



“Fortis Malar Hospitals Limited 31st Annual General Meeting Conference Call”

July 27, 2022



MANAGEMENT:

**MR. DALJIT SINGH – CHAIRMAN;
MR. CHANDRASEKAR RAMASAMY – WHOLE-TIME DIRECTOR;
DR. NITHYA RAMAMURTHY – NON-EXECUTIVE, NON-INDEPENDENT
DIRECTOR, MEMBER OF CORPORATE SOCIAL RESPONSIBILITY
COMMITTEE & STAKEHOLDER RELATIONSHIP COMMITTEE;
MR. RAMESH ADIGE – NON-EXECUTIVE, INDEPENDENT DIRECTOR,
CHAIRMAN OF AUDIT & RISK MANAGEMENT COMMITTEE,
NOMINATION & REMUNERATION COMMITTEE & STAKEHOLDER
RELATIONSHIP COMMITTEES;
MS. SHAILAJA CHANDRA – NON-EXECUTIVE INDEPENDENT
DIRECTOR, MEMBER OF AUDIT & RISK MANAGEMENT COMMITTEE;
MR. SANDEEP SINGH – COMPANY SECRETARY & COMPLIANCE
OFFICER;
MR. YOGENDRA KUMAR KABRA – CHIEF FINANCIAL OFFICER**

Moderator:

Dear Members, good afternoon, and welcome to the 31st Annual General Meeting of Fortis Malar Hospitals Limited being conducted through video conferencing, or other audio-visual means.

For smooth conduct of the meeting, Members will be on mute mode. For Members who have pre-registered themselves to speak at the Annual General Meeting the audio/video will open when the Management takes up the question from the Members. Please note that the proceedings of the Annual General Meeting will be recorded and will be available on the company's website.

Now I 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:

Dear Members, good afternoon. I, Daljit Singh, Chairman of Fortis Malar Hospitals Limited, welcome all the Members present at the 31st Annual General Meeting of the Company.

This Annual General Meeting is being held through video conferencing in compliance with various circulars issued by Ministry of Corporate Affairs and SEBI in this regard. The Management of the Company has made necessary arrangements for conducting the 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 been made by the Company in this regard.

Dear Members, the following Directors of the Company are present at the meeting. Let me introduce the Board Members and Key Management Personnel present on the screen.

Mr. Chandrasekar Ramasamy – Whole-Time Director. He is participating from Chennai.

Dr. Nithya Ramamurthy – Non-Executive, Non-Independent Director. She is a Member of Corporate Social Responsibility Committee and Stakeholder Relationship Committee. She is participating from Chennai.

Mr. Ramesh Adige – Non-Executive Independent Director. He is Chairman of the Audit and Risk Management Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committees. He is participating from Delhi.

Ms. Shailaja Chandra – Non-Executive Independent Director. She is a Member of Audit and Risk Management Committee. She is participating from Delhi.

Mr. Sandeep Singh - Company Secretary and Compliance Officer. He is joining from Gurugram.

Mr. Yogendra Kumar Kabra - Chief Financial Officer. He is joining from Chennai.

Mr. Ravi Rajagopal - Non-Executive Independent Director is not able to attend the meeting due to his preoccupation.

I am informed by the Company Secretary that the requisite quorum as required under law is present and therefore, I hereby call the meeting in order.

I also formally acknowledged the participation of authorized representatives of Statutory Auditors and Secretarial Auditors.

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, and the Company's website under the tab AGM documents, and are also available at the Registered Office. The Board Report, as well as Notice of the AGM has already been dispatched to Shareholders through email on July 1, 2022, and public notices were published in the newspaper in compliance with various circulars issued by MCA and SEBI.

Distinguished Members, I extend a warm welcome to all of you to the 31st Annual General Meeting of the Company. COVID-19 continue to pose a major challenge, especially during the first half of the year under consideration. However, in spite of the great personal risk, our doctors, nurses and staff members continue to give their best and serve our patients. I on behalf of the Board, salute all our clinicians and frontline healthcare workers who have demonstrated exemplary commitment to duty and patient care in such adverse circumstances.

The Financial Year under review continued to pose a challenge for your Company. COVID-19 pandemic played a role in reducing footfalls and occupancy remained low in the 1st Quarter. By the 2nd Quarter, the occupancy was 31.9%. Overall, your Company treated 5,622 COVID patients in the Outpatient Department and 1,453 COVID admissions were recorded till March 31, 2022. I am happy to share that your Company was able to achieve a success rate of 96%.

Your hospital also participated in the Community Vaccination Drive, and till March 31, we had completed around 14,092 vaccinations.

Given the precarious situation, the leadership had to take some difficult decisions. Both clinical as well as non-clinical costs were reduced to make up for the lower revenues. All consultants and top-ranking administrative staff took significant 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 such stringent cost controls, your Company faced a stiff challenge in getting back to profitability as a regular non-COVID occupancy came down to around 40% from the pre-COVID levels.

During the year, your Company achieved Annual Revenue of Rs. 93.57 crores as against Rs. 77.49 crores in the previous Financial Year. Loss before tax was Rs. 8.26 crores as compared to a loss of Rs. 11.31 crores in the previous Financial Year. Net loss after tax was Rs. 8.27 crores as compared to net loss of Rs. 7.87 crores in the previous Financial Year.

The Average Revenue Per Occupied Bed (ARPOB) stood at Rs. 163 lakhs in Financial Year 2021-22 as against Rs. 144 lakhs in Financial Year 2020-21. The Average length of Stay (ALOS) was 4.29 days in Financial Year 2021-22 compared to 5.27 days in Financial Year 2020-21.

In spite of the headwinds, however, your Company has continued its relentless focus on enhancing capability by adding new clinical talent and introducing new services. A renovated operation theater complex was inaugurated in March, 2022.

The doctors at your hospital also continued to do exemplary clinical work. Your Company was the first in Chennai to implant minimally invasive dual-chamber leadless pacemakers, which is a boon for patients who cannot undergo the conventional procedure. A team of doctors performed the complex laparoscopic surgery to remove a 93 year old's pus filled gallbladder. These success stories are pointers to not only the clinical talent available with us, but also the significant trust our patients have on our doctors, nurses and the hospital.

Dear Shareholders, with your continued support, your hospital was able to withstand the challenges very well and has boldly upheld its commitment towards patients, I can assure you that we will continue to do even better for all our stakeholders in the year ahead. Thank you for trusting us. And I am sure that your Company will continue to do good work that you would be proud of.

Dear Members, the Management of the Company has made necessary arrangements for conducting the 31st 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.

Dear Members, 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 31st Annual General Meeting which started from July 24, 2022 at 9:00 AM and ended on July 26, 2022 at 5:00 PM. Now, for all those Members who are participating in the meeting, but have not cast their vote at the time of remote e-Voting facility, e-Voting facility is also available at the meeting as per the instructions mentioned in the 31st Annual General Meeting Notice through NSDL platform.

I will now proceed to the agenda items mentioned in the Notice of the Annual General Meeting. There are two ordinary business items and one special business item.

First item of the agenda is to consider and adopt 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 report of auditors thereon for the Financial Year ended on March 31, 2022.

I being interested in the next agenda item, I would request Mr. Ramesh Adige to take up Item No. 2 of the Notice, Mr. Adige Sir.

Ramesh Adige: Thank you Mr. Daljit.

Ramesh Adige: Second item of the agenda is to appoint a Director in place of Mr. Daljit Singh, DIN: 00135414, who retires by rotation and being eligible offers himself for reappointment as a Director.

Ramesh Adige: Back to you Mr. Daljit.

Daljit Singh: Thank you Mr. Adige.

Daljit Singh: Third item of the agenda is a Special Business and it relates to ratification and confirmation of remuneration of Cost Auditor for the Financial Year 2021-22. Further details related to the Special Business item is provided in the explanatory statement enclosed with the Notice convening this AGM.

The Board hereby recommends all business items, which forms part of the Annual General Meeting Notice for approval of the Shareholders.

Dear Members, this being virtual Annual General Meeting there are three ways in which Members can ask their questions on the agenda items mentioned in the Notice of Annual General Meeting. First way a Member could have preregistered himself as a speaker Shareholder. Second way a Member might have submitted their questions through email. Third way a Member may pose question through Question box option 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 chairman. Now I invite speaker shareholders who have pre-registered themselves with the Company as such in advance to ask questions. Due to time constraint, I request each of the speaker shareholder to wrap up their queries within two minutes. We will wait for a moment while we assemble the queue.

I now invite our first speaker shareholder Mr. Chetan Chaddha to please proceed with his question.

Chetan Chaddha: Thank you for giving me the opportunity to join with you. Namaskar, I am Chetan Chadda, from Delhi with you through this AV medium. I am very thankful to you, for connecting with you on this 31st AGM. Moderator has also helped me very much for this.

Chairman sir, first of all, before 2 years during COVID, when it started in '20, which they named it as COVID-19, at that time too I requested to speak at the AGM, to provide a mobile number either on the Website or Email, so that we can be in touch with the Secretarial Department. The number that you have given is of Chennai. It becomes very difficult to communicate. Please update this, it has been requested since the last 2 years. Like if I didn't get the Annual Report, or that the mail I sent did they receive, this type of communication or confirmation then it's not possible in the present scenario. When I contacted the Chennai number, they said go to this hospital, go to that hospital, they didn't have any knowledge regarding the Secretarial Department.

My first question is, our total income has increased from Rs. 77.49 lakhs to Rs. 93.56 lakhs, whereas our expense have not increased so much, inspite of that the comprehensive loss and the loss balance sheet has increased, this is something which I am not able to understand, why is it so. There has not been any increase in the remuneration of directors, maximum 5% increment is there, despite all of this, profitability has not increased.

The results that we achieved during the COVID-19 times; I don't think we would be able to achieve the results anything near to that level. In the last two years, there was not a bed or a room that was empty in any hospitals, there were long queue, there were actually pre-bookings, that you would only get rooms or beds if you know someone at a higher level. And only and only if that someone or approach is of the highest level, then you could get a bed, whether it is Fortis Malar or someone else.

Sales increased a lot in those times. When I am talking about sales, if you look at the page in the Annual Report, sales has increased a lot. Share Capital is just Rs. 5 lakh. But we are far away from profitability. And there is no benefit given to shareholders in terms of dividend, it is nil. On Page no. 28 in your analysis, in the last two years, you have reached from \$45 billion to \$372 billion, inspite of all this the shareholder hasn't reaped any benefit. Shareholders hasn't gotten any dividend, there is no volume in share price. Asking for a bonus is futile. Split is not in the picture as well. There is no return value to the shareholders, we are not able to understand. Why is it that we should be associated with you going forward.

Because of the Fortis name, we bought the share, there are around 9552 shareholders who are holding shares from 1 to 5000. Only 6% stakeholders are such who have more than 5000 shareholders, corporate bidders. Only 94% stakeholders are small investors, and those people have not got any kind of benefit from your end, such as dividend or through share return.

There are some cases, which are pending related to Income Tax. How much more time will it take to resolve those cases, what are you doing in that regards? How will you resolve those cases and how will you collect that case value, I want to know about that.

I want to ask the Management, for us investors, shareholders, there is no return on that, it has been high time, it has been more than 14 years, but with no benefit to the shareholder. The

Management, the Board says that we are working very hard, what we are not able to fathom is even after working so hard, why has there been no return to the shareholder, what is the reason behind that. Are you taking any steps to improve that?

You have not spent any money on CSR activities. Companies spend so much for our country through the CSR activities. We might not be profitable but still we can put up information outside the hospital relating to health, that can be helpful to people and that can encourage them. This kind of CSR activities can be done even without spending a single rupee on that. The hospital staff that have already been hired, can be employed for this kind of activities, which will help people get health conscious.

I would request you that at least all grievances should be addressed by the Secretarial Department. There is a lack of communication with the Secretarial Department. They have just sent the photocopy of the Annual Result, no printout was sent, it was shown as expenses. Those that required were sent the photocopy.

The AGM held through this online AV means is good to cut the expenses, plus people from different geographic locations can attend this meeting.

Moderator:

We move to the next question from the line of Praveen Kumar, you may please proceed with your question.

Praveen Kumar:

A very good afternoon to Respected Chairman, my decorated esteemed Board of Directors and my fellow shareholder who joined online. Sir, myself, Praveen Kumar, joining this meeting from New Delhi. Sir I have few observation which I would like to share with the entire house.

Respected Chairman Sir, I love to thank you for your detailed, in-depth speech. I think you have covered almost everything. And I am with this Company for such a long time. Over the period, I wanted to share with the entire house, a) under your able direction, our Company is going great then during COVID which is updated by our respected sir. The communication is very good for retail investors. That's really matters. That's the backbone of the Company, excellent corporate governance which is governed by our company secretaries.

We will be updated every initiative and in the COVID our Company focus which is updated by the CS. Profits we will make in the long run, no doubt about it. But this is to prove ourselves, as a citizen of India, as a citizen of this country, to make sure how we have a platform that how many more patients we will make sure during those COVID time, that CSR activity. I salute you from bottom of my heart, and I pray to the God sir, he will bless you. You will be always in good health, doing CSR activity like this. As far as the the profit is concerned, sir, I am very satisfied that “*Niyat se barkat hoti hein*’ I believe in this and your intention is very big, your heart is very big because you have done CSR activities, that was commendable, I salute you from bottom of my heart.

As far as the retail investor is concerned, I put all the assent to the items for which you have sent out the Notice, sir. As far as the retail investor is concerned sir, I would like to thank Mr. Arun Rastogi, who oversees the entire process of governance to the retail investor, the communication is excellent, the Company Secretary is excellent. He will update everything. It's not about during the AGM or EGM time, but during the whole year if we see any rumor in the stock market, but we will be updated the real story of the Company that's what the retail investor want sir.

And for the future, sir, I have great faith in your vision, in your dedication, in your ability to take our Company to the very greater heights on a sustainable basis. And I wish you all the very luck, all the very best and a great future ahead, sir. And I am very thankful to you for the CSR activities you have done during the COVID time, that's really, I you know, I also write personal letter to the PM also, so that he will reward you for that in the coming year. And I wish you all the very best. Thank you Chairman Sir. Thank you very much.

Moderator: Thank you. We move to the next question from the line of Mahender Pal Bhutani, you may please proceed with your questions.

Mahender Pal Bhutani: My name is MP Bhutani I am from Delhi, and my demat account number, last three digit is 054. First of all, I would like to thank the Company Secretary and his team for sending the e-Notice well in time. And we found that all section has been covered in a very lucid and transparent manner. Sir, I also appreciate the efforts of the Management, you have taken all possible step for safety of all the employees.

Sir, my almost question has been covered in your opening remarks, but still, I want to know two point:

I) What step Management is taking to increase the asset quality and capital improvement?

II) And when our Company will come in equation to appreciate the investors?

Further as a shareholder I feel that the Management is far younger in its thinking, transparent in its workings, and stronger in its commitment and more responsible. We know bad phase is going on, company is not equation to, in gain the oxygen, net profit. But we hope that our Management will definitely take all possible, necessary steps to bring profitability from red to green in coming time.

Sir, as saying, '*Kehte hein ke manjile unhiko mitli hein, jinke irado mein jaan hoti hein*', and our Management and our team Management is very well prepared to achieve its goal, all the employees and our top class doctors, the world class system that we have in the hospitals, we are well poised to succeed the Company in the future that is what we wish for our Company. The Company Secretary of our Fortis Group are very sincere and they are very prompt in solving and answering our queries. My best to them and I think thank all of them. Thank you very much sir.

Moderator: Thank you. All the speaker Shareholders have raised their queries. Over to you, Chairman Sir.

Daljit Singh: First of all, I like to thank the valuable shareholders who came up and reposed faith in the work that is actually done by hospital and their team of eminent doctors and administrators. We are grateful to you for acknowledging that.

I would now like to address some of the questions that were posed.

1) One was the first question was to do really with that although revenues have gone up to Rs. 93.77 crores from Rs. 77 crores in the previous Financial Year, the Company has made a loss which is lower than the previous year. I would like to draw attention to two facts here, first that at the EBITDA level, which is the operating profit level, we have been considerably higher than the previous Financial Year. We were at about Rs. 10.5 crores compared to Rs. 1.9 crores in the previous Financial Year. So, that is at the operating profit level.

Now, you will recall that in the previous Financial Year, the Company was exempted or had because of, COVID they were released from the obligation to pay the full BT fee, and there was a concession which was allowed by the holding company at that point in time. And that flowed in, that benefit was to the extent of Rs. 7 crores which accrued to the benefit of our hospitals. If you take that into account, the performance in the current Financial Year which has just ended on 31st March, is considerably better than the previous Financial Year. So, that is the principal reason for the difference that you actually see in the profit after tax figures.

2) I think, it is also said that, there were talk about dividend payments etc. that when is it likely. I think you must rest assured that the Company has been through a pretty difficult period, in the years that we made profit, we declared dividends proactively. And this was done on quite regular basis. However, you will recall that in the year about almost two and a half years ago, they were, some of our team of eminent doctors had left to join competition that had come up in Chennai. And that led to a significant downfall. And that was immediately followed up by the COVID pandemic that hit us. With the result that we were not in a position to hire any people of similar capability very quickly.

However, that shortfall has been made up in the last Financial Year. And the hospital team is currently gearing up its ability to up the standards of medical delivery, as well as the offerings to our patients.

So, for your information there are a number of areas where a lot of effort is actually being put in by the hospital team and this is really to do with Geriatric Care as one area of focus, because our hospital is located in an older part of Chennai, that houses a lot of senior citizens and Geriatric Care is going to become a very major area of focus.

The second major area of focus for us will continue to be mother and child, which is Obstetrics, Gynecology and Pediatrics.

The third part is about revitalizing our entire Heart Care Program, Cardiothoracic Surgical work as well as Interventional Cardiology. We have already got teams on Board and we expect to see them kicking in powerfully in the current Financial Year.

And finally, we are also looking at uping our offerings in the domain of kidney transplant, and also surgical gastroenterology.

With the upgradation of these medical programs and selective capital investment in the hospital, we expect to see the improvement taking place in the performance of this hospital.

When it comes to dividend we hope that as the Company moves into the profitable zone, we will be able to discuss this more openly in the Board and see how well we can distribute the profits in coming years to our Shareholders.

I think plan for the future, it was also asked, I think I have addressed that as part of my answer here.

We also, I think there was a suggestion which was made by the first person who questioned, who put out a question that we must also look after the communities within which we operate in a significant manner. I think a lot of that work has actually happened in the past two and a half years through our CSR activities, as well as our proactive participation in the COVID pandemic that hit the entire country, and we have been very active participants. And that impact has been felt in Chennai city.

So, we assure you that the Board of Directors, the Management, doctors, our entire staff, medical, non-medical staff at Malar Hospitals, is vested in doing everything possible to up the quality and standard of delivery of our hospital services, as well as to hopefully move into the profitable zone in the not-so distant future. So, I believe I have addressed the questions that actually came up, that were asked by our esteemed Shareholders.

So, I would like to thank all speaker shareholders for their participation and raising their queries. We have also received some questions over email, some other queries are repetitive. I have addressed these as part of my responses. Now, I would ask the Company Secretary to talk about certain statutory matters concerning this AGM.

Sandeep Singh:

Thank you, Chairman Sir. Dear members your Company has appointed Mr. Mukesh Kumar Agarwal, Company Secretary, Whole-Time Practice, as a scrutinizer to scrutinize e-Voting at the AGM, a remote e-Voting in 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, and also on the website of NSDL e-Voting agency.

Now I request all shareholders who are attending this AGM and who have not casted their votes through remote e-Voting to exercise their vote on NSDL 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 closed. Thank you very much for attending the meeting.