

Fortis Healthcare Limited – Composite Scheme

“Saving and Enriching Lives”



August 19, 2016

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Presentation Structure

- **Fortis – An Overview**

- **SRL Value Unlocking**

 - **Diagnostic Industry Opportunity**

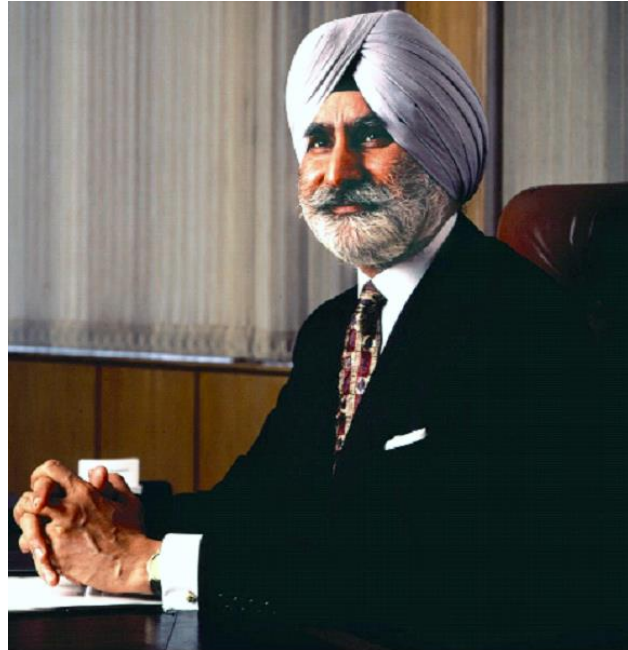
 - **SRL Ltd. Overview**

 - **Current Structure / Shareholding and Rationale Of Composite Scheme**

 - **Summary of Composite Scheme of Arrangement & Amalgamation**

 - **Resultant Structure / Shareholding**

The Founding Vision



*Late Dr. Parvinder Singh
Founder Chairman, Fortis Healthcare Ltd.*

**“TO CREATE A WORLD-CLASS INTEGRATED HEALTHCARE DELIVERY SYSTEM IN INDIA,
ENTAILING THE FINEST MEDICAL SKILLS COMBINED WITH COMPASSIONATE PATIENT CARE”**

Vision



“ Saving and Enriching Lives ”

Mission

GLOBALLY RESPECTED

HEALTHCARE ORGANISATION KNOWN FOR

CLINICAL EXCELLENCE & DISTINCTIVE PATIENT CARE

Our Journey

2013-16

Commissioned FMRI, LDH & Bengaluru; Divested International Assets

2012

Acquired Fortis International Pte. ; Business Trust listing on SGX

2011

Acquired stake in SRL (Diagnostics laboratory network)

2010

Acquired & divested stake in Parkway Holdings & commissioned 2 new hospitals

2009

Acquired 10 hospitals from Wockhardt group

2007-08

Fortis IPO - Listing on BSE & NSE
Acquired Malar hospitals, Chennai

2005

Acquired Escorts chain of hospitals; Launched Fortis La Femme

2004

Commissioning of second greenfield hospital (NCR)

2001

Started first hospital at Mohali, Punjab



Current Operational Expanse

ONE OF THE LEADING HEALTHCARE DELIVERY CHAINS IN INDIA

SCALE OF OPERATIONS

- 45 HEALTHCARE FACILITIES WITH PRESENCE ACROSS 14 STATES & 19 CITIES
- 4,600 OPERATIONAL BEDS WITH ~10,000 POTENTIAL BED CAPACITY
- PROVIDES SECONDARY, TERTIARY AND QUATERNARY HEALTHCARE DELIVERY SERVICES TO PATIENTS
- 329 DIAGNOSTIC CENTRES, OVER 7,300 COLLECTION POINTS AND PRESENCE ACROSS 700+ CITIES IN INDIA; OFFERS OVER 3800 TESTS
- SRL PROVIDES DIAGNOSTIC SERVICES WHICH INCLUDES PATHOLOGY, IMAGING, WELLNESS AND CLINICAL RESEARCH SERVICES
- OVER 22,000 EMPLOYEES ACROSS FORTIS & SRL

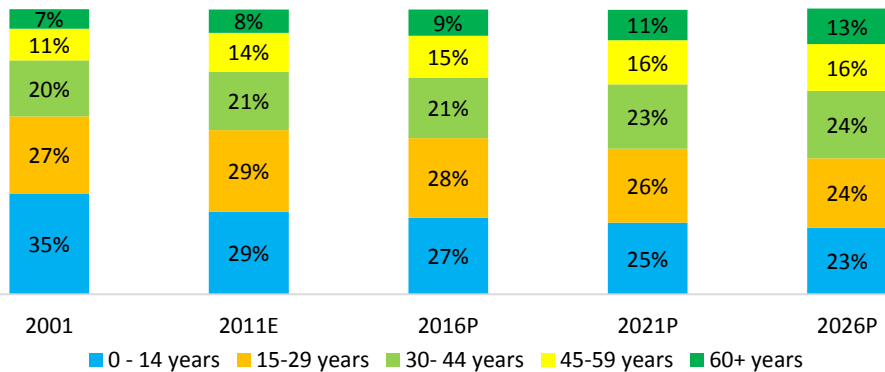


SRL VALUE UNLOCKING

Diagnostics Market Opportunity - Strong macro drivers

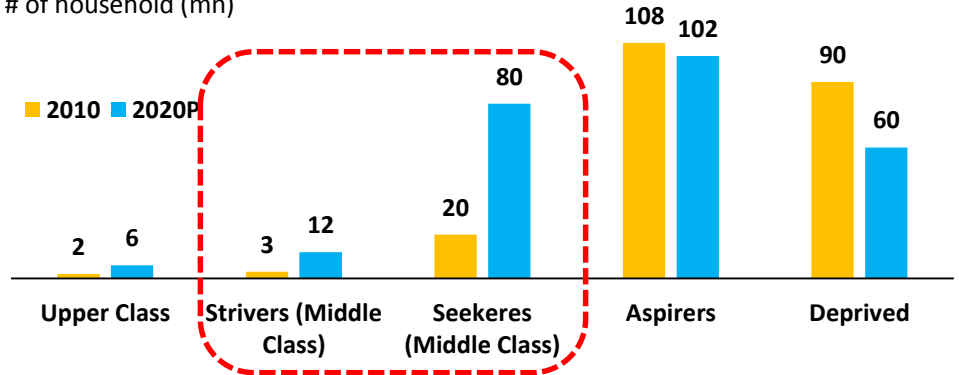
Increasing population, incidence of lifestyle diseases, awareness and rising affordability driving demand for quality diagnostic services

Rapidly ageing population of India



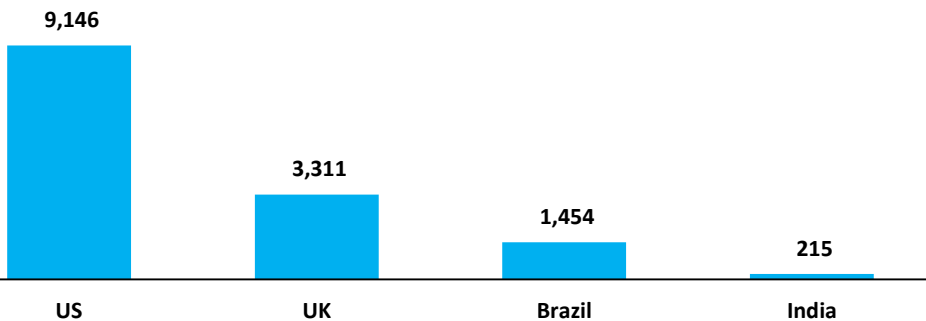
India's Burgeoning Middle Class

of household (mn)



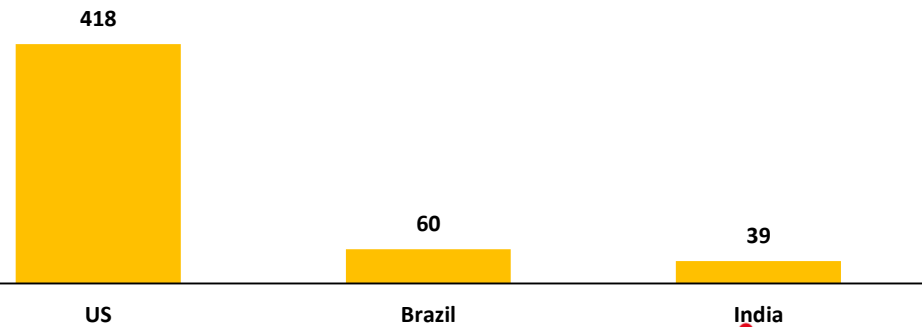
India's per capita spend on diagnostic is low

US\$ / annum (adjusted for purchasing power) - 2013 data

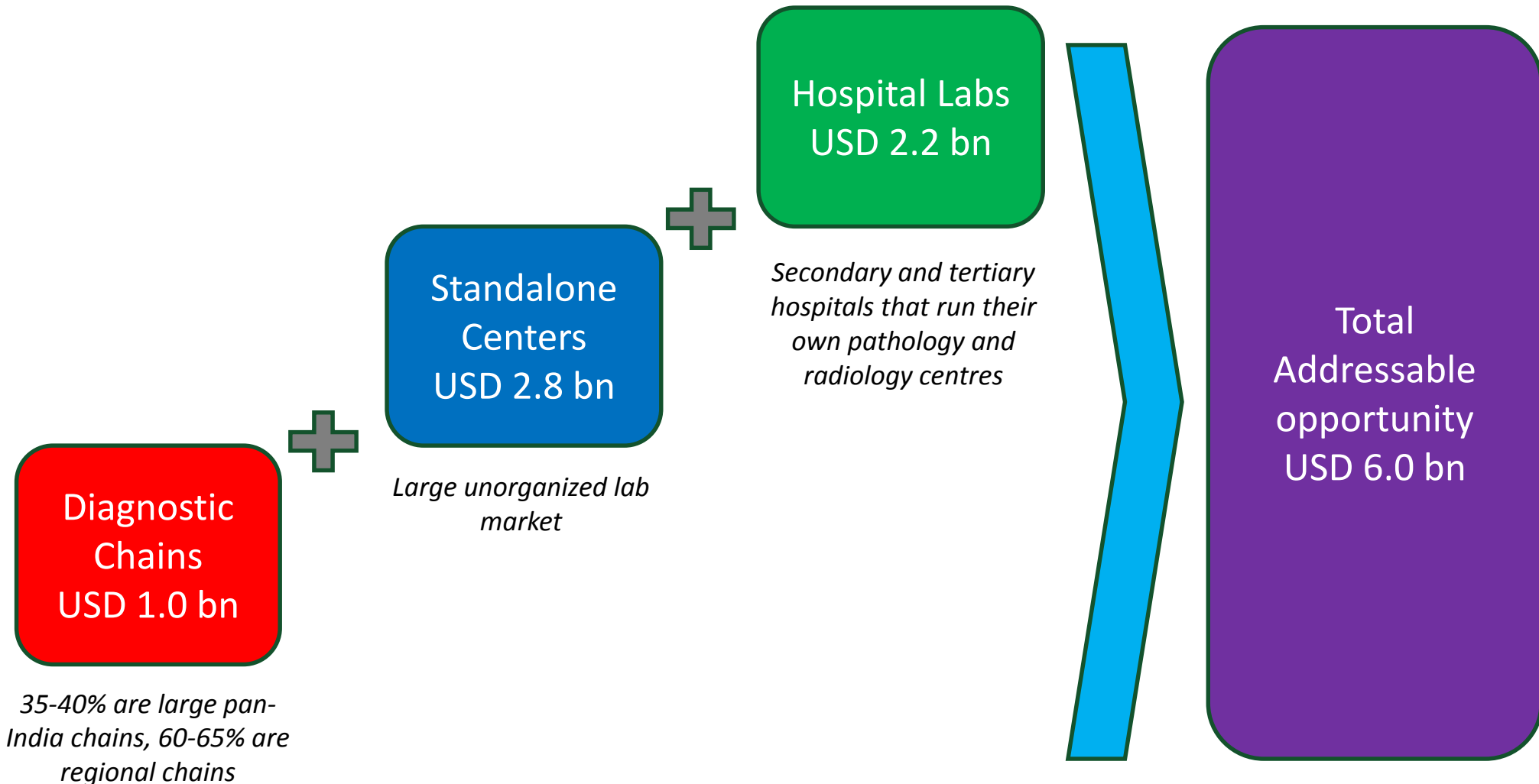


Significant room for growth in diagnostic market

of diagnostic labs per million population

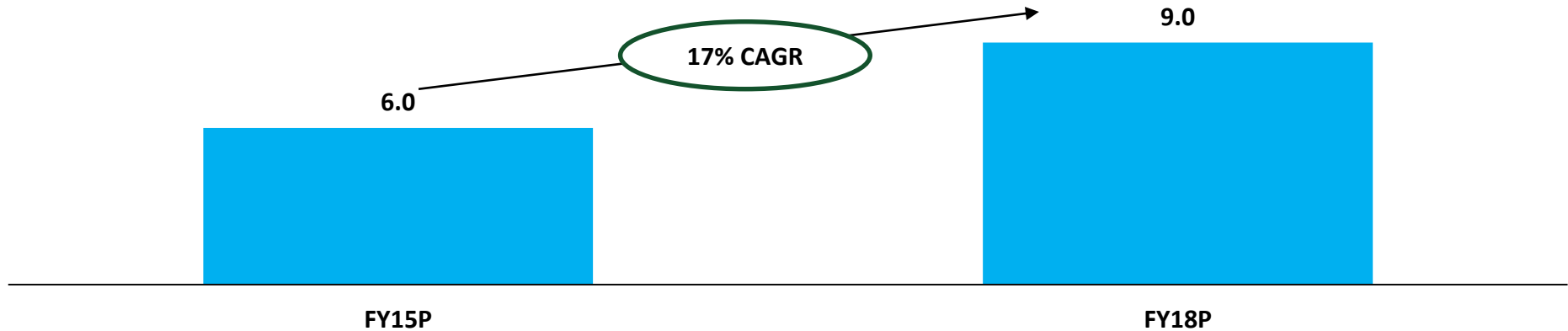


Diagnosics Services Market in India

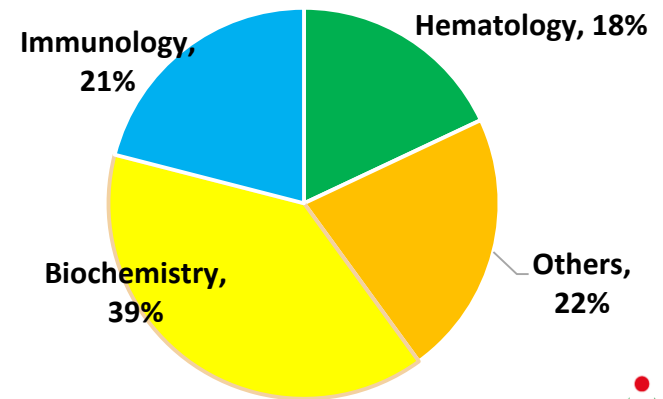
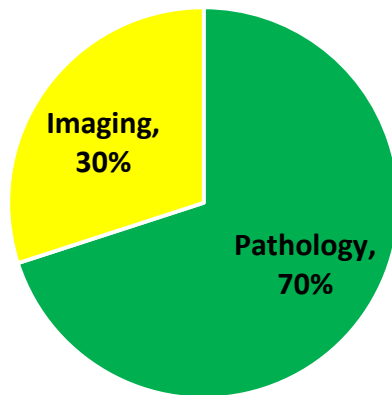


Rapid growth of Diagnostic Services in India

Diagnostic Services to reach USD 9 bn by FY18P



Diagnostic Industry Sub-segments



SRL Overview

- The largest private player in the organized diagnostic sector in India
- Presence across > 700 towns and cities across the country
- Offering a comprehensive range of investigations in Pathology and Imaging with over 3,800 types of diagnostic tests
- Performed ~14.5 mn accessions and ~33 mn tests during FY16
- Manages 100+ hospital implants – largest by any diagnostics network in the country

4 Reference Laboratories



325 Network Laboratories

1,074 Collection Centers



6,271 Direct Clients



Accreditations

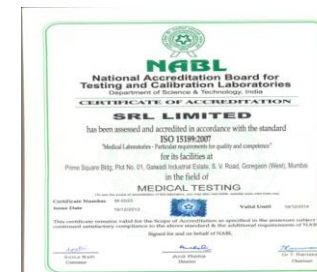
- ✓ SRL has the highest number of accredited labs in the country
- ✓ Accreditation by CAP, NABL and NGSP
- ✓ Compliance with Clinical Pathology Accreditation (CPA), U.K standards and US Clinical Laboratory Standards Institute



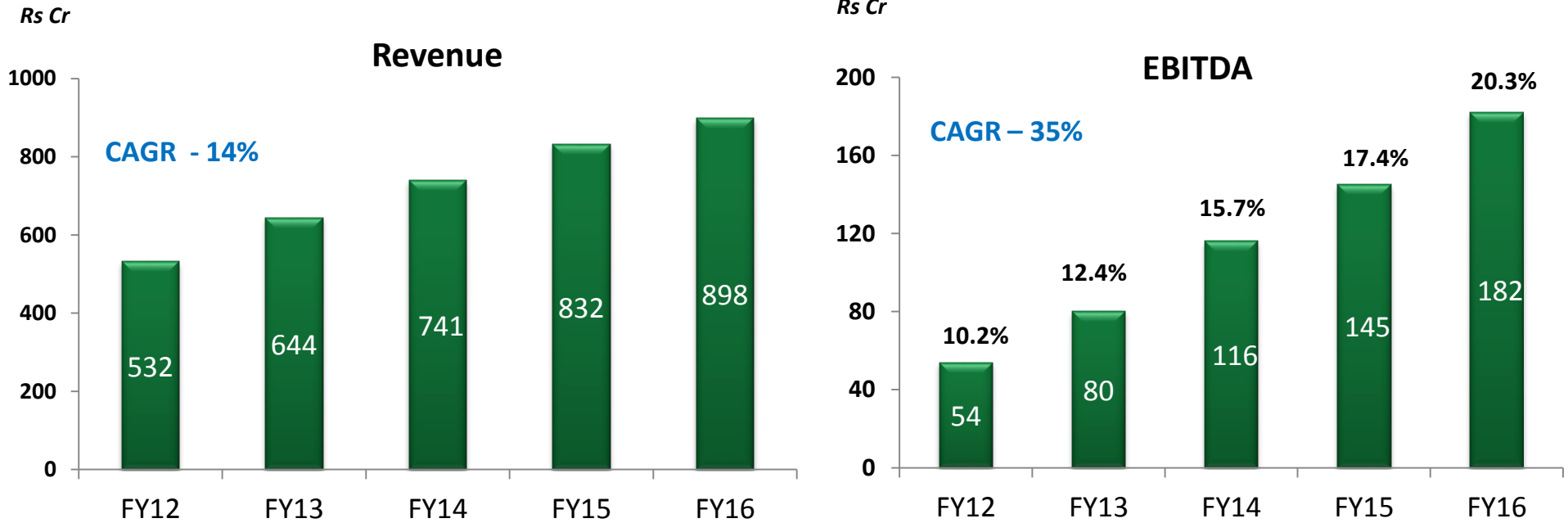
CAP: College of American Pathologists, NABL: National Accreditation Board for Testing & Calibration Laboratories, NGSP : National Glycohemoglobin Standardization Program Level1 Certification for HbA1c

Logistic Capabilities

- ✓ Over 450 Cities connected nationally & internationally with on-line tracking
- ✓ 24-48 hours transit for International shipments (*per specimen stability norms*)
- ✓ All shipments under temperature controlled conditions



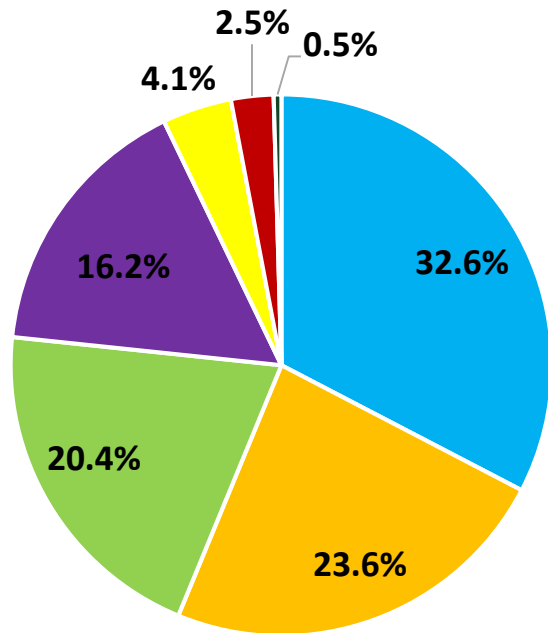
SRL– Standalone financials



STRONG VALUE CREATION FOR SRL SHAREHOLDERS

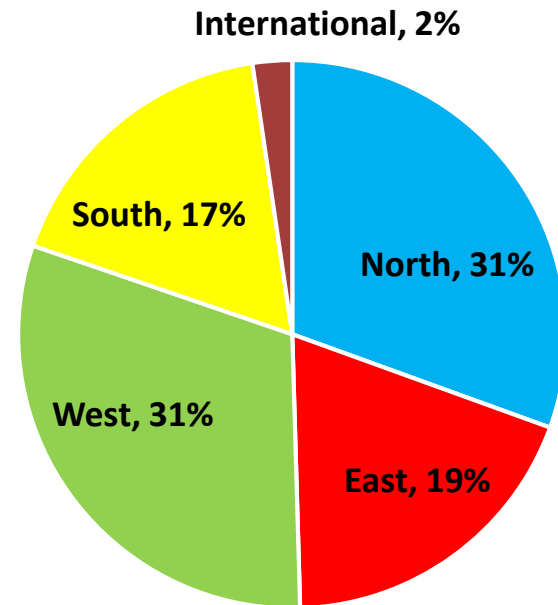
SRL Revenue Mix

Customer Revenue Mix



- Walk-in
- Direct Client
- Clinical Trial
- Collection centers
- Wellness
- Hospitals
- International

Geographical Revenue Mix



Proposed Composite Scheme

PROPOSED DEMERGER

- The board of directors of Fortis Healthcare Limited (Fortis Healthcare) has approved a composite scheme of arrangement and amalgamation which would result in the demerger of the company's diagnostic business, primarily housed in its majority owned subsidiary SRL Limited (SRL), into another majority owned listed subsidiary, Fortis Malar Hospitals Limited (Fortis Malar), followed by SRL being merged into Fortis Malar as part of the same Composite Scheme.
- The Composite Scheme also involves transferring the hospital business of Fortis Malar into Fortis Healthcare by way of slump sale for lump sum consideration and such transfer and demerger shall precede the amalgamation.
- The composite scheme of arrangement and amalgamation will be subject to the various statutory and regulatory approvals.

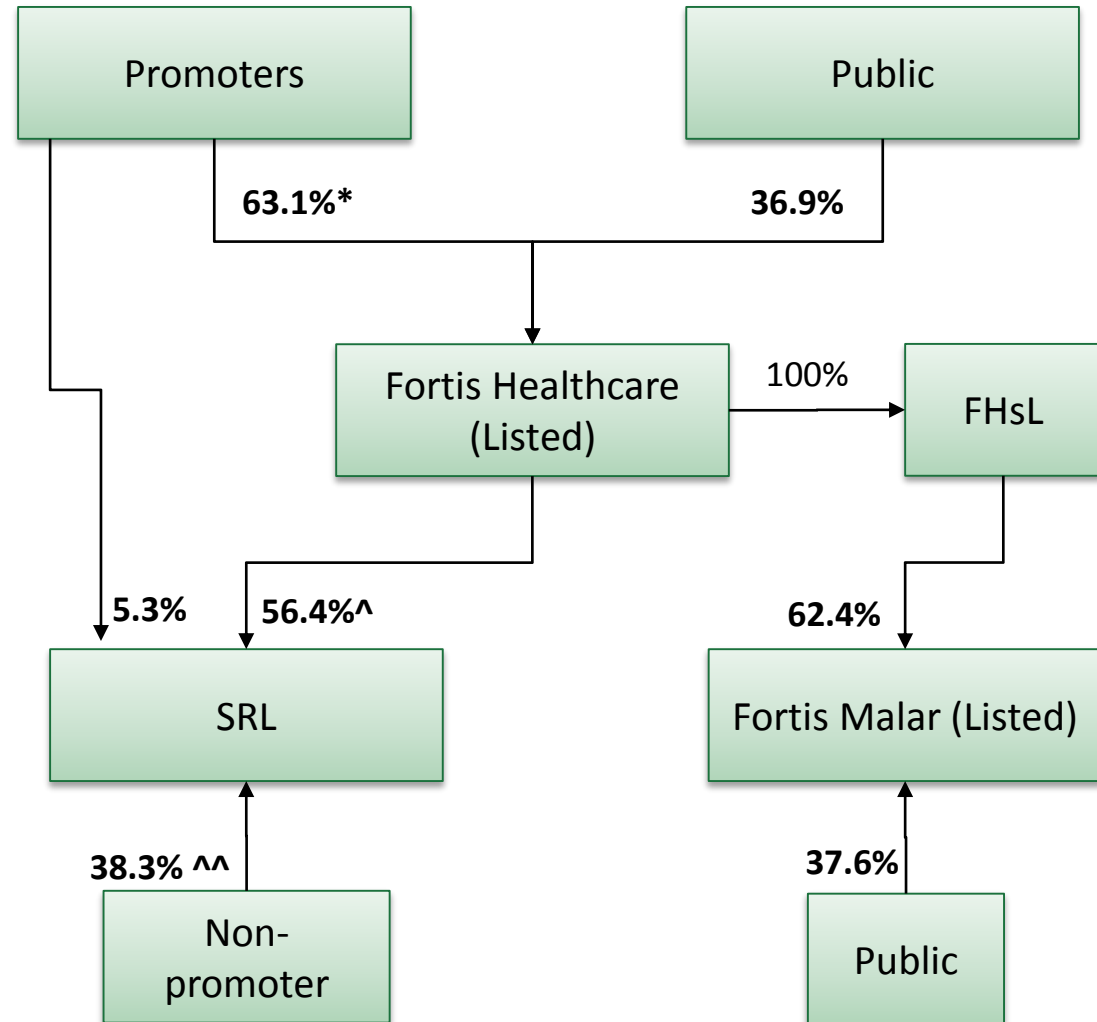
Rationale

RATIONALE AND BENEFITS OF THE SCHEME

- Strategically apt for both businesses to be restructured under separate entities to enable them to pursue future growth opportunities in their respective segments
- Both businesses to move forward independently with greater focus and specialization; leveraging their respective capabilities and strong brand presence.
- Simplified organization structure assisting shareholders and investors to better understand and evaluate both businesses independently as investment options
- Value unlocking for shareholders ; potentially can lead to higher value illumination of each of these businesses

Current Company Structure

- Promoters hold an effective stake of 63.1% in Fortis Healthcare Limited (fully diluted), Public shareholders hold approx. 36.9%.
- Fortis Healthcare Limited holds an effective stake of 56.4% in SRL Limited, 5.3% is with the promoters of Fortis Healthcare and 38.3% is the non – promoter holding.
- Fortis Healthcare Limited (through its 100% subsidiary FHsL) holds 62.4% in Fortis Malar Hospitals Limited, 37.6% is held by public shareholders.



* Fully diluted shareholding assuming full FCCB conversion

^Fully diluted shareholding assuming all CCPS conversion.

^^ Non-promoter shareholders of SRL include Private Equity shareholders of SRL, Other Financial institution / corporate entity shareholders of SRL

Composite Scheme of Arrangement

Step 1 (a)

Transfer of the Hospital Business of Fortis Malar to Fortis Healthcare by way of slump sale. Fortis Malar to retain its existing diagnostic business

Rationale

To house the hospital business under one entity .i.e. Fortis Healthcare

Consideration

Fortis Healthcare to pay a cash consideration to Fortis Malar of Rs 43 Cr

Step 1 (b)

Demerger of business undertaking comprising the diagnostic business in Fortis Healthcare (including investments held by Fortis Healthcare in SRL – 56.4% stake) to Fortis Malar

Rationale

To house the Diagnostic business under one entity i.e. Fortis Malar

Consideration

Fortis Malar to allot its shares to shareholders of Fortis Healthcare . Share entitlement ratio of 0.98 : 1 (approx.51.2 Cr no of shares issued)

Step 2

Merger of SRL into Fortis Malar. Name of Fortis Malar shall be changed to SRL Ltd.

Rationale

To house the entire diagnostic business directly under Fortis Malar

Consideration

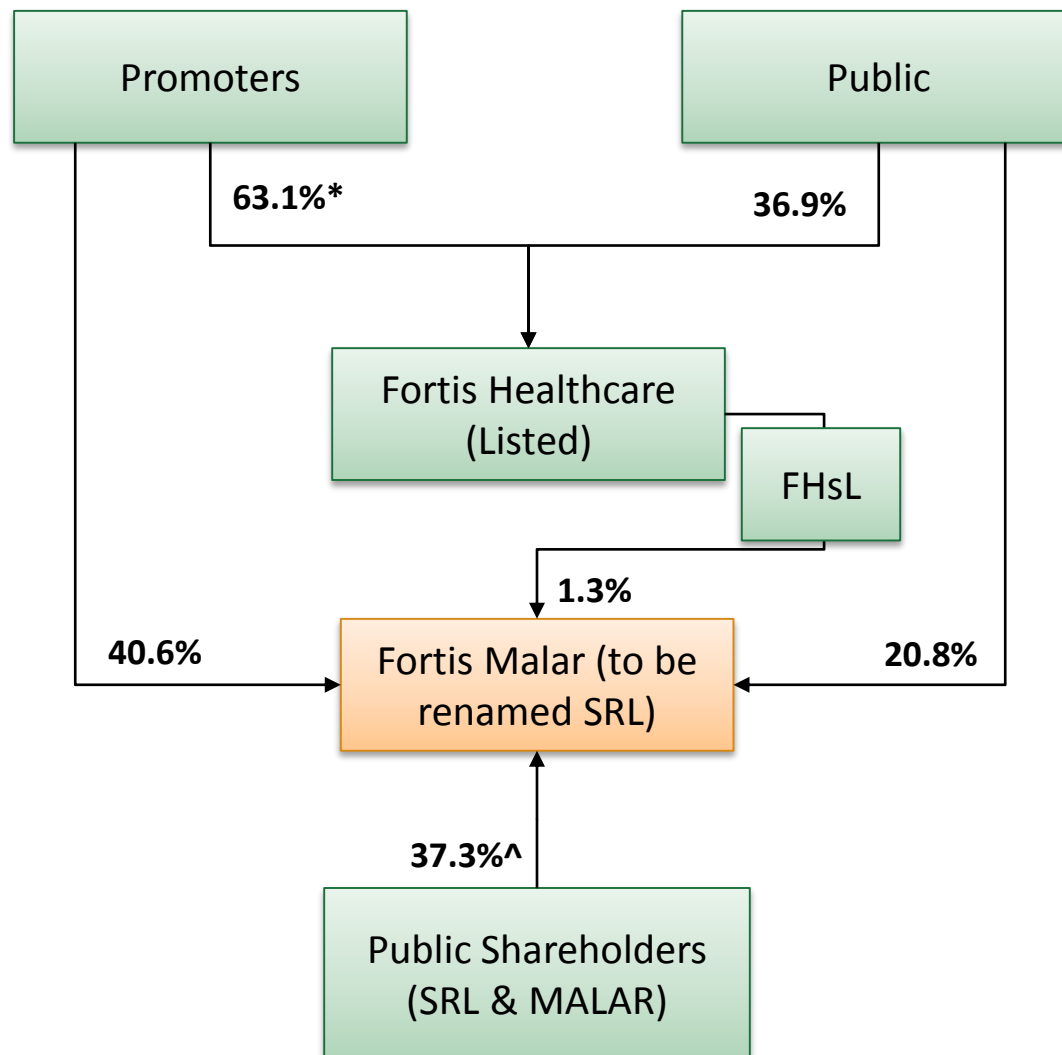
Fortis Malar to allot its shares to shareholders of SRL (excluding itself). Share exchange ratio of 10.8 : 1 (approx. 37.8 Cr no of shares issued)

The resultant entity to have expanded equity base of approx 91.0 Cr equity shares of FV Rs 10

Resultant Structure

Post the effectiveness of Composite Scheme, the shareholding in resultant entity, i.e., Fortis Malar (renamed as SRL) will be as follows:

- Promoters will hold an effective equity stake of 40.6%
- Public shareholders of Fortis to hold 20.8%
- Other public shareholders (SRL & Malar) to hold 37.3%
- FHL through its subsidiary, FHsL, will hold 1.3%



* Fully diluted shareholding assuming full FCCBs conversion

^Public shareholders of SRL include Private Equity shareholders of SRL, Other Financial institution / corporate entity shareholders of SRL and public shareholders of FMHL

Key advisors to the transaction

- JM Financial is advisor to Fortis Healthcare on the transaction
- YES Securities (India) Ltd. is advisor to Fortis Malar on regulatory and related requirements for the transaction
- PwC were the advisors on the structuring of the transaction.
- Cyril Amarchand Mangaldas acted as the key legal advisor.
- Price Waterhouse & Co LLP were the valuers to the transaction.

THANK YOU



Fortis Healthcare Limited
August 19, 2016