

**Fortis Healthcare Limited**

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FHL/SEC/STEX/RR/2018-19

April 25, 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: Regulation 30 Update

Dear Sir(s),

This is with reference to the letter dated April 24, 2018 from Manipal and TPG proposing a further revised offer for Fortis (“Manipal Revised Offer”).

As may be noted, the Manipal Revised Offer (which has been submitted to the stock exchanges) states that Manipal and TPG have given Fortis a one-time waiver from the exclusivity provisions under the Implementation Agreement signed with Manipal and TPG on March 27, 2018 by permitting Fortis with a limited ability to undertake a process by permitting due diligence. The aforementioned statement omits certain key facts, such as conditions of the waiver wherein Manipal and TPG sought to impose additional onerous conditions on the Company over and above those contained in the Implementation Agreement that would limit the ability of Fortis to run a competitive bid process if such conditions were to be accepted.

Please find enclosed the letter as received from Manipal Health Enterprises Private Limited in this regard.

You are kindly requested to take the same on record.

Thanking you,
Yours faithfully

For Fortis Healthcare Limited

RAHUL Digitally signed by
RAHUL RANJAN
RANJAN Date: 2018.04.25
18:25:59 +05'30'

**Rahul Ranjan
Company Secretary
M. No. ACS 17035
Encl: a/a**

FORTIS HEALTHCARE LIMITED

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



April 19, 2018

Strictly Private and Confidential

To
The Board of Directors
Fortis Healthcare Limited

Dear Directors,

Subject: the implementation agreement, dated March 27, 2018, by and between Manipal Health Enterprises Private Limited ("MHEPL"), Fortis Healthcare Limited ("FHL"), Manipal Global Health Services ("MGHS"), TPG Asia VI SF Pte. Ltd. ("TPG Asia VI") and TPG Asia VII SF Pte. Ltd. ("TPG Asia VII" and, together with TPG Asia VI, "TPG") (the "Implementation Agreement")

Background

On March 27, 2018, the following transactions were approved and executed by and between, *inter alios*, FHL and us:

- (i) the composite scheme of arrangement between FHL, MHEPL, Fortis Hospitals Limited and La Femme Limited pursuant to which the hospitals business of FHL ("**FHL Hospital Business**") would be demerged into MHEPL (the "**Demerger**", and such scheme, the "**Composite Scheme**");
- (ii) the Implementation Agreement in order to effect the Composite Scheme and the rights and obligations of the respective parties in relation to all the matters connected with the same; and
- (iii) the binding term sheet between SRL Limited ("**SRL**"), MHEPL and FHL, for the sale of 15,983,992 equity shares of SRL, representing 20% of the share capital of SRL, by FHL to MHEPL for a consideration of approximately INR 720 crores (the "**FHLSRL TS**").

On March 28, 2018, MHEPL, SRL, FHL and certain private equity investors in SRL ("**SRL PE Investors**") also executed a binding term sheet for the sale of 24,718,275 equity shares of SRL, representing 30.92% of the share capital of SRL, (the "**PE SRL Stake**") by such SRL PE Investors to MHEPL for a consideration of approximately INR 11,134,346,974 ("**PE Investors SRL TS**").

The transactions contemplated under the Composite Scheme, Implementation Agreement, FHL SRL TS and PE Investors SRL TS are hereinafter referred to as the "**Proposed Transactions**".

MHEPL subsequently unilaterally proposed revisions to some of the key terms of the Proposed Transactions (the "**Revised Proposals**"), vide its letter, dated April 10, 2018, to the board of directors of FHL ("**FHL Board**"). In summary, the Revised Proposals, which automatically expire on April 20, 2018 and to which we await the FHL Board's response, provided for the following:

- (a) notwithstanding the terms of the FHL SRL TS, FHL will not sell any of its shares in SRL to MHEPL;
- (b) the PE SRL Stake will be transferred to an entity controlled by Dr. Ranjan Pai (instead of MHEPL), and such entity shall control the board of SRL after such acquisition and provide support to any subsequent merger of SRL into FHL;





- (c) MHEPL will not undertake a preferential allotment of its shares to TPG and MGHS (which was proposed to be undertaken post approval of the NCLT but prior to effectiveness of the Composite Scheme) and, instead, will undertake a rights issue post consummation of the Demerger; and
- (d) MHEPL will offer a premium on the valuation of the FHL Hospital Business being transferred by FHL to MHEPL pursuant to the Demerger over and above the valuation as determined by the valuers which will be factored into the share entitlement ratio for the Demerger.

We understand that the FHL Board has, as April 17, 2018, received three unsolicited offers for investments into FHL from: (a) Hero Enterprises Investment Office & Burman Family Office ("**Hero and Burman Offer**"); (b) IHH Healthcare Berhad ("**IHH Offer**"); and (c) Fosun International Limited ("**Fosun Offer**", together with the Hero Burman Offer and IHH Offer, the "**Unsolicited Offers**"). While the Hero and Burman Offer is a binding offer and proposes an upfront investment of INR 500 crores into FHL (subject to approval of the shareholders and "other regulatory approvals"), the IHH Offer and Fosun Offer are non-binding expressions of interest. Each Unsolicited Offer requests due diligence access to be provided.

On April 19, 2018, FHL intimated to the stock exchanges that the FHL Board has received the following two revised offers: (i) a revised binding offer from Hero Enterprises Investment Office & Burman Family Office ("**Revised Hero and Burman Offer**"); and (ii) a revised non-binding offer from IHH Healthcare Berhad ("**Revised IHH Offer**", together with the Revised Hero and Burman Offer, the "**Revised Unsolicited Offers**"). We are reviewing the Revised Unsolicited Offers, and would expect the FHL Board to provide us with a reasonable period of time to respond to the Revised Hero and Burman Offer, in accordance with the terms of the Implementation Agreement and, as such, this letter does not deal with the Revised Hero and Burman Offer. Without prejudice to the foregoing, if the FHL Board decides to provide due diligence access to the Approved Bidders (as defined below) on, and subject to, the terms of the One-Time Waiver (as defined below), we expressly reserve the right to deliver a revised proposal (including in response to the Revised Hero and Burman Offer) to the FHL Board in accordance with the terms and conditions of the One-Time Waiver, as more particularly set out below.

Our Response to the Unsolicited Offers

As you are aware, under the terms of the Implementation Agreement, *inter alia*, FHL is neither permitted to: (a) consider any of the Unsolicited Offers (except for the offer for investment of INR 500 crores under the Hero and Burman Offer); nor (b) provide due diligence access to any person (the "**FHL Competing Offers Restrictions**").

While we believe the Proposed Transactions, as amended by the Revised Proposals, create long term value for FHL's shareholders, employees, lenders and other stakeholders, are in their best interest and are superior to the Unsolicited Offers, as a gesture of goodwill, we are prepared to provide FHL a one-time, limited waiver (the "**One-Time Waiver**") in respect of the FHL Competing Offers Restrictions, and subject to, the following terms and conditions:

- (i) FHL will be permitted to provide due diligence access to each bidder who makes an offer (binding or otherwise) to the FHL Board for a proposed investment into, or transaction with, FHL (including the bidders who made the Unsolicited Offers) (each bidder, an "**Approved Bidder**") through a time-bound and efficient process to be conducted under the supervision of the FHL Board, provided that the identities of the Approved Bidders and details of the offers being made by them are promptly provided by FHL to MHEPL. The FHL Board shall set a date ("**New Offer Deadline**") by which the Approved Bidders must provide their final, unconditional and binding offers (subject only to regulatory approvals and corporate approvals required to be obtained by FHL) ("**New Binding Offers**") to the FHL Board. No offer (whether binding or otherwise) from an Approved Bidder shall be considered by the FHL Board if it is received after the New Offer Deadline, and FHL's obligations in respect of any offer received after the New Offer Deadline shall be as set out in the Implementation Agreement;





- (ii) FHL shall promptly provide a copy of any offer (including a New Binding Offer) made by an Approved Bidder to MHEPL, and MHEPL, MGHS and TPG shall be offered the right to deliver to the FHL Board a revised proposal (including a proposal to partner with any of the Approved Bidders) during a period to be determined by the FHL Board but which shall be no less than 7 business days from the expiry of the New Offer Deadline;
- (iii) The revised proposal (if any) from MHEPL, MGHS and/or TPG, along with the New Binding Offers from the Approved Bidders shall be considered by the FHL Board and, if considered appropriate by the FHL Board, by the FHL shareholders;
- (iv) if the FHL Board considers any of the New Binding Offers (a **"Board Selected Offer"**) to be more favourable to FHL (and its shareholders (the **"FHL Shareholders"**)) than the Proposed Transactions as amended by the Revised Proposals or any other revised proposal made by MHEPL and/or MGHS and/or TPG (**"MHEPL Deal"**), the FHL Board shall refer such Board Selected Offer and the MHEPL Deal to the FHL Shareholders. The FHL Shareholders shall (by way of a special majority resolution of the voting shareholders) determine if they wish FHL to proceed with the MHEPL Deal or the Board Selected Offer, and such FHL Shareholders' decision shall be final and binding on FHL, MHEPL and the relevant Approved Bidder;
- (v) if: (a) a New Binding Offer is accepted by the FHL Board and, as applicable, is approved by the FHL Shareholders as set out in sub-paragraph (iv) above; or (b) no decision is taken by the FHL Board in respect of any of the New Binding Offers and/or the MHEPL Deal on or before May 11, 2018, each of MHEPL and TPG shall have the right to terminate the Implementation Agreement; and
- (vi) all other proposals, offers or bids (binding or otherwise) from third parties received by the FHL Board shall be subject to, and treated by FHL in accordance with, the terms and conditions of the Implementation Agreement, and the One-time Waiver provided herein in respect of the Unsolicited Offers does not, and shall in no way, apply to any such proposals, offers or bids.

Further, in our prior discussions with the FHL Board and FHL's management team, we have indicated that MHEPL is prepared to support, and work with, FHL in order to solve its immediate liquidity requirements. To this end, once the approval from the Competition Commission of India (**"CCI"**) is received for the Proposed Transactions, MHEPL will be happy to provide financial assistance of up to INR 750 crores in accordance with applicable laws, either by way of debt financing or by way of guarantees/comfort to the existing lenders of FHL (if indeed it is the FHL Board's position that such short term liquidity is needed by FHL and if the FHL Board and FHL Shareholders approve of the MHEPL Deal as stated above).

Notwithstanding the above, FHL will appreciate that the receipt of CCI's approval to the Proposed Transaction is a legal pre-requisite to any financial assistance being provided by MHEPL to FHL. In any event, any investment by the Approved Bidders in FHL will be conditional on receipt of shareholders' approval and other regulatory approvals, which will take time to obtain. As you are aware, we are in advanced stages of finalizing the application to be filed with the CCI and, as such, MHEPL is in a better position to provide immediate funding to FHL.

Please note that nothing in this letter (including the One-Time Waiver) shall constitute, or be considered as, a permanent waiver of the exclusivity rights under the Implementation Agreement, a waiver of any other rights that we might have under the Implementation Agreement, the Composite Scheme or otherwise, and/or an amendment of the Implementation Agreement or the Composite Scheme or any other transaction documents in connection with the Proposed Transactions. The original Implementation Agreement and the Composite Scheme shall continue to be in full force and effect notwithstanding the One-Time Waiver.

For clarity, we confirm that, as of today, we do not intend to provide the FHL Board with a revised proposal in response to the Hero and Burman Offer but expressly reserve the right to provide a revised proposal





after the NewOffer Deadline, as stated above. To reiterate, we also expect the FHL Board to provide us with the opportunity to deliver a revised proposal to the FHL Board, in accordance with the terms of the Implementation Agreement, to the Revised Hero and Burman Offer.

We also take this opportunity to reiterate that MHEPL is committed to building a leading integrated healthcare delivery service provider with pan-India presence and is keen to offer significant synergy potential and upside to all FHL stakeholders. Partnership with MHEPL will also offer greater stability to FHL's business and a better future to its employees.

If the terms and conditions of the One-Time Waiver are acceptable to you, we request you to sign your acceptance below on or before 5pm (Indian Standard Time), April 19, 2018, failing which the proposal set out herein shall automatically expire and be of no further effect. We look forward to hearing from you in relation to the above.

In the meantime, if you have any questions or need any clarifications, please feel free to contact Mr. Shyam Powar of Allegro.

Thank you.

Yours sincerely,



Manipal Health Enterprises Private Limited
Authorized Signatory


TPG Asia VI SF Pte. Ltd.
Authorized Signatory


TPG Asia VII SF Pte. Ltd.
Authorized Signatory

Agreed and Accepted

Fortis Healthcare Limited
Authorized Signatory

A handwritten signature in black ink, appearing to be 'She' followed by a long horizontal stroke.

Manipal Global Health Services
Authorized Signatory