

FHL/SEC/STEX/RR/2017-18

February 28, 2018

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

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

Sub: Outcome of the Board Meeting

Dear Sir(s),

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

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

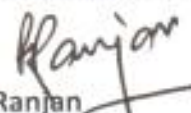
The Board Meeting commenced at 10:00 p.m. and concluded at 11:45 p.m.

This is for your information and records please.

Thanking you,

Yours faithfully,

For Fortis Healthcare Limited


Rahul Ranjan
Company Secretary
Membership No.: A17035



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

TO THE BOARD OF DIRECTORS OF FORTIS HEALTHCARE LIMITED

1. We were engaged to review the accompanying Statement of Standalone Unaudited Financial Results ("the Statement") of **FORTIS HEALTHCARE LIMITED** ("the Company") for the quarter and six months ended September 30, 2017, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5 July, 2016.

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

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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

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

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

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

4. Other financial assets (current) as at September 30, 2017, includes an unsecured advance of Rs. 1,796 lacs due from a vendor for which the repayment terms have not been stipulated. In the absence of any security and a repayment plan, we are unable to conclude on the recoverability of the said advance.



**Deloitte
Haskins & Sells LLP**

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

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




RASHIM TANDON
Partner
(Membership No. 095540)

Gurugram, 28 February, 2018
RT/YK/2018

FORTIS HEALTHCARE LIMITED
STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS

(Rupees in lacs)

Particulars	Quarter ended			Six Months ended		Year ended
	30-Sep-17	30-Jun-17	30-Sep-16	30-Sep-17	30-Sep-16	31-Mar-17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Income from operations	17,028	16,843	16,938	33,871	33,547	64,512
2. Other income	3,460	3,822	3,922	7,282	8,597	16,920
3. Total income (1+2)	20,488	20,665	20,860	41,153	42,144	81,432
4. Expenses						
(a) Cost of material consumed	3,390	3,794	3,914	7,184	7,930	15,051
(b) Employee benefits expenses	4,227	4,427	4,933	8,654	9,763	19,015
(c) Finance costs	1,559	1,794	2,839	3,353	5,458	10,636
(d) Hospital service fee	3,525	3,515	3,459	7,040	6,917	13,604
(e) Professional charges to doctors	2,158	2,112	1,944	4,270	3,951	7,647
(f) Reversal of derivative gain (refer note 8)	-	-	-	-	-	5,636
(g) Net depreciation/ impairment & Amortization	687	687	638	1,374	1,259	2,662
(h) Other expenses	4,434	4,368	4,167	8,802	8,605	18,214
Total expenses	19,980	20,697	21,894	40,677	43,883	92,465
5. Net profit / (loss) before exceptional items and tax (3-4)	508	(32)	(1,034)	476	(1,739)	(11,033)
6. Exceptional gain/ (loss) (refer note 5)	(86)	(57)	(103)	(143)	(103)	(373)
7. Profit / (loss) before tax from continuing operations (5-6)	422	(89)	(1,137)	333	(1,842)	(11,406)
8. Tax expense/ (credit)	245	15	(673)	260	(673)	(3,934)
9. Net profit / (loss) for the period from continuing operations (7-8)	177	(104)	(464)	73	(1,169)	(7,472)
10. Profit from discontinued operations before tax	-	-	-	-	-	-
11. Tax expense of discontinued operations	-	-	-	-	-	-
12. Net profit / (loss) for the period from discontinuing operations (10-11)	-	-	-	-	-	-
13. Net profit / (loss) for the period (9+12)	177	(104)	(464)	73	(1,169)	(7,472)
14. Other Comprehensive Income/(loss) ('OCI')	(2)	(9)	(2)	(11)	(2)	107
15. Total comprehensive Income/(Loss) (13+14)	175	(113)	(466)	62	(1,171)	(7,365)
16. Paid-up equity share capital (Face Value Rupees 10 per Share)	51,852	51,852	46,349	51,852	46,349	51,773
17. Reserves						375,413
18. Earnings per equity share for continuing operations						
Basic earnings (loss) per share - In Rupees	0.03	(0.02)	(0.10)	0.01	(0.25)	(1.57)
Diluted earnings (loss) per share - In Rupees	0.03	(0.02)	(0.10)	0.01	(0.39)	(1.57)
19. Earnings per equity share for discontinued operations						
Basic earnings (loss) per share - In Rupees	-	-	-	-	-	-
Diluted earnings (loss) per share - In Rupees	-	-	-	-	-	-



FORTIS HEALTHCARE LIMITED
STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS

Particulars	Quarter ended			Six Months ended		(Rupees in lacs)
	30-Sep-17	30-Jun-17	30-Sep-16	30-Sep-17	30-Sep-16	Year ended
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	31-Mar-17 Audited
20. Earnings per equity share from continuing and discontinued operations						
Basic earnings (loss) per share - In Rupees	0.03	(0.02)	(0.10)	0.01	(0.25)	(1.57)
Diluted earnings (loss) per share - In Rupees	0.03	(0.02)	(0.10)	0.01	(0.39)	(1.57)
21. Earnings before depreciation and amortization expense, finance costs, exceptional items and tax expenses (EBITDA) (refer note 15)	2,754	2,449	2,444	5,203	4,979	2,265

Notes to the results

1. The above financial results for the quarter and six months ended September 30, 2017 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their respective meetings held on February 28, 2018.
2. The financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 Interim Financial Reporting, prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India.
3. Other income includes interest income from Banks, foreign exchange fluctuation gain (net), profit on sale of assets (net), fair value adjustments, dividend on investments, forward cover premium amortization (net) and miscellaneous income, etc. whichever is relevant for the period.
4. Balance Sheet:

Particulars	(Rupees in lacs)	
	As at 30-Sep-17 Unaudited	As at 31-Mar-17 Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	15,127	14,182
(b) Capital work-in-progress	20,591	19,260
(c) Goodwill	3,293	3,293
(d) Other intangible assets	938	1,087
(e) Intangible assets under development	727	640
(f) Financial assets		
(i) Investments		
a) Investments in associates/Joint venture	-	5
b) Other investments	365,740	360,262
(ii) Loans	57,603	69,797
(iii) Other financial assets	1,099	866
(g) Non-current tax assets (Net)	6,757	5,645
(h) Deferred tax assets (Net)	6,447	6,701
(i) Other non-current assets	646	613
Total non-current assets	478,968	482,351
Current assets		
(a) Inventories	684	558



FORTIS HEALTHCARE LIMITED
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Particulars	(Rupees in lacs)	
	As at 30-Sep-17 Unaudited	As at 31-Mar-17 Audited
(b) Financial assets		
(i) Trade receivables	7,569	7,554
(ii) Cash and cash equivalents	717	569
(iii) Loans	7,001	7,471
(iv) Other financial assets	14,306	16,680
(c) Other current assets	1,274	913
	31,551	33,745
Assets classified as held for sale	-	-
Total current assets	31,551	33,745
Total assets	510,519	516,096
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	51,852	51,773
(b) Other equity	376,613	375,413
Total equity	428,465	427,186
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	8,711	18,311
(b) Provisions	1,137	1,037
Total non-current liabilities	9,848	19,348
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	28,804	44,175
(ii) Trade payables	19,171	14,025
(iii) Other financial liabilities	21,223	8,383
(b) Provisions	1,346	1,296
(c) Other current liabilities	1,662	1,683
Total current liabilities	72,206	69,562
Total liabilities	82,054	88,910
Total equity and liabilities	510,519	516,096

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

Particulars	Quarter ended			Six months ended		Year ended
	30-Sep-17 Unaudited	30-Jun-17 Unaudited	30-Sep-16 Unaudited	30-Sep-17 Unaudited	30-Sep-16 Unaudited	31-Mar-17 Audited
a. Expenses on Composite Scheme of Arrangement and Amalgamation (Refer note 6)	(86)	(57)	(103)	(143)	(103)	(373)
Total	(86)	(57)	(103)	(143)	(103)	(373)



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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS

6. The Board of Directors of the Company at their meeting held on August 19, 2016 approved the proposal to demerge its diagnostic business and that is housed in its majority owned subsidiary SRL Limited ("SRL") into another majority owned subsidiary, Fortis Malar Hospitals Limited ("Fortis Malar") pursuant to a composite scheme of arrangement and amalgamation ("the Composite Scheme"). The Composite Scheme also provided for the sale of the hospital business of Fortis Malar to the Company through a demerger by way of a slump sale. The demerger was to be followed by merger of SRL, which has the diagnostic business, with Fortis Malar as an integral part of the same Composite Scheme. On transfer of the diagnostic business to Fortis Malar and Fortis Malar issuing its equity shares to the shareholders of the Company, the diagnostic business of the Company and the investment in SRL would stand demerged from the Company. The appointed date for the slump sale, demerger and merger under the Composite Scheme is January 1, 2017. The Composite Scheme is subject to various judicial/regulatory and other required approvals. Pending such approvals, no effect of the proposed Composite Scheme has been given in the standalone unaudited Financial Results.
7. During the previous year ended March 31, 2017, the Company completed acquisition of control in Fortis Hospotel Limited ("FHTL") by way of acquiring 51% economic interest over equity through purchase of the compulsorily convertible debentures (CCDs) from Fortis Global Healthcare Infrastructure Pte Ltd (FGHIPL) and amendment to the Shareholders Agreement with Fortis Health Management Limited (FHML). FGHIPL and FHML are subsidiaries of RHT Health Trust (RHT) which is an associate of the Company.
8. The Statement of Profit and Loss for the year ended March 31, 2017 includes a charge of Rupees 5,636 lacs relating to the derecognition of an option in the Shareholders' Agreement on acquisition of control in FHTL during that year. This option was earlier recognized in the Statement of Profit and Loss during the year ended March, 2016 on the first time adoption of the Ind AS by the Company.
9. The Board of Directors in their meeting held on November 14, 2017 approved a significant restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust ("RHT") into the Company and its subsidiaries. The Company and the Trustee Manager of RHT signed a binding Term Sheet on November 14, 2017 and entered into an exclusivity arrangement for the acquisition of all the securities of RHT's entities in India, directly or indirectly holding the clinical establishments and businesses for an enterprise value of approximately Rupees 465,000 lacs ("the Proposed Transaction"). The exclusivity period to execute definitive agreements for the Proposed Transaction was 60 days commencing from the date of the Term Sheet. On January 12, 2018, the parties to the Term Sheet mutually agreed to extend the exclusivity period by an additional period of 31 days from January 12, 2018.

On February 12, 2018, the parties to the Term Sheet entered into definitive agreement(s) with respect to the Proposed Transaction. The completion of the Proposed Transaction is subject to the satisfaction of conditions precedent under the definitive agreement(s) including regulatory and shareholders approvals by the Company, the unit holders in RHT and any other approvals as may be required.
10. On February 8, 2018, the Promoters of the Company Mr. Malvinder Mohan Singh, Executive Chairman and Dr. Shivinder Mohan Singh, Non-Executive Vice Chairman tendered their resignation from the directorship of the Company, effective immediately. The Board of Directors of the Company discussed the matter in detail at their meeting held on February 13, 2018 and accepted their resignation with effect from February 8, 2018. Further, the Board of Directors, as an interim measure, constituted a Management Committee to oversee the functioning of the Company from a strategic and operational guidance and vested the Management Committee with all the responsibilities and authorities of the Executive Chairman and the Non-Executive Vice Chairman.
11. As on September 30, 2017, the Promoters and Promoter Group entities together held 34.33% of the paid-up capital of the Company of which approximately 98% was pledged to various bank as a security towards the loans raised by the Promoters / Promoter Group entities. In a matter relating to the Promoters and the Promoter Group entities, the Hon'ble Supreme Court of India vide their interim orders dated August 11, 2017 and August 31, 2017 had directed that status quo was required to be maintained over the shares pledged by the Promoter and Promoter Group entities. Subsequently, the Hon'ble Supreme Court of India in its Order on February 15, 2018, has clarified that the earlier direction to maintain status quo of the promoter holding in the Company shall not apply to shares of



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the Company as may have been encumbered on or before the date of the interim orders. Based on this clarification, the Banks in whose favor the shares of the Company were pledged have invoked their right over the shares and consequently the holding of the Promoters and Promoter Group entities have reduced to 0.77% of the paid-up capital of the Company (as on February 28, 2018).

12. (i) There have been recent reports in the media and enquiries of the Company about certain loans given by a wholly owned subsidiary of the Company. The Audit and Risk Management Committee of the Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm. The scope of the investigation, *inter alia*, covers (a) Inter Corporate Deposits ("ICDs") given by a wholly owned subsidiary of the Company (b) Intra-group and related party transactions, including compliance with applicable laws and regulations (c) Evaluation of the implications of a recent legal notice received by the Company. Also, the Executive Chairman and the Non-Executive Vice Chairman, in their letter of resignation from the Board of Directors of the Company had requested the members of the Board to look into all intra-group transactions.

(ii) The Company has received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Company in regard to secured short-term investments made by a wholly owned subsidiary of the Company. In the aforesaid letter, SEBI has summoned the Company under section 11C(3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. Failure to produce the information required for investigation could result in penalties as provided under section 15A and criminal proceedings under section 11C(6) of the SEBI Act, 1992. The Company has furnished some of the information and documents requested and has sought additional time for submitting the balance information as requested.

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

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

13. During the previous year ended March 31, 2017, the Company allotted 18,070,650 equity shares to Standard Chartered (Mauritius) III Limited against USD 30 Million Foreign Currency Convertible Bonds (FCCB), on exercise of conversion option as per Offering Circular.
14. During the previous year ended March 31, 2017, the Company allotted 35,690,887 equity shares to International Finance Corporation against USD 55 Million FCCB, on exercise of conversion option as per FCCB Subscription Agreement.
15. The Company has presented Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) additionally in the financial results. In its measurement, the Group includes other income, but does not include depreciation and amortization expense, finance costs, exceptional items and tax expenses.
16. Disclosure on operating segments is presented as part of the consolidated unaudited financial results.

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

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

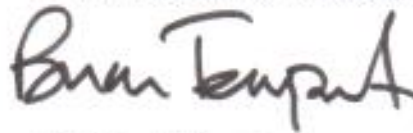


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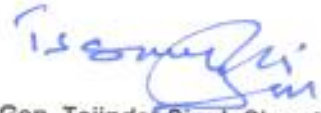
18. With regard to the comments of the statutory auditors in paragraph 4 of the Limited Review Report on their inability to conclude on the recoverability of a vendor balance, the Management has assessed the recoverability of the same and concluded that this amount is recoverable.

Date: February 28, 2018
Place: Gurugram

For and on behalf of the Board of Directors



Dr. Brian William Tempest
(DIN 00101235)
Director



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



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

**TO THE BOARD OF DIRECTORS OF
FORTIS HEALTHCARE LIMITED**

1. We were engaged to review the accompanying Statement of the Consolidated Unaudited Financial Results ("the Statement") of **FORTIS HEALTHCARE LIMITED** ("the Parent"), its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the profit / (loss) of its joint ventures and associates for the quarter and six months ended September 30, 2017, being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5 July, 2016.

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

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Group's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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

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



- ix. Fortis Global Healthcare (Mauritius) Limited (wholly owned subsidiary of FHSI w.e.f 4 October, 2016)
- c. Escorts Heart Institute and Research Centre Limited ("EHIRCL") (wholly owned subsidiary of the Parent Company) and results of its subsidiaries and associate:
 - i. Fortis Health Staff Limited (wholly owned subsidiary of EHIRCL)
 - ii. Fortis Asia Healthcare Pte. Limited (wholly owned subsidiary of EHIRCL) and the results of its wholly owned subsidiary Fortis Healthcare International Pte. Limited ("FHIPL")
 - iii. Lanka Hospitals Corporation Plc (associate of FHIPL)
 - iv. Fortis Healthcare Middle East LLC (subsidiary of FHIPL)
 - v. Mena Healthcare Investment Company Limited (subsidiary of FHIPL) and the results of its wholly owned subsidiary Medical Management Company Limited
 - vi. SRL Diagnostics FZ-LLC (wholly owned subsidiary of FHIPL) up to 07 July, 2016
- d. SRL Limited ("SRL") (subsidiary of the Parent Company) and the results of its subsidiaries and joint ventures:
 - i. SRL Diagnostics Private Limited (wholly owned subsidiary of SRL)
 - ii. SRL Reach Limited (wholly owned subsidiary of SRL)
 - iii. DDRC SRL Diagnostics Services Private Limited (joint venture of SRL)
 - iv. Super Religare Reference Laboratories (Nepal) Private Limited (joint venture of SRL)
 - v. SRL Diagnostics FZ-LLC (wholly owned subsidiary of SRL) with effect from 07 July, 2016
- e. Hiranandani Healthcare Private Limited (wholly owned subsidiary of the Parent Company)
- f. Fortis Healthcare International Limited ("FHIL") (wholly owned subsidiary of the Parent Company) and results of its subsidiaries and associates:
 - i. Fortis Global Healthcare (Mauritius) Limited (wholly owned subsidiary of FHIL up to 3 October, 2016)
 - ii. Fortis Medicare International Limited (associate of FHIL)
 - iii. RHT Health Trust (previously known as Religare Health Trust) and its subsidiaries (associate of FHIL)
 - iv. Medical and Surgical Centre Limited (associate of FHIL)
- g. Fortis La Femme Limited (wholly owned subsidiary of the Parent Company)
- h. Fortis Hospotel Limited (subsidiary of the Parent Company) with effect from 13 October, 2016.
- 4. (i) As more fully described in Note 15 (i) of the Statement, the Audit and Risk Management Committee of the Parent has initiated an independent investigation by an external legal firm, the scope of which, *inter alia*, covers (a) Inter Corporate Deposits ("ICDs") given by a wholly owned subsidiary of the Parent (b) Intra-group and related party transactions, including compliance with applicable laws and regulations (c) Evaluation of the implications of a recent legal notice received by the Parent.
- (ii) As described in Note 15 (ii) of the Statement, the Securities and Exchange Board of India ("SEBI") is in the process of conducting an investigation, in respect of secured short-term investments of Rs. 473 crores made by a wholly owned subsidiary of the Parent.

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



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

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

- a) the compliance with the FHL's internal control policy for authorizing the grant of ICDs, execution of the ICD agreements, assignment of the outstanding balances and termination of the assignment agreement;
 - b) the availability and adequacy of the security for the ICDs and its recoverability (net of subsequent realization);
 - c) the accrual and recognition of interest income, considering the default in repayment of principal and interest; and
 - d) the possible effect of the matters described above, on the financial results, state of affairs, cash flows and operations of the Group.
6. Other financial assets (current) as at September 30, 2017, includes unsecured advances of Rs. 5,671 lacs due from certain vendors where recoveries have been delayed. In the absence of any security and delays in the recoveries, we are unable to conclude on the recoverability of the said advances.
7. (a) We draw attention to notes 5(a), 5(b) and 5(c) to the Statement which describe uncertainty related to the outcome of income tax assessments, arbitrations with regard to termination of certain land leases allotted by Delhi Development Authority (DDA), and matter related to non-compliance with the order of the Honorable High Court of Delhi in relation to provision of free treatment/beds to poor against one of the subsidiaries ("Escorts Heart Institute and Research Centre Limited"). Based on the advice given by external legal counsel, no provision/adjustment has been considered necessary by the Management in this regard in the Statement.
- (b) We draw attention to note 6 to the Statement, regarding matter relating to termination of Hospital lease agreement of one of the subsidiaries ("Hiranandani Healthcare Private Limited") by Navi Mumbai Municipal Corporation ("NMMC") vide order dated 18 January, 2017. Based on the advice given by external legal counsel, no provision/adjustment has been considered necessary by the Management in this regard in the Statement.
8. (a) The consolidated unaudited financial results also includes the Group's share of profit after tax of Rs. 204 lacs and Rs. 377 lacs and Total comprehensive income of Rs. 204 lacs and Rs. 377 lacs for the quarter and six months ended September 30, 2017, respectively, as considered in the Statement, in respect of 1 Joint Venture, whose interim financial results have not been reviewed by us.

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



- (b) The consolidated unaudited financial results also includes the Group's share of profit after tax of Rs. 4,727 lacs and Rs. 3,456 lacs and Total comprehensive income of Rs. 4,521 lacs and Rs. 3,077 lacs for the Quarter and six months ended September 30, 2017, respectively, as considered in the Statement, in respect of 3 associates and 1 Joint venture, whose interim financial results have not been reviewed by us.

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

- (c) Statement includes the interim financial results of 17 subsidiaries which have not been reviewed by their auditors, whose interim financial results reflect total assets of Rs. 153,675 lacs as at September 30, 2017, total revenue of Rs. 5,609 lacs and Rs. 11,186 lacs for the quarter and six months ended September 30, 2017, respectively, and total loss after tax of Rs. 5,300 lacs and Rs. 6,137 lacs and total comprehensive loss of Rs. 7,505 lacs and Rs. 7,167 lacs for the quarter and six months ended September 30, 2017, respectively, as considered in the Statement.
- (d) The Statement also include the Group's share of profit after tax of Rs. 31 lacs and Rs. 133 lacs and Total comprehensive income of Rs. 31 lacs and Rs. 133 lacs for the quarter and six months ended September 30, 2017, respectively, as considered in the Statement, in respect of 2 joint ventures and 3 associates, based on their interim financial results which have not been reviewed by their auditors. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group.
9. Because of the significance of the matters described in paragraph 4 above relating to the ongoing investigations, paragraph 5 above relating to loans given and paragraph 6 above relating to the recoverability of certain vendor advances, we have not been able to obtain sufficient appropriate evidence to form a conclusion on the Statement and hence we do not express a conclusion on the Statement.

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




RASHIM TANDON
Partner
(Membership No. 095540)

Gurugram, 28 February, 2018
RT/YK/2018

FORTIS HEALTHCARE LIMITED
STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS

(Rupees in lacs)

Particulars	Quarter ended			Six Months ended		Year ended
	30-Sep-17	30-Jun-17	30-Sep-16	30-Sep-17	30-Sep-16	31-Mar-17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Income from operations	119,717	115,661	119,574	235,378	231,690	457,371
2. Other income	3,708	5,761	3,801	7,840	7,100	16,600
3. Total income (1+2)	123,425	121,422	123,375	243,218	238,790	473,971
4. Expenses						
(a) Cost of material consumed	25,875	25,971	26,217	51,846	51,616	99,756
(b) Employee benefits expenses	22,879	23,673	22,418	46,552	44,843	90,528
(c) Finance costs	6,601	6,443	4,605	13,044	8,804	22,944
(d) Hospital service fee	9,643	9,567	15,714	19,210	31,114	50,508
(e) Professional charges to doctors	14,415	14,117	13,417	28,532	26,265	53,472
(f) Net depreciation/ impairment & amortization	6,067	5,899	5,167	11,966	9,923	22,218
(g) Other expenses	36,260	33,721	31,912	68,352	61,693	127,806
Total expenses	121,740	119,391	119,450	239,502	234,258	467,232
5. Net profit / (loss) from continuing operations before share in profit/ (loss) of associates and joint ventures (3-4)	1,685	2,031	3,925	3,716	4,532	6,739
6. Add : Share in profit /(loss) of associate companies and joint ventures (refer note 11)	2,328	1,512	2,226	3,840	4,432	48,606
7. Net profit / (loss) before exceptional items and tax (5+6)	4,013	3,543	6,151	7,556	8,964	55,345
8. Exceptional gain/ (loss) (refer note 8)	(4,676)	(57)	93	(4,733)	93	(177)
9. Profit / (loss) before tax from continuing operations (7-8)	(663)	3,486	6,244	2,823	9,057	55,168
10. Tax expense/ (credit)	1,698	1,225	2,420	2,923	2,707	7,240
11. Net profit / (loss) for the period from continuing operations (9-10)	(2,361)	2,261	3,824	(100)	6,350	47,928
12. Profit from discontinued operations before tax	-	-	-	-	-	-
13. Tax expense of discontinued operations	-	-	-	-	-	-
14. Net profit / (loss) for the period from discontinuing operations (12-13)	-	-	-	-	-	-
15. Net profit / (loss) for the period (11+14)	(2,361)	2,261	3,824	(100)	6,350	47,928
16. Profit/ (loss) from continuing operations attributable to:						
Owners of the Company	(4,573)	529	3,138	(4,044)	4,756	42,166
Non-Controlling Interest	2,212	1,732	686	3,944	1,594	5,762
17. Profit/ (loss) from discontinuing operations attributable to:						
Owners of the Company	-	-	-	-	-	-
Non-Controlling Interest	-	-	-	-	-	-
18. Other Comprehensive Income/(loss) (including OCI relating to associates and joint venture (after tax)) ('OCI')	(2,561)	595	1,431	(1,966)	(280)	(2,734)
19. Total comprehensive Income/(Loss) (15+18)	(4,922)	2,856	5,255	(2,066)	6,070	45,194



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(Rupees in lacs)

Particulars	Quarter ended			Six Months ended		Year ended
	30-Sep-17	30-Jun-17	30-Sep-16	30-Sep-17	30-Sep-16	31-Mar-17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
20. Total comprehensive Income/(Loss) attributable to:						
Owners of the Company	(7,102)	1,141	4,566	(5,961)	4,476	39,456
Non-Controlling interest	2,180	1,715	689	3,895	1,594	5,738
21. Paid-up equity share capital (Face Value Rupees 10 per Share)	51,852	51,852	46,349	51,852	46,349	51,773
22. Reserves						462,576
23. Earnings per equity share for continuing operations						
Basic earnings (loss) per share - In Rupees	(0.88)	0.10	0.68	(0.78)	1.03	8.87
Diluted earnings (loss) per share - In Rupees	(0.88)	0.10	0.55	(0.78)	0.72	8.87
24. Earnings per equity share for discontinued operations						
Basic earnings (loss) per share - In Rupees	-	-	-	-	-	-
Diluted earnings (loss) per share - In Rupees	-	-	-	-	-	-
25. Earnings per equity share from continuing and discontinued operations						
Basic earnings (loss) per share - In Rupees	(0.88)	0.10	0.68	(0.78)	1.03	8.87
Diluted earnings (loss) per share - In Rupees	(0.88)	0.10	0.55	(0.78)	0.72	8.87
26. Earnings before depreciation and amortization expense, finance costs, exceptional items, tax expenses and share in profit/(loss) of associate companies and joint ventures (EBITDA) (refer note 19)	14,353	14,373	13,697	28,726	23,259	51,888

Notes to the results

- The above financial results for the quarter and six months ended September 30, 2017 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors at their meetings held on February 28, 2018.
- The financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 Interim Financial Reporting, prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India.
- Segment Reporting**

Operating segments:

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

Geographical areas:

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



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Income from operations – by geographical area

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

Region	Quarter ended			Six months ended		(Rupees in lacs)
	30-Sep-17	30-Jun-17	30-Sep-16	30-Sep-17	30-Sep-16	Year ended
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	31-Mar-17
India	118,009	113,730	118,508	231,739	228,676	447,788
Outside India	1,708	1,931	1,066	3,639	3,014	9,583
Total	119,717	115,661	119,574	235,378	231,690	457,371

Carrying value of Assets and additions to tangible and intangible fixed assets- by location of assets

The following table shows the carrying amount of assets and additions to tangible and intangible assets by geographical area in which the assets are located:

Region	Carrying amount of Segment assets		Additions to Fixed & Intangible assets		(Rupees in lacs)
	30-Sep-17	31-Mar-17	30-Sep-17	31-Mar-17	
	Unaudited	Audited	Unaudited	Audited	
India	811,455	818,870	8,336	27,534	
Outside India	155,815	152,827	31	162	
Total	967,270	971,697	8,367	27,696	

4. Other income includes interest income from Inter-Corporate Deposits (ICDs) and from Banks, foreign exchange fluctuation gain (net), profit on sale of assets (net), fair value adjustments, dividend on investments, forward cover premium amortization (net) and miscellaneous income, etc. whichever is relevant for the period.
5. In case of one of the subsidiaries ("Escorts Heart Institute and Research Centre Limited") ("EHIRCL"), that was formed after amalgamation of Escorts Heart Institute and Research Centre ("EHIRC"), Delhi Society with EHIRC, Chandigarh Society and thereafter registration of EHIRC, Chandigarh Society as a company:
 - a) Delhi Development Authority ('DDA') had terminated the lease deeds and allotment letters relating to land parcels on which a hospital of EHIRCL exists. Consequent to termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. Both these matters are currently pending before the Hon'ble High Court of Delhi, Hon'ble Supreme Court and Estate Officer. Based on the external legal counsel opinions, Management is confident that EHIRCL will be able to suitably defend the termination order and eviction proceedings and accordingly considers that no adjustments are required to the consolidated unaudited financial results.
 - b) Further, EHIRCL also has open tax demands of Rupees 9,923 lacs (after adjusting Rupees 13,046 lacs of an escrow account which was maintained out of sale consideration payable by the Company to the erstwhile promoters) for various assessment years. Further, as per the Share Purchase Agreement, one third of any excess of the net demand, amounting to Rupees 3,308 lacs after adjusting the recovery from escrow account, would be borne by the said erstwhile promoters and the rest by the Company. During the year ended March 31, 2015, the Commissioner of Income Tax (Appeals) decided the case in favour of EHIRCL. Income Tax Department has filed an appeal before Income Tax Appellate Tribunal (ITAT), and the matter is currently pending at ITAT. Based on management assessment, Group believes that it has good chance of success in these cases.
 - c) In relation to the judgement of the Hon'ble High Court of Delhi relating to provision of free treatment/ beds to poor, Directorate of Health Services ("DoHS"), Government of NCT of Delhi, appointed a Firm to calculate "unwarranted profits" arising to it due to non-compliance. During the year ended March 31, 2014, the Special Committee of DoHS stated that before giving a hearing



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to the hospital, a formal intimation shall be given regarding the recoverable amount as per calculation of the appointed Firm, which as per their method of calculations amounts to Rupees 73,266 lacs for the period 1984-85 to 2011-12, seeking hospital's comments and inputs, if any. The company responded to the said intimation explaining errors and objections to the calculations. During the year ended March 31, 2016, EHIRCL received notice from DoHS to appear for a formal and final hearing which raised a demand of Rupees 50,336 lacs for the period till FY 2006 -2007, against which the Company again responded explaining errors and objections to the calculations. During the quarter ended June 30, 2016, DoHS issued a demand notice dated June 9, 2016 directing EHIRCL to deposit Rupees 50,336 lacs within one month. EHIRCL challenged the demand notice by way of a writ petition in Hon'ble High Court of Delhi which vide order dated August 1, 2016 has set aside the demand and disposed of the petition of EHIRCL. DoHS agreed to grant hearing to EHIRCL on the reply submitted to it. Hearings have been held before DoHS but no order has been passed till date. Based on its internal assessment and advice from its external legal counsel on the basis of the documents available, management believes that it is in compliance of conditions of free treatment and free beds to the poor and does not anticipate any liability on account of this matter.

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

Navi Mumbai Municipal Corporation ('NMMC') has terminated the Hospital lease agreement with HHPL vide order dated 18 January, 2017 (Termination Order) for certain alleged contravention of the Hospital Lease agreement. NMMC has granted a period of one month to HHPL to hand over the possession of the hospital to NMMC and also directed HHPL not to admit any new patients. HHPL has filed Writ Petition before the Hon'ble Supreme Court of India challenging the Termination Order. The Writ Petition has been tagged with Special Leave Petition also filed by HHPL inter alia challenging the actions of State Government, City Industrial Development Corporation and NMMC which led to the passing of the said Termination Order. The Hon'ble Supreme Court of India in the hearing held on 30 January, 2017 ordered 'Status Quo'. SLP has been admitted on January 22, 2018 and 'Status Quo' has been continuing. Based on the external legal counsel opinion, management is confident that HHPL is in compliance of conditions of Hospital Lease Agreement and accordingly considers that no adjustment is required to the Consolidated Unaudited Financial results.

7. Consolidated Balance Sheet:

Particulars	(Rupees in lacs)	
	As at 30-Sep-17 Unaudited	As at 31-Mar-17 Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	283,468	297,399
(b) Capital work-in-progress	25,405	23,538
(c) Goodwill	228,064	232,587
(d) Other intangible assets	11,515	11,918
(e) Intangible assets under development	2,906	3,274
(f) Financial assets		
(i) Investments		
a) Investments in associates/Joint venture	145,465	148,627
(ii) Trade receivables	-	1,093
(iii) Loans	1,915	1,749
(iv) Other financial assets	10,505	8,923
(g) Non-current tax assets (Net)	35,106	38,329
(h) Deferred-tax assets (Net)	25,641	23,314
(i) Other non-current assets	2,967	3,464
Total non-current assets	772,957	794,215
Current assets		
(a) Inventories	7,780	6,157



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Particulars	(Rupees in lacs)	
	As at 30-Sep-17 Unaudited	As at 31-Mar-17 Audited
(b) Financial assets		
(i) Other investments	39,067	39,160
(ii) Trade receivables	57,511	47,294
(iii) Cash and cash equivalents (Refer note below)	6,321	54,430
(iv) Bank balances other than (iii) above	394	219
(v) Loans (Refer Note 16)	51,959	8,693
(vi) Other financial assets	11,581	11,106
(c) Other current assets	7,993	5,744
Assets classified as held for sale	182,606	172,803
Total current assets	11,707	4,679
	194,313	177,482
Total assets		
	967,270	971,697
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	51,852	51,773
(b) Other equity	449,364	462,576
Equity attributable to owners of the Company	501,216	514,349
Non-controlling interests	121,826	116,728
Total equity	623,042	631,077
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	112,950	127,870
(ii) Other financial liabilities	1,218	1,447
(b) Provisions	6,054	5,510
(c) Deferred tax liabilities (Net)	14,036	12,887
(d) Other non-current liabilities	253	261
Total non-current liabilities	134,511	147,975
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	62,748	68,034
(ii) Trade payables	75,852	58,866
(iii) Other financial liabilities	53,122	41,034
(b) Provisions	6,344	6,100
(c) Current tax liabilities (Net)	1,391	1,581
(d) Other current liabilities	10,184	12,454
Liabilities directly associated with assets classified as held for sale	76	4,576
Total current liabilities	209,717	192,645
Total liabilities	344,228	340,620
Total equity and liabilities	967,270	971,697



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Note: Cash and cash equivalents comprise:-

Particulars	(Rupees in lacs)	
	As at 30-Sep-17 Unaudited	As at 31-Mar-17 Audited
Balances with Banks	5,494	53,764
Cheques in hand	89	222
Cash in hand	738	444
Total	6,321	54,430

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

Particulars	Quarter ended			Six months ended		Year ended
	30-Sep-17 Unaudited	30-Jun-17 Unaudited	30-Sep-16 Unaudited	30-Sep-17 Unaudited	30-Sep-16 Unaudited	31-Mar-17 Audited
a. Expenses on Composite Scheme of Arrangement and Amalgamation (Refer note 9)	(87)	(57)	(103)	(144)	(103)	(373)
b. Gain/ (Loss) on impairment of investment and assets held in subsidiary companies	-	-	196	-	196	196
c. Loss on closure of hospital facility	(4,589)	-	-	(4,589)	-	-
Net exceptional gain/ (loss)	(4,676)	(57)	93	(4,733)	93	(177)

9. The Board of Directors of the Company at their meeting held on August 19, 2016 approved the proposal to demerge its diagnostic business and that is housed in its majority owned subsidiary SRL Limited ("SRL") into another majority owned subsidiary, Fortis Malar Hospitals Limited ("Fortis Malar") pursuant to a composite scheme of arrangement and amalgamation ("the Composite Scheme"). The Composite Scheme also provided for the sale of the hospital business of Fortis Malar to the Company through a demerger by way of a slump sale. The demerger was to be followed by merger of SRL, which has the diagnostic business, with Fortis Malar as an integral part of the same Composite Scheme. On transfer of the diagnostic business to Fortis Malar and Fortis Malar issuing its equity shares to the shareholders of the Company, the diagnostic business of the Company and the investment in SRL would stand demerged from the Company. The appointed date for the slump sale, demerger and merger under the Composite Scheme is January 1, 2017. The Composite Scheme is subject to various judicial/regulatory and other required approvals. Pending such approvals, no effect of the proposed Composite Scheme has been given in the Consolidated Unaudited Financial Results.
10. During the previous year ended March 31, 2017, the Company completed acquisition of control in Fortis Hospital Limited ("FHTL") by way of acquiring 51% economic interest over equity through purchase of the compulsorily convertible debentures (CCDs) from Fortis Global Healthcare Infrastructure Pte Ltd (FGHIPL) and amendment to the Shareholders Agreement with Fortis Health Management Limited (FHML). FGHIPL and FHML are subsidiaries of RHT Health Trust (RHT) which is an associate of the Group. Subsequent to the acquisition of 51% economic interest in FHTL, the consolidated financial results for the year ended March 31, 2017 includes financial results of FHTL for the post acquisition period starting October 13, 2016. As per requirement of Ind AS 103 "Business Combination", the Group has recorded goodwill on acquisition amounting to Rupees 23,376 lacs and fair value of net tangible assets acquired amounting to Rupees 160,494 lacs as at the acquisition date.
11. Share in profit/ (loss) of associate companies and joint ventures for the year ended March 31, 2017 includes the Group's share of profit (in full) of around Rs. 42,117 lacs on gain recognized by its



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associate (RHT) arising from the disposal of FHTL business to the Company and consequent fair valuation of RHT's residual interest in FHTL under Ind AS 110. The same has been accounted for in full by the Group under Ind AS 28 considering it to be a disposal of a business by RHT, and a business acquisition for the Group accounted under Ind AS 103.

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

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

13. On February 8, 2018, the Promoters of the Company Mr. Malvinder Mohan Singh, Executive Chairman and Dr. Shivinder Mohan Singh, Non-Executive Vice Chairman tendered their resignation from the directorship of the Company, effective immediately. The Board of Directors of the Company discussed the matter in detail at their meeting held on February 13, 2018 and accepted their resignation with effect from February 8, 2018. Further, the Board of Directors, as an interim measure, constituted a Management Committee to oversee the functioning of the Company from a strategic and operational guidance and vested the Management Committee with all the responsibilities and authorities of the Executive Chairman and the Non-Executive Vice Chairman.
14. As on September 30, 2017, the Promoters and Promoter Group entities together held 34.33% of the paid-up capital of the Company of which approximately 98% was pledged to various bank as a security towards the loans raised by the Promoters / Promoter Group entities. In a matter relating to the Promoters and the Promoter Group entities, the Hon'ble Supreme Court of India vide their interim orders dated August 11, 2017 and August 31, 2017 had directed that status quo was required to be maintained over the shares pledged by the Promoter and Promoter Group entities. Subsequently, the Hon'ble Supreme Court of India in its Order on February 15, 2018, has clarified that the earlier direction to maintain status quo of the promoter holding in the Company shall not apply to shares of the Company as may have been encumbered on or before the date of the interim orders. Based on this clarification, the Banks in whose favor the shares of the Company were pledged have invoked their right over the shares and consequently the holding of the Promoters and Promoter Group entities have reduced to 0.77% of the paid-up capital of the Company (as on February 28, 2018).
15. (i) There have been recent reports in the media and enquiries of the Company about certain loans given by a wholly owned subsidiary of the Company. The Audit and Risk Management Committee of the Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm. The scope of the investigation, inter alia, covers (a) Inter Corporate Deposits ("ICDs") given by a wholly owned subsidiary of the Company (b) Intra-group and related party transactions, including compliance with applicable laws and regulations (c) Evaluation of the implications of a recent legal notice received by the Parent. Also, the Executive Chairman and the Non-Executive Vice Chairman, in their letter of resignation from the Board of Directors of the Company had requested the members of the Board to look into all intra-group transactions.
- (ii) The Company has received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Company in regard to secured short-term investments made by a wholly owned subsidiary of the Company. In the aforesaid letter, SEBI has summoned the Company under section 11C(3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. Failure to produce



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the information required for investigation could result in penalties as provided under section 15A and criminal proceedings under section 11C(6) of the SEBI Act, 1992. The Company has furnished some of the information and documents requested and has sought additional time for submitting the balance information as requested. Also refer Note 16 below.

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

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

16. Fortis Hospitals Limited (FHsL) a wholly owned subsidiary in the Group, has deployed funds in secured short term investments in the normal course of the treasury operations with three companies which were not related to the Group until December 14, 2017. The ICDs were given for a period of 90 days in terms of agreements dated July 1, 2017 with each company. ICDs aggregating to Rupees 47,243 lacs and interest thereon of Rupees 1,105 lacs were not realised on the due date of September 29, 2017. The balances outstanding from these companies were assigned by FHsL to another company on September 30, 2017 by way of an Assignment Agreement with a view to accelerate the realisation of the balances. The assignment was secured against current and future assets of the other company and the consideration were receivable by March 31, 2018. Subsequently, on January 5, 2018 the aforesaid Assignment Agreement was terminated based on mutual agreement between the parties. Pursuant to above, the balance of the loans due from the three companies along with the interest accrued thereon reverted to FHsL. With effect from December 15, 2017, these companies became part of the Promoter Group due to a shareholding change in the entities which held the shares of these companies. Consequently, these transactions have been recognized as related party transactions in compliance with applicable regulatory requirements. The repayment of the balances has since commenced and subsequently, in February 2018, FHsL has received Rupees 7,000 lacs from one company towards partial payment of its dues.
17. During the previous year ended March 31, 2017, the Company allotted 18,070,650 equity shares to Standard Chartered (Mauritius) III Limited against USD 30 Million Foreign Currency Convertible Bonds (FCCB), on exercise of conversion option as per Offering Circular.
18. During the previous year ended March 31, 2017, the Company allotted 35,690,887 equity shares to International Finance Corporation against USD 55 Million FCCB, on exercise of conversion option as per FCCB Subscription Agreement.
19. The Company has presented Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) additionally in the financial results. In its measurement, the Group includes other income, but does not include depreciation and amortization expense, finance costs, exceptional items, tax expenses and share in profit/(loss) of associates and joint ventures.
20. The consolidated financial results include financial results of FHTL from October 13, 2016, hence figures for the current quarter and six months are not comparable with figures for the quarter and six months ended September 30, 2016.

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

21. With regard to the comments of the statutory auditors in paragraph 4 of the Limited Review Report on their inability to conclude on the effect, if any, of the outcome of the ongoing investigations on the financial results, state of affairs, cash flows and operations of the Group, the effect, if any, of the outcome of the investigations on the financial results will be dealt with when the investigations are complete.
22. With regard to the comments of the statutory auditors in paragraph 5 of the Limited Review Report on their inability to conclude on certain matters relating to the loans given, the Management submits that the Company through its subsidiary Fortis Hospitals Limited (FHsL) has deployed funds in secured short-term investments through ICD's which were approved. The ICD's are secured by way of charge created upon all present and future assets up-to one time of the loan amount. The management considers the outstanding amount as recoverable in due course.



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

Date: February 28, 2018
Place: Gurugram

For and on behalf of the Board of Directors



A handwritten signature in blue ink, appearing to read "Brian Tempest".

Dr. Brian William Tempest
(DIN 00101235)
Director

A handwritten signature in blue ink, appearing to read "Tejinder Singh Shergill".

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

