



Artemis Medicare Services Limited
Transcript of 20th Annual General Meeting

Day/Date: Wednesday, July 24, 2024

Time: 4:30 P.M. (IST)

Present:

Board of Directors:

Mr. Onkar Kanwar - Chairman

Mr. Neeraj Kanwar - Non-Executive Director

Dr. Devlina Chakravarty - Managing Director

Dr. Nirmal Kumar Ganguly - Non-Executive Director

Dr. S. Narayan - Independent Director and Chairman of Audit Committee,
Nomination & Remuneration Committee and Stakeholders
Relationship Committee.

Dr. Sanjaya Baru - Independent Director

Mr. Sanjib Sen - Independent Director

Ms. Shalini Kanwar Chand - Non-Executive Director

Ms. Sunil Tandon - Independent Director

Ms. Deepa Wadhwa - Independent Director

Others:

Mr. Sanjiv Kumar Kothari - CFO

Ms. Poonam Makkar - Company Secretary

Moderator: Dear Members of Artemis Medicare Services Limited, Good Afternoon and welcome to the 20th AGM of the Company held through VC. For the smooth conduct of the meeting, Members will be in mute mode. For Members who had 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 the transcript will be available on the Company's website. The statutory registers, required to be there during the AGM for inspection, are available on the NSDL website. Now let me hand over to the Chairman, Mr. Onkar Kanwar. Over to you, Sir.

Onkar Kanwar: Thank you. Good Morning and Good Evening, Dear Members. As the requisite quorum is present, I declare the meeting as validly convened. Let me introduce the Board Members. Neeraj Kanwar, Non-Executive Director, Dr. Devlina Chakravarty, Managing Director, Dr. Nirmal Kumar Ganguly, Non-Executive Director, Dr. S. Narayan, Independent Director, Chairman of Audit, Nomination and Remuneration and Stakeholders Relationship Committee, Dr. Sanjaya Baru, Independent Director, Sanjib Sen, Independent Director, Shalini Kanwar Chand, Non-Executive Director, Sunil Tandon, Independent Director, Deepa Wadhwa, Independent Director, Sanjiv Kothari, CFO, Poonam Makkar, Company Secretary and representative of Statutory Auditor and Sectarial Auditor, are also attending the meeting.

Moderator: Thank you Sir. We request Chairman to address the Members now.

Onkar Kanwar: Good Evening ladies and gentlemen. It is my honour to welcome you all in your Company's 20th Annual General Meeting for the fiscal year 2024. As we gather here today, I extend my heartfelt gratitude for your continued support and trust in our mission to provide best-in-class healthcare services to our community. Indian health care sector is being seen as a major growth driver for India as it aims to become the third largest economy globally in the next few years. The landscape of Indian healthcare is undergoing rapid advancement with notable changes anticipated in the coming years. The potential of the sector is further boosted on account of newer business models, hybrid models, and public policy initiatives.

The expansion of healthcare coverage, services and rising spending by both public and private entities contribute to the rapid growth of the Indian healthcare industry. India's healthcare industry has grown significantly in terms of both employment and income. As of 2024, it employs a total of 7.5 million people with a progress in artificial intelligence, data analytics expected to create another 3 million new jobs by 2028 currently valued at US\$130 billion. The Indian hospital sector is expected to reach around US\$220 billion by year 2027 with e-health market size estimated to cross roughly US\$10 billion mark by 2025. Further, India has emerged as a hub for medical value travel and has become a leading global destination for international patients with more than 500,000 visits annually. At the Company's level, we have achieved exceptional performance in the year 2023-24 with stellar improvement in all key metrics. We are consistently focus on refining our case and payer mix reporting one of the highest ARPOBs in the industry and employment in almost all operational and financial metrics. I am happy to announce that the Board has also recommended a dividend of 45% for the financial year ended March 31, 2024 subject to the shareholder approval. During the year, we have fully operationalized the remaining beds in the second tower, helping us to drive the benefits of economies of scale and improving our financials and operational efficiencies. The construction of third tower with 200 beds is in the final stages and scheduled to be operationalized in phases starting this quarter. We have already extended our OPD timing in the evening in our flagship hospital to serve more salaried class patients. We have added new centre under the Artemis Lite brand in Gurugram catering to the fast developing new Gurugram areas. Additionally, the Company has inaugurated the first of two hospital in Mauritius, 80-bed facility under the name of Artemis Curepipe Hospital as a part of the operational and management agreement. This international presence will help strengthen our brand in the global market. During the year, the Company has ramped up operations in this facility, achieved a good start in its commencement year. With the intent of exploring further growth opportunities in the super specialty hospital segment through brownfield/greenfield expansion, we have raised funds of Rs. 330 Crores from the International Finance Corporation in the form of Compulsorily Convertible Debentures. While this will boost our growth story, it also recognizes the high standard that we have maintained throughout our journey.

The healthcare landscape is continuously evolving. We must remain agile and innovative given that the increasing demand for healthcare services, coupled with the need for cost-effective solutions, changing consumer preferences, and advancement in technology and data analytical, requires us to constantly evaluate and improve our practices with our foremost priority being the patient care and safety. Embracing technology has been a cornerstone for our strategy. We have invested in the state-of-art medical equipment, including high-end robotics, while evaluating the usage of artificial intelligence in applications such as clinical decision support system, drug discovery of development, and diagnostic support system to stay ahead of the time. We continue to achieve various landmarks in clinical and non-clinical excellence and take pride in our commitment to community and engaging more patients, which extends beyond the walls of our hospital. We have launched several outreach programmes to promote health and wellness through RWA tie-up and health education seminars to re-emphasize our pledge to highest standard of clinical excellence and patient care. Looking ahead as a part of strategic vision, we aim to expand our reach, enhance patient care, and foster innovation. We are exploring growth opportunity to strengthen our presence in northern India to ensure that the high quality healthcare is accessible to all. As mentioned innovation remains at the heart of our strategy. We are investing in research initiatives, strengthening our digital footprint to drive medical advancement and improve patient outcome as we progress. I am confident Artemis will continue to thrive and set new benchmark in health care excellence. Our commitment to providing quality care, advancing medical innovation, and serving our community remains as strong as ever. Lastly, I would like to express my deepest gratitude to all our stakeholders including our shareholders for their continuous faith in our vision, our dedicated Doctors, staff, whose unwavering commitment has been the cornerstone of our success, our Board Members for their strategic guidance, Central and State Government for the regulatory support and most of our patients for their trust in our service excellence. With this, I conclude with my best wishes to you and your family. Stay safe, stay healthy! Thank you.

Moderator: We now request the Chairman to proceed with the agenda.

Onkar Kanwar: Thank you.

Notice along with the Board's Report and Audited Financial Statements have already been sent to the Members. I take them as read. The Auditor's Report on Financial Statements, Secretarial Audit Report of the Company for the financial year ended March 31, 2024 do not contain any qualification, reservation, adverse remark or disclaimer. Accordingly, reports are not required to be read out, as provided in the Companies Act. Now I will explain the objectives and implications of each item of the Notice. Item number 1 relates to adoption of Audited 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 number 2 relates to the declaration of dividend to the Members. The Board has recommended the dividend of 45 paisa per equity share, which has to be approved by the Members. After your approval, payment will be made within stipulated time. Being interested, I request Dr. S. Narayan to explain the objective and implication of Item number 3.

Dr. S. Narayan: Good Evening Members, Item number 3 relates to the re-appointment of Ms. Shalini Kanwar Chand, who is retiring by rotation. After your approval, she will be re-appointed. Now I request our Chairman to please take over.

Onkar Kanwar: Thank you. Item number 4 relates to ratification of payment of remuneration to the Cost Auditor who has been appointed by the Board at a remuneration of Rs. 2 lakhs for the year 2024-25. Item number 5 relates to the payment of consultancy fees to Dr. Nirmal Kumar Ganguly. After your approval, he will be entitled to receive the consultancy fees upto Rs. 25 lakhs for the year 2024-25. Item numbers 1 to 5 of the notice have been voted by the Member through remote e-voting from July 21 to July 23, 2024. 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 Kukreja will act as a scrutinizer for the voting process. Now, I request Dr. Devlina Chakravarty to take the questions from the Speaker Members who have registered in advance. Thank you.

Devlina Chakravarty: Thank you Sir.

Moderator: Thank you. We will now begin the question and answer session. We will unmute the Members and request them to limit their questions upto 2 minutes. Our first Speaker Member is Mr. Neeraj Kumar, who would like to ask a question on audio. Sir your line is unmuted and you can ask your question now.

Please restrict your questions to a time limit of one to two minutes. Mr. Neeraj Kumar.

Neeraj Kumar: Good Evening honourable Chairman, Directors, Management and Shareholders who are attending this meeting through video conferencing. I am Neeraj Kumar. I am a resident of Panipat. I hope all of you are doing good. I would like to thank the management team for providing good results. I would also like to thank employees for their hard work. Our Company announced a dividend of 45% on equity shares. Sir you have told us a lot in your briefing to shareholders, so I do not have more to add here. I will still ask few questions. As we are seeing the future is moving towards artificial intelligence so are there any upcoming technological advancements or innovations the Company is investing in? If there are any plans, please do let us know. Also how is the Company leveraging technology to improve patient care and operational efficiency? Thank you.

Moderator: Speaker number two Mr. Vikram Singh and speaker number three Mr. Gaurav Gupta have not joined the meeting. We will move to speaker number four that is Mr. Mahendra Dangwal. Sir, your line is unmuted. You are requested to unmute your audio and go ahead and ask your question.

Mahendra Dangwal: Good evening everyone. As an investor, I want to ask one thing. Are there any plan to increase the dividend payout in the near future? And how does the Company balance between reinvesting profits from growth and returning capital to shareholder that is the only question. Thank you for giving me the opportunity.

Moderator: Thank you. We invite our next Speaker Member, Mr. Nanda Kumar D, who would like to ask a question over audio and video. Sir, your line is unmuted and you can ask your question now. Please restrict your question to a time limit of one to two minutes, please.

Nanda Kumar:

Our respected Chairman, Mr. Onkar Kanwar, Managing Director Dr. Devlina Chakravarty, Non-Executive Directors Mr. Neeraj Kanwar ji and Ms. Shalini Kanwar ji, other Members of the Board of Directors, my dear fellow shareholders, a good afternoon to all of you. I am really excited. In fact watching the International Finance Corporation as a significant partner of Artemis Medicare Services at a substantial valuation is a real achievement. I would like to compliment as a proud shareholder of the Company, I would like to compliment whoever is behind this.

It is a tremendous achievement. The QIP of convertible goal to IFC is a very important milestone not only because it brought results for our immediate expansion plans, but also because it endowed the globally renowned financial institutions trust and confidence in the future of Artemis Medicare Services. This is reflected in the increased share price of the Company subsequent to this event. I am sure every shareholder will be happy to join me in conveying his gratitude to the persons who are behind this tremendous development. I support the board and management of Artemis Medicare and I have already voted in favor of all the resolutions proposed and recommended by them. After listening to the latest developments I feel what happened so far is only a trailer and the picture is still there. The best of Artemis I hope is yet to come. Let me express my unstinted support to all Artemis future endeavours. Let me conclude with one request Sirs/Madams, the Kerala is a state which Apollo Tyres, Apollo Group can never forget and Cochin has become a healthcare hub in South India we have hospitals belonging to Apollo Hospitals as they are operating here, Apollo Tyres has a plant in Cochin and in the nearby Perambra. I believe everyone listening to me is aware that in Greek mythology Artemis is Apollo's twin sister. Apollo is feeling lonely in Cochin, why do not you send a sister for his company? What I am suggesting is PTL Enterprises has a suitable land in Kalamassery St.Pius Church by the side of a river. It is a beautiful campus. I think this site is best suited to build a hospital by Artemis. They all belong to the same umbrella group, so if these companies can come into an understanding there is enough scope for a hospital here and this location with its proximity to the metro station and also to the airport this can attract patients from all over South India and also abroad.

Now that we have money for convertible bonds I think you can consider this investment. It will be a prudent investment. It is not a sentimental investment alone. It will definitely fetch good returns. At the same time, we people in Cochin can have access to quality healthcare provided by Artemis. I wish Onkar Kanwar ji and everyone at Artemis happiness, good health, and prosperity. May Artemis future venture become successful. Thank you.

Moderator: We invite our speaker number six, Ms. Promila. Madam, your connection is unmuted. You can ask your question now. Please restrict your questions to a time limit of one to two minutes.

Promila: Namaskar, Chairman Sir. My name is Promila. I have joined AGM from Sonipat. I have read the Company's annual report. In that, I have seen about the Company's CSR projects. Our Company's CSR projects are focused on healthcare and the environment. I am very happy to know that our Company is doing so much for society as well. I wish that the Company continues to progress in the future and also continues to work for the betterment of our entire society through CSR. Thank you.

Moderator: We invite our speaker number seven, Mr. V. Rangan, who would like to ask a question over audio and video. Mr. Rangan, could you please unmute your audio and video and ask your question? In the interest of time, we would request you to please limit your questions to one to two minutes.

V. Rangan: Good Evening, Mr. Onkar. I see the name of the Directors, everything in the video is very difficult to read and next time please tell the event management to write it very clearly. Okay, last time I asked in the PTL some questions which was not answered and I would like to know point by point. I have already written some few questions to you and given that. Now I am adding that another Company you have formed Artemis Cardiac, something like that which has come, the turning point it is 100% subsidiary and it is coming like that it is existing place sufficient or I mean it is already full I would like to know that or you are going to acquire. Now, the question is that now geriatric is going to be the biggest business in India. Sorry to tell you that. I mean the daughters and sons

do not care for the parents today exceptions may be there, but the point here is that geriatric is a big business going to be in India in the next 10 to 15 years and geriatric people would like to have medical facilities. That is most important for them. So something like that either like a backward integration or forward integration like nursing, something like that. Backward integration, geriatric people and if you can do that it will be a very good business model, actually. That is what I would like to convey And what about the taxation still we are in the taxation in spite of the expansion and all the companies have converted this debentures and come to our Company now. So, the interest will be little lower I mean the current year. I would like to know that. Thanks.

Moderator: We invite our next Speaker Member, Ms. Asha Dureja, who would like to ask a question over audio and video. Ms. Asha Dureja, your connection is unmuted. You may ask your question now.

Asha Dureja: Yeah, Good Evening, Chairman Sir, all the Board Members and my fellow Shareholders, my name is Asha Dureja. Thank you for giving me the opportunity to ask the question on this virtual platform. In your address you have rightly mentioned that Indian Healthcare is a major growth driver and the region that Artemis operates in the northern region, there are many hospitals around. So I would like to know as to what are the Company's plan for acquisitions? Are you looking for some inorganic growth for expanding your base? So, that is my question and request management to answer that. Thank you.

Moderator: Our next Speaker Member is Mr. Lokesh Gupta would like to ask a question over audio. Sir your connection is unmuted and you can ask your question now.

Lokesh Gupta: Chairman Sir, I am Lokesh Gupta. I welcome all the Board Members from Delhi. Sir, since the Company was listed, I have been a shareholder. I used to attend the Company's physical meetings and I attend through VC mode every year. Sir, you told everything about the Company. I thank you very much the way the Company is working under your leadership and the shareholders are getting returns. Sir we have 750 beds after completing two new towers how much bed we will have please tell that. Sir as I said since our Company was listed I have come to the

meeting. Lot of Company Secretaries have come, lot of them have changed but we have still remained with you. Sir telling you, I feel it is happening for the first time, that there is a communication gap between the shareholders and the Company Secretary. Please pay attention to this. They are pillars between us. They have been doing a great job and they will continue to do a great job. Sir, what happens is that if they get a better opportunity for new Company Secretary they will leave sir, but the shareholders are still connected to you. Sir, keep working like this. The Company is doing a great job. The shareholders are getting returns. I wish the Company for the future.

Moderator: Thank you. We now invite our next Speaker Member, that is Mr. Yogansh Jeswani. Sir your connection is unmuted, you can ask your question now.

Yogansh Jeswani: Thank you for the opportunity. Thank you to the Board for giving me the opportunity. Sir, I submitted my questions, but for the benefit of all, I will just quickly read them out here. So, we have commissioned 144 beds in the tower two and we are currently commissioning 200 beds additional in tower three, but we see a capex of 33 Crores as of FY24 end. So can you share how much more needs to be spent on this additional 200 beds in tower three? Also, Sir, if you can tell us about if we have all the approvals in place for tower three and by when do we expect to commercialize it? And again on tower three, once this 200 beds comes up we will be at a 700 plus bed capacity in our main hospital. Is there any more scope for expansion in this unit or will this be the maximum limit? Sir next we are raising 330 Crores and can you just share your plan on the utilization of the same over the years like other participants. Is there an opportunity for organic acquisition and overall how much are we looking to spend on our other brands like Artemis Lite, Daffodils etc. that we have launched over the years. Also if you could share some numbers around the Mauritius management contract hospitals that we have opened. So we see one of them has been started out of the two that we had announced earlier. So what kind of business can we expect from them and what is the opportunity size in future for such projects and are there any more projects in discussions? And lastly, if the management and Dr. Devlina can share her vision for the Company for next three to five years, it is really good to see the journey of our Company over last five years from 500 odd Crores to 850

Crores and now on a 50 Crores PAT. So what is the journey like that we are anticipating for the next five years? Thank you and all the best to your team.

Moderator: Thank you. Our next Speaker Member is Mr. Sandeep Kumar, who would like to ask a question over audio. Sir, your connection is unmuted. You may ask your question now. Mr. Sandeep Kumar.

Sandeep Kumar: Hi, Good Evening everyone. Myself Sandeep Kumar. I am a shareholder of the Company. I have seen the growth and development in the Company for last two years. During the time, I observed that many things have worked out for the Company. In the beginning of the financial year Company has raised 330 Crores. So, what is the plan to utilize these funds? Any plan for opening new hospital? If yes, which regions or markets are being targeted?

Thanks for providing the platform to connect with the Board Members, management and other shareholders of the Company. I will wait for the answers. Thanks.

Moderator: Thank you. As there are no further questions, we request Dr. Devlina Chakravarty to answer the questions.

Devlina Chakravarty: Thank you for your questions, dear Shareholders. I will do my best to address all of them. Mr. Neeraj Kumar, your question was on our involvement with artificial intelligence that the Company is investing in. So let me tell you that we are very actively pursuing artificial intelligence both in clinical diagnostics, clinical care, and in our research areas. So, currently we are working closely for oncology and cancer diagnosis be it breast cancer, be it brain stroke and brain cancers, and also in the field of gastroenterology. Our clinicians and our research scientists, incidentally, we have a very big research facility within our premises. So our clinicians and our research scientists, along with the various equipment companies are working to improve the outcomes of patients and bring in more research to the forefront using the artificial intelligence. Mr. Mahendra your question was plan to increase dividend payout and reinvest in the new projects. So what is the Company's thought behind this? The Company first looks for avenues which can give maximum returns to the shareholders that means

investing in newer projects and any surplus funds which are there are returned to the shareholders in the form of dividends. Thank you Promila for alluding the CSR work which is happening in the Company. Mr. V. Rangan you had a question regarding Artemis Cardiac Care. So Artemis Cardiac Care is a shop and shop model. Like you said, it is not a 100% subsidiary. It is a joint venture with Philips, with 65% towards Artemis and 35% towards Philips. It is a shop and shop model where we go and set up cardiac cath labs along with non-invasive cardiology in tier two cities in a well-known nursing home or hospital. We have an independent model where we pay a rent or revenue share to the owner of the hospital. And this model also enables us to take Ayushman Bharat, which is gradually becoming a kind of mandatory by the Government of India. So, we have created this parallel model which can entertain Ayushman Bharat as well. You have been absolutely spot on when you have spoken about geriatric care.

You will be happy to know your Company is actively engaging in hiring people and creating a programme which will be shortly launched both in the hospital and in the home care space for aged care, which will be seamless kind of a system. We are also looking at accredited geriatric trainers from the UK who are in talk with us to make a complete end-to-end solution for aged care and our endeavour would be that we should be the one point contact for all kinds of aged care. Your third question was any more FAR left after the third tower is commissioned? With the current situation, we do not have any more FAR left. Ms. Asha Dureja, your question was what is the Company's plan for acquisition? And this question has been repeated in different forms. As all of you are aware, your Company has raised a fund of 330 Crores from IFC and this fund is pledged for all kinds of inorganic growth, whether it is brownfield or greenfield and that would answer your question. Mr. Lokesh Gupta, your question was how many total beds are we finally going to get? And by the end of the financial year that is 31st March, 2025 your Company will have around 1000 functional beds. And your point is well taken about communication with shareholders. And I can assure you, the same shall be implemented. Mr. Yogansh ji you had asked for the remaining capex that we need to use for tower three. So approximately 120 Crores more would be deployed for tower three for the 200 beds. For the tower three your next question

was if all our approvals are in place and when do we commercialize it? The answer is yes, most of the approvals are in place and we are looking for a couple of more approvals by the end of this month or beginning of next month. And we hope to commercialize the tower in phases starting from end of August, beginning of September. This question is again about the fund raise of 330 Crores. It is a repeat and like I mentioned that yes, we are looking at inorganic opportunities in brownfield and greenfield projects. Your next question was, how much are we looking to spend on our other brands like Artemis Lite and Daffodils? Most of the funds that we have gotten from IFC will go in for tertiary and quaternary greenfield and brownfield projects. For the other smaller brands like Artemis Lite and Daffodils, the same will be funded through our internal accruals. You have asked a question about Mauritius Hospital and the amount of fee that you get from it. Currently the fee is confidential, but I can assure you it is a sizable monthly fee which comes on the top and the bottom line.

You have asked what are the similar opportunities like in the Mauritius Hospital. We are actively pursuing and looking for similar opportunities in Africa, in the CIS region. And once something like this is finalized, we will come back to our shareholders. The final question was to share the vision and roadmap for the next three to five years in terms of Artemis brand and sales margins, bed capacity and what is it that we want to create. So in the next three to five years, we look at doubling our bed capacity with a very robust EBITDA and very strong margins, because we are going to work on economies of scale as we move forward. We have seen the results when we move from tower one to tower two, and you will soon see the results when we start tower three. And once we double the capacity in the next three to five years, it will be a completely different platform with a lot of efficiencies coming in. I think the last question from Mr. Sandeep Kumar regarding IFC funds has already been answered. So thank you very much and over to you Chairman Sir.

Onkar Kanwar:

As we have carried out all the items mentioned in the notice of the AGM, I would like to thank all the participants who attended the 20th AGM of the Company. Thank you once again.

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.

As informed by the Scrutinizer, the allotted voting time has elapsed. The voting results will be declared within the stipulated time and the same shall be sent to the Stock Exchanges and uploaded on the Website of the Company and NSDL.

Thank you all for participating in the AGM and e-Voting.