

## TPG-Manipal buys Fortis Healthcare chain

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The Fortis Healthcare board has approved the transaction in which its healthcare division will be merged with Manipal Hospitals. Apart from it, it will also sell a majority stake in its SRL Diagnostics to the same group.

Following this transaction, Ranjan Pai will become the largest investor with a 37.9% stake and TPG will follow with 20%. The promoters of Fortis Healthcare, Malvinder Singh and Shivinder Singh will have a 0.3% stake, down from about 0.8%. Each Fortis Healthcare shareholder will get shares in Manipal Hospitals in the ratio of 10.83 for every 100 held.

The Singh brothers welcomed the move, reports The Economic Times. "The demerger of Fortis' hospital business into Manipal Hospitals, promoted by Dr Ranjan Pai and backed by TPG, will unlock significant value for all stakeholders and will further accelerate and expand access to high quality healthcare services in India," they said in a release. "We are happy and confident that the combination will be value accretive for all stakeholders."

In the second part of the transaction, Manipal Hospital will buy a 50.9% stake in SRL Diagnostics from Fortis Healthcare and other private equity investors at a total equity valuation of Rs 3,600 crore. This includes Manipal Hospitals buying a 20% stake from Fortis Healthcare and an additional 30.9% stake from private equity investors.

As part of the transaction, Pai and TPG will invest Rs 3,900 crore in Manipal Hospitals. The funds will be used to finance the acquisition of the SRL stake. In addition, it will support the proposed acquisition of hospital assets owned by the Singapore-listed RHT Health Trust and the growth of the hospitals and diagnostics businesses.

The Fortis brand will also be transferred to the merged company, said a person familiar with the deal. Manipal Hospitals will be a publicly traded company and Fortis Healthcare will be an investment holding company.