

B S R & Co. LLP

Chartered Accountants

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The Board of Directors
Fortis Healthcare Limited
Fortis Hospital, Sector 62,
Phase VIII, Mohali,
Punjab – 160062

Date: 24 July 2023

Independent Statutory Auditor's Certificate on Downstream Investments under Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ('the Rules')

1. This report is issued in accordance with the terms of our engagement letter dated 20 April 2020 and addendum to engagement letter dated 21 July 2023 with Fortis Healthcare Limited (the Company') which is Foreign Owned / Foreign Controlled for the purpose of the said Rules.
2. We, B S R & Co. LLP, Chartered Accountants, the statutory auditors of Fortis Healthcare Limited ('the Company') have been requested by the management, to certify that the Company has complied with the provisions as contained in the Rules, in respect of its investment as detailed in the accompanying Statement of Downstream Investment (herein after referred to as 'Statement'). The Statement has been initialed by us for identification purposes only.

Management's Responsibility

3. The Management is responsible for the preparation of the Statement, for ensuring that the Company complies with the provisions of the Rules and for providing all relevant information to the Reserve Bank of India ('RBI') and other Regulatory Authorities. The Management shall comply with the provisions which shall be implemented in a manner so as to achieve the objectives of the principles.
4. The Management is responsible for maintaining the relevant information and documents, which are required to be kept and maintained under the relevant laws and regulations, implementing the provisions of the Rules and establishing and maintaining effective internal control for properly recording the information related to the downstream investments in the records maintained by the Company.

Auditor's Responsibility

5. Pursuant to the requirements of the rules, it is our responsibility to obtain reasonable assurance and form an opinion as to whether the Company complies with the provisions of Rule 23 of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019. Nothing contained in this certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the Statutory Auditors of the financial statements of the Company.

BSR & Co. LLP

6. For the purpose of this report, we have relied on the audited financial statements of the Company for the year ended 31 March 2023, which is yet to be adopted by the shareholders of the Company, and information and documents made available to us by the Company. We have issued an unqualified audit opinion on the standalone financial statements of the Company for the year ended 31 March 2023 vide our report dated 23 May 2023. Our audit of these financial statements was conducted in accordance with the Standards on Auditing as referred to in section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
7. We have verified the books of accounts and other records maintained in relation to the Rules by the Company on a test check basis. We have also obtained appropriate representations from the Company's management.
8. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ("the Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements".
10. Our opinion is based on the following procedures performed and information and explanations provided by the Management:
 - Traced the amount of downstream investment as detailed in the accompanying Statement to the respective board resolutions.
 - Inspected the downstream investment filings made by the Company in respect of its investments as detailed in the accompanying Statement.
 - Inspected the valuation reports in respect of the investments as detailed in the accompanying statement.
 - Traced the Company's internal accruals (as reflected in the cumulative balance of the retained earnings and general reserve) and aggregate amount of downstream investments to audited financial statements as at 31 March 2023.

Opinion

11. In the above backdrop, based on the examination carried out by us and on the basis of information, explanations and representations given by the Management, and legal advice obtained by the Company, we are of the opinion, that the provisions of Rule 23 of the above-mentioned rules, to the extent applicable, have been complied with by the Company in respect of its downstream investments.



B S R & Co. LLP

Restriction to use

12. This report is addressed to and provided to the Board of Directors of the Company for compliance with the relevant RBI Rules and Regulations and issued solely for onward submission to Reserve Bank of India (RBI) or any of its related statutory authority. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No: 101248W/W-100022



Rajesh Arora

Partner

Membership No.: 076124

UDIN No: 23076124BGZBIG9370

Place: Gurugram

Date: 24 July 2023

Statement of Downstream Investment

In accordance with the terms of the requirements of Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ('the Rules') we hereby certify as under:

- Fortis Healthcare Limited (the 'Company' or 'FHL'), a public limited company, was incorporated on February 28, 1996. Its equity shares are listed on BSE Limited and National Stock Exchange of India Limited.
- Fortis Healthcare Limited is a leading integrated healthcare delivery service provider. The Company is primarily engaged in the business of healthcare services.
- The Company holds interests in its subsidiaries, associates and joint ventures which manages and operates a network of multi-specialty hospitals and diagnostics centres.
- On November 13, 2018, IHH Healthcare Berhad, Malaysia acquired 31.10% stake in the Company and appointed majority of board of directors, thereby, becoming the controlling shareholder of the Company. Since this date, Fortis Healthcare Limited has become a Foreign Owned / Foreign Controlled Company for the purpose of the said Rules.

The Company has made the following downstream investment post becoming a Foreign Owned / Foreign Controlled Company:

| Name of the entity | Activities of the Investee Company | Instrument Type | Date of board resolution by FHL approving the investment | Date of investment | Investment amount (In Rs.) |
|---|------------------------------------|-----------------------------------|--|--------------------|-------------------------------|
| Fortis Health Management Limited ('FHML') | Clinical establishment services | Equity shares | 14 November 2017 and 13 February 2018 | 14 January 2019 | 85,660,090 |
| International Hospital Limited ('IHL') | Clinical establishment services | Equity shares | 14 November 2017 and 13 February 2018 | 14 January 2019 | 2,115,640,479 |
| International Hospital Limited ('IHL') | Clinical establishment services | Compulsory Convertible Debentures | 14 November 2017 and 13 February 2018 | 14 January 2019 | 18,650,081,017 |
| Escort Heart and Super Speciality Hospital Limited ('EHSSHL') | Clinical establishment services | Compulsory Convertible Debentures | 14 November 2017 and 13 February 2018 | 14 January 2019 | 4,062,550,500 |
| Fortis Hospotel Limited ('FHTL') | Clinical establishment services | Compulsory Convertible Debentures | 14 November 2017 and 13 February 2018 | 14 January 2019 | 10,630,176,283 |

FORTIS HEALTHCARE LIMITED

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



| Name of the entity | Activities of the Investee Company | Instrument Type | Date of board resolution by FHL approving the investment | Date of investment | Investment amount (In Rs.) |
|--|------------------------------------|-----------------|--|--------------------|-------------------------------|
| | | | February 2018 | | |
| Escorts Heart Institute And Research Centre Limited ('EHIRCL') | Healthcare provider | Equity shares | 26 May 2020 | 22 December 2020 | 499,997,205 |
| Fortis Hospitals Limited ('FHsL') | Healthcare provider | Equity shares | 26 May 2020 | 22 December 2020 | 1,999,999,991 |
| Fortis Hospitals Limited ('FHsL') | Healthcare provider | Equity shares | 2 November 2020 | 22 December 2020 | 4,999,999,847 |
| Hiranandani Healthcare Private Limited ('HHPL') | Healthcare provider | Equity shares | 26 May 2020 | 27 October 2020 | 351,971,875 |
| Hiranandani Healthcare Private Limited ('HHPL') | Healthcare provider | Equity shares | 26 May 2020 | 1 February 2021 | 33,001,838 |

Further, one of subsidiary of the Company, SRL Limited has made the following downstream investments:

| Name of the entity | Activities of the Investee Company | Instrument Type | Date of board resolution by SRL approving the investments | Date of investment | Investment Amount (In Rs.) |
|--|------------------------------------|-----------------|---|---|--|
| DDRC SRL Diagnostics Limited (‘DDRC’) [Formerly known as DDRC SRL Diagnostics Private Limited] | Diagnostics Service | Equity Shares | 5 February 2021 | 5 April 2021 4 October 2021* 5 October 2021* 4 April 2022* | 3,250,000,000 124,875,000 125,000 125,000,000 |

* Date of payment of deferred consideration as per the share purchase agreement.

The above tables only consider investment made in equity shares, convertible debentures, preference shares and share warrants issued by the Company or its subsidiaries.

With respect to the downstream investment made above, we hereby certify that:

1. We have examined the compliance with Foreign Exchange Management (Non-debt Instruments) Rules, 2019 in respect of downstream investments made by the Company by way of subscription of equity shares of FHML, IHL, FHsL, EHIRCL, HHPL and DDRC and Compulsory Convertible Debentures of IHL, EHSSHL and FHTL.

The filing of Form DI and Form FC-TRS in respect to investments in FHML, IHL, EHSSHL and FHTL was delayed beyond the timelines prescribed in Notification No. FEMA 20(R)/ 2017-RB dated 7



November 2017/ Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019. The Company has deposited the related late submission fees in this regard to Reserve Bank of India on 6 April 2021. Form DI and Form FC-TRS, as required for all other investments have been filed as per the timelines prescribed in the said rules.

3. FHML, IHL, FHTL, EHSSHL, FHsL, EHIRCL, HHPL and DDRC are engaged in the Healthcare Sector falling under the Automatic Route of the Rules.
4. The Company / SRL Limited had completed the necessary downstream investment filings / intimation to the Regulatory Authorities with regard to the above investments.
5. The source of funds utilized for investment in equity shares/compulsory convertible debentures ('CCDs') are as follows:

| Name of the entity | Amount of investment (In Rs.) | Source of funds | Date of infusion of funds | Date of allotment / Conversion of equity shares/CCDS |
|--------------------|-------------------------------|----------------------------|---------------------------|--|
| FHML | 85,660,090 | Funds received from abroad | 14 January 2019 | 14 January 2019 |
| IHL | 20,765,721,496 | Funds received from abroad | 14 January 2019 | 14 January 2019 |
| FHTL | 10,630,176,283 | Funds received from abroad | 14 January 2019 | 14 January 2019 |
| EHSSHL | 4,062,550,500 | Funds received from abroad | 14 January 2019 | 14 January 2019 |
| EHIRCL | 499,997,205 | Internal accrual | 22 December 2020 | 22 December 2020 |
| FHsL | 1,999,999,991 | Internal accrual | 22 December 2020 | 22 December 2020 |
| FHsL | 4,999,999,847 | Internal accrual | * | 22 December 2020 |
| HHPL | 351,971,875 | Internal accrual | 27 October 2020 | 27 October 2020 |
| HHPL | 33,001,838 | Internal accrual | 1 February 2021 | 1 February 2021 |
| DDRC | 3,250,000,000 | Internal accrual | 5 April 2021 | 5 April 2021 |
| | 124,875,000 | | 4 October 2021 | |
| | 125,000 | | 5 October 2021 | |
| | 125,000,000 | | 4 April 2022 | |

* Conversion of existing inter-company loans into equity shares

6. Based on the audited financial statements as at 31 March 2023 and 31 March 2022, the Company's internal accruals (as represented by cumulative balance of retained Earnings and general reserve) and aggregate downstream investments are as follows:



(Amount in Rs. crores)

| Particulars | As at 31 March 2022 Audited | As at 31 March 2023 Audited |
|---|-----------------------------------|-----------------------------------|
| Internal accruals (Cumulative balance of retained Earnings and general reserve) | 861 | 956 |
| Aggregate downstream investments * | 8,845 | 8,848 |

* Net of impairment of Rs. 152 crores (as at 31 March 2023 Rs. 104 crores)

7. The downstream investments in equity shares and compulsory convertible debentures as tabulated above has been made from requisite funds received from abroad or internal accruals as reflected in the cumulative balance of the retained earnings and general reserve and that the funds borrowed in domestic markets have not been utilised for the said investment. This is also based on the legal advice obtained by the Company.
8. The aggregate downstream investments as at 31 March 2023 of Rs. 8,848 crores include the investments mentioned in point 5 above.

For and on behalf of the board of directors of Fortis Healthcare Limited


Authorised Signatory

Date: 24 July 2023

Place: Gurugram

