

**Fortis Healthcare Limited**

Tower-A, Unitech Business Park, Block-F,
South City 1, Sector – 41, Gurgaon,
Haryana – 122 001 (India)

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Website : www.fortishealthcare.com

FHL/SEC/2021-22

May 29, 2021

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

**BSE Limited
Corporate Services Department
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001
Scrip Code:532843**

Sub: Outcome of the Board Meeting and disclosure under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Dear Sir(s),

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, this is to inform you that the Board of Directors of the Company at its meeting held today i.e. May 29, 2021, *inter-alia*, considered and approved the following:

- (i) Audited Standalone and Consolidated Financial results of the Company for the quarter and financial year ended March 31, 2021. M/s B S R and Co. LLP, the Statutory Auditors of the Company have issued an Audit Report with modified opinion along with Statement of impact of Modified Opinion thereon;
- (ii) Regularization of appointment of Mr. Takeshi Saito (DIN: 08823345), subject to approval of the shareholders;

Mr. Takeshi Saito was appointed to the Board of IHH Healthcare Berhad (IHH) in 2019, Mr Takeshi Saito was an alternate director to Mr Satoshi Tanaka and Mr Koji Nagatomi, during their tenure as Directors of IHH, between June 2015 and March 2019. He also serves on the Boards of a few IHH subsidiaries. Mr Saito currently serves as Chief Executive Officer (CEO) of MBK Healthcare Management Pte Ltd (MHM), a wholly-owned subsidiary of Mitsui & Co., Ltd (Mitsui) based in Singapore, which manages the healthcare assets within the portfolio of Mitsui.

Preceding his appointment as CEO of MHM, he served as General Manager of Healthcare Business 1st Department in Healthcare Business Division of Mitsui. In 2017, he was an Executive Assistant to a Representative Director and Executive Vice President of Mitsui. Between 2015 and 2016, he was the General Manager of the Provider Network Department, Medical Healthcare Business Division 1, Consumer Service Business Unit of Mitsui and also sat on the Board and Executive Committee of Parkway Pantai Limited, a wholly-owned subsidiary of IHH, as an alternate director. In 2011, Mr Saito was seconded to Parkway Group Healthcare as Vice President of Strategic Planning, following his appointment as Director of the Medical Healthcare Business Department at Mitsui, where he led the investment in IHH.

Prior to this in 2007, Mr Saito was appointed Manager of the Strategic Planning/Business Development Department of the Life Science Division at Mitsui, which subsequently became the Medical Healthcare Division in 2008.

Mr. Takeshi Saito is not related to any other Directors/ Key Managerial Personnel of the Company.

Further Mr. Takeshi Saito have declared that, he is not debarred from accessing the capital markets and / or restrained from holding any position / office of director in a company pursuant to order of SEBI or any other such authority.

FORTIS HEALTHCARE LIMITED

Regd. Office : Fortis Hospital, Sector 62, Phase – VIII, Mohali – 160062
Tel : 0172-5096001, Fax : 0172-5096221, CIN : L85110PB1996PLC045933

- (iii) Regularization of appointment of Mr. Joerg Ayrlé (DIN: 09128449), subject to approval of the shareholders;

Mr. Joerg Ayrlé was appointed the Group Chief Financial Officer of IHH Healthcare Berhad (IHH) on 1 February 2021. With a wealth of international experience from United States, Germany, Singapore, China and Thailand, he will be responsible for providing financial leadership and strategic guidance for IHH and its operations and the business plan development.

In his role, Joerg will ensure effective management of resources, safeguard shareholders' interests and steer financial and management reporting, treasury, tax and investor relations functions and support the companies M&A activities.

Prior to joining IHH, Mr. Ayrlé was the GCFO of Thai Union Group and steered the Company's financial transformation journey, winning multiple awards including Best CFO Asia by Corporate Treasurer in 2016.

He also had a successful career with tech giants Osram and Siemens. Most notably, he was Chief Financial Officer & Treasurer of Osram Sylvania, USA, and Managing Director of Corporate Finance Mergers, Acquisitions & Post Closing (ASIA) for Siemens, China.

Mr. Joerg Ayrlé is not related to any other Directors/ Key Managerial Personnel of the Company.

Further Mr. Joerg Ayrlé have declared that, he is not debarred from accessing the capital markets and / or restrained from holding any position / office of director in a company pursuant to order of SEBI or any other such authority.

- (iv) Re-appointment of Dr. Ashutosh Raghuvanshi (DIN:02775637) as Managing Director (designated as 'Managing Director & CEO') of the Company, with effect from March 19, 2022 for a period of 3 (three) years, subject to approval of shareholders;

Dr. Ashutosh Raghuvanshi, is a cardiac surgeon turned management leader. After completing his MBBS and MS in general surgery from Mahatma Gandhi Institute of Medical Sciences, Dr. Ashutosh went on to do MCH in Cardiac surgery from the University of Bombay. Over the last 26 years, he has been associated with the Bombay Hospital, Apollo Hospitals, Vijaya Heart foundation and Manipal Heart Foundation. He is credited with the establishment of Rabindranath Tagore International Institute of Cardiac Sciences, Kolkata, where he joined as Director in 2000 and is today one of the largest Multispecialty Hospitals in Eastern India.

Before joining Fortis, he was last working with Narayana Health as Vice Chairman, Managing Director & Group CEO and was responsible for the operations of all the group hospitals across India and internationally.

Dr. Ashutosh Raghuvanshi is not related to any other Directors/ Key Managerial Personnel of the Company.

Further Dr. Ashutosh Raghuvanshi has declared that, he is not debarred from accessing the capital markets and / or restrained from holding any position / office of director in a company pursuant to order of SEBI or any other such authority.



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Accordingly, please find enclosed Audited standalone and consolidated financial results along with audit report along with Statement of impact of Modified Opinion given by the Statutory Auditor of the Company for year ended March 31, 2021. Further, a copy of the press release and investor presentation being issued in this regard is also enclosed.

The meeting commenced at 12 Noon and concluded at 18:10 Hours IST.

This is for your information and records please.

Thanking you,

Yours faithfully,

For **Fortis Healthcare Limited**

Sumit Goel

Company Secretary

ICSI Membership: F6661

B S R & Co. LLP

Chartered Accountants

Building No. 10, 12th Floor, Tower-C,
DLF Cyber City, Phase-II,
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Telephone: +91 124 719 1000
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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF FORTIS HEALTHCARE LIMITED

Report on the audit of the Standalone Annual Financial Results

Qualified Opinion

We have audited the accompanying standalone annual financial results of Fortis Healthcare Limited (hereinafter referred to as "the Company") for the year ended 31 March 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

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

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2021.

Basis for Qualified Opinion

We draw attention to Note 16 of the standalone annual financial results, which explains that due to a significant amount of dividend received during the previous year ended 31 March 2020 from a wholly owned overseas subsidiary, the 'income from financial assets' of the Company was more than 50 percent of the gross income for the year then ended. Further, in view of the investments in subsidiaries and financing provided to them, the Company's financial assets as at that date are also more than 50 percent of its total assets. Consequently, the Company technically meets the "principal business test" criteria for classification as a Non-Banking Financial Company (NBFC) as per press release by Reserve Bank of India (RBI) vide No. 1998-99/1269 dated 8 April 1999 as at 1 April 2020 and is required to obtain a certificate of registration as a NBFC. As per the Company, such dividend is non-recurring in nature and does not represent income from ordinary activities of the Company and the Company does not intend to carry on the business as a NBFC. Accordingly, the Company, vide its letter dated 8 November 2019, had made a representation to the RBI that keeping in view the objective behind the principal business test criteria, its registration as a NBFC should not be required. Subsequent to the completion of audit of the standalone financial statements of the Company for the year ended 31 March 2020, we, as statutory auditors, have 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, in September 2020, the Company has written another letter to RBI with a request to confirm that no such



registration as a NBFC is required. RBI advised the Company to submit to it the financial results for the quarters ended 30 June 2020, 30 September 2020 and 31 December 2020 which were duly submitted by the Company.

Pending resolution of the matter with RBI, we are unable to comment on the impact thereof, if any, on the financial results for the quarter and year ended 31 March 2021.

The matter stated above was also subject matter of qualification in our review report on the unaudited standalone financial results for the quarter and nine months ended 31 December 2020.

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

Emphasis of Matter

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

- i. 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") and ongoing adjudication proceedings by Securities and Exchange Board of India ("SEBI") on Fortis Healthcare Limited ("the Company") 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) and SEBI laws and regulations. These transactions and non-compliances relate to or originated prior to take over of control by present 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 the Company has responded to the SEBI notice and is also cooperating in the regulatory investigations/proceedings.

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 current quarter/ 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.

- ii. 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

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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.

- iii. As explained in Note 7 of the standalone annual financial results, a Civil Suit claiming Rs. 25,344 lacs was filed by a third party against various entities including the Company and certain entities within the Group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. Further, as mentioned in Note 8 of the standalone annual financial results, the tenure of brand license agreement entered by the Company has expired and the Company has filed an application before the Hon'ble Supreme Court of India seeking permission for change of company name, brand and logo. The matter is currently sub-judice.
- iv. Note 18 in the standalone annual financial results, which describes the economic and social consequences the entity is facing as a result of COVID-19 which is impacting supply chains / demand / personnel available for work and/ or being able to access of offices/ hospitals.

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 also responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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Other Matters

The standalone annual financial results include the results for the quarter ended 31 March 2021 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

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



Rajesh Arora

Partner

Membership No. 076124

UDIN: 21076124AAAABP7442

Place: Gurugram

Date: 29 May 2021

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, 2021

(Rupees in lacs)

Particulars	Standalone				
	Quarter ended			Year ended	
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
	Audited	Unaudited	Audited	Audited	Audited
1. Revenue from operations	19,482	18,436	16,779	63,287	70,185
2. Other income	2,738	5,655	5,632	19,198	93,834
3. Total income (1+2)	22,220	24,091	22,411	82,485	164,019
4. Expenses					
(a) Cost of materials consumed	4,619	4,460	3,499	15,058	14,747
(b) Employee benefits expense	3,989	3,944	3,937	14,765	15,544
(c) Finance costs	3,416	3,582	4,181	14,145	16,017
(d) Hospital service fee expense	1,365	1,299	1,190	4,482	4,980
(e) Professional charges to doctors	3,250	3,003	3,090	10,580	12,641
(f) Depreciation and amortisation expense	2,793	2,810	2,466	11,078	9,681
(g) Other expenses	6,603	3,020	4,246	15,610	15,478
Total expenses	26,035	22,118	22,609	85,718	89,088
5. Net profit / (loss) from continuing operation before exceptional items and tax (3-4)	(3,815)	1,973	(198)	(3,233)	74,931
6. Exceptional gain / (loss) (refer note 4)	(694)	1,268	638	5,646	(12,863)
7. Profit / (loss) before tax from continuing operations (5-6)	(4,509)	3,241	440	2,413	62,068
8. Tax expense / (credit)	(399)	1,116	(372)	1,993	10,735
9. Net profit / (loss) for the period from continuing operations (7-8)	(4,110)	2,125	812	420	51,333
10. Profit / (loss) before tax from discontinued operations	-	-	-	-	-
11. Tax expense of discontinued operations	-	-	-	-	-
12. Net profit / (loss) for the period from discontinued operations (10-11)	-	-	-	-	-
13. Net profit / (loss) for the period (9+12)	(4,110)	2,125	812	420	51,333
14. Other Comprehensive Income / (loss) (after tax)	75	(26)	(8)	86	(12)
15. Total comprehensive income / (loss) for the period (13+14)	(4,035)	2,099	804	506	51,321
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				812,657	812,151



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STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2021

(Rupees in lacs)

Particulars	Standalone				
	Quarter ended			Year ended	
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
	Audited	Unaudited	Audited	Audited	Audited
18. Earnings per equity share for continuing operations (not annualised)					
Basic earnings / (loss) per share - In Rupees	(0.54)	0.28	0.11	0.06	6.80
Diluted earnings / (loss) per share - In Rupees	(0.54)	0.28	0.11	0.06	6.80
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	(0.54)	0.28	0.11	0.06	6.80
Diluted earnings / (loss) per share - In Rupees	(0.54)	0.28	0.11	0.06	6.80
21. Earnings before depreciation and amortisation expense, finance costs, exceptional items and tax expense (EBITDA) (refer note 3)	2,394	8,365	6,449	21,990	100,629

Notes to the results

- The above audited Standalone Financial Results of Fortis Healthcare Limited ("the Company") for the quarter and year ended March 31, 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 27, 2021 and May 29, 2021 respectively. The qualified 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, 2021, 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, 2020 being the end of the third quarter of the financial year. The figures for the quarter ended March 31, 2020 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2020 and the unaudited published year to date figures up to December 31, 2019 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.
- Exceptional gain / (loss) included in the above audited Standalone Financial Results include:



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

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2021

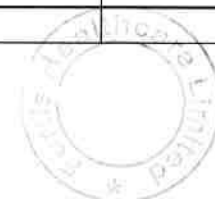
(Rupees in lacs)

Particulars	Quarter ended			Year ended	
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
	Audited	Unaudited	Audited	Audited	Audited
a) Impairment of investment and allowance for doubtful loan given to Subsidiary Companies	(694)	-	638	(694)	(12,863)
b) Concession received due to COVID-19 (refer note 18)	-	1,268	-	6,340	-
Net exceptional gain/ (loss)	(694)	1,268	638	5,646	(12,863)

5. Statement of Assets and Liabilities:

(Rupees in lacs)

Particulars	Standalone	
	As at March 31, 2021	As at March 31, 2020
	Audited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	28,687	27,283
(b) Capital work-in-progress	632	2,918
(c) Right-of-Use Assets	52,562	59,827
(d) Goodwill	2,722	2,722
(e) Other intangible assets	1,313	789
(f) Intangible assets under development	42	364
(g) Financial assets		
(i) Investments in associates	-	-
(ii) Investments in subsidiaries	889,847	815,311
(iii) Loans	30,973	99,132
(iv) Other financial assets	103	115
(h) Deferred tax assets (net)	6,665	7,453
(i) Non-current tax assets (net)	6,043	6,192
(j) Other non-current assets	82	107
Total non-current assets	1,019,671	1,022,213
Current assets		
(a) Inventories	879	1,018
(b) Financial assets		
(i) Trade receivables	6,343	8,135
(ii) Cash and cash equivalents	320	334
(iii) Bank balances other than (ii) above	31	61
(iv) Loans	1,356	1,800
(v) Other financial assets	28,600	23,572
(c) Other current assets	1,014	953
Total current assets	38,543	35,873
Total assets	1,058,214	1,058,086



FORTIS HEALTHCARE LIMITED
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Fortis Hospital, Sector 62 Phase – VIII, Mohali - 160062
STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR
ENDED MARCH 31, 2021

(Rupees in lacs)

Particulars	Standalone	
	As at March 31, 2021	As at March 31, 2020
	Audited	Audited
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	75,496	75,496
(b) Other equity	812,657	812,151
Total equity	888,153	887,647
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	66,378	62,135
(ii) Lease liabilities	54,833	59,768
(iii) Other financial liabilities	207	289
(b) Provisions	1,392	1,395
Total non-current liabilities	122,810	123,587
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	8,535	8,376
(ii) Trade payables	21,445	21,209
(iii) Lease liabilities	5,139	4,367
(iv) Other financial liabilities	7,387	9,636
(b) Provisions	2,995	1,453
(c) Current tax liabilities (net)	152	-
(d) Other current liabilities	1,598	1,811
Total current liabilities	47,251	46,852
Total liabilities	170,061	170,439
Total equity and liabilities	1,058,214	1,058,086



6. Cash flow statement:

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, 2021

(Rupees in lacs)		
Particulars	Year ended	
	March 31, 2021	March 31, 2020
	Audited	Audited
Cash flows from operating activities		
Profit before tax	2,413	62,068
Adjustments for:		
Exceptional (Gain)/Loss (net)	(5,646)	12,863
Finance cost	14,145	16,017
Interest income	(18,903)	(22,412)
(Gain)/Loss on disposal of property, plant and equipment (net)	(42)	80
Allowance for bad and doubtful trade receivables	805	101
Allowance for bad and doubtful advances	21	24
Provision for contingencies	1,462	48
Depreciation and amortisation expense	11,077	9,681
Provision / liability no longer required written back	(256)	(376)
Financial guarantee income	(203)	(890)
Dividend income*	-	(70,456)
Sub Total	2,460	(55,320)
Operating profit before changes in following assets and liabilities	4,873	6,748
Changes in operating assets and liabilities		
Decrease in trade and other receivables	986	129
Decrease / (Increase) in inventories	139	(419)
(Increase) / Decrease in loans, other assets and other financial assets	(1,205)	622
(Decrease) / Increase in other financial liabilities, provisions, other liabilities and trade payables	(648)	4,021
Cash generated from operations	4,145	11,101
Income taxes paid (net)	(950)	(1,107)
Net cash generated from operating activities (A)	3,195	9,994
Cash flows from investing activities		
Interest received	5,105	18,707
Interest on non-convertible / compulsorily convertible bonds	3,734	3,165
Investment in subsidiaries	(28,850)	-
Payments to acquire property, plant and equipment and intangible asset	(5,633)	(2,441)
Proceeds on sale of property, plant and equipment	116	1,003
Maturity of bank deposits (net)	43	1,998
Loan / advances given to subsidiaries	(6,195)	(28,896)
Loan / advances received back from subsidiaries	34,520	29,320
Dividend received*	-	58,146
Net cash generated from investing activities (B)	2,840	81,002
Cash flows from financing activities		



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(Rupees in lacs)		
Particulars	Year ended	
	March 31, 2021	March 31, 2020
	Audited	Audited
Proceeds from issue of equity instruments (including securities premium)	-	2
Payment of lease liabilities	(1,566)	(3,388)
Proceeds from long-term borrowings	9,207	64,551
Repayment of long-term borrowings	(3,308)	(34,934)
Proceeds from / (repayments of) short-term borrowings (net)	6,800	(107,000)
Interest paid**	(10,542)	(16,384)
Net cash generated from / (used in) financing activities (C)	591	(97,153)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	6,626	(6,157)
Cash and cash equivalents at the beginning of the period	(8,042)	(1,885)
Cash and cash equivalents at the end of the period	(1,416)	(8,042)

**Including interest on lease liability Rupees 6,618 lacs and Rupees 7,344 lacs for the year ended March 31, 2021 and March 31, 2020 respectively.

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

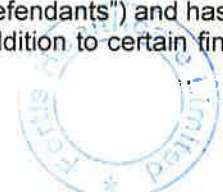
The Company has paid Rs. 509 lacs for the year ended March 31, 2021 and Rs. 38 lacs for the year ended March 31, 2020 towards Corporate Social Responsibility (CSR) expenditure.

Cash and cash equivalents

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

(Rupees in lacs)		
Particulars	Year ended	
	March 31, 2021	March 31, 2020
	Audited	Audited
(a) Balances with banks		
- on current accounts	284	324
(b) Cash on hand	36	10
Cash and cash equivalents as per balance sheet	320	334
Bank overdrafts	(1,736)	(8,376)
Cash and cash equivalents as per statement of cash flows	(1,416)	(8,042)

7. A party (to whom the ICD's were assigned) ("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



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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. A 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 had 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.

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

Separately, the Third Party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

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.

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



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petition in regard to alleged violation of the its order dated December 14, 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by the Acquirer to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company.

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

Further, at the request of SEBI by way of an application seeking impleadment, the Hon'ble Supreme Court of India has impleaded SEBI as a party in the petition pending before it. SEBI has prayed for allowing the Mandatory Open Offer. Further, the Hon'ble Supreme Court of India has issued notice on application filed by a public shareholder of the Company seeking impleadment. The public shareholder has inter alia prayed for allowing the Mandatory Open Offer. 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 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. Subsequent to the year end, 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 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.



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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 (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



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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.

- (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.

- (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.



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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.

- (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.

- (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



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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 ex-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 ex- 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 EOW is investigating the matter.
- (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%.



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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.

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 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



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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) was issued by SEBI to various entities including the Company and FHsL on November 20, 2020. In the SCN, 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 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 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 were made in a personal hearing before the SEBI Whole Time Member on January 20, 2021 and written submissions were filed. Order of SEBI against the above SCN is awaited.

On April 09, 2021, SEBI issued another Show cause notice to various noticees including Escorts Heart Institute and Research Centre Limited ("EHIRCL"). In the said show cause notice, with respect



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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 Show cause notice 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 FHL 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 Show cause Notice dated April 9, 2021 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.

Based on legal advice received from external counsel, given the merits of the case, the likelihood of financial penalty being imposed against the Company, FHL and EHIRCL for the acts of the erstwhile promoters is low, especially given the fact that the erstwhile promoters are no longer involved in the affairs of the Company, FHL and EHIRCL in any manner. The Company believes that EHIRCL as well as the Company is a victim of the wrongdoings of the erstwhile promoters and not the perpetrator. The company has suffered financial and reputational harm due to the acts of the erstwhile promoters and entities directly or indirectly owned/controlled by them. SEBI has itself noted that the frauds committed by the erstwhile promoters were deliberate and that they derived benefit at the cost of FHL, FHL and EHIRCL. The acts alleged in the show cause notice dated April 9, 2021 were actions done under the control and direction of the erstwhile promoters, who are no longer connected to EHIRCL in any manner. Further, EHIRCL is a wholly owned subsidiary of FHL and it has not caused any loss to it.

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 current quarter / year 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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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. During the previous year ended March 31, 2020, the Company received (gross of tax) dividend of Rupees 70,456 lacs from its wholly owned subsidiary, Fortis Healthcare International Limited (FHIL), Mauritius.
13. During the year ended March 31, 2020, the transaction by a wholly owned subsidiary of the Company in Mauritius for sale of its entire shareholding in C-Care (Mauritius) Limited (formerly known as Medical and Surgical Centre Limited) was consummated post receipt of approval by the Company's shareholders.
14. Tax expense for the year ended March 31, 2020 includes the recognition of deferred tax asset (DTA) of Rupees 3,579 lacs due to change in management assessment of DTA recoverability based on projections of future taxable profits. The management continues to reassess the DTA recoverability at each period end.
15. 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'.
16. 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 previous 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 previous year 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 previous quarter 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



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give an opportunity to the Company to explain its position on the matter. During the current quarter 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 these financial results, the criteria for principal business test is not met as at March 31, 2021.

17. During the current quarter both the operational performance and cash flows of the company further improved as compared to earlier period during the year which was due to impact of COVID-19 (as explained in Note 18). As at March 31, 2021, the Company has funds available of Rupees 320 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 12,818 lacs. Further, during the current quarter in respect of the cash put option issued to minority shareholder of subsidiary, an amendment agreement to the shareholders' agreement was entered between the parties which also incorporated the new proposed exit rights. In accordance with the same 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 has been classified as non-current liability as at March 31 2021 and the Company's current liabilities are higher than its current assets by Rupees 8,708 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.

18. During the earlier part of the current year, the COVID-19 pandemic impacted the revenues and profitability of the Company with a decline in occupancy impacting significantly the hospital business revenues, profitability and cash flows. The Company took various initiatives to support operations and optimize the cost. With a slew of these measures, the Company has been able to significantly reduce the negative impact on business.

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

During the current quarter, the Company has further witness improvement in business and it has gradually moved towards normalization of business during the current financial year. The Company 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, as the COVID-19 situation is further evolving in India and globally and with the surge in number of cases in India.

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 become 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. Further, the Company is and will continue to closely monitor any material changes to future economic conditions.

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



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With regard to the comments of the statutory auditors in paragraph 'Basis for Qualified Opinion' of Audit report, pertaining to NBFC registration, it has been explained in Note 16 of the financial results, 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-l(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". The Company has, in Note 16 of the financial results, clarified that while it 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 'non-banking financial institution'. The Board has also noted and confirmed by way of a board resolution that the significant dividend received during the previous year ended 31 March 2020 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. In this backdrop, the requirement for registration as a 'non-banking financial institution' should not arise.

The Company also has made a representation to the RBI in November 2019, i.e. more than a year ago, 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. Subsequent to the completion of audit of the financial statements of the Company for the year ended 31st March 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 current quarter 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 these financial statements, the criteria for principal business test is not met as at March 31, 2021.

Date: May 29, 2021

Place: Gurugram

For and on behalf of the Board of Directors

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



[Handwritten signatures]

FORTIS HEALTHCARE LIMITED

**STATEMENT ON IMPACT OF AUDIT QUALIFICATION FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021
ON ANNUAL AUDITED STANDALONE FINANCIAL RESULTS**

Qualification in the Auditor's Report

The Board of Fortis Healthcare Limited, have dealt with the matters stated in the qualification in statutory auditor's report on the Standalone Financial Results of Fortis Healthcare for the year ended March 31, 2021 ("the Standalone Annual Results") included in the Statement of Standalone Financial Results ("the Standalone Statement") to the extent information was available with them.

(Rupees in lacs)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualification)	Adjusted Figures (audited figures after adjusting for qualification)\$
1	Turnover / Total income	82,485	Not Determinable
2	Total Expenditure	85,718	---Do---
3	Exceptional Gain	5,646	---Do---
4	Tax expense	1,993	---Do---
5	Net Profit/(Loss)	420	---Do---
6	Earnings Per Share	0.06	---Do---
7	Total Assets	1,058,214	---Do---
8	Total Liabilities	170,061	---Do---
9	Net Worth	888,153	---Do---

"\$" for Qualification in the Auditor's Report.

Qualification in the Auditor's Report

- 1. Details of Audit Qualification:**
As per audit report para on 'Basis for Qualified Opinion'
- 2. Type of Audit Qualification:**
Qualified Opinion
- 3. Frequency of qualification:**
First time
- 4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
Not Applicable
- 5. For Audit Qualification(s) where the impact is not quantified by the auditor:**
 - (i) Management's estimation on the impact of audit qualification:**
Not quantifiable.
 - (ii) If management is unable to estimate the impact, reasons for the same:**
Please refer point no 19 in the statement of audited standalone financial results for quarter and year ended March 31, 2021.



(iii) Auditors' Comments on (i) or (ii) above:

The Company technically meets the "principal business test" criteria for classification as a Non-Banking Financial Company (NBFC). As per the Company, such significant dividend income recorded in the year ended 31 March 2020 is non-recurring in nature and does not represent income from ordinary activities of the Company and the Company does not intend to carry on the business as a NBFC. The Company has written letters to RBI with a request to confirm that no such registration as a NBFC is required. Pending resolution of the matter with RBI, we are unable to comment on the impact thereof, if any, on the financial results for the quarter and year ended 31 March 2021.

For B S R & Co. LLP

Chartered Accountants

Registration number: 101248WW-100022

**RAJESH
ARORA**

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RAJESH ARORA
Date: 2021.05.29
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Rajesh Arora

Partner

Membership No. – 076124

UDIN: 21076124AAAAABP7442

Date: 29th May 2021

Place: Gurugram

For and on behalf of the Board of Directors

of Fortis Healthcare Limited

SUVALAXMI
CHAKRABORTY

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Suvalaxmi Chakraborty

Chairman-Audit Committee

DIN: 00106054

Ashutosh
Ashutosh Raghuvanshi

Managing Director & CEO

DIN: 02775637

Vivek Kumar Goyal
Vivek Kumar Goyal

CFO



Vivek Kumar Goyal

B S R & Co. LLP

Chartered Accountants

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

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF FORTIS HEALTHCARE LIMITED

Report on the audit of the Consolidated Annual Financial Results

Qualified Opinion

We have audited the accompanying consolidated annual financial results of Fortis Healthcare Limited (hereinafter referred to as "the Company" or "the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures for the year ended 31 March 2021, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

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

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

Parent:

(i) Fortis Healthcare Limited

Subsidiaries:

- (i) Escorts Heart Institute and Research Centre Limited ("EHIRCL")
- (ii) Fortis Hospitals Limited
- (iii) Fortis Asia Healthcare Pte Limited
- (iv) Fortis Healthcare International Limited
- (v) Fortis Global Healthcare (Mauritius) Limited
- (vi) Fortis Malar Hospitals Limited
- (vii) Malar Stars Medicare Limited
- (viii) Fortis HealthStaff Limited
- (ix) Fortis Cancer Care Limited
- (x) Fortis La Femme Limited
- (xi) Fortis Health Management (East) Limited
- (xii) Hiranandani Healthcare Private Limited
- (xiii) SRL Limited
- (xiv) SRL Diagnostics Private Limited
- (xv) SRL Reach Limited
- (xvi) SRL Diagnostics FZ-LLC
- (xvii) Fortis Healthcare International Pte Limited (FHIPL)
- (xviii) Birdie and Birdie Realtors Private Limited
- (xix) Stellant Capital Advisory Services Private Limited
- (xx) RHT Health Trust Manager Pte Limited
- (xxi) Fortis Emergency Services Limited

- (xxii) Fortis Hospotel Limited
- (xxiii) Escort Heart and Super Speciality Hospital Limited
- (xxiv) International Hospital Limited
- (xxv) Hospitalia Eastern Private Limited
- (xxvi) Fortis Health Management Limited
- (xxvii) Medical Management Company Limited
- (xxviii) Mena Healthcare Investment Company Limited

Joint ventures:

- (i) Fortis Cauvery
- (ii) Fortis C-Doc Healthcare Limited
- (iii) DDRC SRL Diagnostics Private Limited
- (iv) SRL Diagnostics (Nepal) Private Limited

Associates:

- (i) Sunrise Medicare Private Limited
- (ii) Lanka Hospitals Corporate Plc
- (iii) THR Infrastructure Pte Ltd (formerly known as Fortis Global Healthcare Infrastructure Pte. Limited)
- (iv) RHT Health Trust

- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net loss and other comprehensive income and other financial information of the Group for the year ended 31 March 2021.

Basis for Qualified Opinion

We draw attention to Note 18 of the consolidated annual financial results, which explains that due to a significant amount of dividend received during the previous year ended 31 March 2020 from a wholly owned overseas subsidiary, the 'income from financial assets' of the Company was more than 50 percent of the gross income for the year then ended. Further, in view of the investments in subsidiaries and financing provided to them, the Company's financial assets as at that date are also more than 50 percent of its total assets. Consequently, the Company technically meets the "principal business test" criteria for classification as a Non-Banking Financial Company (NBFC) as per press release by Reserve Bank of India (RBI) vide No. 1998-99/1269 dated 8 April 1999 as at 1 April 2020 and is required to obtain a certificate of registration as a NBFC. As per the Company, such dividend is non-recurring in nature and does not represent income from ordinary activities of the Company and the Company does not intend to carry on the business as a NBFC. Accordingly, the Company, vide its letter dated 8 November 2019, had made a representation to the RBI that keeping in view the objective behind the principal business test criteria, its registration as a NBFC should not be required. Subsequent to the completion of audit of the standalone financial statements of the Company for the year ended 31 March 2020, we, as statutory auditors, have 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, in September 2020, the Company has written another letter to RBI with a request to confirm that no such registration as a NBFC is required. RBI advised the Company to submit to it the financial results for the quarters ended 30 June 2020, 30 September 2020 and 31 December 2020 which were duly submitted by the Company.

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Pending resolution of the matter with RBI, we are unable to comment on the impact thereof, if any, on the consolidated annual financial results for the quarter and year ended 31 March 2021.

The matter stated above was also subject matter of qualification in our review report on the unaudited consolidated financial results for the quarter and nine months ended 31 December 2020.

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

Emphasis of Matter

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

- i. Note 8 and 9 of the consolidated annual financial results which deal with various matters including the ongoing investigation by Serious Fraud Investigation Office ("SFIO") and ongoing adjudication proceedings by Securities and Exchange Board of India ("SEBI") on Fortis Healthcare Limited ("the Company") 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) and SEBI laws and regulations. These transactions and non-compliances relate to or originated prior to take over of control by present 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 the Company has responded to the SEBI notice and is also cooperating in the regulatory investigations/proceedings.

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 current quarter/ 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.

- ii. 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.

- iii. As explained in Note 13 of the consolidated annual financial results, a Civil Suit claiming Rs. 25,344 lacs was filed by a third party against various entities including the Company and certain entities within the Group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. Further, as mentioned in Note 14 of the consolidated annual financial results, the tenure of brand license agreement entered by the Company has expired and the Company has filed an application before the Hon'ble Supreme Court of India seeking permission for change of company name, brand and logo. The matter is currently sub-judice.
- iv. We draw attention to note 10(a) and 10(c) of the consolidated annual financial results, relating to the outcome of civil suit with regard to termination of certain land leases allotted by Delhi Development Authority (DDA) and the matter related to non-compliance with the order of the Hon'ble High Court of Delhi in relation to provision of free treatment/ beds to poor by EHIRCL.

Based on the advice given by external legal counsel, no provision /adjustment has been considered necessary by the management with respect to the above matters in these consolidated annual financial results, considering the uncertainty relating to the outcome of these matters.

- v. We draw attention to Note 11 of the consolidated annual financial results, which describes in detail the matter relating to the termination of hospital lease agreement by Navi Mumbai Municipal Corporation vide order dated 18 January 2017 of Hiranandani Healthcare Private Limited ("HHPL"), one of the subsidiaries in the Group. HHPL has filed a Writ Petition before the Hon'ble Supreme Court of India challenging the Termination Order, which is pending hearing and disposal. Based on the opinion obtained from the legal counsel, the management is confident that HHPL will be able to successfully defend the termination order. However, due to uncertainties involved, the ultimate outcome will be ascertained on disposal of the said petition.
- vi. Note 20 in the consolidated annual financial results, which describes the economic and social consequences the Group is facing as a result of COVID-19 which is impacting supply chains / demand / personnel available for work and/ or being able to access of offices/ hospitals.

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

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

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

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net 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 Directors of the Holding Company, as aforesaid.

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

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

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

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

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

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

consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated annual financial results of which we are the independent auditors. For the other entities included in the consolidated annual financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled "Other Matters" in this audit report.

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

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

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

Other Matters

- (a) The consolidated annual financial results include the audited financial results of one subsidiary, whose financial information reflects total assets (before consolidation adjustments) of Rs. 2,615.22 lacs as at 31 March 2021, total revenue (before consolidation adjustments) of Rs. 1,546.83 lacs and net loss after tax (before consolidation adjustments) of Rs. 1,530.33 lacs and net cash inflows of Rs. 1,061.51 lacs for the year ended on that date, as considered in the consolidated annual financial results, which have been audited by its respective independent auditor. The consolidated annual financial results also include the Group's share of net profit after tax (before consolidation adjustments) of Rs. 4,356.96 lacs for the year ended 31 March 2021, as considered in the consolidated annual financial results, in respect of two joint ventures, whose financial information have been audited by their respective independent auditors. The independent auditors' reports on financial information of these entities have been furnished to us by the management and our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

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

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- (b) The consolidated annual financial results include the unaudited financial results of thirteen subsidiaries, whose information reflect total assets (before consolidation adjustments) of Rs. 36,614.26 lacs as at 31 March 2021, total revenue (before consolidation adjustments) of Rs. 8,852.70 lacs and total net loss after tax (before consolidation adjustments) of Rs. 6,338.32 lacs, and net cash outflows of Rs. 6,941.95 lacs for the year ended on that date, as considered in the consolidated annual financial results. The consolidated annual financial results also include the Group's share of net profit after tax and other comprehensive income (before consolidation adjustments) of Rs. 398.92 lacs for the year ended 31 March 2021, 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 Board of Directors and our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures is based solely on such annual financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial information are not material to the Group.

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

- (c) The consolidated annual financial results include the results for the quarter ended 31 March 2021 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 BSR & Co. LLP

Chartered Accountants

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



Rajesh Arora

Partner

Membership No. 076124

UDIN: 21076124AAAABO3579

Place: Gurugram

Date: 29 May 2021

FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

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

**STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2021**

(Rupees in lacs)

Particulars	Consolidated				
	Quarter ended			Year Ended	
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
	Audited	Unaudited	Audited	Audited	Audited
1. Revenue from operations	125,244	117,703	111,292	403,012	463,232
2. Other income	634	1,017	1,841	4,656	5,264
3. Total income (1+2)	125,878	118,720	113,133	407,668	468,496
4. Expenses					
(a) Cost of materials consumed	29,628	28,544	23,368	97,590	96,385
(b) Employee benefits expense	21,956	22,531	21,870	84,901	91,603
(c) Finance costs	4,062	4,210	5,695	16,588	20,506
(d) Professional charges to doctors	24,028	22,068	23,972	80,897	97,589
(e) Depreciation and amortisation expense	7,151	7,311	8,008	29,060	29,173
(f) Other expenses	29,904	25,515	29,504	99,180	116,703
Total expenses	116,729	110,179	112,417	408,216	451,959
5. Net profit / (loss) from continuing operations before share in profit / (loss) of associates and joint ventures, exceptional items and tax (3-4)	9,149	8,541	716	(548)	16,537
6. Add: Share in profit of associate companies and joint ventures	1,873	1,772	202	4,756	1,216
7. Net profit / (loss) before exceptional items and tax (5+6)	11,022	10,313	918	4,208	17,753
8. Exceptional gain (refer note 5)	15	-	-	121	6,183
9. Profit / (loss) before tax from continuing operations (7+8)	11,037	10,313	918	4,329	23,936
10. Tax expense / (credit)	4,801	4,925	5,042	9,946	14,787
11. Net profit / (loss) for the period from continuing operations (9-10)	6,236	5,388	(4,124)	(5,617)	9,149
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)	6,236	5,388	(4,124)	(5,617)	9,149
16. Profit / (loss) from continuing operations attributable to:					
Owners of the Company	4,317	2,990	(4,451)	(10,976)	5,794
Non-Controlling Interest	1,919	2,398	327	5,359	3,355
17. Profit / (loss) from discontinuing operations attributable to:					
Owners of the Company	-	-	-	-	-
Non-Controlling Interest	-	-	-	-	-



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, 2021**

(Rupees in lacs)

Particulars	Consolidated				
	Quarter ended			Year Ended	
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
	Audited	Unaudited	Audited	Audited	Audited
18. Other Comprehensive Income (including OCI relating to associates and joint venture) (after tax)	(848)	611	(1,521)	1,034	11
19. Other comprehensive income/(Loss) attributable to:					
Owners of the Company	(863)	616	(1,338)	1,002	153
Non Controlling interest	15	(5)	(183)	32	(142)
20. Total comprehensive income/(Loss) (15+18)	5,388	5,999	(5,645)	(4,583)	9,160
21. Total comprehensive income/(Loss) attributable to:					
Owners of the Company	3,454	3,606	(5,789)	(9,974)	5,947
Non-Controlling interest	1,934	2,393	144	5,391	3,213
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				536,485	590,613
24. Earnings per equity share for continuing operations (not annualised)					
Basic earnings per share - In Rupees	0.57	0.40	(0.59)	(1.45)	0.77
Diluted earnings per share - In Rupees	0.57	0.40	(0.59)	(1.45)	0.77
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	0.57	0.40	(0.59)	(1.45)	0.77
Diluted earnings per share - In Rupees	0.57	0.40	(0.59)	(1.45)	0.77
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)	20,362	20,062	14,419	45,100	66,216



FORTIS HEALTHCARE LIMITED

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

**STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2021**

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, 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 27, 2021 and May 29, 2021. The qualified audit opinion of the Statutory Auditors is being filed with BSE Limited and National Stock Exchange of India Limited. For more details on consolidated results, visit investors section of our website at www.fortishealthcare.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.
- Figures for the quarter ended March 31, 2021, 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, 2020 being the end of the third quarter of the financial year. The figures for the quarter ended March 31, 2020 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2020 and the published year to date figures up to December 31, 2019 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.

S.No	Particulars	(Rupees in lacs)					
		Quarter ended			Year Ended		
		March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020	
	Audited	Unaudited	Audited	Audited	Audited		
1	Segment value of sales and services (revenue)						
	- Healthcare	98,211	90,682	91,338	312,368	375,320	
	-Diagnostics	30,572	30,618	23,188	103,463	101,633	
	Gross value of sales and services	128,783	121,300	114,526	415,831	476,953	
	Less : inter segment sales and services	(3,539)	(3,597)	(3,234)	(12,819)	(13,721)	
	Revenue from operations	125,244	117,703	111,292	403,012	463,232	
2	Segment results						
	- Healthcare	7,765	6,432	3,521	(865)	19,840	
	-Diagnostics	4,812	5,303	1,048	12,250	11,938	
	Total segment profit before interest and tax	12,577	11,735	4,569	11,385	31,778	
	(i) Finance cost	(4,062)	(4,210)	(5,695)	(16,588)	(20,506)	
	(ii) Exceptional items and unallocable expenditure (net of unallocable income)	649	1,016	1,842	4,776	11,448	
	(iii) Share of profit of associates and joint ventures (net)	1,873	1,772	202	4,756	1,216	
	Profit before tax	11,037	10,313	918	4,329	23,936	



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, 2021**

		(Rupees in lacs)				
S.No	Particulars	Quarter ended			Year Ended	
		March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
		Audited	Unaudited	Audited	Audited	Audited
3	Segment assets					
	- Healthcare	871,304	878,594	881,319	871,304	881,319
	-Diagnostics	110,455	114,673	113,268	110,455	113,268
	-Unallocable assets	147,679	136,508	157,260	147,679	157,260
	Total assets	1,129,438	1,129,775	1,151,847	1,129,438	1,151,847
	Less : inter segment assets	(13,970)	(16,059)	(17,065)	(13,970)	(17,065)
	Total segment assets	1,115,468	1,113,716	1,134,782	1,115,468	1,134,782
4	Segment liabilities					
	- Healthcare	273,473	248,783	238,297	273,473	238,297
	-Diagnostics	27,367	26,593	25,619	27,367	25,619
	-Unallocable liabilities	156,817	166,091	167,372	156,817	167,372
	Total liabilities	457,657	441,467	431,288	457,657	431,288
	Less : inter segment liabilities	(13,970)	(16,059)	(17,065)	(13,970)	(17,065)
	Total segment liabilities	443,687	425,408	414,223	443,687	414,223

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, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
		Audited	Unaudited	Audited	Audited	Audited
(a)	Gain on disposal of an associate (refer note 15)	-	-	-	-	3,857
(b)	Reversal of allowance for loan given to body corporate (refer note 8 (c) (iii))	-	-	-	-	2,276
(c)	Reversal of allowance for loan given to Fortis C-Doc Healthcare Limited	-	-	-	-	50
(d)	Concession received due to Covid-19	15	-	-	121	-
	Exceptional gain	15	-	-	121	6,183



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**STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED
MARCH 31, 2021**

6. Balance Sheet

(Rupees in lacs)

Particulars	Consolidated	
	As at March 31, 2021	As at March 31, 2020
	Audited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	390,957	392,223
(b) Capital work-in-progress	16,314	18,884
(c) Right-of-use assets	110,580	109,830
(d) Goodwill	372,171	372,076
(e) Other intangible assets	6,200	6,106
(f) Intangible assets under development	178	1,491
(g) Investments in associates/Joint ventures	18,603	17,454
(h) Financial assets		
(i) Loans	2,990	3,003
(ii) Other financial assets	517	8,437
(i) Non-current tax assets (Net)	50,755	65,389
(j) Deferred tax assets (Net)	37,023	39,288
(k) Other non-current assets	5,500	6,553
Total non-current assets	1,011,788	1,040,734
Current assets		
(a) Inventories	7,676	7,818
(b) Financial assets		
(i) Trade receivables	38,989	45,878
(ii) Cash and cash equivalents	26,123	18,186
(iii) Bank balances other than (ii) above	15,535	8,410
(iv) Loans	1,370	1,739
(v) Other financial assets	7,931	4,746
(c) Other current assets	5,696	7,047
	103,320	93,824
Assets classified as held for sale	360	224
Total current assets	103,680	94,048
Total assets	1,115,468	1,134,782
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	75,496	75,496
(b) Other equity	536,485	590,613
Equity attributable to owners of the Company	611,981	666,109
Non-controlling interests	59,800	54,450
Total equity	671,781	720,559
Non-current liabilities		
(a) Financial Liabilities		



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Particulars	(Rupees in lacs)	
	Consolidated	
	As at March 31, 2021	As at March 31, 2020
	Audited	Audited
(i) Borrowings	96,773	95,405
(ii) Lease liabilities	23,158	21,250
(iii) Other financial liabilities	162,812	947
(b) Provisions	8,761	7,561
(c) Deferred tax liabilities (Net)	28,873	31,161
(d) Other non-current liabilities	7	6
Total non-current liabilities	320,384	156,330
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	17,963	36,255
(ii) Lease liabilities	2,821	2,780
(iii) Trade payables	54,820	59,763
(iv) Other financial liabilities	24,578	135,225
(b) Provisions	9,312	7,909
(c) Current tax liabilities (Net)	603	274
(d) Other current liabilities	13,078	15,567
	123,175	257,773
Liabilities directly associated with assets classified as held for sale	128	120
Total current liabilities	123,303	257,893
Total liabilities	443,687	414,223
Total equity and liabilities	1,115,468	1,134,782



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7. Cash Flow Statement

Particulars	Year ended March 31, 2021 (Rupees in Lacs)	Year ended March 31, 2020 (Rupees in Lacs)
Cash flows from operating activities		
Profit before tax for the year	4,329	23,936
Adjustments for:		
Exceptional gain (net)	(121)	(6,183)
Finance cost	16,588	20,506
Interest income	(4,201)	(3,030)
(Profit)/ Loss on disposal of property, plant and equipment (net)	(177)	87
Profit on sale of current investment	-	(41)
Allowance for bad and doubtful trade receivables	4,019	6,574
Allowance for bad and doubtful advances	245	233
Depreciation and amortisation expense	29,060	29,173
Provision for contingencies and litigation	1,462	157
Bad debts written off	11	2
Expense recognised in respect of equity-settled share-based payments	(94)	149
Share of associate and joint ventures	(4,756)	(1,216)
Provisions/ liabilities no longer required written back	(2,099)	(3,452)
Unrealised foreign exchange loss/ (gain)	807	(1,155)
Operating profit before changes in following assets and liabilities	45,073	65,740
Changes in operating assets and liabilities		
Decrease in trade and other receivables	2,859	1,787
Decrease/ (increase) in inventories	142	(2,165)
increase in loans, other assets and other financial assets	(2,452)	(3,945)
Decrease in trade payables	(2,844)	(12,170)
Increase in provisions	1,771	494
(Decrease)/ increase in other liabilities and other financial liabilities	(745)	1,360
Cash generated from operations	43,804	51,101
Income taxes paid (net of refunds)	4,746	(33,946)
Net cash generated by operating activities	48,550	17,155
Cash flows from investing activities		



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Particulars	Year ended March 31, 2021 (Rupees in Lacs)	Year ended March 31, 2020 (Rupees in Lacs)
Interest received	4,144	3,217
Investment in bank deposits (net)	786	(2,230)
Payments for property, plant and equipment & intangible assets	(21,851)	(15,588)
Sale of investment in associate	-	7,388
Proceeds from disposal of property, plant and equipment	698	1,927
Proceeds from repayment of loan by body corporate	17	2,942
Proceeds from disposal of mutual funds	-	7,970
Dividends received from associates	2,800	416
Payment on acquisition of business operations	(105)	-
Net cash (used in)/ generated by investing activities	(13,511)	6,042
Cash flows from financing activities		
Proceeds from issue of equity instruments (including securities premium)	-	2
Proceeds from long-term borrowings	33,546	100,554
Repayment of lease liabilities	(2,375)	(2,528)
Repayments of long-term borrowings	(23,576)	(75,446)
(Repayments of)/ Proceeds from short-term borrowings (net)	(5,028)	(88,258)
Interest paid (including interest on lease liability of Rupees 2,670.32 lacs (PY Rs. 2,628.64 lacs))	(16,860)	(20,485)
Net cash used in by financing activities	(14,293)	(86,161)
Effect of exchange rate changes	455	305
Net increase/ (decrease) in cash and cash equivalents	21,201	(62,659)
Cash and cash equivalents at the beginning of the year	711	63,370
Cash and cash equivalents at the end of the year	21,912	711

During the year, the Group paid Rupees 1,425.45 lacs (previous year Rupees 937.56 lacs) towards corporate social responsibility expenditure.

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



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Particulars	(Rupees in lacs)	
	March 31, 2021	March 31, 2020
(a) Balances with banks		
- on current accounts	17,057	12,167
- deposits with original maturity of less than three months	8,547	5,822
(b) Cheques, drafts on hand	21	8
(c) Cash on hand	498	189
Cash and cash equivalents as per balance sheet	26,123	18,186
Bank overdrafts and cash credit facility	(4,211)	(17,475)
Cash and cash equivalents as per statement of cash flows	21,912	711

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, 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 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



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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 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.



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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.

- (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 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.

- (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



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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.

- (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.

- (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,



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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.

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 ex-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 ex-promoter entity under this agreement.
- (vii) During the financial year 2014-15, FHL 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.



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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.

- (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.

- (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.

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.



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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 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



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(SCN) was issued by SEBI to various entities including the Company and FHsL on November 20, 2020. In the SCN, 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 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 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 were made in a personal hearing before the SEBI Whole Time Member on January 20, 2021 and written submissions were filed. Order of SEBI against the above SCN is awaited.

On April 09, 2021, SEBI issued another Show cause notice to various noticees including Escorts Heart Institute and Research Centre Limited ("EHIRCL"). In the said show cause notice, 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 Show cause notice 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 Show cause Notice dated April 9, 2021 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.

Based on legal advice received from external counsel, given the merits of the case, the likelihood of financial penalty being imposed against the Company, FHsL and EHIRCL for the acts of the erstwhile promoters is low, especially given the fact that the erstwhile promoters are no longer involved in the affairs of the Company, FHsL and EHIRCL in any manner. The Company believes that EHIRCL as well as the Company is a victim of the wrongdoings of the erstwhile promoters and not the perpetrator. The Company has suffered financial and reputational harm due to the acts of the erstwhile promoters and entities directly or indirectly owned/controlled by them. SEBI has itself noted that the frauds committed by the erstwhile promoters were deliberate and that they derived benefit at the cost of FHL, FHsL and EHIRCL. The acts alleged in the show cause notice dated April 9, 2021 were actions done under the control and direction of the erstwhile promoters, who are no longer connected to EHIRCL in any manner. Further, EHIRCL is a wholly owned subsidiary of FHL and it has not caused any loss to it.



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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 current quarter/ year 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.

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 7,064 lacs [(after adjusting Rupees 15,905 lacs as at March 31, 2021) {As at March 31, 2020 Rupees 7,759 lacs (after adjustment Rupees 15,210 lacs as at March 31, 2020)} 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 2,355 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.



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- 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.

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

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

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 (to whom the ICD's were assigned) ("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*,



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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. A 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.

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

Separately, the Third Party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

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



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maintained, the Mandatory Open offer was kept in abeyance and continues to be in abeyance as on date, and remains subject to further orders by the Hon'ble Court. The Company had accordingly filed an application seeking for modification of the said order.

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

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

Further, at the request of SEBI by way of an application seeking impleadment, the Hon'ble Supreme Court of India has impleaded SEBI as a party in the petition pending before it. SEBI has prayed for allowing the Mandatory Open Offer. Further, the Hon'ble Supreme Court of India has issued notice on application filed by a public shareholder of the Company seeking impleadment. The public shareholder has inter alia prayed for allowing the Mandatory Open Offer. 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. Subsequent to the year end, the Brand License Agreements have expired. The Company is awaiting order(s) of the Hon'ble Supreme court.

15. During the previous year ended March 31, 2020, the transaction by a wholly owned subsidiary of the Company in Mauritius for sale of its entire shareholding in C-Care, Mauritius (formerly known as Medical and Surgical Centre Limited) was consummated post receipt of approval by the Company's shareholders. The sale resulted in a gain of Rupees 3,857 lacs, effect of which was given during the quarter ended September 30, 2019.
16. The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in Income Tax Act, 1961, which provides an option to the Company for paying Income Tax at reduced rates as per the provisions/conditions specified in the said section. The Group has taken provision for taxation for the year ended March 31, 2020 and the quarter and year ended March 31, 2021 based on the new tax rates for certain group companies.



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17. During the previous year ended March 31, 2020, among others, in respect of one of the subsidiaries of the group, deferred tax amounting to Rupees 19,209 lacs has been derecognised due to lack of reasonable certainty of future taxable profits on a conservative basis. The Company has also recognised Deferred tax assets (DTA) of Rupees 12,411 lacs in respect of certain entities of the group based on future taxable profits of these entities. The management continues to reassess the DTA recoverability on brought forward losses at each period end.
18. 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 previous 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 previous year 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 current quarter 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 these financial statements, the criteria for principal business test is not met as at March 31, 2021.
19. During the current quarter both the operational performance and cash flows of the group further improved as compared to earlier period during the year which was due to impact of COVID-19 (as explained in Note 20). As at March 31, 2021, the Group has funds available of Rupees 41,658 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 51,226 lacs. Further, during the current quarter in respect of the cash put option issued to minority shareholder of subsidiary, an amendment agreement to the shareholders' agreement was entered between the parties which also incorporated the new proposed exit rights. In accordance with the same 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 has been classified as non-current liability as at March 31 2021 and the Group's current liabilities are higher than its current assets by Rupees 19,623 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



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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.

20. During the earlier part of the current year, the COVID – 19 pandemic impacted the revenues and profitability of the Group with a decline in occupancy impacting significantly the hospital business revenues, profitability and cash flows. The diagnostics business of the Group also witnessed a significant drop in volumes during the earlier part of the year. The Group took various initiatives to support operations and optimize the cost. With a slew of these measures, the Group has been able to significantly reduce the negative impact on its business.

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.

During the current quarter, the Group has further witnessed improvement in both hospital and diagnostic business and it has gradually moved towards normalization of business during the current financial year. 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, as the COVID-19 situation is further evolving in India and globally and with the surge in number of cases in India. However, the Group is and will continue to closely monitor any material changes to future economic conditions.

21. During the current quarter, the Shareholders' of the Company has 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. Subsequent to the year ended March 31 2021, 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 shall be 100% subsidiary of SRL Limited.

22. Management's response to comments of the statutory auditors In the Audit Review Report

With regard to the comments of the statutory auditors in paragraph basis for qualified opinion of Audit Report, pertaining to NBFC registration, it has been explained in Note 18 of the financial results, 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-l(a) of the RBI Act and meeting the Principal Business Criteria (Financial Asset/ income pattern)". The Company has, in Note 18 of the financial results, clarified that while it 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 'non-banking financial institution'. The Board has also noted and confirmed by way of a board resolution that the significant dividend received during the previous year ended 31 March 2020 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. In this backdrop, the requirement for registration as a 'non-banking financial institution' should not arise.

The Company also has made a representation to the RBI in November 2019, i.e. more than a year ago, 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



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, 2021**

and hence keeping in view the objective behind the test, its registration as a NBFC should not be required. 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 current quarter 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 these financial statements, the criteria for principal business test is not met as at March 31, 2021.

Date: May 29, 2021

Place: Gurugram

For and on behalf of the Board of Directors

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



FORTIS HEALTHCARE LIMITED

**STATEMENT ON IMPACT OF AUDIT QUALIFICATION FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021
ON CONSOLIDATED FINANCIAL RESULTS**

Qualification in the Auditor's Report

The Board of Fortis Healthcare Limited, has dealt with the matters stated in the qualification in statutory auditor's report on the Consolidated Financial Results of Fortis Healthcare Limited ("the Parent" or "the Company") and its subsidiaries (the Parent/Company and its subsidiaries together referred to as "the Group") and its share of profit /(Loss) of its joint ventures and associates for the year ended March 31, 2021 ("the Consolidated Annual Results") included in the Statement of Consolidated Financial Results ("the Consolidated Statement") to the extent information was available with them.

(Rupees in lacs)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualification)	Adjusted Figures (audited figures after adjusting for qualification) \$
1	Turnover / Total income	407,668	Not Determinable
2	Total Expenditure	408,216	---Do---
3	Share of profit of associates and joint ventures (net)	4,756	---Do---
4	Exceptional gain	121	---Do---
5	Tax expense	9,946	---Do---
6	Net Profit/(Loss)	(5,617)	---Do---
7	Earnings Per Share	(1.45)	---Do---
8	Total Assets	1,115,468	---Do---
9	Total Liabilities	443,687	---Do---
10	Net Worth*	671,781	---Do---

"\$" for Qualification of the Auditor's Report.

* Including non-controlling interest of Rupees 59,800 lacs

Qualification of the Auditor's Report

1. Details of Audit Qualification:

As per audit report para on "Basis for Qualified Opinion"

2. Type of Audit Qualification:

Qualified Opinion

3. Frequency of qualification:

First time

4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

Not Applicable

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

(i) Management's estimation on the impact of audit qualification:

Not quantifiable.



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

Please refer point no 22 in the statement of audited consolidated financial results for the quarter and year ended March 31, 2021.

(iii) Auditors' Comments on (i) or (ii) above:

The Company technically meets the 'principal business test' criteria for classification as a Non-Banking Financial Company (NBFC). As per the Company, such significant dividend income recorded in the year ended March 31, 2020 is non-recurring in nature and does not represent income from ordinary activities of the Company and the Company does not intend to carry on the business as a NBFC. The Company has written letters to RBI with a request to confirm that no such registration as a NBFC is required. Pending resolution of the matter with RBI, we are unable to comment on the impact thereof, if any, on the financial results for the quarter and year ended March 31, 2021.

For BSR & Co. LLP

Chartered Accountants

Registration number: 101248WAV-100022

RAJESH
ARORA

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RAJESH ARORA
Date: 2021.05.29
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Rajesh Arora

Partner

Membership No. – 076124

UDIN: 21076124AAAABO3579

Date: May 29, 2021

Place: Gurugram

For and on behalf of the Board of Directors

of Fortis Healthcare Limited

SUVALAXMI
CHAKRABORTY

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Suvalaxmi Chakraborty

Chairman-Audit Committee

DIN:00106054


Ashutosh Raghuvanshi

Managing Director & CEO

DIN: 02775637


Vivek Kumar Goyal

CFO







FORTIS HEALTHCARE LIMITED

Earnings Presentation – Q4FY21 & FY21

May 29, 2021



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Agenda

1. COVID - 19 - Update
2. Performance Highlights
 - Earnings and Financial Summary – Q4 FY21
 - Earnings and Financial Summary – FY21
3. Performance Review Q4 and FY21 - Hospitals Business
4. Performance Review Q4 and FY21 - Diagnostics Business
5. Appendix

1. COVID-19 - Update

Covid-19 update – the severe second wave

- Post the first wave of the pandemic which receded towards end Q3 / mid Q4 , India witnessed an intense second wave reporting its highest ever number of daily cases at 4.14 lakh
- Daily new cases started witnessing a decline from the second week of May, however, the number of daily deaths continue to be high.
- Despite being the second worst-hit nation in the world with over 2.67 Cr total cases, India's fatality rate (at 1.12%) is amongst the lowest when compared to other hard-hit countries.
- The country's fatality rate increased significantly during the second wave primarily due to chronic shortage of hospital/ICU beds, medical oxygen as well as essential drugs. Delay in test result reports also led to higher deaths for patients at home as a result of delay in admission to hospitals.
- As of May 18, 2021, India has tested more than 318 Mn samples. Tests include both, RTPCR and Rapid Antigen. India's current test positivity rate is 17.6%. *(Source: WHO, positivity rate reflects 7 Day Moving Average)*

Covid-19 update (*cont..*)

- Many state governments initially imposed night curfews & partial lockdowns but with little respite subsequently directed full lockdowns. The Government also banned international flights till May 31, 2021.
- Elective surgery procedures were stopped at most of the hospitals across many major cities that were witnessing a significant surge in Covid cases.
- Post the vaccination drive for frontline healthcare workers, the Government launched the drive for population above 45 years of age from 1 April 2021
- Phase-3 of the Vaccination Program was launched on 1st May 2021 – allowing people in 18-45 age group to get vaccinated. However, shortage of vaccine supply remains a key concern.
- The two vaccine manufacturers (Serum Institute of India, Bharat Biotech) have been allowed to sell 50% of their stock to Central Government and 50% to state governments and private hospitals at a pre-declared price.

Covid-19 – Covid impact on Fortis – FY 21

- Fortis witnessed a significant decline in occupancy in Q1 FY21 as a result of the nationwide lockdown. Gradual opening of the economy in May witnessed improvement in occupancy in Q2 which further accelerated in Q3 and reached normal levels of business in Q4 of FY21.
- Focus was to ensure sustainability of operations due to drop in revenues and higher operational expenses as a result of covid (patient / employee safety, infrastructure challenges, resource constraints)
- Cost cutting measures including temporary voluntary salary reductions, judicious capex allocation, postponement of new hiring, reduced G&A and sales marketing expenses were undertaken to ensure tighter cost control.
- Drop in occupancy, specifically in H1 FY21 impacted the Hospital business performance in FY21. The diagnostics business was relatively less impacted as a result of the increasing demand for covid and covid related tests.
- Q4 was a near normal quarter witnessing a healthy performance with robust profitability; led by increasing non-covid occupancy and a continued efforts on cost optimization initiatives.

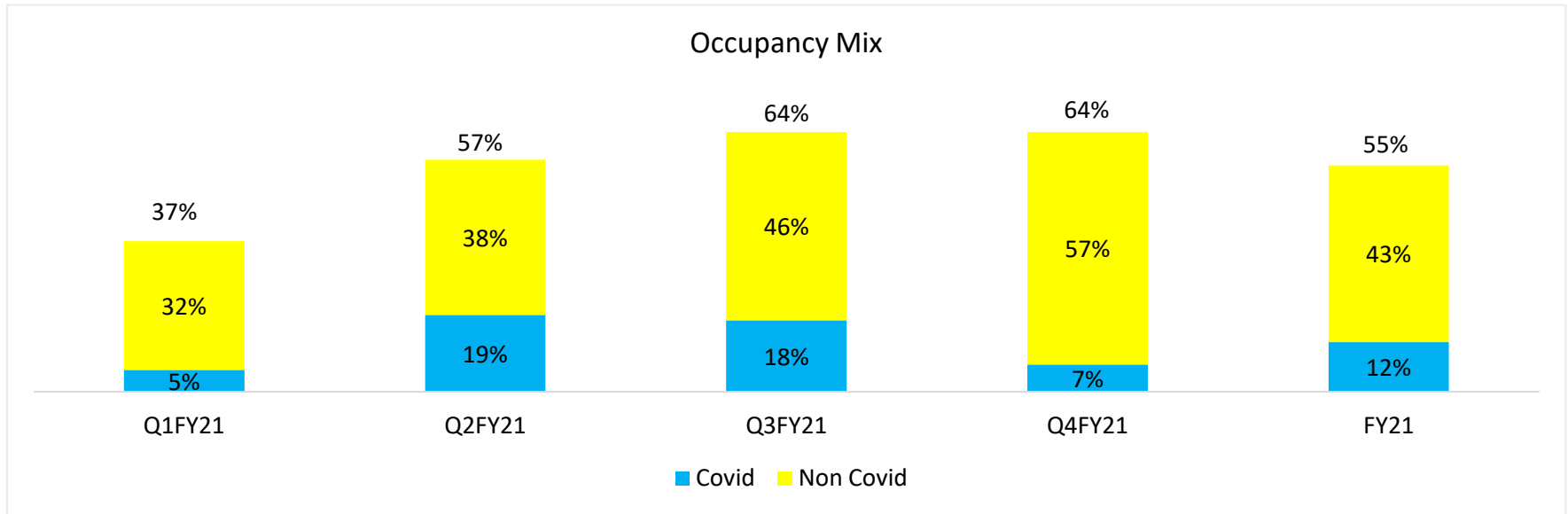
While H1 FY 21 was a challenging year, the Company navigated the environment successfully to ensure business continuity and maintained a comfortable liquidity position through FY21.

Covid-19 – Covid impact on Fortis - current environment

- Total Covid beds at peak in the second wave stood at ~ 2,256 at a network level (50% of the operational beds)
- COVID bed occupancy accelerated from end March and increased to ~30% in Apr'21 with occupancy in mid-May at ~40%. The month of April also witnessed a huge surge in covid and covid related tests.
- While availability of ICU beds are still constrained, initial signs of a gradual reduction in covid occupied beds is being witnessed. Challenges in availability of medical resources i.e.. medicines, oxygen is also easing.
- The Company is undertaking all measures in order to ensure vaccine availability from approved manufacturers and tie-ups for providing vaccination to large corporates, residential condominiums/ colonies are underway.
- The declining trend in covid cases and demand for covid tests is expected to continue through Q1FY22.
- Early but encouraging signs of pick up in elective procedures / non covid occupancy indicate an expected faster recovery in business.

H1 FY 22 performance to see impact of the second wave; significantly less than that witnessed in H1 FY21 in the first wave

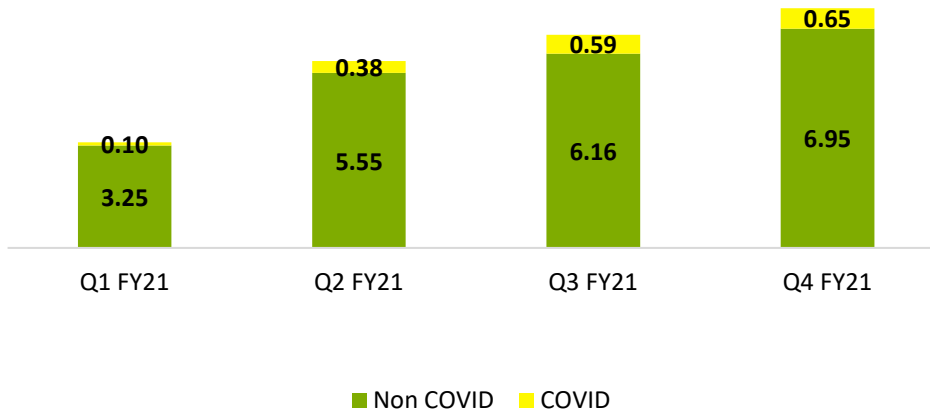
Covid-19 – Update (Hospitals Business)



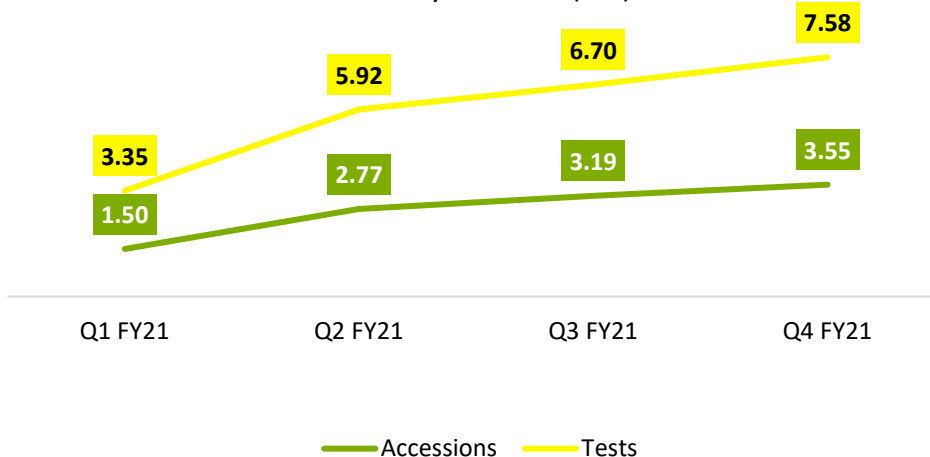
- Overall occupancy in Q4FY21 stood at 64% versus 65% in Q4 FY20. (FY21 : 55% vs 68% in FY20)
- COVID occupancy declined post Sep'20 until Feb'21 while Non-COVID occupancy witnessed a rise during this period.
- Q4FY21 occupancy was driven by the Non Covid Business. resulting in higher ARPOB of INR 1.70 Cr in Q4 vs INR 1.58 in Q3FY21

Covid-19 – Update (Diagnostics Business)

Test Volumes (mn)



Quarterly Volumes (mn)

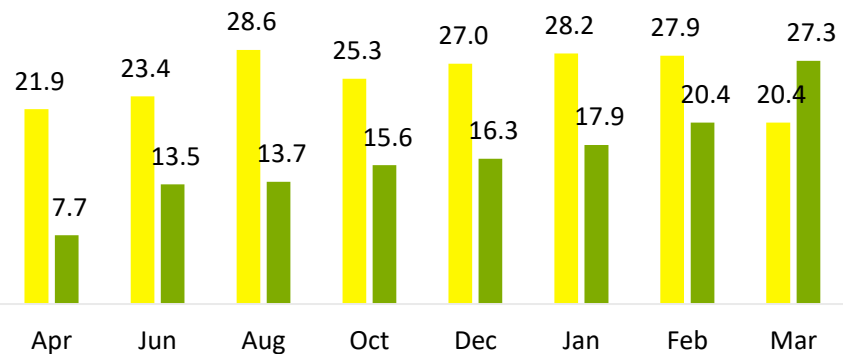


- Growth of 8.8% witnessed in COVID test volumes in Q4 FY21 versus the trailing quarter. SRL conducted 6.5 lakh test in Q4 vs 5.9 lakh tests in Q3 (excl JVs)
- Non-Covid revenue contribution increased to 83% in Q4 FY21 vs 76% in Q3 FY21
- Non Covid revenues reached ~ 109% of pre-Covid levels in Q4FY21 as compared to ~ 94% in Q3FY21 versus respective corr. quarters.

Business Recovery – Q1 to Q4 FY21

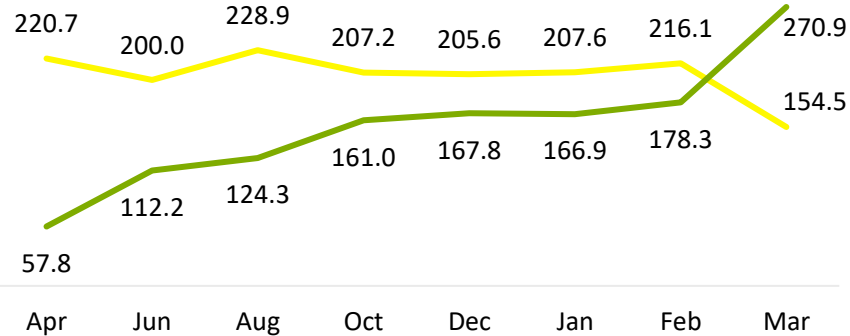
OPD Footfalls (digital channels) ('000)

FY20 FY21

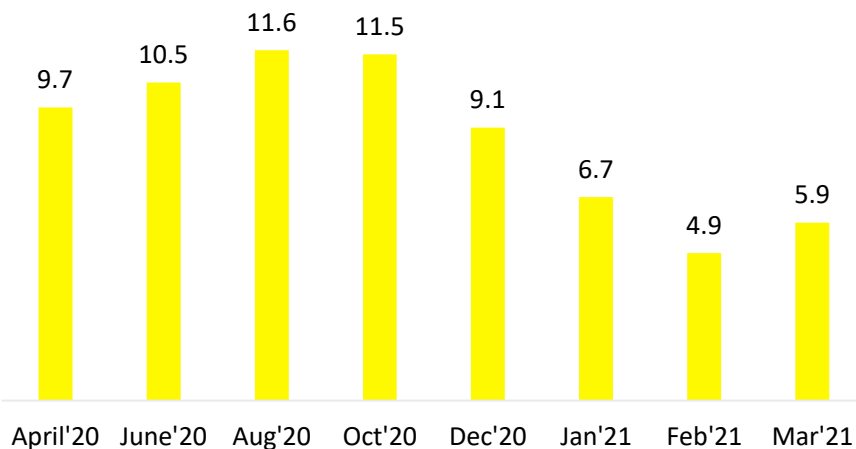


OPD Footfalls ('000)

FY20 FY21

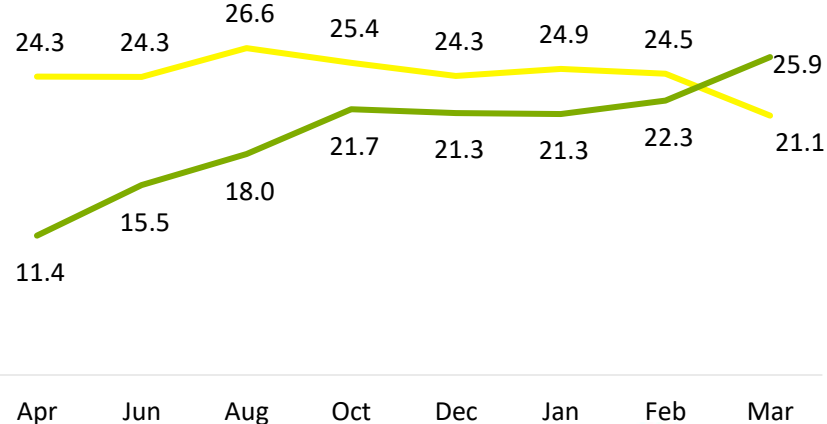


Tele-consults ('000)



IPD Admissions ('000)

FY20 FY21



2. Q4FY21 & FY21 - Performance Highlights

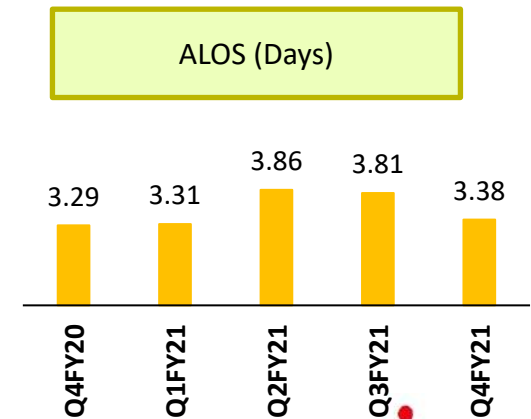
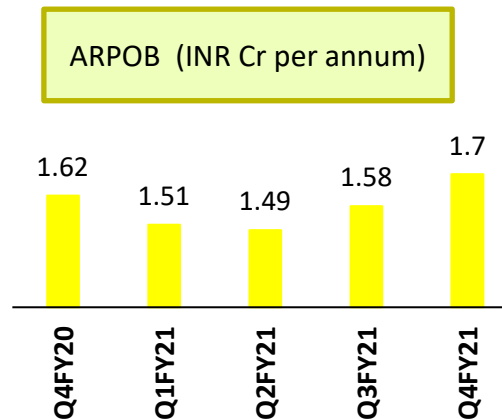
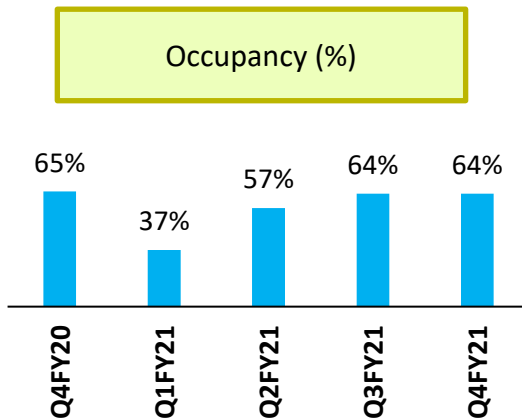
Q4FY21 – Performance Highlights (Hospital Business)

- Non-covid business continued to witness traction with Q4FY21 occupancy at 57% vs 46% in Q3FY21 (Q2 FY21 : 38%)
- Major surgical specialties such as cardiac, renal, gastroenterology, ortho and neuro witnessed a significant increase returning to >100% of Q4FY20 revenue contribution
- Higher contribution of specialty surgical procedures led to a higher ARPOB during the quarter at INR 1.70 Crs, +7.7% QotQ
- Though the consolidated occupancy remained constant in Q4FY21 vs Q3FY21 at 64%, select hospitals such as Mulund , FEHI, Mohali , Vashi, Jaipur and Ludhiana witnessed increase in occupancy versus Q3FY21.
- The revenue contribution from medical tourism business improved to 5.9% in Q4FY21 vs 5.0% in Q3FY21 and 1.3% in Q2FY21. Revenues in Q4 increased 28.9% to INR 58.3 Crs versus Q3 FY21.
- Clinical talent was further strengthened with on-boarding of eminent clinicians in the areas of cardiac, pulmonology and GI & Hepatobiliary sciences

FY21 – Performance Highlights (Hospital Business)

- Occupancy for FY21 was at 55% versus 68% in FY20; ARPOB stood at INR 1.58 Cr in FY21 vs INR 1.59 Cr in FY20
- Fortis Vadapalani, Chennai, a 250-bedded multi-specialty hospital, was commissioned in October 2020
- Amongst the noticeable medical program additions during the year; Fortis BG Road added a new Endoscopy unit to further augment its Medical Gastroenterology services, FMRI, Gurugram launched a dedicated Pediatric Solid Tumor clinic and Fortis Shalimar Bagh, New Delhi launched a Sports Injury Specialty Clinic
- International patient revenue stood at INR 131 Cr, 4.2% of the hospital business revenue vs INR 398 Cr in FY20 (~10.6% of the hospital business revenue).

Key Performance Indicators



Q4FY21 – Performance Highlights (Diagnostics Business)

- Business recorded revenues of INR 306 Crs with margins at 22% versus INR 232 Crs in Q4 FY20 and margins of 14.5% (Q3 Revenues at INR 306 Crs and margins at 23.9%)
- The B2C : B2B revenue mix improved to 45:55 in Q4FY21 vs 42:58 in Q4FY20
- Home collection revenues gained traction growing 2.5x over Q4FY20 and contributing 5.4% to overall revenues in Q4FY21
- Non-Covid revenue contribution increased to 83% in Q4 FY21 vs 76% in Q3 FY21; however, Covid test volumes contribution was at 8.4% vs 8.9%, respectively
- Significant increase was seen in Covid tests* undertaken (11.1 lakh tests in Q4FY21 vs 9.8 Lakh in Q3FY21 and 5.6 lakh in Q2FY21)
- **DDRC acquisition was completed in April'21 (Balance 50% stake acquisition in DDRC-SRL JV by SRL)** - this would help consolidate SRL's position in the Kerala market; increase contribution from B2C segment and provide a strong platform for expansion in other markets in South India

FY21 – Performance Highlights (Diagnostics Business)

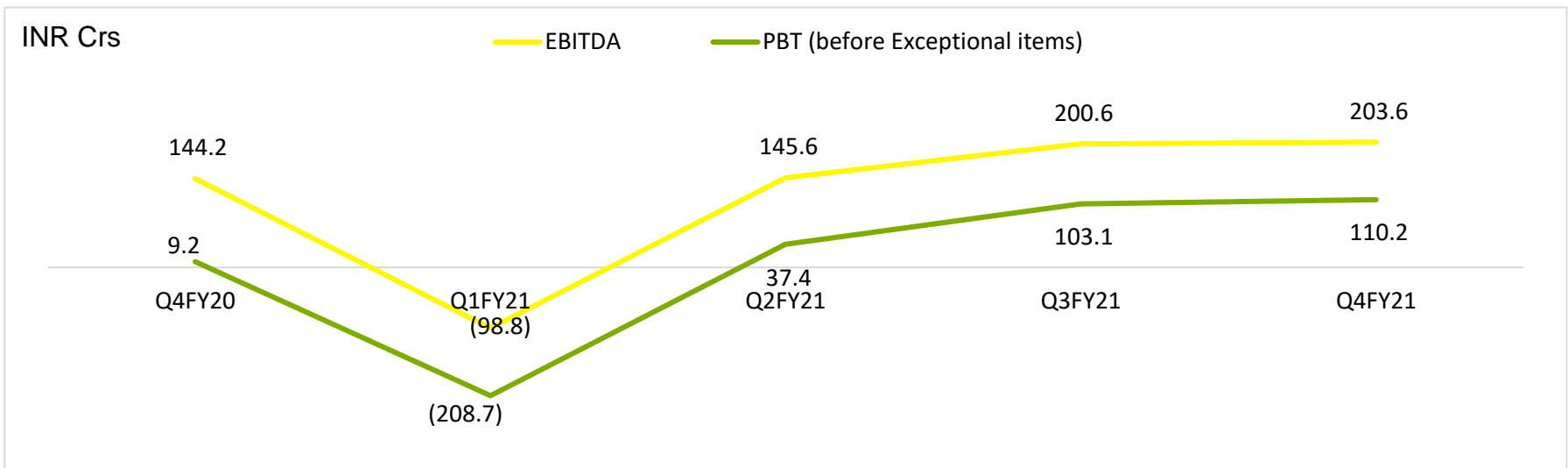
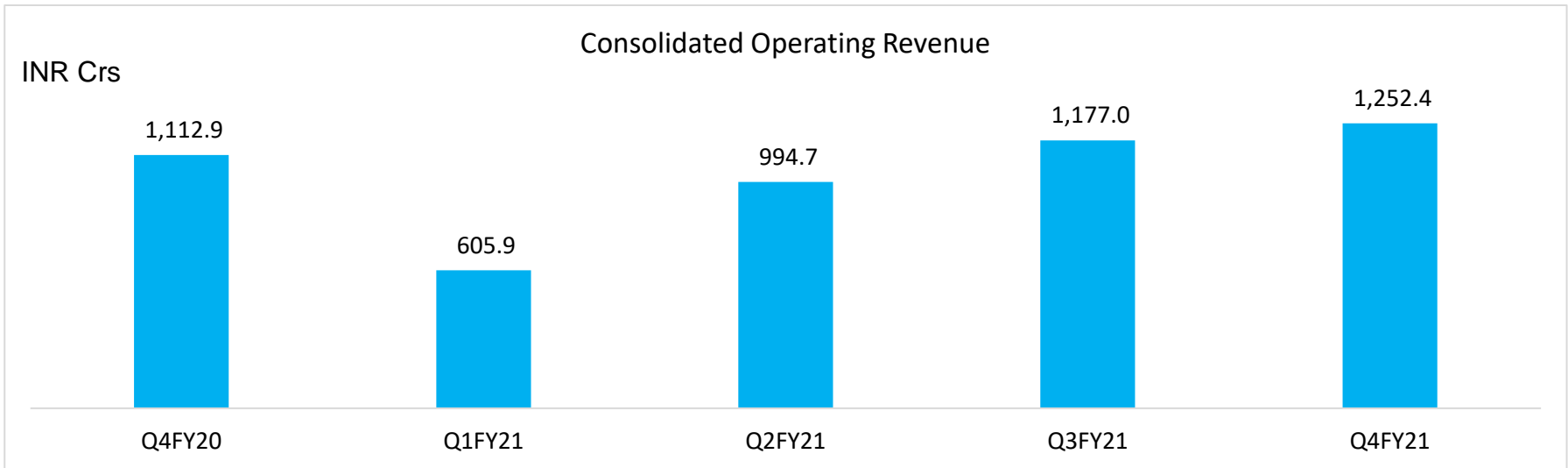
- Business recorded revenues of INR 1,035 Crs with margins at 19.3% versus INR 1,016 Crs in FY20 and margins of 19.4%.
- The B2C : B2B revenue mix improved to 44 : 56 in FY21 vs 42: 58 in FY20
- Home collection revenues grew 2.0x over FY20 and contributed 6% to overall revenues in FY21.
- SRL expanded its network by adding ~500 new collection centers and ~2,100 direct clients in FY21. Total collection centers and direct client as of March 2021 stood at 1,600+ and 5,400+ respectively.
- Proforma financials for FY 21 with DDRC - Revenues of approx. INR 1,336 Crs with EBITDA of INR 328 Crs (24.5% margin). For the quarter, revenues of INR 403 Crs and EBITDA of INR 114 Crs (28.2% margin)

Balance Sheet - FY21

- Company maintained a strong balance sheet with comfortable liquidity despite the challenges in FY21.
- Consolidated net debt reduced by INR 155 Cr in FY 21 (INR 849 Cr in FY 21 versus INR 1,004 Cr in FY20) mainly due to better working capital management and improved receivables position.
- Net debt to equity ratio at 0.13x for FY 21 vs 0.14x for FY20, net debt to EBITDA was at 1.04 for Q4FY21 (FY20 : 1.52).
- Interest cost reduced by ~19% versus FY20 mainly driven by lower cost of borrowings in the covid environment.
- The SRL exit option liability was reclassified to long term from short term pursuant to the execution of the amendment/ extension agreement with the PE investors in SRL. Re-classification significantly improves the liquidity / current ratios .

Supreme Court Update on IHH's Open Offer: During May 2021, legal hearings related to the matter have concluded and the Hon'ble Supreme Court has reserved the judgement / order.

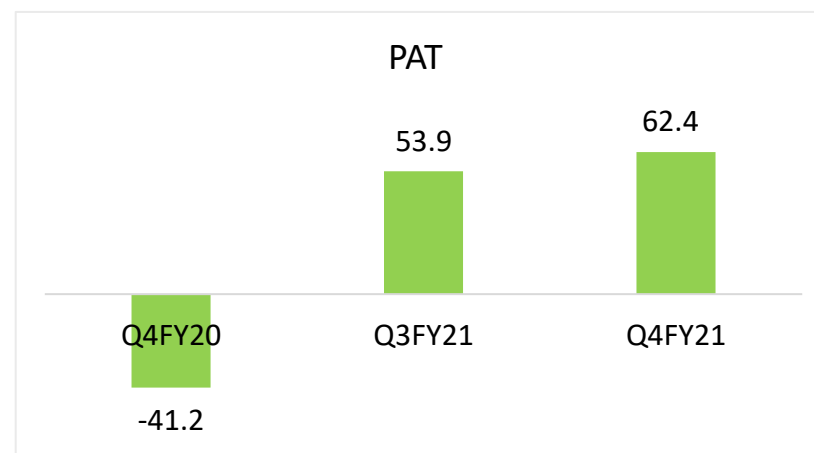
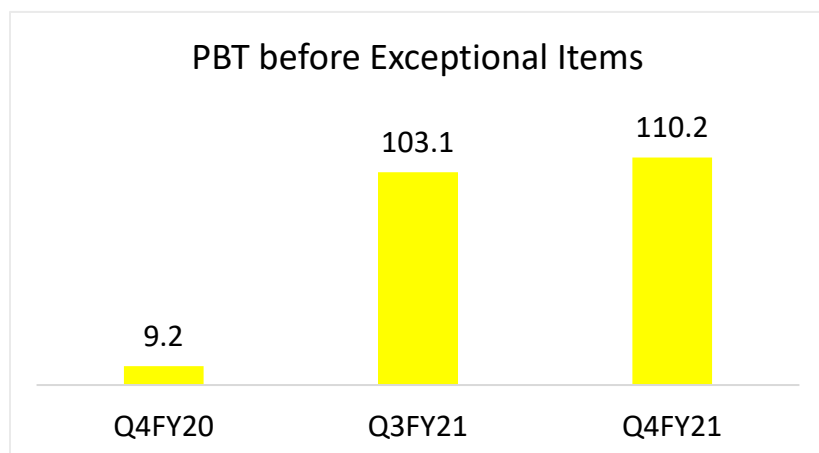
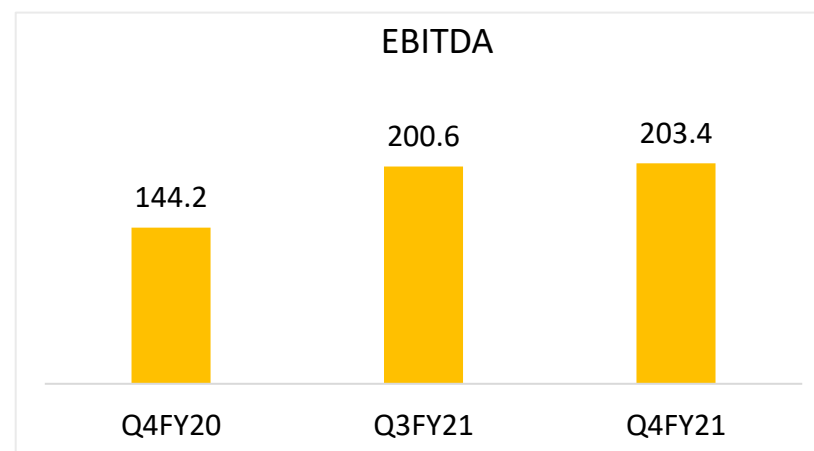
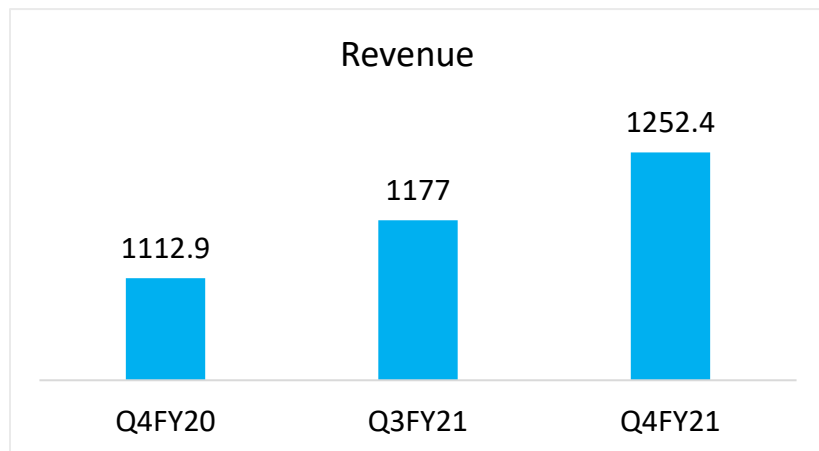
Consolidated Earnings Summary – Q4FY21



EBITDA includes other income and forex gain / (loss)

Consolidated Earnings Summary – Q4FY21

Significant improvement in Company's performance versus the corresponding previous quarter

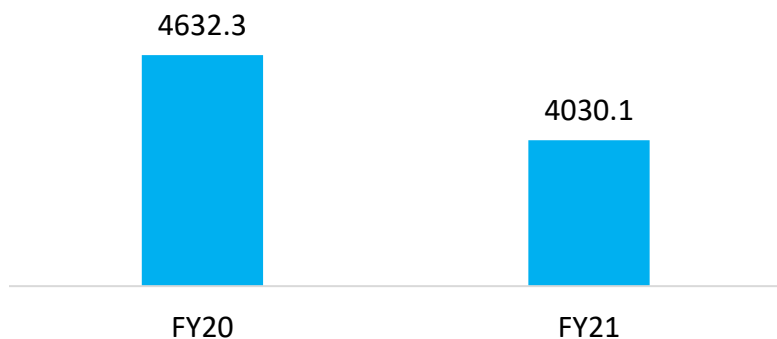


All figures in INR Crs

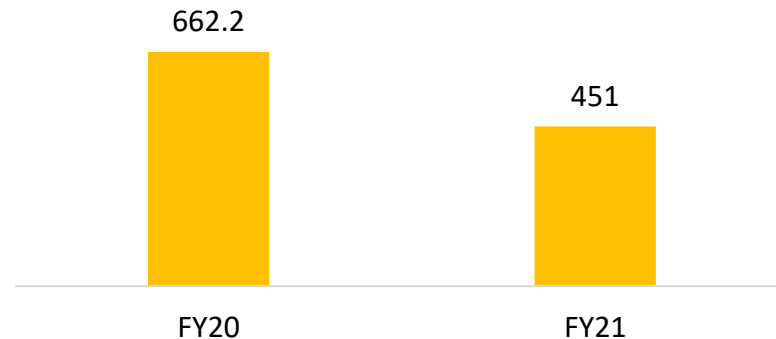
Consolidated Earnings Summary – FY21

Covid-19 pandemic significantly impacted the operational performance in FY21

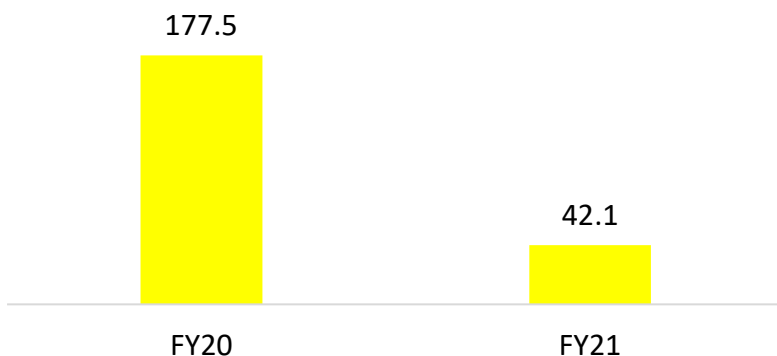
Revenue



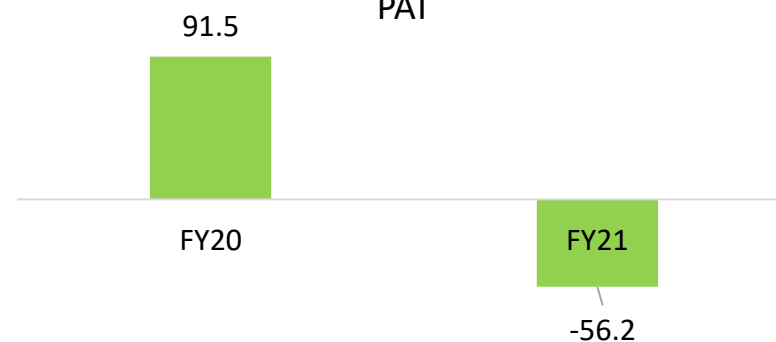
EBITDA



PBT before Exceptional Items



PAT



Operating Performance – Hospital Business

Particulars (INR Cr)	Hospital Business				
	Q4FY20	Q3FY21	Q4FY21	FY20	FY21
Operating Revenue	913.4	906.9	982.2	3,753.5	3,124.0
Operating EBITDA (before one off expenses)	108.9	120.5	162.7	450.1	253.9
Margin	11.9%	13.3%	16.6%	12.0%	8.1%
One off Expenses (Net)	8.7	-3.6	27.4	17.3	25.1
Operating EBITDA	100.2	124.1	135.3	432.8	228.8
Margin	11.0%	13.7%	13.8%	11.5%	7.3%
<i>Other Income incl FX</i>	13.9	6.6	4.1	42.2	34.5
Reported EBITDA*	114.1	130.8	139.4	475	263.4
Margin*	12.5%	14.4%	14.2%	12.7%	8.4%

- Above financials includes financials of International entities which are part of Fortis group; mainly RHTTM.
- *Adjusted for the newly commissioned hospital in Chennai, margin in Q4FY21 stood at 14.9% vs 12.9% in Q4FY20 and 9.2% in FY21
- **FY21** reported EBITDA includes one off expense related to potential impact of various legal cases and investigation, Electricity arrears, Penalty, Registration Charges, Property Tax and Unclaimed written back
- **FY20** EBITDA includes one of expenses related to Property Tax, Legal case, restructuring cost and Other miscellaneous expenses

Operating Performance – Diagnostic Business

Particulars (INR Cr)	Diagnostic Business				
	Q4FY20	Q3FY21	Q4FY21	FY20	FY21
Operating Revenue*	231.9	306.2	305.7	1,016.3	1,034.6
Revenue Growth vs LY	-	22.8%	31.8%	-	1.8%
Reported EBITDA	33.7	73.0	67.2	197.3	200.2
EBITDA growth vs LY		83.3%	99.6%		1.5%
Margin	14.5%	23.9%	22.0%	19.4%	19.3%
<i>Adj: Other Income incl FX</i>	7.8	7.0	5.4	20.3	25.6
Operating EBITDA	25.9	66.1	61.8	177.0	174.6
Margin	11.2%	21.6%	20.2%	17.4%	16.9%

* Diagnostics business revenue is on Gross Basis; Diagnostic business Q4FY21 net revenue (net of inter company elimination) stood at INR 270.2 Cr versus INR 199.5 Cr in Q4FY20 and INR 270.1 Crs in Q3FY21. Net revenue for FY21 stood at INR 906.2 Cr vs INR 878.8 Cr during FY20

Balance Sheet – March 31, 2021

Balance Sheet (INR Cr)	Mar 31, 2020	Dec 31, 2020	Mar 31, 2021
Shareholder's Equity	7,206	6,883	6,718
Debt	1,354	1,359	1,271
Lease Liabilities (Ind AS 116)*	240	251	260
Total Capital Employed	8,800	8,493	8,249
Net Fixed Assets (includes CWIP)	5,285	5,285	5,242
Goodwill	3,721	3,721	3,722
Investments	175	193	186
Cash and Cash Equivalents	350	318	422
Net Other Assets	(732)	(1,024)	(1,323)
Total Assets	8,800	8,493	8,249
Net Debt / (cash)	1,004	1,041	849
Net Debt to Equity	0.14x	0.15	0.13

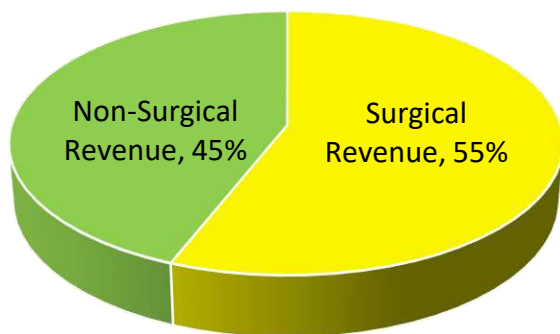
- *Pertains to lease liability on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.
- Net debt excludes lease liabilities.
- Net other assets includes SRL exit Option liability which has been reclassified from short term to long term liability as a result of the amendment / extension to the existing agreement entered with the PE investors in SRL

3. Performance Review – Hospitals Business

Revenue Mix

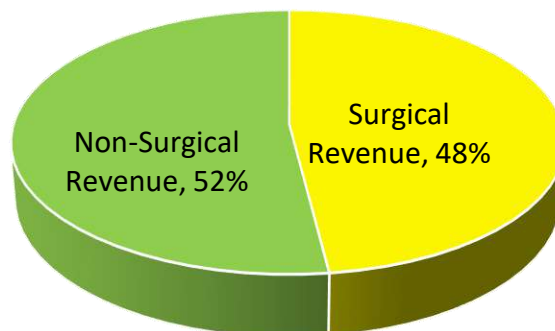
Q4FY20

Gross Revenue : INR 957 CR



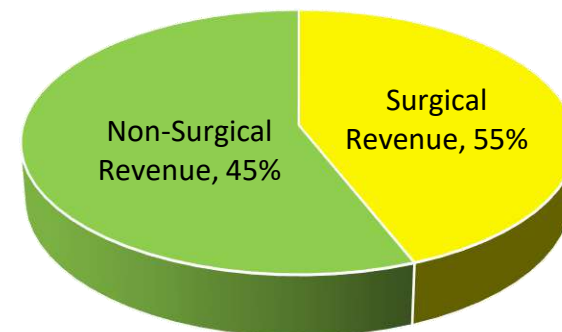
Q3FY21

Gross Revenue : INR 955 CR



Q4FY21

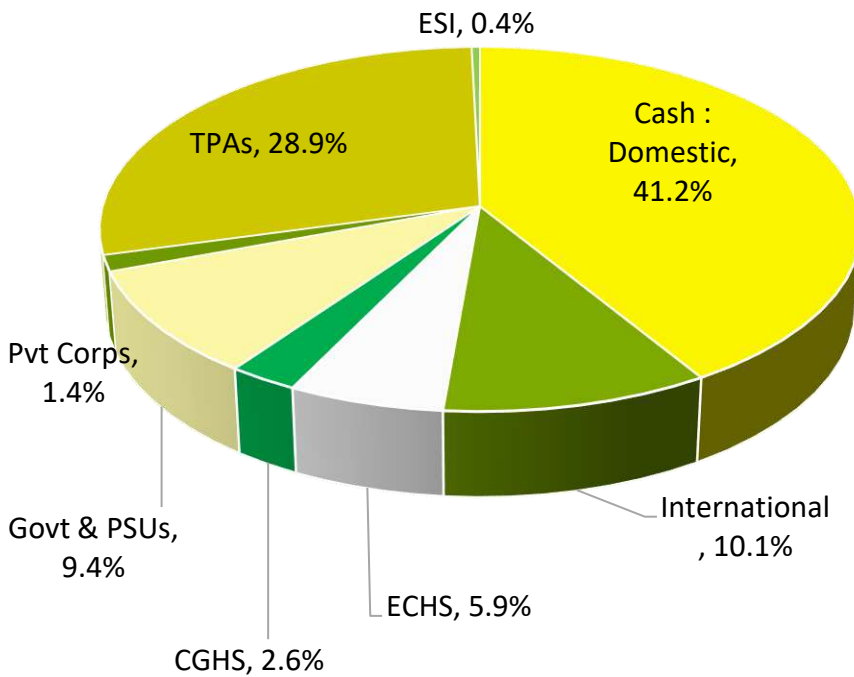
Gross Revenue : INR 1,031 CR



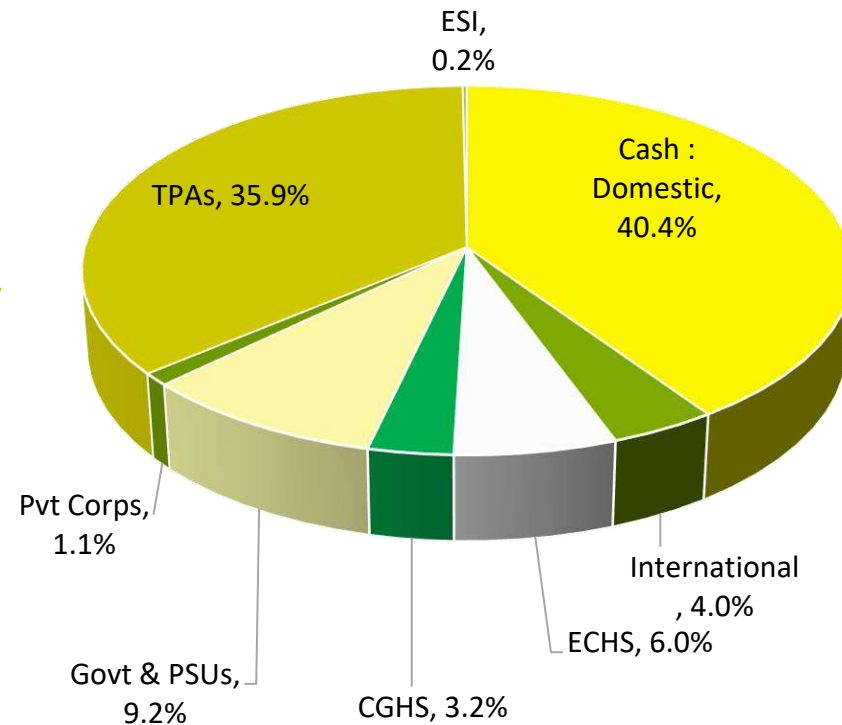
- Elective surgery revenues have grown 25% in Q4FY21 compared to the trailing quarter
- FY21 surgical and non-surgical mix stood at 49 : 51 versus 56 : 44 in FY20

Payor Mix

FY20



FY21

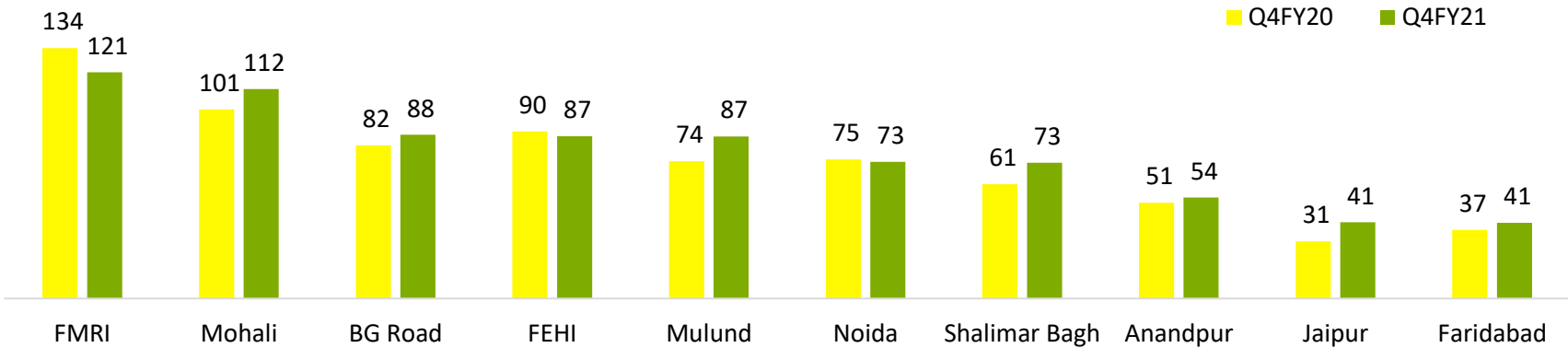


Decline in Domestic Cash and International patients business being primarily compensated by TPAs

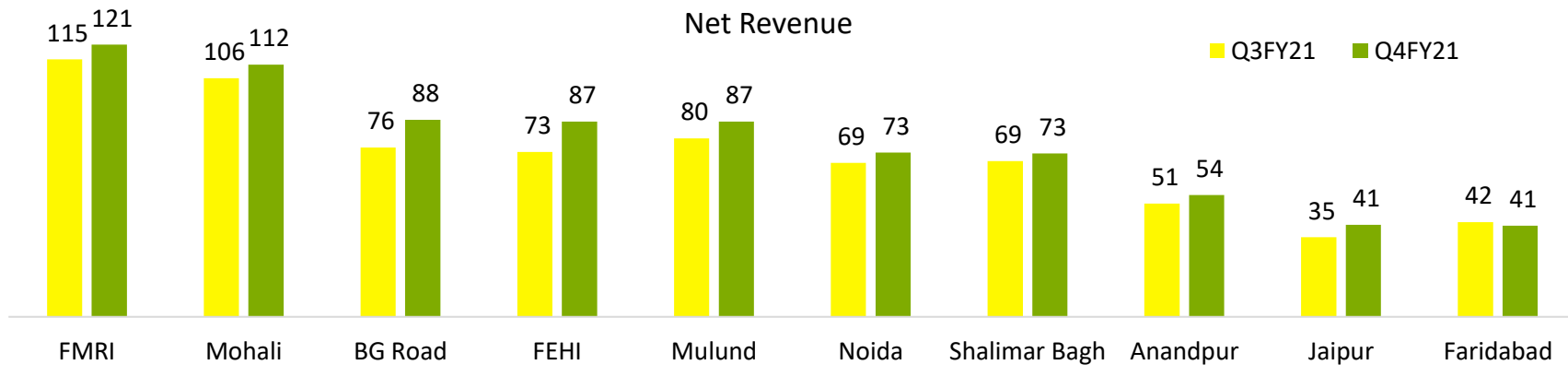
Hospitals Business Performance – Q4FY21 (QoQ & QotQ)

Most hospitals have reached pre-covid level revenues in Q4 FY21 versus Q4 FY 20 and have registered higher revenues than Q3 FY21

Net Revenue



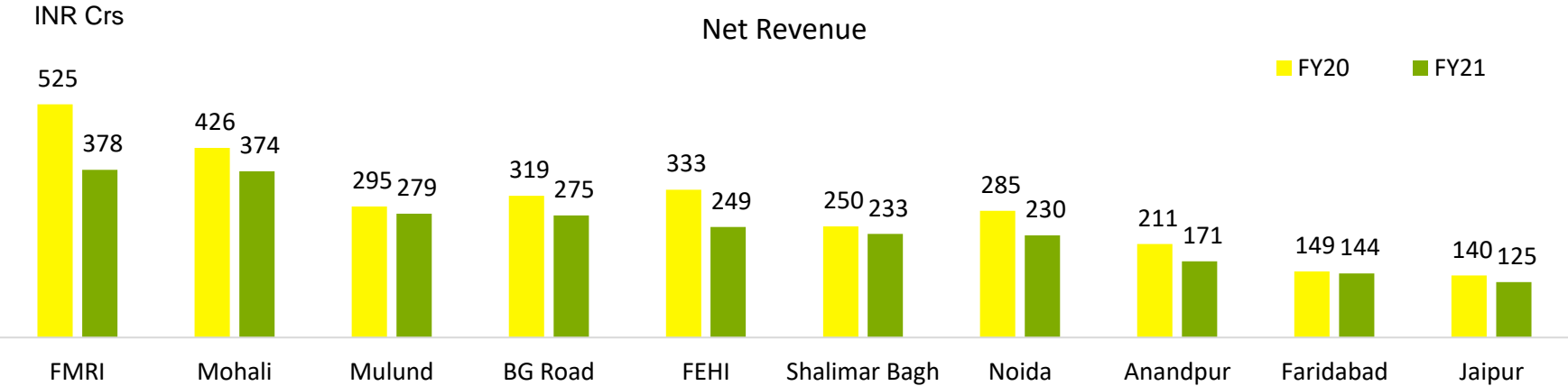
Net Revenue



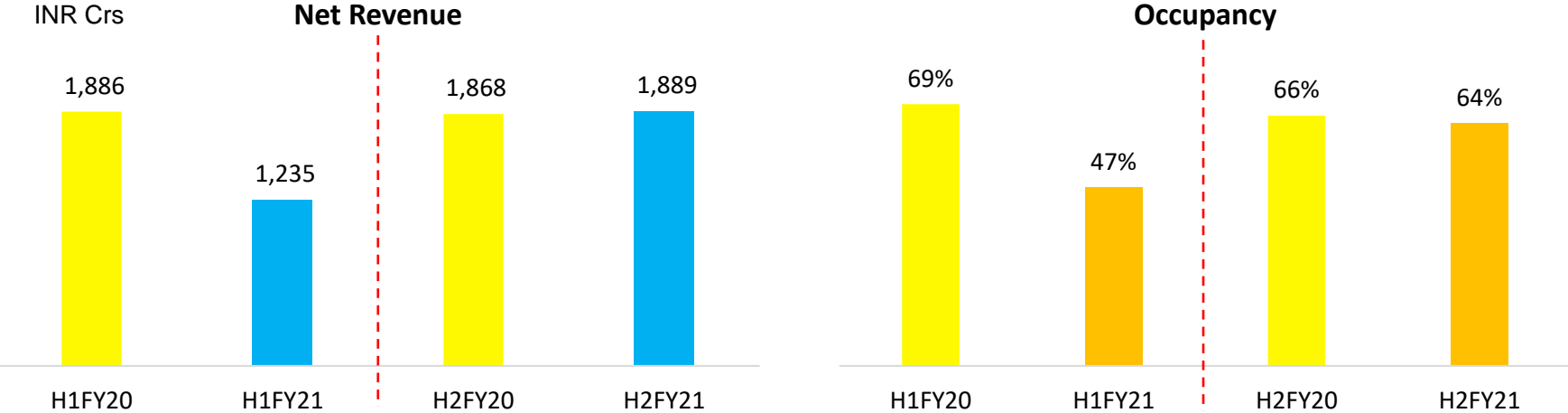
All figures in INR Crs

Hospitals Business Performance – FY21

FY21 witnessed a muted performance due to the impact of the pandemic in H1 FY21



H2 FY21 witnessed a healthy rebound across most hospitals



Hospitals Margin Matrix

Q4FY21

EBITDA	No of Facilities	Revenue Contribution	Operational beds	ARPOB (INR Cr)	Occupancy
>25%	7	42%	1,428	1.79	67%
20% - 25%	3	19%	588	2.05	65%
15% - 20%	4	23%	897	1.54	71%
10% - 15%	3	6%	220	2.12	52%
<10%	6	10%	674	1.17	52%

FY20

EBITDA	No of Facilities	Revenue Contribution	Operational beds	ARPOB (INR Cr)	Occupancy
>25%	3	14%	456	1.60	73%
20% - 25%	4	30%	816	2.07	69%
15% - 20%	4	23%	770	1.64	71%
10% - 15%	5	14%	662	1.09	75%
<10%	8	19%	948	1.46	56%

- *Q4FY21 business performance returned to normal levels reflected in the increase in the number of facilities with higher margins as compared to the number of facilities in FY 20. Various cost optimization initiatives undertaken in the year also helped in improving the margins.*

- EBITDA margins are prior to corporate cost allocation and IndAS adjustments

Clinical Excellence – Q4FY21

Team Urology at Fortis Hospital, Bannerghatta Road, Bengaluru, performed a Robotic Radical Cystectomy with Intracorporeal Ileal Neobladder on a 59-year-old male patient with recurrent bladder cancer.

A team of doctors at Fortis Escorts Bone & Joint Institute, Okhla Road, New Delhi, performed a Minimally Invasive Hip Replacement Surgery on a 92-year-old male with just a two-inch skin incision instead of the usual 5-8 inch incision. The patient had various comorbidities such as Coronary Artery Disease (CAD), coronary blockage of over 90%, hypertension and diabetes.

A team of Neuro Surgeons at Fortis Hospital, Mulund, performed a rare awake brain surgery to save a 40-year-old patient from being mute for the rest of his life. The patient was suffering from focal seizures and failed to recollect words. A brain MRI revealed a large left frontal tumour in the speech area and a functional MRI further indicated the presence of a low-grade malignant tumour.

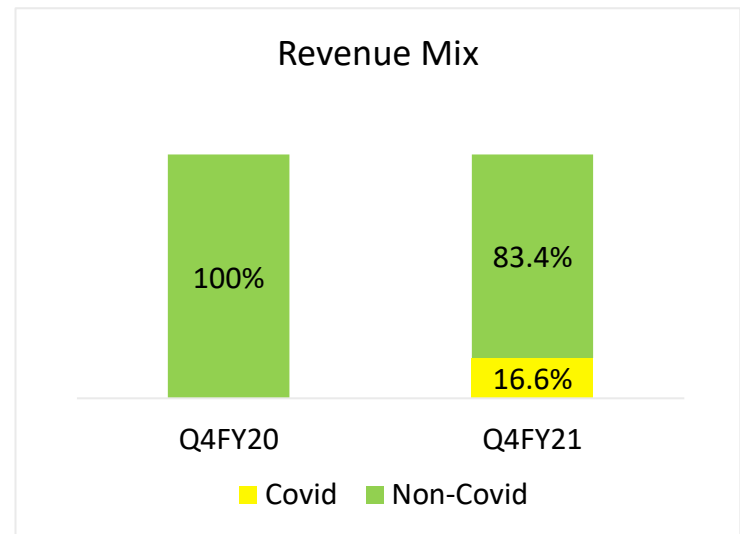
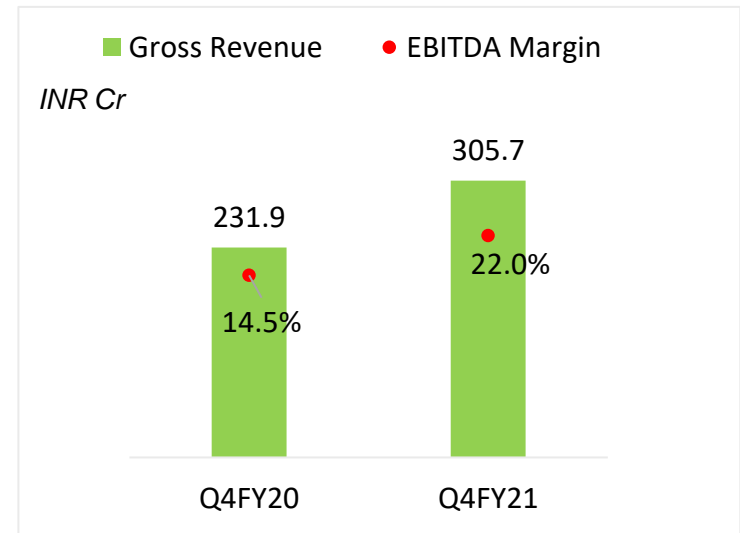
Doctors at Fortis Hospital, Cunningham Road successfully treated a patient with a large stone in a Sagittally malrotated kidney (a rare congenital anomaly) using a new approach called Supine PCNL. There are less than 10 reported cases of Sagittally malrotated kidneys worldwide. This is the first case where PCNL has been done in a Sagittally malrotated kidney.

In a path breaking achievement, a team of doctors in the Department of Cardiology at FMRI Gurugram successfully conducted the non-surgical implantation of world's smallest cardiac pacemaker in a 64 year old patient. The patient was admitted to the hospital after very slow heart beat and multiple other problems. The patient had multiple comorbidities including cirrhosis of liver, higher bleeding and infection risk.

4. Performance Review – Diagnostics Business

Diagnostics Business – Q4 FY21

- SRL achieved the 300 Cr+ quarterly revenue mark for the second time consecutively, revenues grew 31.0% in Q4 FY21.
- SRL conducted approximately 7.6 Mn tests during Q4FY21, a growth of 13.7% versus Q3FY21. (6.8 Mn tests in Q4 FY20)
- Average Revenue Per Test (ARPT) increased by 17% versus Q4FY20, driven by COVID RT-PCR tests. Average Revenue Per Accession (ARPA) also grew by 6% vs Q4FY20
- Launched 4 new labs (including JVs) and added 128 new collection centers to its network in Q4 FY21.
- Company witnessed a QoQ acceleration in revenues from both B2C and B2B segments with increase in B2C salience to 45% of overall revenue versus 42% in Q4FY20
- Home collection visits increased by 2.5x versus Q4FY20.

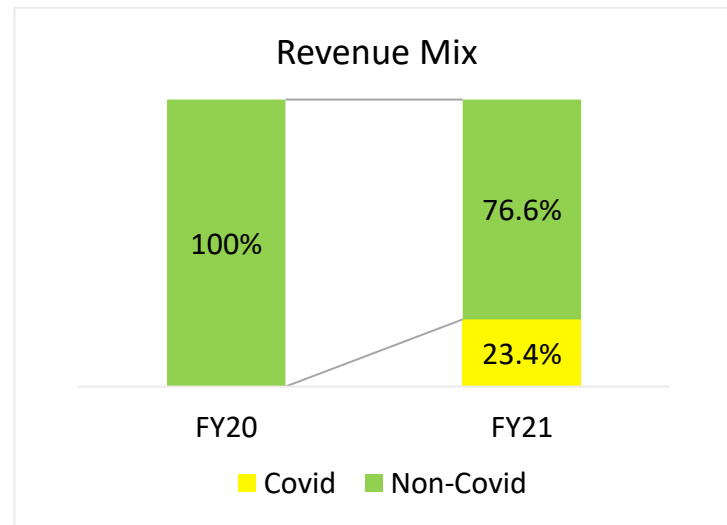
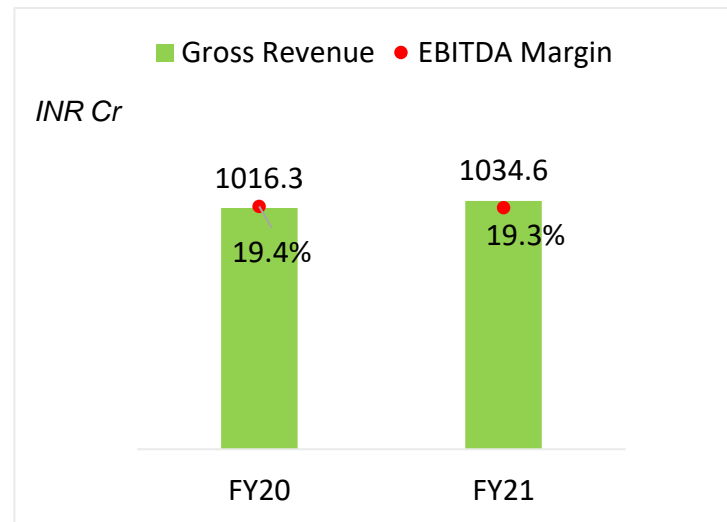


Diagnostics Business – FY21

- SRL built its RT-PCR Lab network* in Delhi NCR, Mumbai, Kolkata, Chennai, Hyderabad, Bangalore, Raipur, Ludhiana, Guwahati, Pune, Deogarh, Cochin, Trivandrum and Dubai
- COVID*: SRL conducted 11.1 lacs COVID RT-PCR tests in Q4 FY21 vs. 9.8 lacs tests in Q3 FY21. As of May 20, 2021, SRL has serviced more than 35.6 lacs consumers (including JVs).
- SRL continued to enhance its focus on COVID allied tests & Infection Recovery Panels to address demands by hospitals during COVID. Till Date, SRL has performed more than 21.8 lacs covid allied tests (including JVs).
- For the period Jul'20 to Mar'21 (9M FY21), SRL registered a revenue growth of 18% and EBITDA growth of 48% versus same period last year.

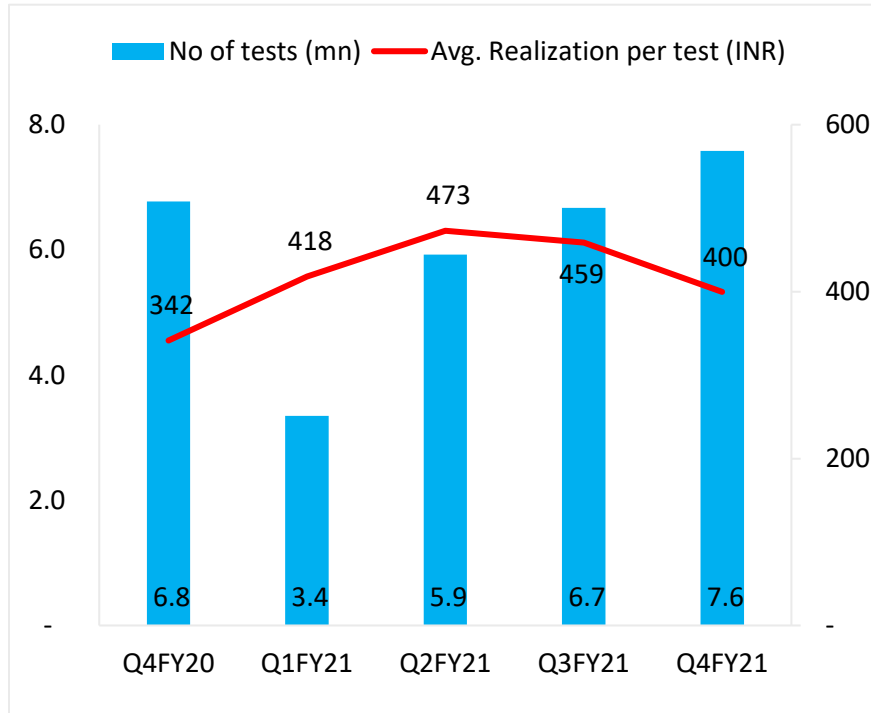
* Including JVs

• EBITDA includes other income

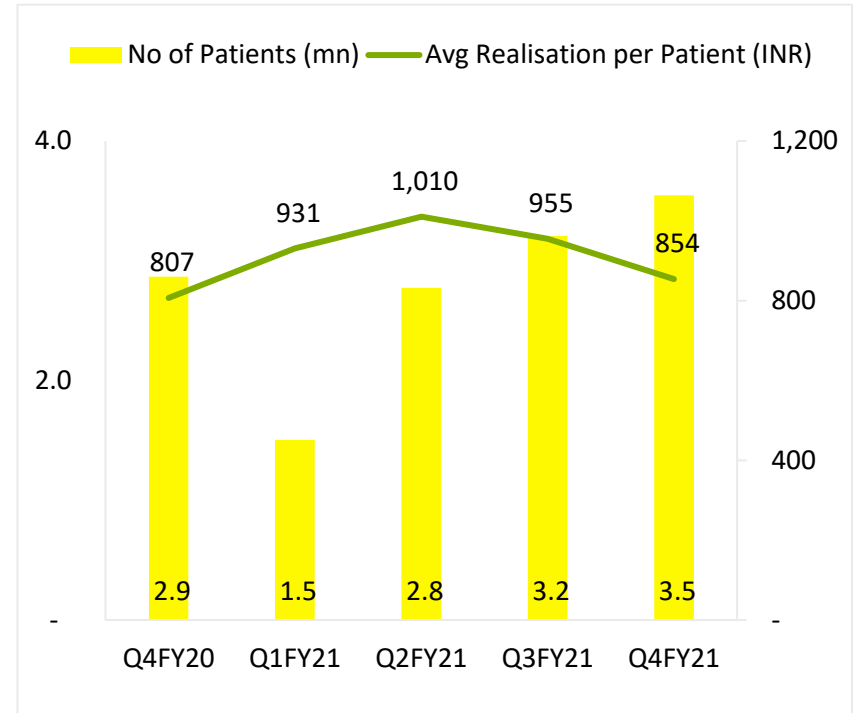


Key Performance Metrics

Number of Tests and Average Realizations*



Number of Patients and ARPA*



Average realisation per test and per patient witnessed a declining trend primarily due to reduction in Covid test pricing

*Excluding joint ventures

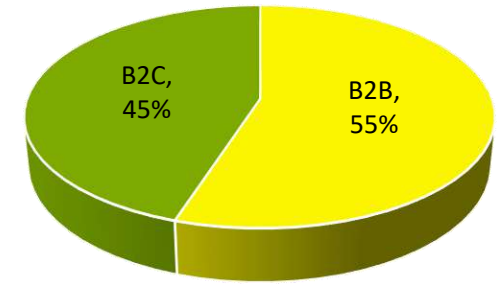
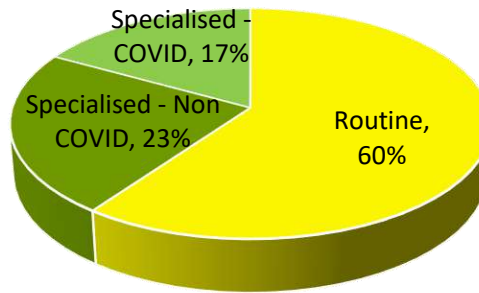
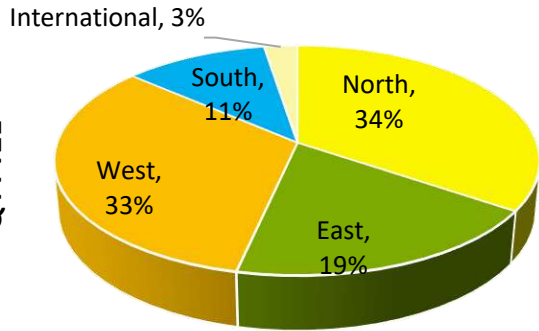
Revenue Mix

Geographic Mix

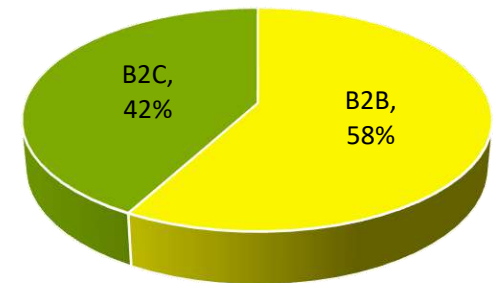
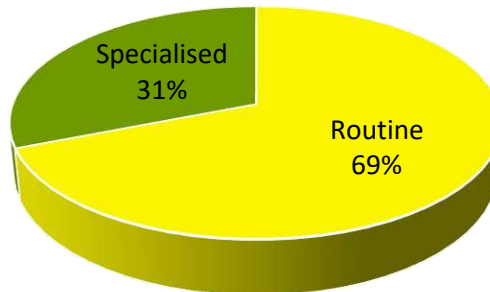
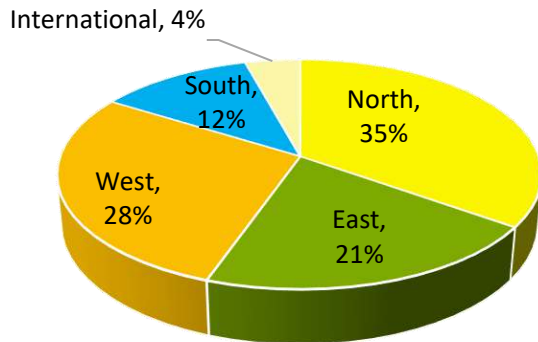
Product Mix

Segment Mix

Q4 FY21



Q4 FY20



5. Appendix

Group Consolidated P&L – Q4FY21

Particulars (INR Cr)	Q4FY20	Q3FY21	Q4FY21
	Unaudited	Unaudited	Unaudited
Revenue from operations	1,112.9	1,177.0	1,252.4
Other income	18.4	10.2	6.3
Total income	1,131.3	1,187.2	1,258.8
Expenses	987.1	986.6	1,055.1
EBITDA*	144.2	200.6	203.6
Margin	13.0%	17.0%	16.3%
Finance costs	57.0	42.1	40.6
Depreciation and amortisation expense	80.1	73.1	71.5
PBT	7.2	85.4	91.5
Share of profit / (loss) of associates and joint ventures (net)**	2.0	17.7	18.7
Net profit / (loss) before exceptional items and tax	9.2	103.1	110.2
Exceptional gain	0.0	0.0	0.2
Profit / (loss) before tax from continuing operations	9.2	103.1	110.4
Tax expense / (credit)	50.4	49.3	48.0
Net profit / (loss) for the period from continuing operations	-41.2	53.9	62.4
Profit / (loss) from continuing operations attributable to Owners of the company	-44.5	29.9	43.2

- *EBITDA includes other income, forex and exceptional/non-recurring expenses
- **Share of profit of associate in Q3 & Q4 FY21 due to joint ventures of SRL, primarily DDRC-SRL
- Q4FY21 reported EBITDA includes one off expense related to potential impact of various legal cases and investigation INR 15.8 Cr, Electricity arrear INR 6.5 Cr, Penalty, Registration, Property Tax of INR 4.4 Cr, Other Exp of INR 0.7 Cr; (Net amount of INR 27.4 Cr)
- Q3FY21 reported EBITDA includes one off items of Unclaimed written back INR (16.5 Cr), Penalty, Registration. Property Tax of INR 12.8 Cr (Net amount of INR -3.6 Cr)
- **Q4FY20** EBITDA includes one of expenses related to Property tax of INR 4 Cr and Others INR 4.7 Cr (Net amount of INR 8.7 Cr)

Group Consolidated P&L – FY21

Particulars (INR Cr)	FY20	FY21
	Unaudited	Unaudited
Revenue from operations	4,632.3	4,030.1
Other income	52.6	46.6
Total income	4,685.0	4,076.7
Expenses	4,022.8	3,625.7
EBITDA*	662.2	451.0
Margin	14.3%	11.2%
Finance costs	205.1	165.9
Depreciation and amortisation expense	291.7	290.6
PBT	165.4	-5.5
Share of profit / (loss) of associates and joint ventures (net)**	12.2	47.6
Net profit / (loss) before exceptional items and tax	177.5	42.1
Exceptional gain^	61.8	1.2
Profit / (loss) before tax from continuing operations	239.4	43.3
Tax expense / (credit)	147.9	99.5
Net profit / (loss) for the period from continuing operations	91.5	-56.2
Profit / (loss) from continuing operations attributable to Owners of the company	57.9	-109.8

*EBITDA includes other income, forex and exceptional/non-recurring expenses

^Exceptional gain in FY20 was primarily due to profit on divestment of MSCL, Mauritius

**Share of profit of associate in FY21 due to joint ventures of SRL, primarily DDRC-SRL

FY21 reported EBITDA includes one off expenses primarily as mentioned in previous slide for Q3 & Q4FY21 (Net amount of INR 25.1 Cr)

FY20 EBITDA includes one of expenses related to Property Tax of INR 5 Cr, Legal case INR 5.9 Cr, restructuring cost of INR 2.4 Cr and Others INR 4.7 Cr (Net amount of INR 18 Cr)

For further details please contact:

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Fortis Healthcare Limited

Thank You



Fortis Healthcare announces Q4 and FY21 Financial Results

Q4 FY 21 records healthy performance post a challenging H1FY21

- Revenues for Q4 FY21 at INR 1,252 Crs, up 12.5% versus Q4FY20
- EBITDA margins at 16.3% versus 13.0%, EBITDA increases 41%
- PAT at INR 62 Crs versus a loss of INR 41 Crs in Q4 FY20
- Net Debt / EBITDA at 1.04x in Q4 FY21, down from 1.52x in FY20

- FY21 revenues at INR 4,030 Crs versus INR 4,632 Crs in FY20
 - FY 21 hospital business performance impacted due to the Covid pandemic.
 - Diagnostics business (SRL) records robust performance, second consecutive quarter of INR 300 Crs + revenues.

- SRL completes the balance 50% acquisition in the DDRC – SRL JV

Consolidated Financials

Particulars (INR Crs)	Q4FY21	Q4FY20	% Change	FY21	FY20	% Change
Revenue	1,252.4	1,112.9	12.5%	4,030.1	4,632.3	-13.0%
EBITDA	203.6	144.2	41.2%	451.0	662.2	-31.9%
Profit Before Tax	110.4	9.2	-	43.3	239.4	-
Profit After Tax	62.4	(41.2)	-	(56.2)	91.5	-

- Q4FY21 Hospital Business revenues grew 7.5% to INR 982 Crs versus INR 913 Crs in Q4FY20. As compared to Q3FY21 revenues grew 8.3%. The hospital business EBITDA increased 22.2% to INR 139 Crs versus INR 114 Crs in Q4FY20 (14.2% margin versus 12.5% in Q4 FY20 and 14.4% margin in Q3 FY21).
- FY 21 Hospital Business revenues were at INR 3,124 Crs versus INR 3,754 Crs in FY20. EBITDA stood at INR 263 Crs versus INR 475 Crs in FY20.
- Q4 FY21 Diagnostics Business gross revenues increased 32% to INR 306 Crs versus INR 232 Crs in Q4FY20 and were similar to Q3FY21 revenues. The diagnostics business EBITDA increased 99.6% to INR 67.2 Crs versus INR 33.7 Crs in Q4FY20. The EBITDA for Q3FY21 stood at INR 73 Crs.

May 29, 2021



- *FY 21 Diagnostic Business revenues were at INR 1,035 Crs versus INR 1,016 Crs in FY20. EBITDA stood at INR 200 Crs representing a margin of 19.3% similar to margins in FY20.*

Gurugram, May 29, 2021: Fortis Healthcare Ltd. (“Fortis” or the “Company”), India’s leading healthcare delivery company, today announced its audited consolidated financial results for the quarter and year ended March 31, 2021.

Covid Impact on Business Operations

Q4 FY21 witnessed a healthy performance in both the hospital and the diagnostics business with the covid pandemic receding significantly in the quarter allowing business to return to normalcy. Non-covid occupancy was at 57% in Q4 versus 46% in Q3 while the overall occupancy stood at 64% in the quarter, similar to both the trailing and the corresponding previous quarters. The diagnostics non-covid business in Q4 stood at 109% of pre-covid levels of the corr. previous quarter.

For **FY21**, both the hospitals and the diagnostics business have seen an impact due to the covid pandemic which began in end March FY20 and resulted in a nationwide lockdown for a large part of Q1FY21. Elective surgeries and test volumes reduced significantly in Q1. With economic and other restrictions being eased in May-June of 2020 a gradual improvement was witnessed in Q2 and Q3 but still much below normal levels. Non covid occupancy was at 32% for Q1 while in Q2 and Q3 it was at 38% and 46% respectively. For FY21 overall occupancy declined to 55% versus 68% in FY20. The diagnostics business fared relatively better than the hospital business as a result of the increased demand for covid and covid related tests which increased from a mere 1 lakh tests in Q1 to 6.5 lakh tests in Q4 of FY21.

While Q4 saw the business return to near normalcy, the second wave of the pandemic began in mid-March 2021. This accelerated intensely across the country in April and saw severe challenges being faced by both public and private healthcare organizations. Acute shortage of beds and other medical resources forced various State Governments to announce lockdowns impacting once again elective surgeries, international and domestic patient flow. The Company took immediate steps to increase covid beds across its facilities and earmarked approx. 50% of its operational bed capacity for covid patients. Despite resource constraints, the Company’s clinicians, nurses and para-medical employees worked non-stop to ensure that the best possible care was provided to all its patients. From beginning mid-May covid cases have started to recede and early but encouraging signs of an uptick in elective surgeries is being witnessed. With the same trend expected to continue, business could return to normal in the short to medium term.

FINANCIAL HIGHLIGHTS

- For the quarter, Profit after tax after Minority interest (PATMI) stood at INR 43.2 Crs versus a loss of INR 44.5 Crs in Q4FY20. For the full year FY21, the Company recorded a PATMI loss of INR 109.8 Crs versus a profit INR 57.9 Crs in the previous year.



- The Company's maintained a healthy balance sheet despite the pandemic. Net debt reduced by INR 155 Crs and stood at INR 849 Crs for FY21 representing a net debt to equity ratio of 0.13 times.
- Pursuant to entering into an amendment agreement with the private equity investors in SRL, the exit option liability which was previously reflected as short-term liability was reclassified as a long-term liability further strengthening the Balance Sheet.
- Finance costs witnessed a decline of 19% to INR 166 Crs for the year as a result of lower borrowing costs in the covid environment.

Supreme Court Matter update- The SC matter pertaining to the open offer witnessed a number of hearings in the Honorable Supreme Court since February 2021. These now stand concluded and the order has been reserved by the Honorable Court.

HOSPITAL BUSINESS HIGHLIGHTS

- Higher contribution of specialty surgical procedures led to a higher ARPOB during the quarter at INR 1.70 Crs, +7.7% QotQ. For FY21 ARPOB was at INR 1.58 Crs similar to the ARPOB in FY20.
- The revenue contribution from medical tourism business improved to 5.9% in Q4FY21 vs 5.0% in Q3FY21 and 1.3% in Q2FY21. For FY21 revenues were at INR 131 Cr, 4.2% of the hospital business revenue vs INR 398 Cr in FY20 (~10.6% of the hospital business revenue).
- The Company during the year undertook several cost saving measures including temporary voluntary salary reductions, deferment of hiring, lower general and administration and sales and marketing expenses. These helped in strengthening cash flows, ensuring business continuity and also allowing the Company to re-initiate its growth and expansion plans in H2FY21.
- The Company commissioned a 250 bedded multi-specialty facility at Arcot Road, Chennai in October 2020. This is the Company's second facility in Chennai comprising state of the art medical infrastructure and offering high-end quaternary care services.



DIAGNOSTICS BUSINESS HIGHLIGHTS

- The B2C: B2B revenue mix improved to 44 : 56 in FY21 vs 42: 58 in FY20.
- Despite the pandemic, the business witnessed an expansion in its B2C and B2B network adding ~500 new collection centers and approx. 2,100 Direct Clients, during the year. As on date SRL has a network of 1,600+ CC's and 5,400+ Direct clients.
- Home collection revenues gained significant traction and grew 2.5x over Q4FY20, contributing 5.4% to overall revenues in Q4FY21 versus 3.0% in Q4 FY20. For the full year FY21 home collection revenues grew 2.0x, contributing 6% to overall revenues.
- SRL conducted a total ~23.5 million tests (covid and non-covid) during FY21 as against 30.4 million tests in FY20.
- SRL acquired the balance 50% equity stake in its existing 50:50 JV i.e. DDRC SRL. The transaction was completed in April 2021 and will help consolidate SRL's position in the Kerala market; increase its overall contribution from B2C segment and provide a strong platform for expansion in other markets in South India.

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, "FY21 has been a deeply anguishing year with the country facing one of its worst healthcare crisis in over a decade. The healthcare industry continues to be at the forefront against the pandemic and Fortis as amongst the largest healthcare organizations in the country has spared no effort in order to ensure the availability of beds, medical resources and the best possible care for its patients in such times. Despite the perils of being in a risk prone environment, our clinicians, nurses and para-medical workforce have been working dedicatedly and non-stop for the last year and a half in the battle with the pandemic and will continue to do so as long as required".

"On the quarter; as the business returned to normalcy in Q4, we have seen a healthy performance in both the hospitals and the diagnostics business. Our focus was to ensure sustainability and continuity of operations in these difficult times; something that we have successfully managed to do over the past year. Despite the current intense second wave of covid, which we are now seeing signs of ebbing; our investments in business over the past two quarters have gathered pace in terms of medical programs and infrastructure expansion. At the same time efforts continue towards building revenue streams, onboarding the right clinical talent and harnessing information technology enablers to further strengthen the organization. I'm also quite pleased with the way our diagnostics business has evolved over the last year despite the pandemic and we believe there is further potential to scale up the business both via organic and inorganic growth."

Commenting on the results for the quarter and the year, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, "I'm saddened with the loss of lives and human suffering that covid has brought. The economic hardships of the people in all aspects has been overwhelming. At the same time, this has also made us realize the need to build a robust healthcare

May 29, 2021



system with adequate infrastructure and capabilities for medical resources. As an eminent healthcare organization of the country, we continue to steadfastly work with and support Central and State governments in their efforts to mitigate this unfortunate calamity. We have made considerable efforts to provide all our resources as required to fight against the pandemic. Given our geographic expanse, we are also taking the necessary steps to accelerate our vaccination program at on-site and off-site locations. I would like to express my gratitude to all our employees, our clinicians and healthcare workers for their continuing support in such difficult times.”

“On the year gone by and specifically Q4; the quarter has given us a sense of confidence that the building blocks of the business are in place and the Company is well poised to capitalize on the opportunity once the current covid wave abates and the environment normalizes. At the same time the challenges of the past year have made us more resilient and wary of the need to adapt quickly and be flexible in our ways of working. We have seen a healthy second half in both businesses with the diagnostics business performing strongly. We have lowered our net debt over the last fiscal and reduced our finance costs. We launched the Chennai facility and a number of other medical programs across our facilities; ably supported by hiring clinicians of eminent repute. Digitization efforts like tele/video consults gathered momentum and IT initiatives like the myFortis app and a common HIS across the Fortis network were also rolled out. Our plans for portfolio rationalization and bed expansion in select geographies are also underway in the current fiscal.”

About Fortis Healthcare Limited

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Dubai and Sri Lanka with 36 healthcare facilities (including projects under development), approximately 4,000 operational beds and over 400 diagnostics centres.

DISCLAIMER

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

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