

**Fortis Healthcare Limited**

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FHL/SEC/STEX/RR/2018-19

April 10, 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 in furtherance to our intimation made, vide our letter reference no. **FHL/SEC/STEX/RR/2017-18** dated **March 27, 2018**, to the stock exchanges w.r.t outcome of the Board Meeting held on March 27, 2018, it is herewith informed to you that the Company today i.e. April 10, 2018 has received an unsolicited binding offer, revising the earlier construct of the scheme and/or transaction, from Manipal Health Enterprises Private Limited. The said revised proposal is under evaluation by the Company and we will keep the stock exchanges informed accordingly.

Please find enclosed the revised proposal as received from Manipal Health Enterprises Private Limited.

You are kindly requested to take the same on record.

Thanking you,
Yours faithfully

For Fortis Healthcare Limited

RAHUL Digitally signed by
RANJAN RAHUL RANJAN
Date: 2018.04.10
20:50:51 +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 10, 2018

To
The Board of Directors,
Fortis Healthcare Limited

Dear Directors,

Subject: Binding offer to revise terms of the transactions with Fortis Healthcare Limited ("FHL")

On March 27, 2018, the following transactions were approved by FHL and us, Manipal Health Enterprises Private Limited ("**MHEPL**"):

- (i) A composite scheme of arrangement between FHL, MHEPL, Fortis Hospitals Limited and La Femme Limited whereby the hospitals business of FHL would be demerged into MHEPL ("**Composite Scheme**") ("**Demerger**");
- (ii) Execution of an implementation agreement between MHEPL, FHL, Manipal Global Health Services ("**MGHS**"), TPG Asia VI SF Pte. Ltd. and TPG Asia VII SF Pte. Ltd. ("**TPG Asia VII**"), 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 ("**Implementation Agreement**"); and
- (iii) Execution of a binding term sheet between SRL Limited ("**SRL**"), MHEPL and FHL, for the sale of 15,983,992 equity shares amounting to 20% of the share capital of SRL by FHL to MHEPL for a consideration of approximately INR 720 crores ("**FHL SRL TS**").

Thereafter, on March 28, 2018, MHEPL and certain private equity investors of SRL ("**SRL PE Investors**") also executed a binding term sheet for the sale of 24,718,275 equity shares amounting to 30.93% of the share capital of SRL by such investors to MHEPL for a consideration of approximately INR 1,113.4 crores ("**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**".

While we believe the Proposed Transactions are in the best interests of the FHL shareholders, after the public announcement, various FHL shareholders expressed reservations regarding certain aspects of the Proposed Transactions. With a view to addressing the feedback received from various FHL stakeholders, we would like to propose revisions to some of the key terms of the Proposed Transactions as set out below (the "**Revised Proposals**").





1. Revised Proposals

S. No.	Description	Original Position under the Scheme, Implementation Agreement, FHL SRL TS and PE Investors SRL TS	Revised Proposal
1.	Purchase of equity shares in SRL pursuant to the PE Investors SRL TS and FHL SRL TS	<p>(a) MHEPL to purchase 15,983,992 equity shares, amounting to 20% of SRL's paid up share capital, from FHL, for a consideration of approximately INR 720 crores; and</p> <p>(b) MHEPL to purchase 24,718,275 equity shares, amounting to 30.93% of SRL's paid up share capital, from the SRL PE Investors, for a consideration of approximately INR 1,113.4 crores.</p>	<p>(a) MHEPL shall not purchase any equity shares from FHL and SRL shall continue to be a subsidiary of FHL.</p> <p>(b) Dr. Ranjan Pai shall, either by himself or through entities controlled by him ("Acquirer"), purchase 24,718,275 equity shares, amounting to 30.93% of SRL's paid up share capital, from the SRL PE Investors, for a consideration of approximately INR 1,113.4 crores. A new shareholders agreement shall be entered into between FHL and the Acquirer to regulate their <i>inter se</i> rights and obligations in relation to SRL and pursuant to which the Acquirer shall <i>inter alia</i> have the ability to appoint a majority of the directors on the board of directors of SRL.</p> <p>(c) The respective boards of FHL and SRL shall, after the Demerger, consider the merger of FHL and SRL. Dr. Ranjan Pai does not have any objection to such a merger and expects to support the proposed merger of FHL and SRL after completion of the Demerger.</p>
2.	Primary Infusion by MGHS and	Collective infusion of INR 3,900 crores in MHEPL by Manipal	No infusion in MHEPL by Manipal Promoter and TPG Asia VII SF





S. No.	Description	Original Position under the Scheme, Implementation Agreement, FHL SRL TS and PE Investors SRL TS	Revised Proposal
	TPG Asia VII into MHEPL (Subscription Securities)	Promoter and TPG Asia VII SF Pte. Ltd.	Pte. Ltd by way of preferential allotment.
3.	Rights Issue after completion of the demerger	Not provided	MHEPL will look to undertake a rights issue for an amount of up to INR 4,000 Crores after completion of the demerger under the Scheme to provide an opportunity to all the shareholders of MHEPL including shareholders of FHL who have become shareholders of MHEPL (after demerger and listing) to infuse fresh capital into MHEPL.
4.	Upward revision to FHL's valuation (Share Entitlement Ratio under the Scheme)	The existing Share Entitlement Ratio of 10.83 equity shares of INR 10 each of MHEPL for every 100 equity shares of INR 10 each of FHL held by the shareholders of FHL, was arrived at on the basis of a equity valuation of INR 5,003 Crores for hospital business of FHL and INR 6,070 Crores for MHEPL, as determined by Walker Chandio & Co LLP, independent valuer and certified by Karvy Investor Services Limited, a category 1 merchant banker.	MHEPL proposes to offer an upward revision of INR 1,058 Crores to the shareholders of FHL over and above hospital business of FHL's equity valuation of INR 5,003 Crores, as determined by the independent valuer and certified by a category 1 merchant banker. This would result in an equity value of INR 6,061 Crores being attributed to the Hospital Business of FHL for purposes of computing the Share Entitlement Ratio for the purposes of the demerger, and therefore, this would result in a more favourable share exchange ratio for shareholders of FHL.

2. Binding Nature and Validity

The Revised Proposals shall be binding on us and remain valid for a period of 7 days from the date of this letter ("Validity Period"). FHL must communicate in writing its acceptance of the Revised Proposals to us within the Validity Period. If FHL fails to accept the Revised Proposals within the Validity Period, the Revised Proposals shall stand automatically (and without the need for further notice) revoked and terminated.





Please note that FHL shall not be entitled to accept the Revised Proposals piece-meal and rejection/non-acceptance by FHL of any of the Revised Proposals shall be considered a rejection of all the Revised Proposals.

Until such time that the next steps under paragraph 3 below are completed, the original Implementation Agreement and the Composite Scheme shall continue to be in full force and shall have effect notwithstanding the Revised Proposals being made in this letter.

3. Next Steps

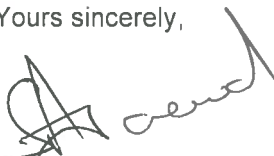
Please note that if the Revised Proposals are acceptable to FHL:

- (i) suitable amendments will need to be made to the Composite Scheme and the Implementation Agreement;
- (ii) the FHL SRL TS will need to be terminated and the relevant transaction documents surrounding the revised proposals for SRL will have to be executed between the relevant parties;
- (iii) the independent valuer and category 1 merchant banker will need to suitably modify their valuation report and fairness opinion, respectively, to the extent any of the above impacts the valuation and provide a revised share exchange ratio; and
- (iv) appropriate amendments will have to be made to the public announcement made in relation to the mandatory tender offer for Fortis Malar Hospitals Limited.

We hope our revised offer helps address the concerns of FHL's stakeholders. In the meantime, if you have any questions or need any clarifications, please feel free to contact Mr. Shyam Powar of Allegro Capital.

Thank you.

Yours sincerely,



Manipal Health Enterprises Private Limited
Authorized Signatory



Copy to:

Michael LaGatta,

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