

## **POTENTIAL LOSS OF U.S.\$ 22.5 MILLION BY THE PARSEE COMMUNITY -**

### **THE B. D. PETIT PARSEE GENERAL HOSPITAL CLARIFIES THE SITUATION:-**

The B. D. Petit Parsee General Hospital (PGH) has been providing yeoman service to the community for the past 105 Years in the area of charity healthcare. For the past few years, PGH has been facing many challenges largely due to the following reasons:-

1. Steady decline of the Parsi population.
2. Many young and middle aged Parsis settling either in the far-off suburbs or migrating to foreign countries. With an aging population and lack of variety of disciplines, it is difficult to get Resident Doctors.
3. Poor infrastructure of the city necessitating people to seek medical attention nearer home rather than traveling long distances.
4. With Mediclaim and smaller Nursing Homes mushrooming in the suburbs, local hospitalization is preferred.
5. Due to very low volumes, the provision of holistic medical services such as CT Scan, MRI, Path Lab etc. is not economically viable.
6. Approximately 60% of the occupied bed days are utilized either for free or subsidized patients, thus affecting the PGH's revenue stream, resulting in a recurring annual operating deficit of nearly ₹ 8 crore, for the past many years.

PGH therefore finds it extremely difficult to continue providing even the current level of healthcare services especially to the poor and indigent members of the community.

At a time like this, to ensure PGH continues to serve the community for at least the next 50 years, the benevolent couple, Pervin and Jal Shroff of Hongkong, magnanimously came forward to support PGH by pledging US \$ 22.5 Million for establishing a state-of-the-art New Hospital on following conditions:-

- 1.The New Hospital be called Shroff Medical Centre of the B D Petit Parsee General Hospital. It should be for a secular use, with special emphasis on cancer treatment.
- 2.The pledged amount be used only for erecting the New Hospital Building, to be owned by PGH, so that the financial benefit flows to PGH, which in turn would help the poor and needy of the community on a long term sustainable basis.

3.The New Hospital to be a multi-specialty Hospital to be operated by a professional organization having the latest state-of-the-art facilities. Such professional operator to have a pan-India presence and operating revenues of not less than ₹ 1000-crore with at least 1000 beds under its management in Tier I & II cities and no other operating Hospital in Greater Mumbai area.

4.The operator to pay an annuity as also a certain percentage of gross billable revenue to PGH.

5.The Architects, Contractors, Operators etc., to be appointed by PGH only after obtaining approval from the Donors.

In substance, the Donors are gifting to the Hospital a new building to be used only for the specified purposes.

In accordance with these conditions, the Architects, Contractors, Operators etc. were finalized after taking into account their technical and financial qualifications and competency by PGH jointly with the Donors. Accordingly, M/s. Somaya & Kalappa were appointed as Architects. Tenders were thereafter floated by the Architects and M/s. Premier Construction Co., were appointed as Contractors, after following the due process, for execution of the Project. Likewise, Municipal Architects, M/s. Sunil Ambre & Associates and other Consultants too were engaged.

Since the Donors were very particular about appointing a reputed party to equip, operate and manage the New Hospital, several Hospital Groups were invited and interviewed. The selection of Medanta was made after various lengthy detailed discussions in Mumbai between representatives of PGH, Donors and Medanta. The final selection was made only after the Donors personally visited Medanta's facilities in Gurugram and satisfied themselves about their medical expertise, caliber and professionalism.

In October 2017, PGH was proud to announce its association with Global Health Private Limited (a Company belonging to Medanta Group) to operate, equip and manage the New Hospital to be constructed by PGH on an earmarked area of the PGH property at Bomanjee Petit Road, Cumballa Hill, Mumbai, **which is less than 6% of total land area of PGH**, from the munificent pledge of \$ 22.5 million from Jal and Pervin Shroff.

### **BROAD TERMS OF THE AGREEMENT AND BENEFITS TO THE COMMUNITY**

PGH was earlier restricted by confidentiality provisions in the Agreement. However, it appears from an Article in Times of India, that the Agreement was somehow already in public domain. In any event, PGH has now obtained the consent of Dr.Trehan to put the broad terms of the Agreement before the public as under:-

**BENEFITS:-**

(a) The New Hospital Building of a value of approximately ₹ 150 crore will be erected and owned by PGH. **This will be an accretion** to the Community assets.

(b) The state-of-the-art multi-specialty New Hospital will be a seven-storey building having an area of 225,000 Sq. Ft. for secular use to be constructed and owned by PGH, but equipped, managed and operated by Medanta.

(c) No part of the land on which the New Hospital is to be erected will be alienated but will continue as a community asset. Medanta will only have operating, equipping and management rights for the New Hospital. Medanta shall have no rights to the New Hospital Building, nor the land.

(d) Medanta, at its own substantial cost, will equip, operate and manage the New Hospital with state-of-the-art healthcare facilities, equipment and services. Diagnostic facilities like MRI etc. will thus be available on the PGH campus itself.

(e) Medanta will initially place an interest free cash deposit of Rs.4 crore from the date of Commencement Certificate until the date on which Medanta commences operations of the New Hospital. Simultaneously, a Bank Guarantee of Rs.2 crore to be given by Medanta which will continue till Medanta commences operations.

(f) Medanta will pay a yearly annuity of Rs.12 crore for the first 30 years and if the period is extended, then will pay an yearly annuity of Rs.18 crore for the next 15 years.

(g) Over and above the annuity, Medanta will pay a sum equivalent to **1% in the first three years, going upto 5% on and from the 8th year of the gross billable revenue without any deduction on any account.** This concept to take care of inflation over the period of the Agreement because if the revenue increases, the percentage receipts also increase.

(h) PGH will not be involved or be responsible for any operational and management matters in the New Hospital and Medanta alone will be responsible and liable for day-to-day operations and management and quality of care provided at the New Hospital.

(i) Medanta to give preference to poor, indigent and weaker section of patients referred to Medanta by PGH.

(j) Medanta will charge such concessional rates as may be mutually agreed by the parties, for specialized treatment to be rendered in the New Hospital which are otherwise not available at PGH. Patients can have access to super-specialty facilities at the New Hospital and move back to PGH for post-operative stay, thus increasing the occupancy of PGH.

(k) Medanta will assist the PGH, free of cost, in training the nursing staff and medical personnel attached to PGH.

(l) All these will be achieved without even one rupee of the Hospital's funds being used and that the Hospital parting with any asset.

THESE ARE THE BENEFITS THE COMMUNITY WILL LOSE IF A FEW MISGUIDED PERSONS ARE ALLOWED TO DERAIL THIS PROJECT.

PGH has taken legal advice to ensure that it does not breach the provisions of the Trust Deed/Rules and Regulations of PGH by entering into the New Hospital Project. Legal advice received also opines that since there is no alienation (but on the contrary, there is an accretion to the PGH property), hence, Section 36 of the Bombay Public Trust Act does not apply and no permission of the Charity Commissioner is required. The Trustees of the Bombay Parsi Punchayet have also given their wholehearted endorsement of the Project.

During last 3-4 months, a few persons from the community started raising questions on the viability of the New Hospital Project. They alleged that the project was ill-conceived and costs inflated. Besides, Medanta was not the right selection to operate the New Hospital. We did make attempts to clarify various issues raised by them and shared with them, in good faith, details including of the financials of the project. Regrettably, some gentlemen have now started personal attacks on social media on the President and some of the Executive Committee members casting aspersions on our character and integrity. We are contemplating appropriate action, including legal options.

An application challenging the New Hospital Project, has been filed with the Charity Commissioner's Office wherein unsavoury allegations have been made, and this is also being responded to appropriately.

It will not be out of place to reiterate that the family of Petits have, over six generations during one century, nurtured PGH selflessly and with utmost care and diligence. We do not want to allow a handful of ill-informed and misguided persons to make personal accusations, whatever be their motive, and go scot free. We would rather call off the Project on our own, if our community is not with us, rather than allow anyone to point a finger at us and question our integrity. Community welfare is important but not at the cost of our personal integrity.

In the meantime, while both the Donors and Global Health Pvt. Ltd. have stated that they will not consider any amendment to the original Agreement, nor any counter-proposal, but if the community issues are not sorted out in the next few months, THE DONORS HAVE CATEGORICALLY CONFIRMED THAT THEY WILL WITHDRAW THEIR PLEDGE TO DONATE U.S.\$ 22.5 MILLION OFFER AND GLOBAL HEALTH PVT. LTD. HAS STATED, THAT IT WILL

ALSO TERMINATE THE AGREEMENT. In such a situation, the only losers will be the community and unfortunately the poor and needy, and the responsibility for this disastrous fallout will rest squarely on the heads of these self-appointed critics, for scuttling a well-conceived and thoroughly researched project that would sustain the Hospital for the benefit of generations to follow.

Now that the community is aware of the correct facts, they could not be misguided by false and misleading statements. The Executive Committee of PGH, therefore, appeals to each and every member of the Parsi and Irani Zoroastrian Community to wholeheartedly support the new hospital venture. If the community chooses not to support the Project, all that we and the Donors can say is that WE TRIED OUR BEST, AND SADLY, AS MENTIONED ABOVE, THE ONLY LOSERS WILL BE THE POOR AND NEEDY OF THE COMMUNITY.

HOMA D. PETIT  
PRESIDENT  
THE B D PETIT PARSEE GENERAL HOSPITAL