



“Fortis Malar Hospitals Limited 30th Annual General Meeting Conference Call”

July 29, 2021



MANAGEMENT:

MR. YOGENDRA KUMAR KABRA – CHIEF FINANCIAL OFFICER

MR. SANDEEP SINGH – COMPANY SECRETARY AND COMPLIANCE OFFICER

BOARD OF DIRECTORS:

MR. DALJIT SINGH - CHAIRMAN - FORTIS MALAR HOSPITALS LIMITED

MR. C. K. NAGESWARAN – WHOLE TIME DIRECTOR

DR. NITHYA RAMAMURTHY – NON-EXECUTIVE DIRECTOR

MR. RAMESH LAKSHMAN ADIGE – NON-EXECUTIVE INDEPENDENT DIRECTOR

MR. RAVI RAJAGOPAL – NON-EXECUTIVE INDEPENDENT DIRECTOR

MS. SHAILAJA CHANDRA - NON-EXECUTIVE INDEPENDENT DIRECTOR

Moderator:

Dear members, good afternoon welcome to the 30th Annual General Meeting of Fortis Malar Hospitals Limited. Being conducted through video conferencing. For smooth conduct of the meeting, members will be on mute mode. For members who have pre-registered themselves to speak at the AGM, the audio - video will open when the Chairman request at the time to speak. Please note that the proceedings of the AGM will be recorded and will be available on the Company's website. Without any delay, I would request Mr. Daljit Singh - Chairman of the Company to take over and start the proceedings of the meeting. Over to you Chairman sir.

Daljit Singh:

Thank you. Dear members, good afternoon. I, Daljit Singh, Chairman of Fortis Malar Hospitals Limited welcome all the members present at the 30th Annual General Meeting of the Company. This AGM is being held through video conferencing in compliance with various circulars issued by Ministry of Corporate Affairs and SEBI in this regard.

Dear members, all the Directors of the Company are present in the meeting. Let me introduce the board members and key managerial personnel present on the screen. We have Mr. C. K. Nageswaran – Whole time Director, he is a member of stakeholder relationship committee and is participating from Chennai. Dr. Nithya Ramamurthy – Non-Executive Director, she is a member of the nomination and the remuneration committee, corporate social responsibility committee and stakeholder of relationship committee. She is participating from Chennai. Mr. Ramesh Lakshman Adige – Non-Executive Independent Director, he is chairman of Audit and Risk Management Committee, Nomination and Remuneration Committee and Stakeholder of Relationship Committee, he is participating from Delhi. We have Mr. Ravi Rajagopal – Non-Executive Independent Director, he is a member of Audit and Risk Management Committee and Nomination and Remuneration Committee, he is participating from London. Then we have Ms. Shailaja Chandra - Non-Executive Independent Director, she is participating from Delhi. Mr. Sandeep Singh – Company's Secretary and Compliance Officer, he is joining from Gurugram. Mr. Yogendra Kumar Kabra – Chief Financial Officer, he is joining from Mumbai.

Company Secretary has informed me that he requisite quorum as required under law, is present and therefore I, hereby call the meeting in order. I also formally acknowledge the participation of authorized representatives of Statutory Auditor and Secretarial Auditor. Members may kindly note that all the Statutory registers as required under the law are available for inspection during the meeting on the NSDL website under the tab AGM documents and are also available at the registered office. The board report as well as the notice of the AGM is already available with you as a part of Annual Report.

Now let us talk about the performance of the Company for the financial year 2020-2021 and will inter alia cover financial business performance and other details. I am honored to present the results of your Company for the year ended 31st March 2021. At the very outset, I would like to put on record the board's sincere thanks and appreciation to all our doctors, nurses and staff members who have been battling the Covid-19 Pandemic relentlessly. Their great personal sacrifices and resolute commitment towards patients in spite of a significant personal risk is both humbling and inspiring. The financial year under review was very challenging for your

Company. Several key specialists had decided to move on, in the financial year 2019-2020. In addition, the Covid-19 Pandemic added yet another level of complexity. Occupancy remained low during the first quarter because of the government mandated lockdown. By the second quarter, your Company commenced admission of Covid-19 patients which hit a peak in October. By December 2020, the Covid-19 admissions had started waning and reduced to negligible levels by February 2021, however with the second Covid-19 wave hitting the country, an uptake in the number of Covid-19 admissions was observed in the last fortnight of March 2021. I am happy to share that your Company was able to treat more than 650 Covid-19 positive patients till 31st March 2021 with over 96% success rate.

In February 2021, your hospital started Community Vaccination Services for the public and by 31st March, we have completed around 1350 vaccinations. Throughout the lockdown period your hospitals' consultants, another staff worked hard and continued to provide medical services to the public. Your hospital commenced tele-consultations with OPD patients during this period. Given the peculiar situation, the leadership had to take some very difficult decisions. Both clinical as well as non-clinical costs were reduced to make up for the loss temporarily. All consultants and top-ranking administrative staff took voluntary salary cuts during the year at different points in time.

To achieve further efficiencies in our manpower cost structure, the total headcount was appropriately optimized which also resulted in substantial savings in our personal costs during the year. Despite some stringent cost controls, your Company faced a stiff challenge in getting back to profitability, as the regular non-Covid occupancy came down to around 40% from the pre-Covid levels. During the year, your Company achieved Annual revenue of Rs. 77.49 crore as against Rs. 123.06 crore in the previous financial year. Loss before tax was Rs. 11.31 crore as compared to a loss of Rs. 11.93 crore in the previous financial year. Net loss after top tax, was Rs. 7.87 crore as compared to a net loss of Rs. 8.89 crore in the previous financial year. The average revenue per occupied bed ARPOB stood at Rs. 144 lakh in financial year 2021 as against Rs. 171 lakh in the previous financial year 2019-2020. The average length of stay ALOS was 5.27 days in financial year 2021 compared to 4.02 days in financial year 2019-2020.

Your hospital has continued to uphold its commitment towards patients in spite of the several severe headwinds. We assure you that we will continue to do our best for all our stakeholders in the year ahead. I thank you for your continued support and I am sure that we shall soon turn the tide emerging stronger, more resilient and vibrant than ever before.

Dear members, the management of the Company has made necessary arrangements for conducting the 30th Annual General Meeting through video conferencing and for voting by the shareholders on the items being considered in this meeting through e-voting platform and all efforts feasible under the present circumstances have indeed been made by the Company in this regard. Motives of the 30th AGM dated 25th May, 2021 along with board's report and audited financials were duly sent through emails on 6th July, 2021 and public notices were published in the newspapers in compliance with various circulars issued by MCA and SEBI. There are no

qualifications, observations or adverse remarks in the reports of statutory auditors and secretarial auditors. Therefore, in view of the same, we consider them as read.

Dear members, your Company has provided remote e-voting facility for agenda items mentioned in the notice of 30th AGM which started from 26th July, 2021 at 9 am and ended on 28th July, 2021 at 5 pm. Now for all those members who are participating in the meeting, but have not cast their votes at the time of remote e-voting facility, e-voting facility is also available at the meeting as per the instructions mentioned in the 30th AGM notice through NSDL platform.

I will now proceed to the agenda items mentioned in the notice of the AGM. There are two ordinary business items and one special business item:

1. First item of the agenda is to consider and adopt the audited standalone financial statements of the Company together with the report of board and auditors thereon and the audited consolidated financial statements of the Company including the report of auditors thereon, for the financial year ended March 31st 2021.
2. The second item of the agenda is to appoint a director in place of Dr. Nithya Ramamurthy-DIN0025533, who retires by rotation and being eligible offers herself for the appointment as Director.
3. The third item of the notice is the Special Business. The third item relates to ratification and confirmation of remuneration of cost auditor of the financial year, 2020-2021. Further details related to the Special business item is provided in the explanatory statement enclosed with a notice convening this AGM.

The Board hereby recommends all business items which forms part of the AGM Notice for approval of the shareholders. Dear members, this year being virtual AGM, there are three ways in which members can ask their questions on the agenda items mentioned in the notice of the AGM. The first way is for a member, that a member could have pre-registered himself as a speaker shareholder. The second, a member may submit their question latest by July 25th 2021 to an email of the Company. Third a member may pose question and seek feedback through question box option as per the procedure mentioned in the AGM notice and such questions by the members shall be taken up during the meeting or shall be replied suitably after the meeting by the Company. Now, we will take up questions from the shareholders.

Moderator:

Thank you very much. Now I invite speaker shareholders who have registered themselves with the Company as such in advance to ask questions. Due to time constraint, I ask each of the shareholder to wrap their queries within 2 minutes. I would request each of the speaker shareholder to switch off their mobile phones in order to avoid any background noise and unmute themselves before starting the session. We have Mr. Chetan Chadha as our first speaker shareholder. I would request Mr. Chadha to unmute himself and proceed with his question. Till the time we check the connection for this participant, we move to the next speaker shareholder, Mr. Bhupendra Singh.

Bhupendra Singh:

Hello Mr. Chairman, this is Bhupendra Singh from Delhi. Sir your annual report shows your work is good and during this pandemic time, the services that you have extended to the general public, I would want to congratulate each one of you but in each of the cities where our hospitals are there, the main aim is always that we need to service the general public plus pay attention towards the shareholders. For the past 10 years, the chairman who used to be Mr. Mandeep Singh, when they had opened the hospital, their main aim was to serve the public but in the last 1-1.5 years what you have did, the general patients are complaining that your billing is too high, you are neither paying attention towards the shareholder nor towards the patient, this is the most important thing and secondly your Company Secretary who is there, his relation is not good with any of the shareholders. Neither do we get any messages from you all regarding the quarterly results that you declare, you all do not intimate any shareholders, the meetings and all that your Company arranges is very substandard to which we have complained about repeatedly. In Chandigarh the last 2-3 meetings that were held, the shareholders mostly either come from Delhi or Chandigarh, the arrangements that you all do are very substandard, there are hardly any arrangements done and the Company Secretary whose work is to coordinate between shareholder and management that he is not able to do at all, neither do we get any annual reports nor proper contact is established for such meetings, when shareholders come to meet, they ignore him. At the least the shareholders that have invested in your Company, we have not received any dividend also, nor is there any proper contact with us, this is what I had to say. Thank you.

Moderator:

Thank you. We have Mr. Chetan Chadha as our next speaker shareholder. Mr. Chadha please proceed with your question.

Chetan Chheda:

Thank you for giving me the opportunity. I welcome the Company secretary Mr. Sandeep Singh who is new joining with us. I am really thankful to the board to give me this opportunity to join with the AGM. Sir I have been attending your AGM since 2010 physically and in last year also I had joined your AGM in the AVM mode and last year I had posed some queries and you had mentioned that the answers that are pending for my queries that reply you were to give me in a short span of 15 days but I have not got any reply on them since last year and the new Company Secretary who were there I tried calling him many times but what I was made aware of that he is always busy in meetings and he did not try to communicate back with us. I would thank the Moderator who gave me a chance again to join but he was already working on it prior to asking my question, I had to be the first speaker at that time he made me to join some service from Tata Consultancy, so I was not able to hear you and were not able to hear me. Sir, first of all I request the management that when an investor has been holding shares of your Company the first thing that he would want is those share prices hike. When in 2010 the market was around 10000-11000 and now in 2021 after 11 years the market has now crossed 50000 still our share price has gone from Rs. 60 to Rs. 65, our share prices are always in this range and when the market falls then it plunges down to Rs. 30. But in the matter of the dividend the board is not able to think about us because we do not see profitability anywhere. I want to understand from the board when we are in this pandemic situation, when people were wandering around for hospital beds availability at that time I can see that till March' 2021 we have handled only 650 such COVID patients, what is the reason for that, we do not have availability for beds, please explain about this in detail that

what is our prospect ahead in the time specially when there has been so much boom in hospital industry. Even small hospitals that were there on whom the government investments were also not that high, Indraprastha Medical Corporation- Apollo, in which governments stake has increased so much that its share price has gone up from Rs. 15-Rs. 16 to Rs. 100 + and when we have better efficiency on our board, profitability, margin, everything we have with us and the Board of Directors are so skilled and reputed, even the hospital doctors are skilled still why do we fail in generating revenue every year? This year when people were running around carrying bundles of notes that anyhow their patient should survive. In spite of that also, our hospital could not succeed in revealing cash & cash so that it could reach the profitability. This year also we are under loss, I think the in that also, whatever growth has taken place, that to if I am not wrong, the Rs. 30 lakh of growth in the income this year, which was a de-growth of Rs. 7 lakh last year. I do not understand why was there a de-growth of Rs. 7 lakh. I had asked you this question last year also, but you have still not replied to my question. So, this year the Rs. 20 lakh profitability that is coming, and the last year's loss of Rs. 7 lakh, I believe its major reason is this only. I do not think we will be able to survive in the coming years in this way because in this situation where bed availability is not there, why are all the beds full, high prices are running for the billing, despite of all these with so much of profitability of the margin availability of the hospitals, taking that also, we are still not able to show profitability. I am not able to understand that how will you be able to give profits to the shareholder in the coming times? Please explain this to me in details. And the AGM – Physical that Sardarji has talked about, you keep the AGM in the physical manner going forward. So along with the Physical manner, you try to keep the AGM on AVM also. The time limit that you give, we have heard your speech for 15 minutes and for us you are telling the moderators to stop us within two minutes, I do not think so this is fair. Sir, I also want to know, that when in this financial year, the loss that we have seen this year could move from Rs. 11.93 crore to Rs. 11.31 crore only. We have done the recovery of only Rs. 60 lakh, it looks like we have done only Rs. 60 lakh as a recovery in the profitability, in which Rs. 30 lakh is our other income. So that means that during the whole year, we could only grow this kind of income, I cannot see that you are running the hospital fairly. If you are not able to run this hospital industry properly, then you leave this hospital industry and sell it off to some other Company like fortis healthcare has sold its stake to its Company. So, if you also sell your stake, then give a chance to those people who can run the hospital industry with a good growth and also think about the shareholders, give them the dividends and give profitability to the shares because market has come to 50,000 from 10,000 or 11,000 but we have still nothing has fallen in our pockets, how many more years will we be waiting? We are not able to understand that even if I would have done FD of my money, the bank is also going 100% returns in today's date, as the FD getas doubled in 7 years 8 months. I am waiting for 11 years from 2010, in 14 years' time even shri Ramji's exile had ended. So, I want to know from the board that when will our exile end? Please explain this in detail, thank you so much.

Moderator:

Thank you. That was the last question, over to you Chairman Sir.

Daljit Singh:

Okay, thank you. So let me first take on the question raised by Mr. Bhupendra Singh and he made some points. Mr. Singh you made some points raised to the fact that a hospital is meant to

do 'Seva' service and that is at the core of, what we do day and night. The fact of the matter is, that over the last, almost 18 months when all of us, the normal people normal citizens were tied up and fearful of stepping out of our homes and complying to the government laid Covid-19 guidelines, it was our doctors, our nurses and hospital staff that actually kept the country going. And I think our participation at Malar Fortis hospitals along with all the other hospitals, I think they have done stellar work and we must necessarily recognize that. And during this Pandemic and I think a lot of this work has been done at great personal sacrifice by doctors, nurses and staff. And I think we cannot thank them enough, it is almost like a 'Jawan' fighting the war in the front, I think we need to be grateful to them for what they have done in the last 18 months and what they are continuing to do in spite of the fear that the rest of the citizens here now live under. So I would just want to clarify that part. You spoke a bit about the rates being high, I would like to submit that at the Fortis Malar Hospital, the rates are very, let us say, affordable rates. It is affordable healthcare, that is being provided Malar Hospitals we are. We are party to government schemes, we take in any patient who actually comes in for service and when it came down to Covid-19, we have actually been governed by price caps that have been requested and imposed and instructed by the government and we have followed it diligently at Fortis Malar Hospitals like all other hospitals have done across the country and States have mandated price rates that are different across different States and whatever was mandated in Tamil Nadu, Chennai has been adhered to, by our operating management layer. I think the third part that I do want to, you did mention a bit about communications from the Company Secretary to shareholders. I would actually state that you know, every communication related to the happenings of the Company or wherever investors need to be involved, where we seek permission of our investors or ask them to vote on resolution, etc. I think these have not only been published across the standard publications in compliance with the law but in addition to that, all emails are actually sent out to individual shareholders and investors to apprise them of the happenings of the Company. In spite of that, if there are issues that individual shareholders you know, want address alone or response to, please do write to us, please do write to the Company Secretary. You are welcome to copy me on it if that is what you want, but we will make sure that response does get across to you anyhow.

So, on the second part, I do want to say that when it, when Mr. and this is related to several points that Mr. Chadha has actually pointed out and Mr. Chadha you mentioned that you have been attending these AGMs for the last now 10 years to 11 years and I will be thank you for your active participation and your interest in the affairs of this Company. We are glad that people like you or you know, are sharing your views in a very candid manner and we take your feedback extremely seriously and promise whatever we need to act upon. I do want to apologize if a, no reply was sent to you for the question that you asked last year but I will personally along with our Company Secretary, Mr. Sandeep Singh who is sitting next to me, ensure that a reply does come to you over the next few days to the query that you raised last year and I do not wish to say anything more about that, I think if it is a miss, my apologies for that.

I think you have spoken about our share prices, etc. I think we need to understand that the last, especially one to two years have been extremely difficult for the Company and this happens then

it does not matter, literally what business you run, especially in a healthcare domain, there are cyclicalities in every business as you probably know. And in healthcare, along with many other industries I think we were impacted significantly when the lockdown was suddenly announced. Literally for the first quarter of this financial year, which has just gone by, 2021 there was, hospital was almost empty and there were few patients coming in emergencies or trauma cases you know. We did not even have protocols at that point in time, in the initial stages as to how to, after-Covid patients, should a patient come but very soon, I think, thanks to the resilience of our doctors and medical community, these protocols were drawn up and patients were welcomed into the hospital and no patient who actually came in, was turned away, you know, in preference to somebody who came in for elective surgery. Let me also, share with you that our hospital mainly relies on non-Covid patients for profitability. That is where you generate the additional income for the organization. Covid-19 rates are not necessarily profitable for hospitals, these have been capped by the government recognizing the social needs of our country and we willingly participated, knowing that it is a service that we are doing to the country even if we do not make money. So, bulk of last year, as has been mentioned, as a part of the report, has actually gone in simply managing Covid-19 rather. The fact that, we could run our hospitals, that our doctors were present, our nurses were present, our staff were present round the clock to provide services, I think is indeed very commendable. Yes, at the end of it, we were not able to provide the returns that would normally have come in a normally running hospital. You know, whole of last year, first quarter was a washout, second quarter got Covid-19 patients, so they occupied a number of beds which would otherwise have been used for call it more paying-patients in cardiac surgeries and many other specialties and then in the month of December and January everything actually came from to near zero. And then finally again, end of March we faced the issues related to Covid-19 and I think we have gone through this like any other healthcare organization and we are not defensive about this because I think the team has done every single thing humanly possible in order to do what was right under the circumstances. There were challenging periods, the fact that we still have our hospital running after all that is commendable. The fact that our losses after tax or PAT as you call it, were a loss of Rs. 11.3 crore vis-à-vis Rs. 11.9 crore of previous year is commendable considering the pain that people went through, they opted for salary cuts, they opted for numbers reduction, they cut cost wherever it was humanly possible and now we have actually come down to bear bones and the Company is now looking at, you know taking forward our developing medical programs and improving our revenues and profitability in the coming year. We only hope that the third wave does not come, if at all that it should not come if we really want to turn in a relatively good performance.

Having said that, I think we are all geared up to meet the challenges ahead of us because this is not something that is, that sadly forbidden are controlled. We are a business, also hospital is not whose domains where there is a great dependence on good doctors and good doctors like any other business, enterprise, etc. they are also mobile. There will be a certain percentage of people who will move, who will change on and we had that situation in the year 2019-2020 and that was a very highly revenue producing team that actually left us to join a new hospital that have actually come up and it was kudos to the management that they were able to replace with an equally capable team towards the end of the financial year 2019-2020 and just as the team was

beginning to kick in, Covid-19 came in and froze everything and ended up. So, there was certain basic costs that are having to be incurred in this entire management of hospitals. So, I would request you to bear with it, bear with us on this and like to assure you that the board of the Company, the management of the Company is fully committed to getting this hospital and its operations back to profitability in the shortest possible time. Thank you.

Now, I would ask the Company's secretary to talk about certain statutory matters concerning the AGM.

Sandeep Singh:

Thank you Chairman sir. Dear members, your Company has appointed Mr. Amit Rastogi – Company Secretary, whole time in practice as a scrutinizer to scrutinize the e-voting at the AGM and remote e-voting in a fair and transparent manner. The result of the meeting will be announced within 48 hours of the meeting and will be posted on the website of the Company and on the website of the Stock Exchange, BSE and on the website of NSDL e-voting agency. Now I request all shareholders who are attending this AGM and who have not cast their votes through remote e-voting to exercise their votes on NSDL's e-voting platform using the same login credentials as are being used by shareholders for attending this live AGM. The e-voting window is open for a period of 30 minutes and after which the voting window shall stand close. On behalf of the management and shareholders attending, I would like to thank the Chairman. With this, we formally close this 30th AGM, thank you very much for attending the meeting.