

# Carlyle may end Metropolis feud with ₹900cr stake buy

## PE Giant Eyes Estranged Co-Promoter GSK Velu's 37% Stake

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**Mumbai/Chennai:** The boardroom tussle in one of the country's leading diagnostics chain Metropolis Healthcare is possibly ending with estranged co-promoter GSK Velu selling his 37% stake to private equity giant Carlyle Group for more than Rs 900 crore, people directly familiar with the matter said.

Carlyle is in advanced discussions to clinch a deal in the next few weeks, its second deal in the healthcare service industry after striking a similar sized deal to buy a minority stake in the Naresh Trehan-led Medanta Medcity Hospital. Investment bank Veda Corporate Advisors is working on the transaction.

Metropolis competes with SRL Diagnostics and Dr Lal PathLabs in the fast growing domestic diagnostics market. Metropolis — one of the earliest to unfurl ambitions of becoming a national chain some 15 years ago — is today a multi-

### DEAL-MAKING FOR PEACE?

> Metropolis is a multinational diagnostics chain with more than 125 laboratories and generating an annual revenue of Rs 600cr



> Co-promoter **GSK Velu** (above) owns 37%, while the Sushil Shah family holds 63% (Sushil's daughter **Ameera Shah** is the co's MD & CEO)



> The current feud started with Velu claiming he was kept in the dark about the Shahs buying Warburg Pincus' 27% stake this year

> While the latest deal depends on Velu and the Shahs making peace, sources say both are expected to work out a compromise

national chain with more than 125 laboratories, tracking Rs 600-crore revenue annually. The Sushil Shah family now holds 63% stake after buying out the 27% held by Warburg Pincus earlier this year.

The simmering feud between Shahs and Velu came to the fore when the latter said he was kept in the dark about the share purchase transaction with Warburg, which had invested in the company five years ago. But sources close to Shahs said that it was a well-known fact that Warburg had

made its intention known last October and all the board members knew it. Sushil Shah's daughter Ameera Shah runs the operations as chief executive and managing director.

The deal-making is dependent on the two warring co-promoters settling issues, including discussions over a no-compete, which the Shahs are insisting that Velu should sign, the sources cited earlier said. Both Velu and Shahs are expected to work out an amicable formula on contentious issues in the next few days.

Chennai-based Velu, a serial entrepreneur in the healthcare industry, had joined hands with the Shahs after merging his diagnostics business in the late '90s. A consummate deal-maker, he played a big role in growing the business through acquisitions in a heavily fragmented sector. Velu's other healthcare interests include majority-owned eyecare chain Medfort Maxivision and medical technology company Triviron. He is also a minority partner in Apollo White Dental and Apollo Dialysis.

When contacted, Velu declined to comment but insisted that he was keeping all options open. Carlyle declined to comment.

Carlyle has been working on the deal for about a year and had even eyed the stake of Warburg Pincus. The deal talks went slow after the Shahs managed the support of KKR & Co to buy back Warburg's stake and raise their own. KKR, which extended funding support to the Shahs, does not hold a direct stake in Metropolis Healthcare.

Company