



Fortis Healthcare to divest Fortis Malar Hospital, Chennai to MGM Healthcare Private Limited

Chennai, November 24, 2023: Fortis Healthcare Limited (“Company” / “Fortis Healthcare”), a leading integrated healthcare delivery service provider in India, today announced signing of definitive agreements by its certain subsidiaries for sale of the business operations along with the land and building assets pertaining to Fortis Malar Hospital situated at Gandhi Nagar, Adyar Chennai (“**Fortis Malar Hospital**”) to MGM Healthcare Private Limited, a prominent healthcare delivery service provider, for a sale consideration of approx. INR 1,28,00,25,000 (Rupees One hundred and twenty eight crores and twenty five thousand) (subject to customary closing adjustments as agreed in definitive agreements).

The transaction comprises the divestment of: (1) the business operations pertaining to Fortis Malar Hospital residing in the listed subsidiary of the Company - Fortis Malar Hospitals Limited in which Fortis Healthcare owns a 62.7% equity stake; (2) The OPD and radiology business operations related to the Fortis Malar Hospital (including the land and building on which Fortis Malar Hospital is situated) and the land parcel adjacent thereto, all of which are residing in Fortis Health Management Limited (“**FHML**”); and (3) An adjacent land parcel currently used as a parking premise, residing in Hospitalia Eastern Private Limited (“**HEPL**”). The business and assets specified in (2) and (3) above reside in two wholly owned subsidiaries of Fortis Healthcare namely – FHML and HEPL.

The transaction will be an all-cash deal and is estimated to be consummated by end of January 2024; subject to certain conditions precedent and closing conditions as stipulated in the definitive agreements including the approvals from shareholders of both Fortis Healthcare and Fortis Malar Hospitals Limited respectively.

The aforesaid divestment is a part of Fortis’ ongoing portfolio rationalization strategy in order to focus on deepening its presence in select geographic clusters where it has a sizeable presence. It

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follows from the divestment of Fortis Healthcare's business operations in its Vadapalani facility in Chennai in July 2023.

The Fortis Malar Hospital is approx. a 140 bed facility and has been facing certain legacy issues. Over the past few years, with continuous efforts, several of these issues have been resolved. However, some of the legacy aspects continue to persist which have given rise to certain challenges and have constrained further investments into the facility. The matter has accentuated the need to divest the Fortis Malar Hospital as a viable and prudent option for all stakeholders.

The proposed acquisition is in line with MGM Healthcare's strategy to further expand its presence in Chennai, in addition to its two quaternary care hospitals with a combined bed capacity of approx. 600 beds at present and another 450 bed greenfield hospital under development.

Dr. Ashutosh Raghuvanshi, Managing Director & CEO, Fortis Healthcare Limited, commented: "The proposed divestment of the Fortis Malar facility underpins our focus on optimizing the current portfolio of our hospital assets with a view to prioritize our growth and expansion in other key markets and re-allocate capital judiciously. This is our second under performing asset divestment in the last 2 quarters and emphasizes our resolve to improve our overall profitability and margins in the hospital segment."

Dr. Prashanth Rajagopalan, Managing Director, MGM Healthcare Private Limited commented: "Chennai has a deep emotional connection with Malar Hospital. We are determined to restore and advance Malar to its original glory. As a part of our long-term growth and expansion plans, MGM Healthcare has been investing in both greenfield and existing facilities to enhance care and clinical offerings for a broader patient population. This is a testament to our commitment to expanding our reach and enhancing the wellbeing of the communities we proudly serve. The acquisition of Fortis Malar by MGM is a crucial step in our planned capacity expansion nationwide, allowing us to extend our commitment to providing the best in quality, affordable and personalized healthcare. With this acquisition, we would bring our total bed count in Chennai to approx.800 beds."

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For Fortis Healthcare, FHML and HEPL, Saraf and Partners Law Offices acted as legal advisors; Shardul Amarchand Mangaldas acted as legal advisors to Fortis Malar Hospitals Limited. Veda Corporate Advisors acted as financial advisors for the said transaction.

For MGM Healthcare Private Limited, JSA Advocates & Solicitors acted as legal advisors for the transaction.

About Fortis Healthcare Limited

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates 27 healthcare facilities (including O&M facilities). The Company's network comprises approximately 4,500 operational beds.

About MGM Healthcare Private Limited

MGM Healthcare Private Limited is one of the fastest growing quaternary care provider in South India providing advanced healthcare services. It operates 2 quaternary care hospitals with a combined bed capacity of 600 beds and one more greenfield hospital under development. The MGM Healthcare Group is one of the largest operators of Medical Colleges in the Pondicherry and the Tamil Nadu region. It operates 2 medical colleges, 4 allied Health and Nursing colleges, 6 schools with 10,000 plus students.

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