



Artemis Medicare Services Limited
16th Annual General Meeting

Day/Date: Wednesday, September 23, 2020
Time: 3:00 P.M.

Present:

Board of Director:

Mr. Neeraj kanwar	-	Chairman of the meeting and Non- Executive Director
Dr. Devlina Chakravarty	-	Managing Director
Dr. S. Narayan	-	Independent Director and Chairman - Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee
Dr. Nirmal Kumar Ganguly	-	Non-Executive Director
Dr. Sajaya Baru	-	Independent Director
Ms. Shalini Kanwar Chand	-	Non-Executive Director and Chairperson- Corporate Social Responsibility Committee
Ms. Deepa Gopalan Wadhwa	-	Independent Director
Mr. Sunil Tandon	-	Independent Director
Mr. Ugar Sain Anand	-	Independent Director

Others:

Mr. Sanjiv Kothari	-	Chief Financial Officer
Mr. Rakesh Kumar Kaushik	-	Company Secretary

Moderator: Dear members of Artemis Medicare Services Limited good afternoon and welcome to the 16th AGM of the Company held through VC. For the smooth conduct of the meeting members will be in the mute mode. For members who have pre-registered to speak at the meeting the audio and video will be open when they have to speak. Please note that as per the requirements the proceedings of the AGM will be recorded and available on the company's website. The statutory registers required to be there doing the AGM for inspection and available on the NSDL website. In the absence of Mr. Onkar S Kanwar, Chairman, the Board of Directors present at the meeting have unanimously elected Mr. Neeraj Kanwar as the Chairman of the meeting. Now let me hand over to Mr. Neeraj Kanwar, Chairman of the meeting. Over to you Sir.

Neeraj Kanwar: Thank you. Good afternoon dear members. Hope you are all safe and healthy. As the requisite quorum is present I declare the meeting as validity and convened. Mr. Onkar Singh Kanwar, our Chairman of the company is not attending the meeting due to his pre-occupancy. Dr. Gautam Chaudhuri, Independent Director is not attending the meeting due to some personal exigency.

Let me now introduce the board members; Dr. Devlina Chakravarty, Managing Director; Dr. S. Narayan, Independent Director; Dr. N.K. Ganguly, Non-Executive Director; Dr. Sanjay Baru, Independent Director, Shalini Kanwar Chand, Non-Execute to Director; Deepa Gopalan Wadhwa, Independent Director; Sunil Tandon, Independent Director; U.S. Anand, Independent Director; Mr. Sanjib Sen, Independent Director; Sanjiv Kumar Kothari, CFO, Rakesh Kumar Kaushik, Company Secretary and Compliance Officer and the representatives of statutory auditors and secretarial auditors are also attending the meeting.

Moderator: Thank you, may I request the Chairman of the meeting to address the members.

Neeraj Kanwar: Good afternoon ladies and gentlemen. It gives me great pleasure to welcome you all to the 16th Annual General Meeting of your company. The Board's report and audit accounts for the financial year ended March 31st, 2020 are mailed. With your permission I shall take them as read.

Since March, 2020 the COVID19 has overtaken our lives and transformed our world, presenting an unprecedented medical, economic and human challenge. We all are living through a difficult time for society and our economy. These uncertainties which are unpredicted hence the best things we can do in this situation is to keep calm and be resilient and let this tough period pass through by taking utmost care of ourselves and of our families. So stay safe and secure and follow the government directives in this regard.

During the time of this pandemic hospitals and medical professionals from doctors to nurses to support staff were the brave frontline soldiers fighting the war against COVID19 are facing difficult times. I wish to convey my compliments to the doctors, nursing and paramedical staff of the hospital who conducted themselves with utmost bravery and in most selfless manner.

The health sector in India, one of the major contributors to Indian economy is experiencing the wrath of Corona Virus. Private players describe a sharp decline in the business post lockdown.

Elective surgeries and medical two reasons were the two biggest revenue generators for the private healthcare business in India which has suffered the most as a result of the lockdown as per leading private health professionals. Approximately 70% of the healthcare services in India is provided by private health-care players. In these hard times the private healthcare sector is looking towards the support of government to tide over these uncertain situations. The COVID19 pandemic is proving fatal for the medical tourism industry. More than 70 governments responded by banning entry to travelers who have been to affected regions, barring flights to certain countries and changing visa requirements and others have also recommended that no citizens travel to any other country. The restrictions and virus scare have hit tourism hard and medical tourism is expected to be hit the hardest.

Your company during the year under review had near stagnant growth due to capacity constraints. The standalone revenue of the company for the year ended March 31st, 2020 amounted to Rs. 568 crores as against Rs. 550 crores the previous year. After providing for depreciation and tax net profit amounted to Rs. 20 crores as against Rs. 21 crores in the previous year, a reflection of incremental manpower and higher consumable cost. To keep the growth momentum it was decided to increase capacity by at least 40% to 50% by constructing the new tower in FY2021 and had received environmental clearance as well. However with the current situation the project has to be stalled and we are hopeful to rededicate ourselves to complete the expansion work during this current financial year.

I'm pleased to inform you that during the year under review, your company vied a composite scheme of amalgamation duly approved by BSE and by NSE and subsequent order of the National Company Law Tribunal, New Delhi NCLT dated 30th, 2019 September approval the composite scheme of amalgamation thereby completing the demerger process. Further your company received the listing and trading approvals from NSE and BSE. I'm also pleased to inform you that your company's designated amongst the top 1000 listed companies as per market cap.

Despite the current situation I believe that India will continue to be one of the fastest-growing healthcare markets in the world. Rising income levels, greater health awareness, increasing insurance coverage and the imbalance in demand supply presents a big opportunity for healthcare providers to increase bed capacity and investments in the sector. As per estimates the Indian healthcare industry is projected to grow at a CAGR rate of 17.69% during the period 2016 to 2022, due to growing population, chronic and lifestyle diseases, exponential advance in costly digital technologies. These and other developments continue to increase health-care demand. Additionally investments innovation and entrepreneurship are expected to increase the market size thereby boosting the continuation of the health care for the country's GDP.

The hospital industry in India stood at Rs. 4 trillion in FY2017 and is expected to reach Rs. 8.6 trillion by FY22. India is experiencing 20% to 25% growth in medical tourism and the industry is expected to be US\$9 billion by the year 2020. There is a significant scope for enhancing healthcare services considering health care spending as a percentage of GDP is rising. The rural

India which accounts for over 70% of India is set to emerge as a potential demand source. The Government of India has allocated Rs. 33,400 crores in the Union Budget for fiscal '21 towards National Health Mission, Ayushman Bharat under Pradhan Mantri Jan Arogya Yojana, the largest government-funded healthcare program targeting more than 500 million beneficiaries was allocated Rs. 6400 crores under the Union Budget of FY21.

The endeavor of your company from its inception is to establish itself as a leading healthcare organization in India differentiated by delivery of standard clinical care and clinical outcomes. We have differentiated ourselves at every touch point of the patient care cycle and our patient outcomes are comparable to the best in the world. We have earned the trust of millions of people across the world while staying true to our vision of being a truly global healthcare organization which imbibes the best practices from different medical specialties by relying on continuous innovation and cutting edge technologies.

While the COVID19 pandemic has resulted in disruption in regular business operations, the company has adopted measures to ensure business continuity with minimal disruption. We believe that COVID19 pandemic will only have a short-term impact on our operations and after complete easing of long-term and travel restrictions; the business is expected to return to normal.

Further as part of our derisking strategy, the company is exploring additional opportunities in healthcare in and outside of India. It is also pertinent to highlight that once the COVID19 vaccine hits the market which is expected by the end of the year 2020 or early next year, we are hopeful to see a quick turnaround as patients awaiting treatment for long, both domestic and international will feel comfortable to approach the hospital. We are optimistic that with the normalization of COVID19 situation and enhanced capacity of the hospital by early next financial year we will meet the growing medical needs and in turn boost our profitability.

I would like to express our gratitude and thank the Government of India and the State Government of Haryana for the continued support to your company. I would also like to take this opportunity to thank our members, doctors and other medical and nonmedical staff of the company for their commitment, enthusiasm and unstinting efforts as well as to all our stakeholders for the valuable support during the year under review.

With this I conclude with my very best wishes for you and your family, stay safe and stay healthy. Thank you.

Now I would like to go to the notice, the notice along with the Board report and auditor's report have already been sent to the members. I take them as read.

Now I will explain the objectives and implications of each item of the notice;

Item #1 relates to the adoption of the audit financial statements, report of Board and auditors thereon by the members of the company. After your approval the same will be taken on record.

Item #2 relates to my reappointment as I am due to retire by rotation, after your approval I will be reappointed.

Item #3 relates to ratification of payment of remuneration to the cost auditor who has been appointed by the Board at a remuneration of Rs. 1.35 lakhs for FY21.

Item #4 relates to appointment of Mr. Sanjib Sen as an Independent Director, after your approval he will be appointed as an Independent Director for a term of 3 years from August 3, 2020 to August 2nd, 2023.

Item #5 relates to appointment of Dr. Gautam Chaudhuri as an Independent Director, after approval he will be appointed as an Independent Director for a period of 3 years from August 3rd, 2020 to August 2nd, 2023.

Item #6 relates to appointment of Ms. Deepa Gopalan Wadhwa as an Independent Director, after your approval she will be appointed as an Independent Director for a period of 5 years from May 22nd, 2020 to May 21st, 2025.

All items #1 to 6 of the notice have been voted by the members through remote e-voting from September 20th to September 22nd, 2020. The members present at the meeting who have not done remote e-voting can now cast their votes using e-voting platform of NSDL. Mr. Deepak Mukhija practicing Company Secretary will act as a scrutinizer for the voting process. Thank you.

Moderator: Sir should I start the question and answer session now?

Neeraj Kanwar: Yes please.

Moderator: We now invite the first speaker shareholder Satya Prakash Mittal to go ahead please.

Satya Prakash Mittal: Thank you sir. I have couple of questions.

Moderator: Sir while we check your connection we will move on to the next speaker shareholder. We invite the next speaker shareholder Mr. Siddhant Kanodia.

Siddhant Kanodia: Good afternoon everybody. So my first question is regarding the proposed sweat equity shares to Dr. Devlina Chakravarty which is 5% of the existing share capital. Sir, how do you rationalize this 5% dilution of the minority shareholders? And my second question is on the expense overhead, sir if our combined cost of employees, doctor fees and medical consultancy fees is around 50% of the net revenue as compared to industry average of 40%-45%. So moving forward how do you plan to improve this?

Neeraj Kanwar: Thank you. We will like to take all the questions and then answer one by one. Thank you Mr. Siddhant.

Moderator: Thank you. We move onto the next shareholder, Nandakumar B, you may go ahead.

Nandkumar B: Thank you. Respected Chairman of Artemis Medicare Services Sri. Neeraj Kanwar ji and the members of the Board of Directors, my dear fellow shareholders good afternoon to all of you. Let me at the outset congratulate the Chairman and the Board of Management of Artemis Medicare for the good performance during FY20. Q1 FY 21 of course was not good as was expected because of the COVID pandemic. I'm sure the company is going forward, company will definitely overcome this setback, remember what. I will limit my questions to three. I thank the Chairman before preceding to the questions, of the Chairman of the meeting for granting me the privilege to speak in this AGM. I shall be very brief and with your permission let me go straight to a few questions. It was mentioned in opening remarks of the Chairman that the commissioning of the hospital at Gurgaon has received environmental clearance for building the second tower which was held up for quite some time. I understand the Chairman stated at the beginning that in the environmental clearance for the second tower, what is the current status of construction of this tower, when will it be ready? Then with the second tower becoming operational, how many total beds Artemis will have in the hospital? So these are the points I would like to know, when will the power be commissioned and with the commissioning the tower how many beds will be available in our hospitals. My second question is possibility of converting the facility at our Gurgaon to a COVID treatment center to fulfill our social responsibility also as a corporate citizen? That would have in fact reduced our dependence on medical tourism during this COVID crisis. So even now I believe we should actually convert the facility at least for the immediate time horizon as a COVID treatment facility because we know that pandemic, one as a corporate citizen it is began with to discharge our duty is by treating COVID patients, number two, we will generate some revenue during this crisis when our medical tourism is practically absent. Then the third and final question is regarding the plans for expansion going forward, any plans for commencing new hospitals and places other than Gurgaon? As I told yesterday, I belong to Cochin and I would like to invite Artemis Medicare Hospital to Cochin because it is a city which is fast becoming an in South India. We have but being connected with the Middle East and all there is not dearth for patients from the Arab nations, even from the United States and Europe they come to Cochin for treatment, so one suggestion I would like is our own sister concern, our own group company PTL Enterprises has land available in Cochin which is readily accessible by air as well as by rail and my suggestion is, sir why don't we build a second medical facility here and I believe in the long-term that will definitely be put for Cochin, people of Cochin as well as for the hospital. That is all. Wish you everyone a safe year ahead and once again I thank Neeraj ji and the Board for the good job they are doing and giving me an opportunity to speak on this occasion. Thank you.

Moderator: Thank you. We now invite again Mr. Satya Prakash Mittal. Shareholders are kindly requested to restricted speech three minutes. You may go ahead sir.

Satya Prakash Mittal: Sir my first question was given the way COVID has affected everything and we are seeing that there has been a lot of fear among people to go to hospital so how is the utilization today versus the pre-COVID level. You did touch upon this in your opening remarks but a quantitative

number in terms of utilization would be very helpful. Next would be sir as you were to get a lot of patients via medical tourism the same is majorly impacted for now and for coming times. So how are we planning to make up for this impact? Thirdly, sir we have over the years build a very good brand and presence in Gurgaon. Kindly share about the ranking or standing of our hospital versus peers in NCR region and given a good brand and high number of patients we have been wanting to expand however earlier it was stuck due to EC issues and now due to COVID. So what is the status of expansion? Also what is the long-term potential of the total number of beds and by when do we aim to achieve the peak capacity at our existing Gurgaon hospital? And given that we have build a good base and brand and also being part of large business group, I am sure our long-term aim would be to make this a much larger company. So can you please share your vision for the company from long-term perspective? Are we looking to expand with more corporate hospitals or is there something else in pipeline?

Secondly, sir our margins are very weak when I compare it to peers say for example Kovai Medical or Apollo Group Hospitals. So can you share the reason for the same and what kind of margin improvement is possible once we are able to add the new beds from this upcoming CAPEX and take our utilization higher? So can we see any improvement in margin and what are the areas for the growth for the company apart from the current hospital set up? I think this you can touch upon with your vision and sir lastly I have a suggestion that given the good work that our company is doing and the kind of branding we have, if we can also build upon the visibility of our company among the investor community and maybe as a good corporate governance practice we can start holding a conference call with investors every half year? And sir in this year's annual report we see one related party transaction with a pharmaceutical company which is of nature of around 47 crores which wasn't there in last year. This is there in your related party schedule in your annual report. If you can just tell us more about this entity and what are we transacting with them. Thank you.

Moderator: Thank you. This was the last question. I hand it back to the Chairman.

Neeraj Kanwar: Firstly I would like to thank the shareholders for asking us the questions. We will try and answer them as transparently as we can. I will answer a few and then I will pass it on to Dr. Devlina who is our Managing Director to answer the operational questions. The first question that came for me is the sweat equity of 5% to Dr. Devlina. We had studied this but currently we have put it on hold. We are still studying the whole proposal; we are not ready with it. When we are ready, we will come back to the shareholders with the scheme. So right now the scheme has been put on hold. Dr. Devlina will you start with all the answer to the questions? Wherever I feel I will come in yeah. Thank you.

Devlina Chakravarty: Thank you Sir and I have noted down all the questions and I will do my best to address each one of them. Starting with the concern about COVID impact in the hospital, let me tell you that in the month of April when there was a complete lockdown, our occupancy rate came down to 30% which today as we speak is somewhere between 65% to 68% and next month we expect it to touch 70%. So your question is that with lack of medical tourism and loss of elective surgeries

how are we managing to survive. The good thing is your company has a great deal of goodwill in the community and people as they have started coming to the hospital with each passing day, they are gaining more and more confidence in our systems and protocols. So our domestic business has really moved up.

Apart from pushing the domestic business and increasing tariffs wherever possible, we have also managed to charter flights, as a chartered flight we are getting our international patients because the skies have not yet opened. We are also constantly in touch with the Ministry of Civil Aviation and by next month there are certain air bubble pockets opening between Iraq, Nigeria, Uzbekistan. These are the areas from where we get maximum international patients. So hopefully we will be able to move forward with this air bubbles opening up.

The question on why we could have converted ourselves into a COVID hospital. To reply that question I would like to say that we have created a separate wing within our hospital with 70 beds and intensive care to treat all types of COVID complications and COVID patients. Apart from this your company along with Medanta and Fortis has a 500-bed facility called the Medeor Hospital where through our CSR funds; we are serving all COVID patients as a consortium. We are providing completely pro bono treatment. We are not charging anything for the services that we are rendering but having said that since we have managed to segregate our block as well as Medeor Hospital, the rest of the wing is available for non-COVID patients and we have really publicized that and said that there is no cross mixing of the COVID and the non-COVID patients so that both are most welcome to come without any fear and people have realized that and with every passing month we are increasing our occupancy.

In terms of ranking Artemis Hospital stands as one of the top brands in Delhi NCR however there are no official ranking so we will not be able to address it, it will be incorrect. In terms of expansion of Artemis Hospitals, by the end of October, beginning of November we are looking to start our new tower and by the early next financial year that is April-May 2021 our tower we should be ready. Artemis Hospitals in Gurgaon has the capacity to go up to almost 800 beds in a phased manner and today we are in a position to ramp that up. We will start with 600 beds and once it is 50% occupied our new beds we will start the second phase of the expansion.

Also we are looking at standalone specialty clinics like some of you must be aware of our Cardiac Centers which is a joint venture with Philips. We have a plan to start approximately 20 centers in between first and third year. We are also starting standalone birthing centers and the first birthing center is going to start by first week of October. So apart from increasing our capacity in Gurgaon, we are looking at the option of standalone specialty centers all across the country.

The third thing that we are doing is international management contracts to run hospitals efficiently with our partners overseas and that would be the third way of increasing our top line as well as bottom line.

In terms of salary I think some add margins one member had asked. Typically in Delhi NCR our salaries are in the range of 40% to 50%. Your company that this Artemis Hospital stands at 40.8% of the top line and not 50% and we can mail you all the details and also in terms of margins we are pretty much in sync with all our competitors in Delhi NCR.

We have currently, currently as in the last financial year an EBITDA margin of 11%. Our competitors typically range between 9% to 13% in Delhi NCR and all of them are listed and you can see their results. Having said that once our expansion happens there is going to be a spreading of the cost and we are hopeful of raising our EBITDA margins further better than most of our competitors.

In terms of, just give me a second; I am just going through any other unanswered question. In terms of the last question which I see here is a related party transaction with a pharmaceutical company. The name of the company is Premedium, it's a newly formed group which is in the manufacturing and trading business. They act as tender for Artemis, for better margins and price economy. This was required to keep our competitive edge on. I think with that most of the questions that I have noted down have been answered, respected Chairperson.

Neeraj Kanwar: Thank you. You have also mentioned about the vision of Artemis in the long term? Can you just give a brief overview?

Devlina Chakravarty: Yes sir.

Neeraj Kanwar: Fine and to Mr. Nandan's question about our sister company having a land in Kerala, I'd like to say that as I mentioned to you yesterday, we will be very keen to move the tyre facility out of there and go to the Rubber Park. Whether we put Artemis there or not I don't know but I think our union and our Tyre builders can become the medical staff and then I can move that on separate note, so good luck to all of us. I like to thank all the shareholders and thank Dr. Devlina. As we have carried all the items mentioned in the notice of the AGM, I would like to thank all the participants who have attended the 16th AGM of the company. I like to thank all the shareholders, wish you all the best and from us, from all our Directors please stay safe and wish all the families good luck. Thank you.

Moderator: Thank you sir. The members who have not cast their vote can still cast their votes using e-voting platform of NSDL until 15 minutes from now.