

PRESS RELEASE

Fortis Healthcare Limited Board of Directors approves demerger of its diagnostics business into a separate listed Company through a composite scheme of arrangement

Gurgaon, August 19, 2016 : The Board of Directors of Fortis Healthcare Limited (“**Fortis Healthcare**”/ “**Company**”) has, at its meeting today, approved a proposal to demerge its diagnostics business, including that housed in its majority owned subsidiary SRL Limited (“**SRL**”) into another majority owned subsidiary, Fortis Malar Hospitals Limited (“**Fortis Malar**”) pursuant to a composite scheme of arrangement and amalgamation. The demerger shall be followed by SRL being merged with Fortis Malar as an integral part of the same composite scheme.

Fortis Malar operates a hospital facility in Chennai and is listed on the BSE Limited (the “**BSE**”). The composite scheme will also provide for the sale of its hospital business by Fortis Malar to Fortis Healthcare by way of a slump sale for a lump sum cash consideration, and the same shall precede the merger. Upon the composite scheme becoming effective, and subject to receipt of requisite regulatory and statutory approvals, the diagnostics business of Fortis Healthcare, including that housed in SRL would be vested in Fortis Malar. The name of Fortis Malar will subsequently be changed to SRL Limited and this company is proposed to be listed on the National Stock Exchange of India Limited (the “**NSE**”), in addition to its current listing on the BSE.

Upon the effectiveness of the composite scheme and as consideration towards the demerger of the diagnostics business undertaking of Fortis Healthcare, Fortis Malar would issue and allot to the equity shareholders of Fortis Healthcare, as on record date, 0.98 fully paid up equity shares of Rs 10 each of Fortis Malar for every 1 equity share of Rs 10 each held by them in Fortis Healthcare. The equity shareholders of SRL (except for Fortis Malar, who will acquire shares of SRL pursuant to the demerger) will, as a consideration towards the merger of SRL into Fortis Malar, be issued and allotted 10.8 equity shares of Rs 10 each of Fortis Malar for every 1 equity share of Rs 10 each held by them in SRL as on record date. Further, Fortis Healthcare shall pay an amount of Rs 43 Cr as lump sum consideration to Fortis Malar towards acquisition of the hospital business of Fortis Malar.

Appointed date for the slump sale, demerger and merger under the composite scheme is opening of business on 1st January, 2017. The composite scheme of arrangement and amalgamation will be subject to the various statutory and regulatory approvals including those from the stock exchanges, and shareholders, and creditors of the respective entities, and the sanction of the jurisdictional High Court.

Commenting on the scheme, Mr. Malvinder Singh, Executive Chairman, Fortis Healthcare said “We believe this will unlock immense value for all the shareholders. As a result of the new synergistic groupings, both the hospitals and diagnostic businesses will benefit from greater clarity, a stronger focus and an independent growth trajectory. Equally, this will enable the accelerated pursuit of their respective business goals while empowering them to reach their fullest potential.”

Mr. Bhavdeep Singh, CEO, Fortis Healthcare Ltd, said, “Our hospitals and diagnostics businesses continue to perform equally well. However, in the longer term, they have a growth path of their own requiring distinctive strategies. The new arrangement resulting from the demerger will harness these unique capabilities and strengths, unlocking value by combining the flexibility with a focus on rapidly scaling up operations.”

Rationale for the proposed transaction

Presently, the healthcare delivery services business i.e. hospitals and the diagnostics businesses are housed in (1) Fortis Healthcare & Fortis Malar which primarily comprise of the operating and managing of the hospitals, providing diagnosis and treatment related to multiple chronic & non-chronic specialties and diagnostics business and (2) SRL, which is engaged in diagnostics business.

The hospitals and the diagnostics businesses have distinct operating models and given the macro-fundamentals of the healthcare industry, each of these provide a strong growth opportunity in the foreseeable future. Both businesses have a pan-India presence and have since their inception attained a significant size and scale in their respective segments.

As both businesses approach their next phase of growth, it would be strategically apt to have them restructured under separate entities to enable them to move forward independently, with greater focus and specialization; leveraging further on their respective capabilities and their strong brand presence.

Additionally, the proposed restructuring, would lead to a simplified organization structure assisting shareholders and investors to better understand and evaluate both businesses independently as investment options and potentially lead to a higher value illumination of each of these businesses.

About the Companies

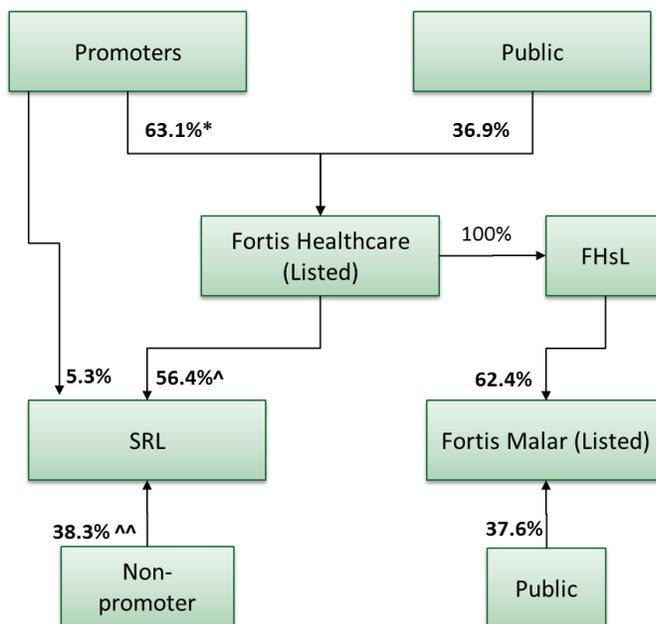
Fortis Healthcare is today amongst the leading healthcare delivery chains in the country currently encompassing both the hospitals and the diagnostics businesses. The promoters of Fortis Healthcare own a fully diluted stake of 63.1% in the Company with the rest being held by public shareholders.

SRL Limited, a subsidiary of Fortis Healthcare is primarily involved in providing diagnostics services and is amongst the leading diagnostics chains in India with a significant market share in the organized diagnostics segment. It comprises an enviable infrastructure of more than 329 laboratories, 7,300 collection points and an offering of close to 3,800 tests; cumulatively performing more than 33 million tests annually. Fortis Healthcare owns a fully diluted stake of 56.4% in SRL.

Fortis Malar is an entity listed on the BSE comprising of a multi –specialty facility in Chennai. Fortis Healthcare owns an indirect fully diluted equity stake of 62.4% in Fortis Malar with the rest being held by public shareholders.

The Pre and Post transaction Shareholding structure would be as follows:

Pre Transaction Structure

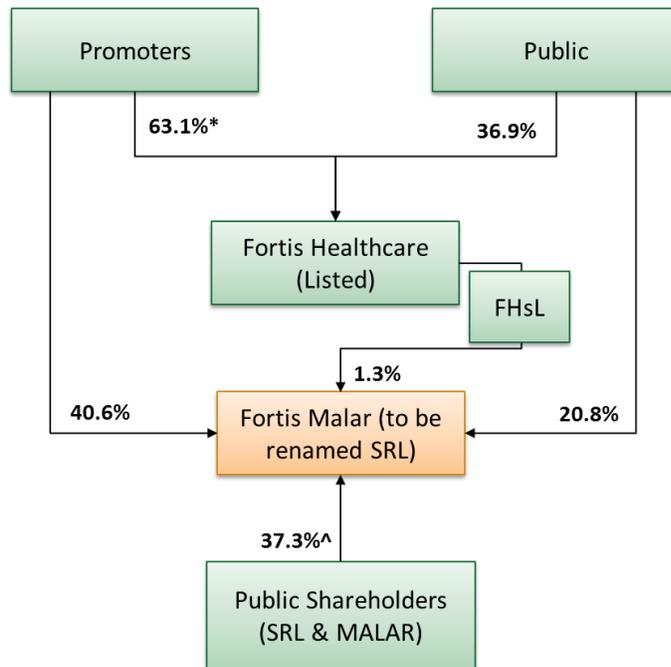


* Fully diluted shareholding assuming full FCCB conversion

^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

Post Transaction Structure



* 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.

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 its healthcare delivery services in India, Dubai, Mauritius and Sri Lanka with 45 healthcare facilities (including projects under development), approximately 10,000 potential beds and 329 diagnostic centres.

DISCLAIMER

This press release may contain forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this press release are cautioned not to place undue reliance on these forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events, or otherwise. The information contained herein is subject to change without notice and past performance is not indicative of future results. The Company may alter, modify or otherwise change in any manner the content of this press release, without obligation to notify any person of such revision or changes.

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