,576)
Repayments of from short-term borrowings (net)	(4,449)	(5,028)
Interest paid (including interest on lease liability of Rupees 2,955 lacs (March 31, 2021 Rupees 2,670 lacs)	(14,704)	(16,860)
Net cash used in financing activities	(51,731)	(14,293)
Effect of exchange rate changes	6	455
Net (decrease)/ increase in cash and cash equivalents	(16,624)	21,201
Cash and cash equivalents at the beginning of the year	21,912	711
Add: Cash and cash equivalents in respect of subsidiaries acquired during the period	1,372	-
Cash and cash equivalents at the end of the year	6,660	21,912

(Rupees in lacs)

Particulars	March 31, 2022	March 31, 2021
(a) Balances with banks		
- on current accounts	6,750	17,057
- deposits with original maturity of less than three months	7,154	8,547
(b) Cheques, drafts on hand	4	21
(c) Cash on hand	415	498
Cash and cash equivalents as per balance sheet	14,323	26,123
Bank overdrafts and cash credit facility	(7,663)	(4,211)
Cash and cash equivalents as per statement of cash flows	6,660	21,912



STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2022**8. Investigation initiated by the erstwhile Audit and Risk Management Committee:****A. Background**

- (i) As disclosed in the financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020, 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 given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management Committee of the Company decided to carry out an independent investigation through an external legal firm on this matter. 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, FHL, with three borrowing companies as on July 1, 2017; (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 ; (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. The investigation report was submitted to the re-constituted Board in June 2018.

The investigation noted certain significant findings in relation to past transactions concerning FHL and its subsidiaries with companies whose current and/ or past promoters/ directors were known to/ connected with the erstwhile promoters of the Company. All such identified transactions were provided for by the Company in the financial statements for the year ended March 31, 2018.

The investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report. It did not cover all related party transactions during the period under investigation. 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 could be drawn in this regard.

- (ii) 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 and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility could not have been ruled out that there may have been additional related parties whose relationship may not have been disclosed and, hence, not known to the Management. While such references could not be fully analyzed during the initial investigation, the nature of these references raised certain concerns.

In order to overcome the above, additional procedures/ enquiries were initiated as below.

B. Additional procedures/enquiries by the reconstituted Board

- (i) The Company's Board of Directors initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. Pending the additional procedures/enquiries ("**Additional Procedures/ Enquiries**") and since the investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as disclosed in the audited financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020 certain audit qualifications were made in respect of FHL's financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established thereof, or any further potential impact on the financial statements. In order to resolve the same, the Board mandated the management to undertake review of certain areas in relation to historical transactions for the period April 1, 2014 to September 30, 2018 involving



STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2022

additional matters by engaging independent experts with specialized forensic skills to assist with the Additional Procedures/Enquiries and provide inputs and expert advice in connection therewith. The independent experts submitted their report which was discussed and considered by the Board in its meeting held on September 16, 2020.

- (ii) The Board noted that the Additional Procedures/Enquiries, prima facie, revealed further instances of payments made to the erstwhile promoters or to their directly or indirectly related parties including erstwhile promoter group entities which were potentially improper. However, all of the amounts identified in the Additional Procedures/Enquiries had been previously provided for or expensed in the financial statements of FHL or its subsidiaries. There are no other improper transactions identified by the Additional Procedures/Enquiries or the management which had not been expensed or provided.
- (iii) In connection with the potentially improper transactions, the Company has undertaken a detailed review of each case to assess the Company's legal rights and has initiated necessary action.

C. Key findings during the investigation by the external legal firm and during the Additional Procedures/Enquiries by independent experts

- (i) 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. Such assignment was subsequently terminated on January 5, 2018. On February 28, 2018, these ICDs were secured by way of a duly registered charge on the present and future assets of the Borrowers. 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 was fully provided during the year ended March 31, 2018.

The Investigation Report indicated that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of FHsL. (Also refer note 9 on SEBI Order).

As per the Additional Procedures/Enquiries by independent experts, the borrowers were potentially linked to the erstwhile promoters and also potentially linked to each other. 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. Further, in the complaint filed with the Economic Offence Wing, New Delhi (EOW) in November 2020 for certain other matters as mentioned subsequently, reference has been made of certain queries being put by SFIO in relation to this transaction, and the Company having responded thereto. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (ii) 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. 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



STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2022

Directors of Lessor to deposit 20% of the cheque amount. SRL has also initiated arbitration proceeding against the Lessor for recovery of Rupees 460 lacs paid towards Security Deposit and Rupees 304 lacs incurred pertaining to the office space. Vide order dated February 20, 2019 Hon'ble Delhi High Court appointed an arbitrator before whom SRL has filed its claim. Further, Company and SRL have filed their respective claims before Interim Resolution Professional (IRP) appointed by NCLT in a matter filed by one of creditors of Lessor. IRP is currently adjudicating the claims of various creditors of the Lessor including that of the Company and SRL Limited.

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

SFIO has sought information in respect of this transaction and the same has been duly provided by the Company. Further, as stated above, a complaint has been filed with the EOW in November 2020 by the Company for certain other matters, in which a reference has been made to such SFIO enquiries as well as to the Company's responses thereto and EOW is investigating the matter. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (iii) 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 realization 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

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

Considering full and final settlement already done and the transaction having been legally concluded no further action is being taken.

- (iv) During the year ended March 31, 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("EHIRCL")), purchased further 71% equity interest in Fortis Healthstaff Limited ("Healthstaff") at an aggregate consideration of Rupees 3.46 lacs from erstwhile promoter group companies. Subsequently, EHIRCL advanced a loan to Healthstaff which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to an erstwhile promoters group company. Certain documents suggest that the loan repayment by Healthstaff 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, Healthstaff was not in a position to repay loan to the erstwhile promoter group company. EHIRCL also could not directly takeover the loan, as EHIRCL (holding 29%) could not have taken over the burden of the entire debt of Healthstaff. Therefore, this transaction was in a way to help the erstwhile promoter group companies(71% shareholders) to avoid making payment for its share, and place EHIRCL in a situation where it would find it hard to recover from its own now wholly owned subsidiary. Further, the said loan advanced by EHIRCL to Healthstaff was impaired in the books of account of EHIRCL due to anticipated chances of non-recovery during the year ended March 31, 2019.



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Complaint has been filed in this regard, with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company and EOW is investigating the matter. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (v) During the year ended March 31, 2018, the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")), purchased further 51% equity interest in Fortis Emergency Services Limited (FESL) at an aggregate consideration of Rupees 0.255 lacs from erstwhile promoter group company. Subsequently, FHsL advanced a loan to FESL, which was used to repay the outstanding unsecured loan amount of Rupees 215 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by FESL 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, FESL was not in a position to repay loan to the erstwhile promoter group company. FHsL also could not directly takeover the loan, as FHsL (holding 49%) could not have taken over the burden of the entire debt of FESL. Therefore, this transaction was in a way to help the erstwhile promoter group company(51% shareholders) to avoid making payment for its share, and place FHsL in a situation where it would find it hard to recover from its own now wholly owned subsidiary Further, the said loan advanced by FHsL to FESL was impaired in the books of account of FHsL due to anticipated chances of non-recovery.

Complaint has been filed with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company and EOW is investigating the matter. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (vi) Remuneration to ex-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. Since the LoA was treated as non-est, the Company received legal advice from its counsels that the amount paid under the aforesaid LoA (amounting to Rupees 1,768 lacs) appears to be an arrangement designed to circumvent the managerial remuneration limits under Section 197 of the Companies Act, 2013 read with relevant Central Government approvals and thus was wrongfully paid. Thus, as per the legal advice, the payments made to him under this LoA for the role of 'Lead: Strategic Initiatives' ought to be considered and characterized as payments which are in the nature of managerial remuneration, as regulated and governed in section 197 of the Companies Act, 2013. An amount of Rupees 234 lacs that was reimbursed in relation to expenses incurred was in excess of the amounts approved by the Central Government under Section 197 of the Companies Act, 2013. Accordingly, the Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him over and above the managerial remuneration limit, as specified under the Companies Act, 2013 read with the relevant government approvals in this regard. 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 was not payable being illegal. Subsequently, Company filed a complaint against the erstwhile Executive Chairman before EOW. The Company has received back vehicles which were being used by him. However, IT assets and excess amounts paid are yet to be received.

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 recognised 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 in the Consolidated Financial Results for the year ended March 31, 2018. The Company has filed a complaint against the erstwhile Executive Chairman before EOW on account of both of the above payments and EOW is investigating the matter.



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An addendum to the complaint already filed with the EOW has been filed in November 2020 with the EOW including certain other findings during Additional Procedures/Enquiries by independent experts as below:

- (a) Payments were made to the erstwhile Executive Chairman from a foreign wholly owned subsidiary of the Company as one-time bonus in February 2016 of equivalent ~ Rupees 846 lacs and managerial remuneration was paid for the period January 2016 to May 2016, amounting to equivalent ~ Rupees 349 lacs. Further, remuneration paid in excess of Central Govt. approval by the Company for FY 2014-15 & FY 2015-16 amounting to ~ Rupees 528 lacs was refunded by erstwhile executive chairman in March 2016 to FHL. It is possible that the amounts recovered towards excess remuneration paid from the company to erstwhile executive chairman of ~ Rupees 528 lacs was compensated through the foreign wholly owned subsidiary.
- (b) Payments were made to an erstwhile promoter entity from another foreign wholly owned subsidiary of the Company under an investment advisory agreement amounting to equivalent ~ Rupees 344 lacs for the period June 2016 to September 2016. However, there was nothing on record to suggest that any services were rendered by the erstwhile promoter entity under this agreement.
- (vii) During the financial year 2014-15, FHsL acquired 100% stake in Birdie & Birdie Realtors Pvt Ltd. ("Birdie") from certain persons related to the erstwhile promoters, wherein Rupees 12,275 lacs were paid towards ICDs at a rate of interest of 14% per annum and Rupees 7,725 lacs were paid for the shares acquired. The total enterprise value of Birdie was projected at Rupees 20,000 lacs based on the valuation report of land and building by an independent valuer. However, the equity valuation of Rupees 7,725 lacs was arrived based on a land and building valuation report by another valuer of Rupees 23,700 lacs and on assumption that the Land has to be sold in 6-8 months, which in reality did not happen. Also, the "subject property photographs" used in the mentioned two valuation reports were identical. Also, the ICD's of Rupees 12,275 lacs were utilized to repay/replace the then existing debts including that of erstwhile promoters and person/entities related/known to the erstwhile promoters. It is possible that the erstwhile promoters acted in order to make excess money to repay the loans availed by Birdie from them, persons related to them and entities related/known to them. Further, out of total goodwill generated on consolidation amounting to Rupees 10,661 lacs, goodwill to the extent of Rupees 9,430 lacs was impaired in earlier years to bring the investment value in line with the market value of the property.

There have been certain queries raised on this transaction by the SFIO. The Company has responded to the said queries. Further, in the above referred Complaint filed with the EOW in November 2020 against erstwhile promoters, SFIO enquiries and the Company's responses have been mentioned and EOW is investigating the matter. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

- (viii) 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. It was observed in the earlier investigation that there were significant fluctuations in the NAV of the investments during a short span of time. Further, 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%. 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.

There is no further finding in additional procedures/enquiries by independent experts on this matter. Further, the investigation by the external legal firm done also mentioned that it appeared that GDOF was not related to Fortis based on the procedures performed by them. Accordingly, no further action is being taken.



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- (ix) In respect of certain other matters found during the Additional Procedures/Enquiries by independent experts no actions were recommended since there were no sufficient evidences on those matters. However, there is no impact of those matters on the financials.
- D. Based on investigation carried out by the external legal firm and the additional procedures/enquiries by independent experts, all identified/required adjustments/provisions/disclosures have been made in the consolidated financial results of the company. The Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, on relevant aspects, the Company has also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies and EOW is investigating the matter. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

Therefore, with this conclusion, the initial investigation, which was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers has been addressed through the additional procedures/enquiries by independent experts. In addition, the current Board had 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 for which the assessment work was done and corrective action plans were implemented.

Accordingly, the Board has taken necessary actions in consultation with the legal counsels in this regard. The investigations in so far as these issues involving the erstwhile promoters/ erstwhile promoter group companies is concerned are still pending with the regulatory authorities. The management of the Company also believes that if any action is initiated by regulatory authorities against the Company, the same should not have a significant material impact on the Company as all items which may have financial impact have already been provided for in earlier years. The Company would fully co-operate with the regulatory authorities in this regard.

9. Matters in relation to Regulatory Authorities:

- (a) In the above backdrop, during financial year 2017-18 the Company received a communication 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 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, subsequently 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 were also directed not to associate themselves with



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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, ("Confirmatory Order") SEBI 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 had 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. Accordingly, 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 Investigation Report of the external legal firm was submitted by the Company to the SEBI and SFIO on June 12, 2018. Further, the Company has submitted a copy of the complaint filed with the EOW and a copy of the report of the additional procedures/ enquiries done by the independent expert to SEBI and SFIO on November 10, 2020.

By an order dated November 12, 2020, SEBI revoked its Interim orders read with Confirmatory Order qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and directed that the ongoing proceedings against them be substituted with adjudication proceedings. The order expressly clarified that the Company and FHsL were at liberty to pursue remedies under law, as deemed appropriate by them, against the abovementioned entities in respect of their role in the diversion of funds. A Show-Cause Notice (SCN-1) was issued by SEBI to various entities including the Company and FHsL on November 20, 2020. In the SCN-1, it was inter-alia alleged that the consolidated financials of the Company at the relevant period were untrue and misleading for the shareholders of the Company and the Company had circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956, and certain SEBI regulations. In response, a joint representation/reply was filed by the Company and FHsL on December 28, 2020 praying for quashing of the SCN-1 by inter alia reiterating that the Company and FHsL, were in fact victims of the schemes of the erstwhile Promoters (Malvinder Mohan Singh and Shivinder Mohan Singh) and justice, equity and fairness demands that the victim ought not be punished for the offences of the wrongdoers. All acts impugned in the SCN-1 relate to the period when the erstwhile Promoters controlled the affairs of Company and FHsL and the erstwhile Promoters are no longer involved in the affairs of the Company and FHsL. The erstwhile Promoters were responsible for financial misrepresentation and not the Company and FHsL. Post resignation of the erstwhile Promoters in February 2018, the Board of Directors of the Company, solely comprising independent Directors looked after its welfare until a new promoter, invested and took control of the Company, till such time as the new promoters of the Company (i.e. NTK Venture Pte. Ltd.) assumed control of the Company pursuant to a preferential allotment which was approved by the Competition Commission of India and SEBI which approved the open offer which was triggered by such preferential allotment. Any adverse orders against the Company and FHsL would harm their existing shareholders, employees and creditors. The Company and FHsL have taken substantial legal actions against the erstwhile Promoters and significant steps to recover the diverted amounts. Oral submissions in response to the SCN-1 were made in a personal hearing before the SEBI Whole Time Member on January 20, 2021 and written submissions were filed. SEBI has passed an order dated April 19, 2022 w.r.t SCN -1 and directed the Company & FHsL to pursue the measures taken to recover the amount of INR 397.12 Crores (approx.) along with the interest from erstwhile Promoters; & Audit Committee to regularly monitor the progress of such measures and report the same to Board of Directors at regular intervals. Based on the aforesaid allegations



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and actions taken by the Company against the erstwhile promoters and related entities, SEBI has imposed a penalty of Rs 100 lacs and Rs 50 lacs on Company and FHsL respectively. Lawyers are evaluating the outcome, implications and next steps w.r.t to Order dated April 19, 2022.

On April 09, 2021, SEBI issued another Show cause notice (SCN-2) to various noticees including Escorts Heart Institute and Research Centre Limited ("EHIRCL"). In the said SCN-2, with respect to EHIRCL, it has been alleged that INR 567 crore was lent by the Company to EHIRCL in 2011, which was subsequently transferred by EHIRCL to Lowe Infra and Wellness Private Limited ("Lowe") in multiple transactions for the purchase of a land parcel. This land parcel, which was allegedly indirectly to be acquired by the Company through its subsidiary EHIRCL and another entity Lowe, was then transferred to RHC Holdings Private Limited ("RHC Holdings"). It has been stated in the said SCN-2 that a structured rotation of funds was carried out to portray that the loan extended by the Company for the purchase of land had been paid back with interest in the year 2011. It is alleged that the Company was actually paid back by RHC Holding over a period of four years ending on July 31, 2015. In this respect, the Company and FHsL funds were allegedly routed through various layers in order to camouflage the transactions, and to circumvent legal provisions with respect to related party transactions.

In the SCN-2, EHIRCL has been clubbed along with the other noticees, and has been painted with the same brush as the other noticees in alleging that certain noticees, including EHIRCL, were part of a fraudulent and deceptive device wherein they acted in fraudulent manner which led to the misuse and/or diversion of funds from a listed company i.e. FHL, amounting to approximately Rupees 397.12 crore for the ultimate benefit of RHC Holdings and the erstwhile promoters. Thereby, it is alleged, that EHIRCL has aided and abetted the routing of funds from the Company, ultimately to RHC Holdings, for the benefit of the promoter entities.

SEBI w.r.t SCN-2 has passed an order dated May 18, 2022 imposing penalty against several erstwhile promoters entities and certain individuals. Based on the aforesaid allegations and actions taken by the Company against the erstwhile promoters and related entities, it has also imposed a penalty of Rs 100 lacs on EHIRCL. Lawyers are evaluating the outcome, implications and next steps w.r.t to Order dated May 18, 2022.

The Board of Directors continue to be fully 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 also 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 on a going forward basis.

- (b) 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.
- (c) 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. The outcome of the SFIO investigation cannot be ascertained as of now keeping in view the present stage of the investigation.

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.

Based on management's analysis, a provision has been made and recognised in the quarter ended March 31, 2021 for any contingency that may arise from the aforesaid issues. This is not to be regarded as admission in any manner whatsoever by the Company of any of the violations, as alleged by any of the authorities or otherwise, against it. Further, as per the management and in consultation with external legal counsel it is believed that the likelihood of additional impact, if any, is low and is not expected to be material.



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10. 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 believes that EHIRCL will be able to suitably defend the termination of lease deeds and allotment letters and accordingly considers that no adjustments are required to the audited Consolidated Financial Results.
- b) Further, there was tax demand against EHIRCL of Rupees 6,497 lacs [(after adjusting Rupees 16,472 lacs as at March 31, 2022) (As at March 31, 2021 Rupees 7,064 lacs (after adjustment Rupees 15,905 lacs as at March 31, 2021))] 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 2,166 lacs after adjusting the recovery from escrow account, would be borne by the said erstwhile promoters of EHIRCL and the rest by the Company. During the year ended March 31, 2015, the Commissioner of Income Tax (Appeals) decided the case in favour of EHIRCL. Income Tax Department had filed an appeal before Income Tax Appellate Tribunal (ITAT) and during the year ended March 31, 2020, 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 has a good case for success and expects the demand to be set aside. Accordingly, no adjustment is required to the audited Consolidated Financial Results.



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

12. Corporate Social Responsibility (CSR) activities of the company and its subsidiaries during earlier years were carried out through Fortis Charitable Foundation (FCF) (erstwhile promoter entity) with whom dealings have been stopped.

Amounts were paid by the Company and its subsidiaries to FCF for CSR activities. FCF was required to utilize the money so received strictly in various CSR programs.

However, there are unutilized amounts lying with FCF which have not been spent and neither refunded by FCF despite several reminders and notices. Accordingly, civil recovery action has been initiated for recovery of unutilized amount of Rupees 182 lacs.

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

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. The Third Party has approached Delhi High Court for seeking certain interim reliefs against the Company under the provisions of The Arbitration and Conciliation Act, 1996. This Third party had also filed a claim for damages and injunctive reliefs against the Company before International Chamber of Commerce (ICC). The Company has invited the attention of ICC to the aforesaid pending litigations before various Courts and non-maintainability of claim raised by said Third party. Proceedings before Delhi High Court have been withdrawn by Third Party on February 24, 2020. Further, arbitration before ICC has also been withdrawn by Third Party on February 23, 2020 and the same has been closed by ICC on February 28, 2020. The Company has filed an application for perjury against the Third Party and other entities which is pending before the Delhi High Court. During the year ended March 31, 2022, signatories of Third Party to the Term Sheet have also filed a duly affirmed affidavit before Delhi High Court stating that Term Sheet was neither signed on behalf of the Company before them nor did it ever come in force.

During the year ended March 31, 2022, another Party, claiming to be one of the assignee of Third Party has filed a case against 28 named defendants, including the Company and its ultimate parent Company IHH, and 21 non-party defendants, including the Company in the United States District Court, District of New Jersey, USA. Notice of the case has not yet been served on the Company under the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters. In December 2021, a notice of this case was served to IHH which was subsequently disclosed by it to Bursa Stock Exchange, Malaysia. Company is given to understand that the case has been filed for alleged violation of, *inter-alia*, the U.S. Racketeer, Influenced



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and Corrupt Organizations Act, copyright infringement, tortious interference with contracts, etc. and Party has claimed damages in excess of USD 6.5 billion against all the defendants. Company has made disclosure about this case to stock exchange. It has also sought legal advice and will pray for dismissal of this case, as and when served.

In addition, in the year 2018, the Company had 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 were 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.

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.

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

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

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

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

Further, at the request of SEBI by way of an application seeking impleadment, the Hon'ble Supreme Court of India has impleaded SEBI as a party in the petition pending before it. SEBI has prayed for allowing the Mandatory



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Open Offer. Further, the Hon'ble Supreme Court of India has issued notice on application filed by a public shareholder of the Company seeking impleadment. NTK has also filed an application for impleadment, modification of the status quo order and for proceeding with Mandatory Open Offer.

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

Further during the quarter ended September 30, 2020, in view of the aforesaid suo moto contempt notice, for abundant caution, an application was filed by the Company before the Hon'ble Supreme Court of India, praying for permission to it and its subsidiaries for changing their respective names, brands and logos; and for continued usage of the same if the said application was not disposed of prior to expiry of the term of the Brand License Agreements to allow adequate time for smooth Brand transition without any disruption to business. During the current year, the Brand License Agreements have expired. The Company is awaiting order(s) of the Hon'ble Supreme court.

15. The main object of the Company is to carry on the business of healthcare and other related activities either directly or through its subsidiaries. During the year ended March 31, 2020, due to significant amount of dividend received by the Company from a wholly owned overseas subsidiary, the Company's 'income from financial assets' constituted more than 50 per cent of the gross income for the financial year ended March 31, 2020. Further, the 'financial assets' of the Company were also more than 50 per cent of its total assets as at March 31, 2020 (mainly investment and financing in wholly owned subsidiaries). Accordingly, the Company technically met 'Principal business' test as per the press release by Reserve Bank of India ("RBI") vide No. 1998-99/1269 dated April 8, 1999 for being classified as a Non-Banking Financial Company (NBFC) from April 1, 2020. However, the significant amount of dividend in the year ended March 31, 2020 was largely on account of a one-off transaction which led to dividend payment and the Company does not expect dividend of such a significant amount to be recurring in future. The Board has also noted and confirmed that such dividend does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. The Company has made a representation to the RBI in November 2019 that while the Company technically would meet the Principal Business Test due to this significant dividend on account of the one-off transaction, it does not, and does not intend to, carry on the business as an NBFC and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. As per the RBI's 'Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016', on the issue of NBFC registration, the statutory auditor is to examine whether the company has obtained a Certificate of Registration from the RBI when the "company is engaged in the business of nonbanking financial institution as defined in section 45-1(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". Subsequent to the completion of audit of the financial statements of the Company for the year ended March 31, 2020, the statutory auditor of the Company has also intimated the RBI regarding the Company technically meeting the Principal Business Test and regarding the above referred representation by the company to the RBI which inter alia stated that the Company is primarily engaged in the healthcare business, and that the Company has represented to the RBI that it does not presently or in future intend to undertake the business of non-banking financial institution. Further, during the quarter ended September 30, 2020 the Company wrote a letter to RBI with a request to confirm that no such registration as a NBFC is required. It also requested for a meeting to give an opportunity to the Company to explain its position on the matter. During the quarter ended March 31, 2021 RBI advised the Company to submit to it the financial results for the quarter ended June 30 2020, September 30 2020 and December 31 2020 which was duly submitted. Further, as evident from those financial statements, the criteria for principal business test was not met as at March 31, 2021.



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16. As at March 31, 2022, the Group has funds available of Rupees 41,424 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 60,832 lacs. Further, in respect of the cash put option issued to minority shareholder of subsidiary, in accordance with the amendment agreement to the shareholders' agreement entered between the parties which also incorporated the new proposed exit rights the minority shareholders of subsidiary have agreed not to exercise the cash put option for a further period of 36 months from a relevant date (February 5, 2021) as defined in the amendment agreement in lieu of the new proposed exit rights. Accordingly, the financial liability for cash put option was classified as non-current liability as at March 31 2021 and as at March 31, 2022 and the Group's current liabilities are higher than its current assets by Rupees 14,271 lacs. Further, the Group also has sufficient unencumbered assets that can be utilized for any additional funding requirements in future. Additionally, as explained in note 14, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Group to carry out planned restructuring activities which could further strengthen the financial position of the Group.

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

17. During the earlier part of the previous year, the COVID – 19 pandemic impacted the revenues and profitability of the Group. The Group took various initiatives to support operations and optimize the cost. With a slew of these measures, the Group was able to significantly reduce the negative impact on its business and moved towards its normalization.

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

The Group has considered internal and external information while finalizing various estimates in relation to these financial results. Going forward, the actual impact of the Covid-19 pandemic may still be different from that what has been estimated. However, the Group is and will continue to closely monitor any material changes to future economic conditions.

18. During the quarter ended March 31, 2021, the Shareholders' of the Company approved the postal ballot resolution on March 14, 2021 to acquire additional 50% stake equivalent to 2,50,000 equity shares in 'DDRC SRL Diagnostics Private Limited' (DDRC SRL) by SRL Limited, a material subsidiary, for a cash consideration of Rs. 350 crores. The said transaction was consummated on April 5, 2021. The acquisition has been made by SRL Limited which is in the same line of business as that of entity being acquired. Post this acquisition DDRC SRL has become 100% indirect subsidiary of SRL Limited (subsidiary of Fortis Healthcare Limited). Accordingly, post consummation of the transaction the income and expenses of DDRC SRL forms part of the audited consolidated results for the quarter and year ended March 31, 2022, hence the figures for the quarter and year ended March 31, 2021 are not strictly comparable with the current periods.

The Group remeasured its previously held equity interest in DDRC SRL at its fair value on acquisition of the additional 50% stake and recognised the resultant gain as an exceptional item during the previous quarter in accordance with the applicable Indian Accounting Standard. Purchase price allocation of the purchase consideration has been done at the acquisition date and adjusted in the audited consolidated financial results.

19. The Board and the shareholders of the Company approved the merger of few wholly owned non-operational entities of the group with Fortis Hospitals Limited (one of the wholly owned subsidiaries of the Company). This is subject to other regulatory approvals.



FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

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

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20. The figures for the previous year have been regrouped wherever necessary to comply with amendments in Schedule III of the Companies Act, 2013.

Date: May 25, 2022

Place: Gurugram

For and on behalf of the Board of Directors

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

