BioSpectrum
the business of Bio & Health Sciences
ASIA EDITION

CCI Approves IHH Healthcare's acquisition of Fortis

October 31, 2018 | News

The board of directors of Fortis Healthcare on July 13 unanimously approved a binding investment proposal from IHH to invest Ã¢â??Â¹4000 crore by way of preferential allotment



Anti-trust regulator Competition Commission of India (CCI) has approved Malaysia-based IHH healthcare's acquisition of a controlling stake in largest hospital chain, Fortis Healthcare. "We understand that Competition Commission of India has approved the proposed Fortis-IHH transaction. We remain committed to work towards the seamless closure of the transaction." Fortis Healthcare said in a statement.

This was the last major approval pending for the deal to be consummated. In August this year, shareholders of Fortis approved the deal, ending the prolonged uncertainty and bidding war at the hospital chain that faced liquidity crunch and governance issues. The board of directors of Fortis Healthcare on July 13 unanimously approved a binding investment proposal from IHH to invest Ã¢â??Â¹4000 crore by way of preferential allotment.

The allotment will take place at Ã¢â??Â¹170 a share. Since IHH's post-acquisition stake in Fortis will exceed 25 percent, it is required to extend an offer to buy an additional 26 percent from existing shareholders at a price not less than the one at which the stake is being bought. After the transaction and the resultant open offer go through, IHH's stake in Fortis could be between 31 to 57 percent, depending on the subscription received for the open offer.

With the CCI approval, IHH will be able to make an open offer for an additional 26 percent stake. The money infused through the Fortis-IHH deal is expected to meet Fortis' short term and long-term cash requirements including acquiring assets from Singapore-based Religare Health Trust and providing an exit to private equity investors in SRL, Fortis' diagnostics arm. As per the proposal, IHH will have the right to control two-thirds of the seats on the Fortis board.