

# ENRICHING LIVES

ANNUAL REPORT 2021-2022



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## Investor Information

BSE code: 523696

AGM date: July 27, 2022

AGM mode: VC/OVAM





# CORPORATE INFORMATION

## Board of Directors

Mr. Daljit Singh, Chairman  
Mr. Chandrasekar Ramasamy  
Ms. Shailaja Chandra  
Dr. Nithya Ramamurthy  
Mr. Ramesh Lakshman Adige  
Mr. Ravi Rajagopal

## Company Secretary and Compliance Officer

Mr. Sandeep Singh

## Chief Financial Officer

Mr. Yogendra Kumar Kabra

## Statutory Auditors

B S R & Co. LLP  
Chartered Accountants  
KRM Tower, 1st & 2nd Floor,  
No 1, Harrington Road, Chetpet,  
Chennai 600 031, India

## Registered Office

Fortis Hospital, Sector 62, Phase VIII,  
Mohali, Punjab- 160062  
Ph.: +91-172-5096001  
Fax: +91-172-5096002  
Email Id: secretarial.malar@  
malarhospitals.in  
Website: www.fortismalar.com

## Registrar and Transfer Agent

KFin Technologies Limited  
Selenium, Tower B,  
Plot No. 31 & 32, Financial District,  
Nanakramguda, Seelingampally Mandal  
Hyderabad-500032  
Phone No. - +91 40 6716 2222  
Fax No. - +91 40 23431551  
E-mail: einward.ris@kfintech.com  
Website: www.kfintech.com

# BOARD OF DIRECTORS



**Mr. Daljit Singh**

Non-Executive Director and Chairman



**Mr. Chandrasekar Ramasamy**

Whole-time Director



**Ms. Shailaja Chandra**

Independent Director



**Dr. Nitya Ramamurthy**

Non-Executive Director



**Mr. Ramesh L Adige**

Independent Director



**Mr. Ravi Rajagopal**

Independent Director

# CHAIRMAN'S MESSAGE



Dear Shareholders,

**It gives me great pleasure to present the results of your Company for the year ended March 31, 2022.**

COVID-19 continued 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 continued 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. The COVID-19 pandemic played a role in reducing footfalls, and occupancy remained low in the first quarter. By the second quarter, the occupancy was 31.9%. Overall, your Company treated 5,622 COVID patients in the out-patient 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.

## CHAIRMAN'S MESSAGE Contd...



**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**



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 personnel costs during the year. Despite such 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 93.57 Crores as against Rs 77.49 Crores in the previous financial year. Profit / (Loss) before tax was Rs. (-)8.26 Crores as compared to Rs. (-)11.31 Crores in the previous financial year. Net profit / (loss) after tax was Rs. (-)8.27 Crores compared to Rs. (-)7.87 Crores in the previous financial year. The average revenue per occupied bed (ARPOB) stood at Rs.163 Lakhs in FY 2021-22 as against Rs. 144 Lakhs in FY 2020-21. The average length of stay (ALOS) was 4.29 days in FY 2021-22 compared to 5.27 days in FY 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 Theatre 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 a 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 fairly 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 will be proud of.

Best regards,

**Daljit Singh**

**Chairman**

Fortis Malar Hospitals Limited



# Board's Report

Dear Members,

Your Directors have pleasure in presenting the 31<sup>st</sup> Annual Report of Fortis Malar Hospitals Limited ("the Company") along with Audited Standalone and Consolidated Financial Statements and Auditors' Report thereon for the year ended March 31, 2022.

## FINANCIAL RESULTS

The highlights of Consolidated and Standalone Financial performance of your Company are as follows:

(₹ in Lacs)

Particulars	Consolidated	
	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from Operations	8,617.82	6,924.41
Other Income	739.05	825.09
<b>Total Income</b>	<b>9,356.87</b>	<b>7,749.50</b>
Total Expenses	8,274.03	7,558.09
<b>Profit before Finance Charges, Taxes, Depreciation &amp; Amortisation (EBITDA)</b>	<b>1,082.84</b>	<b>191.41</b>
Less: Finance Charges, Depreciation & Amortisation	1,908.97	2,007.42
<b>Profit / (Loss) before exceptional item and tax</b>	<b>(826.13)</b>	<b>(1,816.01)</b>
Exceptional items	-	684.85
<b>Profit / (Loss) before tax</b>	<b>(826.13)</b>	<b>(1,131.16)</b>
Less: Tax Expenses	1.22	(344.29)
<b>Profit / (Loss) for the year</b>	<b>(827.35)</b>	<b>(786.87)</b>
Other Comprehensive Income (Net of Taxes)	(33.96)	20.39
Total Comprehensive Loss for the year	(861.31)	(766.48)

(₹ in Lacs)

Particulars	Standalone	
	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from Operations	8,617.82	6,924.41
Other Income	733.32	808.12
<b>Total Income</b>	<b>9,351.14</b>	<b>7,732.53</b>
Total Expenses	8,272.72	7,556.62
<b>Profit before Finance Charges, Taxes, Depreciation &amp; Amortisation (EBITDA)</b>	<b>1,078.42</b>	<b>175.91</b>
Less: Finance Charges, Depreciation & Amortisation	1,908.97	2,007.42
<b>Profit / (Loss) before exceptional item and tax</b>	<b>(830.55)</b>	<b>(1,831.51)</b>
Exceptional items	-	684.85
<b>Profit / (Loss) before tax</b>	<b>(830.55)</b>	<b>(1,146.66)</b>
Less: Tax Expenses	-	(345.33)
<b>Profit / (Loss) for the year</b>	<b>(830.55)</b>	<b>(801.33)</b>
Other Comprehensive Income (Net of Taxes)	(34.03)	20.33
Total Comprehensive Loss for the year	(864.58)	(781.00)

## Board Report (Contd..)

### STATE OF COMPANY'S AFFAIR, OPERATING RESULTS AND PROFITS

Fortis Malar Hospital (formerly known as Malar Hospital) was acquired by Fortis Group in early 2008. The hospital founded in 1989, has established itself as one of the largest corporate hospitals in Chennai, providing quality super specialty and multi-speciality healthcare services. With a total bed-strength of 160, including 40 ICU/CCU/RTU beds, the hospital focuses on providing comprehensive medical care in the areas of Cardiology and Cardiac Surgery, Neuro Surgery, Gynaecology, Orthopedics, Gastroenterology, Neurology, Pediatrics, Diabetics, Nephrology and Internal Medicine.

Fortis Malar Hospital has a state of the art Cath Lab and multiple dedicated cardiac operation theatres and intensive coronary care units. Several rare and complex Adult and Pediatric, Cardiac surgeries, Orthopedic and Joint replacements, Neurosurgeries and Plastic reconstruction surgeries have been performed at this hospital. The hospital's Obstetrics and Gynaecology services are among the busiest in the city, successfully performing many complicated deliveries and surgeries. They are supported by a dedicated Neonatology unit.

The financial year under review continued to pose a challenge due to Covid lockdown. The COVID-19 pandemic played a role in reducing footfalls, and occupancy remained low in the first quarter. By the second quarter, the occupancy had improved to 31.9%. Overall, we had treated 5,622 COVID patients in the out-patient department and 1,453 COVID admissions were recorded till March 31, 2022, with a success rate of 96%.

The hospital also participated in the community vaccination drive and had completed around 14,092 plus vaccinations

### SIGNIFICANT MATTERS DURING THE YEAR UNDER REVIEW

#### OPEN OFFER

Pursuant to execution of Share Subscription Agreement dated July 13, 2018 ("SSA"), Northern TK Venture Pte Limited ("NTK" or the "Acquirer"), a wholly owned subsidiary of IHH Berhad, subscribed to 235,294,117 new equity shares of Fortis Healthcare Limited ("FHL") with a face value of ₹ 10 each ("Subscription Shares"), constituting approximately 31.1% of the total voting equity share capital of FHL on a fully diluted basis ("Expanded Voting Share Capital") for a total consideration of ₹ 4,000 Crores and FHL issued and allotted Subscription Shares by way of preferential allotment in accordance with the terms of SSA ("Subscription"). As a consequence of Subscription,

the Acquirer together with IHH Healthcare Berhad ("PAC 1") and Parkway Pantai Limited ("PAC 2"), (collectively referred to as the "PACs") made a mandatory open offer, by filing a public announcement dated July 13, 2018. Subscription was completed in accordance with the terms of SSA on November 13, 2018 and NTK became the controlling shareholder of FHL.

As a consequence of Subscription, NTK was required to carry out the following:

- (i) A mandatory open offer for acquisition of up to 197,025,660 equity shares of face value of ₹ 10 each in FHL, representing additional 26% the Expanded Voting Share Capital of FHL, at a price of not less than ₹ 170 per share ("Fortis Open Offer") or such higher price as required under the Securities and Exchange Board of India ("SEBI") (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI (SAST) Regulations"); and
- (ii) In light of the acquisition of the controlling stake of FHL, a mandatory open offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of ₹ 10 each in Fortis Malar Hospitals Limited ("Malar"), representing 26% of the paid-up equity shares of Malar at a price of ₹ 60.10 per share ("Malar Open Offer"). Malar Open Offer is subject to the completion of the Fortis Open Offer.

On December 14, 2018, Hon'ble Supreme Court of India passed an order in the matter of "Mr. Vinay Prakash Singh v. Sameer Gehlaut & Ors.", directing "status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained" ("Order"). Pursuant thereto, decision was taken not to proceed with Fortis Open Offer and Malar Open Offer until further order(s) / clarification(s) / direction(s) are issued by the Hon'ble Supreme Court of India. On May 12, 2021, the hearings in the Supreme Court have been concluded and the judgement/order has been reserved. As on the date of this report, there was no further update.

#### RECLASSIFICATION OF PROMOTERS

The Company received a request letter ("FHSL Letter") from Fortis Hospitals Limited ("FHSL") (immediate holding company and one of the Promoters) stating that FHSL is a wholly owned subsidiary of Fortis Healthcare Limited ("FHL") and FHL, vide its letter FHL/ SEC/2019-20 dated June 03, 2019 captioned "Reclassification of Promoters", intimated to stock exchanges [viz. BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")] regarding the approval granted by the stock exchanges viz. BSE & NSE for reclassification of the following promoters as public shareholders: Malvinder Mohan Singh –



## Board Report (Contd..)

Trust, Harpal Singh, Abhishek Singh, Malvinder Mohan Singh, Shivinder Mohan Singh, Fortis Healthcare Holdings Private Limited, Malav Holdings Private Limited, RHC Holding Private Limited ("Erstwhile Promoters of FHL") and that the only remaining promoter of FHL is Northern TK Venture Pte. Limited ("NTK"). Further, Securities and Exchange Board of India ("SEBI"), had on October 17, 2018, December 21, 2018, March 19, 2019 and June 28, 2019 ("SEBI Orders"), directed that Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh shall not associate themselves with the affairs of FHL and FHsL in any manner whatsoever, till further directions. FHsL, being Promoter and largest shareholder of the Company, is holding 11,752,402 equity shares representing 62.71% stake in the Company. Further, other than FHsL, following entities were Promoter / Promoter Group Companies ("Identified Promoter / Promoter Group") of the Company:

Sl. No.	Name	PAN	Number of shares held on March 31, 2021
1	PS Trust (Acting and Represented by its trustees, Mr. Malvinder Mohan Singh and Dr. Shivinder Mohan Singh)	AACTP6651N	100
2	Fortis Healthcare Holdings Private Limited	AAACF6715A	100
3	Oscar Investments Limited	AAACO1722C	0
4	Shivi Holdings (P) Limited	AAACO2664H	100
5	RHC Finance Private Limited	AAACW7196C	100
6	Todays Holdings Private Limited	AACCT7136K	100
7	Malav Holdings Private Limited	AADCM1170B	0
8	RHC Holding Private Limited	AAKCS7686P	0

In view of the letter received from FHsL and the facts stated herein above, the Board considered the same and empowered certain officials to issue letters to Identified Promoter / Promoter Group for intimating the decision of the Company with respect to reclassification of status of said members as public shareholders. Identified Promoters did not respond to the letters and emails sent by the Company on August 5, 2019 seeking their respective consent with respect to their reclassification. Therefore, the Board accorded its approval for proceeding with reclassification of said Identified Promoters and the said proposal

was also approved by the shareholders of the Company. The Company made an application with said effect with BSE Limited for its approval.

BSE informed the Company vide its email dated January 21, 2021 to file an application for reclassification of promoters with SEBI under regulation 102 of LODR Regulations. Accordingly, Company has submitted application for reclassification of promoters with SEBI. Further, SEBI has granted exemption vide letter no. SEBI/HO/CFD/CMD1/OW/2021/2489/1/M dated March 23, 2021 from the applicability of the procedural requirements specified at Regulation 31A(3)(a)(i) and 31A(8)(a) and (b) of SEBI LODR. Further, the Company was advised to ensure compliance with all other provisions of Regulation 31 A of the LODR Regulations for reclassification of promoters. Thereafter, BSE vide its letter no. LIST/COMP/MI/002/2021-22 dated June 24, 2021 approved reclassification of Identified Promoter from Promoter category to public category. As on date of the report, your Company has only one promoter i.e. Fortis Hospitals Limited.

## OPERATIONAL AND FINANCIAL PERFORMANCE

Your Company achieved a consolidated total income of ₹ 93.57 Crores during the current year as against ₹ 77.49 Crores in the corresponding financial year ended March 31, 2021. EBITDA for the year stood at ₹ 10.83 Crore compared to ₹ 1.91 Crore for the previous corresponding year. The Profit / (Loss) before exceptional and tax for the period stood at ₹ (8.26) Crores as against ₹ (18.16) Crores during the corresponding year. The Profit / (Loss) before tax for the period stood at ₹ (8.26) Crores as against ₹ (11.31) Crores during the corresponding year. Profit / (Loss) for the year stood at ₹ (8.27) Crores in the current financial year compared to ₹ (7.87) Crores in the previous year.

Regarding the key performance indicators, the Company's average revenue per occupied bed (ARPOB) for the current year stood at ₹ 163 Lacs as against ₹ 144 Lacs in the previous year. The average length of stay (ALOS) was at 4.29 days in Financial Year 2021-22 compared to 5.27 days in Financial Year 2020-21. Occupancy of the hospital during the year was at 39% as compared to 36% in the previous year.

## DIVIDEND AND TRANSFER TO RESERVES

Considering the losses occurred during the financial year, the Board of Directors of your Company has not recommended any dividend for the FY 2021-22. Accordingly, there has been no transfer to General Reserves.

## Board Report (Contd..)

### LOANS / ADVANCES / INVESTMENTS / GUARANTEES

Particulars of loans / advances / investments / guarantees given and outstanding during FY 2021-22 are mentioned in notes to financial statements.

### PUBLIC DEPOSITS

During the year under review, your Company has not invited or accepted any deposits from the public pursuant to the provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of your Company which have occurred between the end of FY 2021-22 and date of this report.

### DETAILS OF SUBSIDIARY

During the year under review, your Company has only one subsidiary Company i.e. Malar Stars Medicare Limited. Main object of the said wholly-owned subsidiary company include setting up, managing / administering hospital(s) and to provide Medicare and Healthcare services.

The Board of Directors has adopted a policy for determining "material subsidiary" pursuant to Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is available at <https://www.fortismalar.com/investor-relations/investorcatdetails/policies-other-documents1>

Basis the Consolidated Audited Financial Statements of the Company for FY 2021-22, your Company has no "material subsidiary" in terms of the said policy and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARY COMPANY

Consolidated financial statements of your Company and its subsidiary, prepared in accordance with applicable Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, forms part of the Annual Report. In terms of Section 136 of the Companies Act, 2013, financial statements of the subsidiary company will be provided to any shareholder of the Company who asks for it and said Financial Statements will also be kept open for inspection at the registered office of the Company and that of subsidiary. Performance and financial position along with contribution of the subsidiary to the overall performance of your Company which also included in the Consolidated Financial Statements of the Company is mentioned below: -