

**Fortis Healthcare Limited**

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FHL/SEC/STEX/RR/2018-19

April 24, 2018

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

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

Sub: Update under Regulation 30 of SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015

Dear Sir(s),

This is in continuation to our letter Ref. No. FHL/SEC/STEX/RR/2018-19 dated April 10, 2018 whereby, it was informed that the Board of Directors of Fortis Healthcare Limited (“**the Company**”) has received an unsolicited binding offer, revising the earlier construct of the scheme and/or transaction, from Manipal Health Enterprises Private Limited (“MHEPL”), subject to certain conditions as mentioned in the offer letter.

It is hereby informed that the Company today i.e. April 24, 2018, has received a New Revised Proposals, as attached herewith, from MHEPL.

We will keep the stock exchanges updated/informed in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records please. We assure you of our full cooperation at all times.

You are kindly requested to take the same on record.

Thanking you,

Yours faithfully

For **Fortis Healthcare Limited**

RAHUL
RANJAN

Digitally signed by
RAHUL RANJAN
Date: 2018.04.24
23:08:19 +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 24, 2018

Strictly Private and Confidential

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 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 Manipal Health Enterprises Private Limited ("**MHEPL**") ("**Demerger**" and such scheme, the "**Composite Scheme**");
- (ii) the implementation agreement by and between MHEPL, FHL, Manipal Global Health Services ("**MGHS**"), and TPG Asia VI SF Pte. Ltd. and TPG Asia VII SF Pte. Ltd. (collectively, "**TPG**"), in order to effect the Composite Scheme and regulate the rights and obligations of the respective parties in relation to all the matters connected with the same ("**Implementation Agreement**"); 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 ("**FHL SRL TS**").

On March 28, 2018, MHEPL, SRL, FHL 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 of SRL, representing 30.93% of the share capital of SRL ("**PE SRL Stake**"), by such SRL PE Investors to MHEPL for a consideration of approximately INR 1,113.4 crores ("**PE Investors SRL TS**").

The transactions contemplated under the Composite Scheme, the 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**"), which Revised Proposals automatically expired on April 20, 2018.

We also understand that the FHL Board has received the following unsolicited offers:

- (a) a binding offer from Hero Enterprises Investment Office & Burman Family Office vide their letter dated April 18, 2018 to FHL, which replaced the earlier offer made by them vide their letter dated April 12, 2018 to FHL;
- (b) a non-binding expression of interest from IHH Healthcare Berhad vide its letter dated April 16, 2018 to FHL, as revised by its subsequent letter dated April 18, 2018 to FHL;
- (c) a non-binding expression of interest from Fosun International Limited vide its letter dated April 17, 2018 to FHL; and



- (d) a non-binding expression of interest from Radiant Life Care Private Limited vide its letter dated April 19, 2018 to FHL.

The aforesaid offers are hereinafter collectively referred to as the "**Unsolicited Offers**".

In view of all the Unsolicited Offers received by FHL, we wrote to you on April 19, 2018 ("**One-Time Waiver Letter**") to offer, as a gesture of goodwill and cooperation, a one-time waiver to FHL (on the terms and conditions set out in the One-Time Waiver Letter) in relation to FHL's exclusivity obligations under the Implementation Agreement only to the extent that the FHL Board may conduct an independent and transparent bid process including providing due diligence access to other bidders, and for the FHL Board to evaluate the Unsolicited Offers and any other offers that the FHL Board may receive pursuant to such process. Since FHL did not accept the terms and conditions of the One-Time Waiver Letter within the period specified therein, the proposals set out under the One-Time Waiver Letter stand automatically terminated.

We understand that the FHL Board, in its meeting held on April 19, 2018, approved the constitution of an expert advisory committee ("**Committee**") to oversee the evaluation process for the "binding" proposals received by the FHL Board and submit its recommendations to the FHL Board by April 26, 2018.

In light of the above and with a view to addressing the feedback received from the various stakeholders of FHL after announcement of the Proposed Transactions, we would like to propose further revisions to some of the key terms of the Proposed Transactions as set out below ("**New Revised Proposals**"):

1. New Revised Proposals

S. No.	Description	Original Position under the Composite Scheme, Implementation Agreement, FHL SRL TS and PE Investors SRL TS	Revised Proposals (vide letter dated April 10, 2018 and valid up to April 20, 2018)	New Revised Proposals (as of April 24, 2018)
1.	Purchase of equity shares in SRL pursuant to the PE Investors SRL TS and FHL SRL TS	(a) MHEPL shall 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	(a) MHEPL shall not purchase any equity shares from FHL and SRL shall continue to be a subsidiary of FHL.	(a) Simultaneously with the purchase of shares from the SRL PE Investors, the Acquirer shall purchase such number of equity shares of SRL held by FHL as represent 5% of SRL's paid up share capital on a fully diluted basis, for the same price per share as is being paid for the PE SRL Stake. This is to ensure that FHL is able to monetise a portion of its stake in SRL (towards repayment of its overdue loans) while retaining a majority stake in SRL.



S. No.	Description	Original Position under the Composite Scheme, Implementation Agreement, FHL SRL TS and PE Investors SRL TS	Revised Proposals (vide letter dated April 10, 2018 and valid up to April 20, 2018)	New Revised Proposals (as of April 24, 2018)
		(b) MHEPL shall purchase the PE SRL Stake from the SRL PE Investors, for a consideration of approximately INR 1,113.4 crores.	<p>(b) MGHS shall, either by itself or through its affiliates ("Acquirer"), purchase the PE SRL Stake 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. The Acquirer 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>	<p>(b) The Acquirer shall purchase the PE SRL Stake 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 and control at least 51% of the voting rights in SRL with FHL, being granted limited veto rights in relation to certain key matters pertaining to SRL.</p> <p>(c) The respective boards of FHL and SRL shall, after the Demerger, consider the merger of FHL and SRL. The Acquirer 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, <i>provided that</i> all the investigations and proceedings against</p>



S. No.	Description	Original Position under the Composite Scheme, Implementation Agreement, FHL SRL TS and PE Investors SRL TS	Revised Proposals (vide letter dated April 10, 2018 and valid up to April 20, 2018)	New Revised Proposals (as of April 24, 2018)
				FHL and/or its group entities in relation to any corporate law/ securities law and/or foreign exchange law related violations and all allegations of fraud, shall have been concluded without any adverse implications on FHL and its group entities, including any reputational damage.
2.	Primary Infusion by MGHS and TPG Asia VII SF Pte. Ltd. into MHEPL (Subscription Securities)	Collective infusion of INR 3,900 crores in MHEPL by Manipal Promoter and TPG Asia VII SF Pte. Ltd.	No infusion in MHEPL by Manipal Promoter and TPG Asia VII SF Pte. Ltd. by way of preferential allotment.	No infusion in MHEPL by Manipal Promoter and TPG Asia VII SF 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 pursuant to the Composite Scheme to provide an opportunity to all the shareholders of MHEPL (after the Demerger and listing of MHEPL) to infuse fresh capital into MHEPL.	MHEPL will seek to undertake a rights issue for an amount of up to INR 4,000 crores after completion of the Demerger pursuant to the Composite Scheme to provide an opportunity to all the shareholders of MHEPL (after the Demerger and listing of MHEPL) to infuse fresh capital into MHEPL at a price approved by the board of directors of MHEPL ("Rights Issue").
4.	Premium to FHL's valuation (Share Entitlement Ratio under the	The existing Share Entitlement Ratio of 10.83 equity shares of INR 10 each of MHEPL for every 100 equity	MHEPL proposes to offer a premium of INR 1,058 crores to the FHL Shareholders over and above FHL	MHEPL proposes to offer a premium of INR 1,319 crores to the FHL Shareholders over and above FHL



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	Composite Scheme)	shares of INR 10 each of FHL held by the shareholders of FHL ("FHL Shareholders") was proposed on the basis of an equity valuation of INR 5,003 crores for the FHL Hospital Business and INR 6,070 crores for MHEPL, as determined by Walker Chandiok & Co LLP, independent valuer and certified by Karvy Investor Services Limited, a category 1 merchant banker.	Hospital Business'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 FHL Hospital Business for purposes of computing the Share Entitlement Ratio for the Demerger, and therefore, this would result in a more favourable share exchange ratio for the FHL Shareholders.	Hospital Business'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 6,322 crores being attributed to the FHL Hospital Business 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 the FHL Shareholders.
5.	Debt Commitment for Immediate Liquidity	Not provided.	While not provided as part of the Revised Proposals, we had assured FHL of our support by way of debt commitment in the One-Time Waiver Letter.	Manipal Education and Medical Group India Private Limited will arrange 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 letters to lenders of FHL subject to: (i) receipt of approval from the Competition Commission of India ("CCI"); and (ii) the FHL Board and FHL Shareholders approving the Proposed Transactions and New Revised Proposals. To this end, we have already initiated discussions with potential lenders and



S. No.	Description	Original Position under the Composite Scheme, Implementation Agreement, FHL SRL TS and PE Investors SRL TS	Revised Proposals (vide letter dated April 10, 2018 and valid up to April 20, 2018)	New Revised Proposals (as of April 24, 2018)
				have received an in principle approval from ICICI Bank to provide the necessary facilities to FHL and its group companies. The letter of intent from ICICI Bank is attached as Annexure 1 hereto. Please note that while the letter of intent is for a higher amount, we are undertaking to arrange for financial assistance of up to INR 750 crores.
6.	Open Offer	Not provided.	Not provided.	Manipal Promoter and TPG Asia VII SF Pte. Ltd. and/or their affiliates will make an open offer to the public shareholders of Resultant MHEPL (as defined in the Implementation Agreement) to acquire up to 26% of MHEPL's outstanding shares post the consummation of the Demerger. The open offer price shall not be less than INR 121 per share, subject to applicable laws.
7.	Indebtedness Adjustment	Cash settlement in case the Actual Indebtedness (as defined in the Implementation Agreement) is in excess of INR 381,00,00,000 (Rupees Three Hundred and Eighty One Crores only) (" Indebtedness Threshold "),	Change not mentioned.	There shall be no adjustment for Indebtedness and the entire Actual Indebtedness (as defined in the Implementation Agreement) shall be transferred to MHEPL without any adjustment. The Implementation Agreement shall clarify



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				that all the existing cash and cash equivalents and generated by the FHL Group, including but not limited to, from the liquidation of FHL's stake in RHT and outstanding tax refunds, shall be utilized to reduce the Actual Indebtedness (as defined in the Implementation Agreement).
8.	'Fortis' brand sale	Unencumbered 'Fortis' brand to be sold by FHL to MHEPL for cash, in the manner set out in the Implementation Agreement.	No change.	No change. However, the Implementation Agreement shall provide that the cash received by FHL from the sale of the 'Fortis' brand shall be utilized to reduce the Actual Indebtedness (as defined in the Implementation Agreement).
9.	Dilution of rights under the Implementation Agreement	Under the Implementation Agreement, MHEPL and TPG had certain retained the right to terminate the Implementation Agreement on the occurrence of certain events.	No change.	In order to increase deal certainty, MHEPL has proposed mark ups to certain clauses of the Implementation Agreement, which have been separately sent to the FHL Board for their review.

2. Key advantages of the Proposed Transactions as amended by the New Revised Proposals

We believe the Proposed Transactions, as amended by the New Revised Proposals, are in the best interests of the FHL Shareholders and the employees, creditors and other stakeholders of FHL for the following key reasons:

- (i) Short Term Liquidity: We understand that FHL has short term liquidity concerns and we have, in our earlier discussions with the FHL Board and FHL's management team,



indicated that we are prepared to support and work with FHL in order to address its immediate liquidity requirements. To this end, once the approval from the CCI is received for the Proposed Transactions, Manipal Education and Medical Group India Private Limited will be happy to arrange 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 letters to the 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 the Proposed Transactions and New Revised Proposals). To this end, ICICI Bank has issued a letter of intent, agreeing (on an 'in principle' basis) to provide the necessary facilities to FHL and its group companies. The letter of intent from ICICI Bank is attached as **Annexure 1** hereto. Please note that while the letter of intent is for a higher amount, we are undertaking to arrange for financial assistance of up to INR 750 crores.

Notwithstanding the above, you will appreciate that the receipt of CCI's approval to the Proposed Transactions is a legal pre-requisite to any financial assistance being provided by us to FHL and, as you are aware, we are in advanced stages of finalizing the application to be filed with the CCI. Accordingly, we are in a very good position to arrange funding for FHL within a short time frame.

- (ii) Long term value for the FHL stakeholders: The Proposed Transactions (as amended by the New Revised Proposals) offer long term value creation for the FHL Shareholders and other stakeholders of FHL by creating a leading integrated healthcare delivery service provider with a pan-India presence with significant synergy potential and upside. The Proposed Transactions (as amended by the New Revised Proposals) further offer greater stability to FHL's business and a better future to its employees and also addresses FHL's concerns for funding the RHT Transaction.
- (iii) Exit for the SRL PE Investors: As you are aware, FHL is under an obligation to provide the SRL PE Investors with an exit from SRL. The SRL PE Investors had, pursuant to the FHL SRL TS, agreed to sell to MHEPL the PE SRL Stake for an aggregate amount of INR 1,113.4 crores. Hence the Proposed Transactions (as amended by the New Revised Proposals) safeguard and provide a road map for the exit of the SRL PE Investors from SRL.
- (iv) Definitive Documents: All transaction documents in relation to the Proposed Transactions have already been negotiated and executed by and between, *inter alios*, FHL and MHEPL and, accordingly, the New Revised Proposals can be reflected in the said transaction documents in short order.

3. Binding Nature and Validity

The New Revised Proposals are binding and remain valid for acceptance within a period of 5 days from the date of this letter, i.e. by 11:59 p.m. (Indian Standard Time) on April 28, 2018 ("**Validity Period**"). FHL and/or the FHL Board must communicate in writing their acceptance of the New Revised Proposals to us within the Validity Period. If FHL or the FHL Board fails to accept the New Revised Proposals within the Validity Period, the New Revised Proposals shall stand automatically (and without the need for further notice) revoked and terminated, unless we unilaterally or mutually agree to extend such Validity Period.

Please note that neither FHL nor the FHL Board shall be entitled to accept the New Revised Proposals on a piece-meal basis and rejection/non-acceptance by FHL and/or the FHL Board of any of the New Revised Proposals shall be considered a rejection of all the New Revised Proposals.

Until such time that the next steps under paragraph 4 below are completed, the original Implementation Agreement and the Composite Scheme shall continue to be in full force and effect notwithstanding the New Revised Proposals being made in this letter.



4. Next Steps

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

- (i) suitable amendments will need to be made to the Composite Scheme and the Implementation Agreement;
- (ii) the relevant transaction documents relating to 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 for the Demerger; 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 request the Committee and the FHL Board to take into account the obvious benefits and long term objectives of the Proposed Transactions, as amended by the New Revised Proposals, while evaluating the binding bids received by the FHL Board and/or the Committee and reaching a decision in this regard.

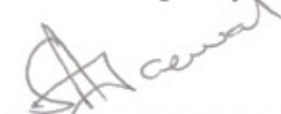
This letter constitutes our response to the letter dated April 19, 2018 from FHL to MHEPL, MGHS and TPG in accordance with Clause 8.1 of the Implementation Agreement. As set out in our letter dated April 23, 2018, we expect the FHL Board and the Committee to provide us with the opportunity to deliver a revised proposal to the FHL Board in accordance with the terms of the Implementation Agreement in response to any further binding bids (including revisions to existing binding bids) received by the FHL Board and/or the Committee that have not been considered for purposes of this letter (including for avoidance of doubt, any binding bids received by FHL as of the date hereof).

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



Name: SAMEER AGARWAL
Title: CFO, MHEPL



Manipal Global Health Services
Authorized Signatory



Name: GYANESHWARNATH GOWDA
Title: DIRECTOR

TPG Asia VI SF Pte. Ltd.
Authorized Signatory

A handwritten signature in black ink, appearing to read 'Michael Lagatta', written over a horizontal line.

Name: MICHAEL LAGATTA
Title: VICE PRESIDENT

TPG Asia VII SF Pte. Ltd.
Authorized Signatory

A handwritten signature in black ink, appearing to read 'Michael Lagatta', written over a horizontal line.

Name: MICHAEL LAGATTA
Title: VICE PRESIDENT



Letter of Intent

ICBK/BLR/CBG/2018-19/098

April 18, 2018

**Manipal Education & Medical Group Private Limited ("Manipal Group")
Bangalore India**

Kind Attn: Mr. V. Rangarajan, Group CFO

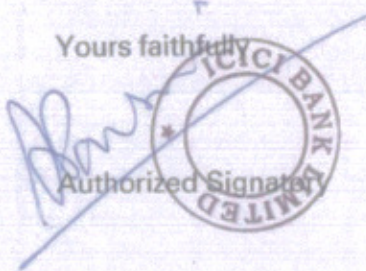
Dear Sir:

Your application for term loan facility of ₹ 18.36 billion towards refinance of existing credit facilities in Fortis Healthcare Limited and its associates, and further facility ₹ 5.00 billion towards capital expenditure and future working capital requirements.

Please refer to your application, subsequent correspondence and discussions your representatives had with us regarding the captioned subject.

We are 'in principle' agreeable to fund the aforesaid credit facilities subject to terms and conditions as may be specified by the bank inter alia, satisfactory review of business plans, due diligence of various agreements and contracts, validation of revenue assumptions, legal counsel review, satisfactory documentation and internal credit approvals.

Yours faithfully


Authorized Signatory

ICICI Bank Limited
Sobha Pearl, 5th Floor
1, Commissariat Road
Bangalore 560 025.

Website www.icicibank.com
CIN : L65190GJ1994PLC021012

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