

November 16, 2023

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G Block, Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051

Dept. of Listing Operations
BSE Limited,
P J Towers, Dalal Street,
Mumbai -400001, India

Symbol: YATHARTH

Scrip Code: 543950

Sub: Earnings Call Transcripts

Dear Sir/Madam,

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Investors' conference call organized on November 8, 2023 post declaration of Financial Results (Standalone & Consolidated) for the quarter/half year ended September 30, 2023.

The transcript is also available on the website of the Company:
<https://www.yatharthhospitals.com/investors> in the section of Corporate Announcements.

Kindly take the same on record.

Your faithfully,
For Yatharth Hospital and Trauma Care Services Limited



Ritesh Mishra
Company Secretary & Compliance Officer
Mem. No. A51166
Enclosed as above.

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🌐 www.yatharthhospitals.com



“Yatharth Hospitals and Trauma Care Services Ltd Q2 & H1 FY2024 Earnings Conference Call”

November 8, 2023

**MANAGEMENT: MR. YATHARTH TYAGI – WHOLE TIME DIRECTOR
MR. AMIT KUMAR SINGH – GROUP CEO
CA PANKAJ PRABHAKAR – CHIEF FINANCIAL OFFICER
MR. DEEPAK KUMAR TYAGI – PRESIDENT, STRATEGY
& FINANCE**

MODERATOR: MR. PARAM DESAI – PRABHUDAS LILLADHER

Moderator: Ladies and gentlemen, good day and welcome to Yatharth Hospital's Q2FY24 Earnings Conference Call hosted by Prabhudas Lilladher. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Param from Prabhudas Lilladher. Thank you and over to you, Mr. Param.

Param Desai: Yeah. Thank you Malcolm, and good morning everyone. On behalf of Prabhudas Lilladher, we welcome you to the Q2FY24 Earnings Conference Call of Yatharth Hospital & Trauma Care Services Limited. From the management, we have with us today, Mr. Yatharth Tyagi, Whole-time Director, Mr. Amit Singh, Group CEO, Mr. Deepak Tyagi, President Strategy & Finance and Mr. Pankaj, CFO.

I now hand over the call to Yatharth for his opening comments and to take it forward. Over to you, Yatharth.

Yatharth Tyagi: Hi, Good Morning. This side Yatharth Tyagi, Whole-time Director at Yatharth Hospital & Trauma Care Services Limited. A very warm welcome to you all for the Earnings Conference Call for the quarter and half year ended 30th September 2023.

I have with me Mr. Amit Kumar Singh, our Group CEO, Mr. Pankaj Prabhakar, our CFO, and Mr. Deepak Kumar Tyagi, our President of Strategy & Finance. Let me draw your attention to the fact that on this call our discussions will include certain forward-looking statements which are predictions, projections or other estimates about future events. These estimates reflect management's current expectations about future performance of the company. Please note that these estimates involve several risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied.

We have uploaded our presentation on the exchange and the company website, and I hope you all might have received and had an opportunity to go through it.

Since this is our second earnings call post our listing on the stock exchanges, I would like to give a brief background on our company quickly. Yatharth Hospital operates super specialty hospitals in the national capital region of Delhi and Jhansi-Orchha region of Madhya Pradesh. We are among the top 10 largest private hospitals in Delhi-NCR region in terms of number of beds. We started our journey in 2008 with the first hospital in Greater Noida and since then expanded our presence with hospitals in Noida and Noida Extension. In 2022, we acquired our fourth hospital in Jhansi-Orchha in Madhya Pradesh with the aim of expanding

into new geographies. Our total bed capacity presently stands at 1405 beds, including 394 critical care beds.

I am pleased to announce that we have delivered a stellar performance this quarter. Our revenue has experienced a remarkable 34% year-over-year growth, reaching ₹1,713 million, while our Profits after Tax have surged by an impressive 70% compared to the same period last year and 45% compared to the immediately preceding quarter.

We have successfully completed our IPO during the month of August and subsequently your company has received the primary proceeds of ₹610 crores which has boosted our capital base and helped us turn Net Debt free during the quarter.

Our ongoing commitment revolves around diversifying a range of medical specialties and introducing new ones across all our hospitals. Q2 witnessed a double-digit growth across most of our specialties. Our Nephrology & urology, and Neuroscience departments have grown by 40-45% year-on-year. Orthopedics and Cardiology have grown by 20-25% year-on-year. While our Gastroenterology, Pulmonology and Oncology department revenue has more than doubled compared to the last year.

Our commitment continues to remain towards enhancing our suite of Oncology services and create a comprehensive one-stop destination for all cancer related treatments. The Radiation Oncology machines has arrived at our Noida Extension hospital, and we expect it to be commissioned by January 2024, seamlessly integrating the Radiation Oncology line within our Oncology Center. We are in the process of ordering equipment for robotic surgeries which is expected to arrive in the coming quarter. Thus, we are well on track to offer robotic service by the coming quarter and a comprehensive suite of Oncology treatments by the fourth quarter of this fiscal year.

As we are progressing, we have concluded around 100 kidney transplants so far and we are constantly expanding our organ transplant and medical tourism business which is poised to drive substantial growth and contribute to an improvement in average revenue per occupied bed in the upcoming quarters. We are continuously evaluating opportunities, both organic inorganic, and strategic partnerships and remain committed to expand our bed capacity in the coming years. We aim to double our bed capacity over the next 3-4 years via mix of both greenfield and brownfield expansion. We understand that inorganic growth is not merely about expansion but also about identifying synergistic opportunities that amplify our strengths, extend our reach and ultimately enable us to serve more patients with exceptional care.

At our current capacity, we have seen a remarkable improvement in our utilization. So, the Noida and Greater Noida hospital reported highest occupancy levels of 96% and 73% respectively during the quarter. Our other hospital at Noida Extension has received an occupancy level of 45% during quarter compared to 28% in Q2FY23, while our Jhansi Orchha Hospital is now at 20% compared to 5% in Q2FY23. In line with our Noida and Great Noida Hospital, we expect our Noida Extension hospital to reach optimum utilization levels by FY2025. Thus, we have already acquired a land parcel adjacent to our Great Noida hospital and declared L1 bidder for a land adjacent to our Noida Extension hospital, which should support our organic expansion plans in these hospitals.

Ladies and gentlemen, regarding the recent income tax search operation at our company from 19th to 22nd October 2023, I would like to address you that the search operation yielded no significant preliminary findings of unaccounted cash or incriminating transactions. The company is duly replying to the queries of the tax authorities and does not foresee any impact on the operating and financial performance of the company in the coming quarters.

I would like to now hand over the call to our Chief Financial Officer, Mr. Pankaj Prabhakar, for the financial update for the quarter.

Pankaj Prabhakar:

Good Morning everyone. I am happy to announce that your company has reported another quarter of strong performance. We have recorded our highest ever quarterly revenue at ₹1,713 million, reporting to a robust growth of 34% year-over-year and 11% quarter-over-quarter, with growth across specialties and improvement in occupancies across our hospitals. Our Inpatient revenue have grown by 37% year-over-year during the quarter. Our EBITDA for the quarter was ₹456 million, up by 36% year-over-year and 10% quarter-over-quarter. Our EBITDA margins for the quarter expanded by 40 basis points to 26.6%, with improved operating leverage and efficiencies across all our hospitals.

A significant development in this quarter is that Yatharth Hospital has become Net Debt free as of September'2023-end, by utilizing around ₹2,450 million proceeds raised during the IPO to repay majority of our existing debt burden. For our company, maintaining a debt-free status is not just a goal but it is a core part of our financial strategy and philosophy. Operating without the burden of debt will allow us to focus on sustainable growth, innovation and long-term success. In line with our debt reduction, our finance cost has reduced by 42% year-over-year and by 50% quarter-over-quarter to ₹29 million during the quarter. Full impact of debt reduction on finance cost will be further visible during Q3. Consequently, we have been able to grow our profits considerably by 70% year-over-year and 45% quarter-over-quarter to ₹276 million during the quarter.

As far H1 performance is considered, our revenue has grown by 36% year-over-year to ₹3,258 million. Our EBITDA for the half year was ₹870 million, up by 47% year-over-year, while our EBITDA margin for the half year expanded by 192 basis points to 26.7%. Our Profit after Tax for the half year were up by 71% YoY to ₹466 million.

Our Balance Sheet has strengthened significantly during the quarter with primarily capital infusion of ₹6,100 million from the IPO. Our net worth has increased to ₹8,065 million by September-end compared to ₹1,830 million as of March'2023-end. As on September-end, your company stands net debt free, with net cash position of ₹3,109 million, which we strive to invest towards our ongoing and planned organic and inorganic expansion as stipulated in our IPO objectives.

Overall, our recent quarter performance is a testament of our balanced growth approach. I would like to emphasize on the fact that while our focus remains to multifold our revenue and EBITDA in the coming quarters and years, with the deleveraging of our Balance Sheet, our net profitability and overall Balance Sheet will continue to emerge significantly strong in the upcoming quarters.

With this, I would like to hand over to Moderator for Question and Answers. Thank you.

Moderator:

Thank you very much. We will now begin the Question-and-Answer session. Anyone who wishes to ask a question may press * and 1 on their touchstone telephone. If you wish to remove yourself from the question queue, you may press * and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Amit Thawani, who's an individual investor. Please go ahead.

Amit Thawani:

Hi Everybody and congratulations on a fantastic set of numbers. My first question is, last full year, **the government business was 37% of our total revenue**, can you tell me what that number is for H1 and for Q2?

Deepak Kumar Tyagi:

Well, Amit, thanks for the question. You know, government business is significant to us, and it is in the range of around 36-37% and still going. So, **we are maintaining the same thing**. Good part is that the growth is coming from all the sectors. You know, be it from the corporate sector, or be it from the insurance or the government business. But the best part is that, you know, as Mr. CFO has mentioned that we are going for a balanced growth and so our revenue is coming from all the quarters of the company.

- Amit Thawani:** Okay-okay, thank you. Coming back to this same question, can you divide the government business? Just broad percentages as to how much is coming from CGHS, how much is coming from PM Jan Arogya and how much is maybe coming from ESIC? Are there some broad numbers there?
- Deepak Kumar Tyagi:** No, we don't have any business coming from PM Jan Arogya. You know, very small amount it comes at Jhansi, but that's very, very negligible when it comes under the percentage terms. Frankly speaking, I haven't distinguished that what is coming from CGHS or ESIC. If it is so important, we'll get back to you.
- Amit Thawani:** Okay. Sorry, I'm a little bit of an amateur in this and so I'm just going to ask very basic question. So, the budget that the government allocates for CGHS and ESIC, are they one combined budget or is it a separate budget for the three? And can you give us like what has been the growth in the allocation of this expenses over last year by the budget? Do you have those numbers by any chance?
- Amit Kumar Singh:** If you look at ECHS, CGHS and ESI, all those have a separate budget. So, however it is all controlled by the government authorities. All three have a separate entity who takes care of it. So, I think, in last couple of years as such there's no issues in terms of, you know, releasing the funds. So, the frequency they're maintaining that is good.
- Amit Thawani:** Okay-okay. Secondly, I mean, we were in the process of getting approvals or empanelment rather of our Jhansi Hospital, can you give us the progress there? What is the status of empanelment there?
- Amit Kumar Singh:** Jhansi, if you look at it, the team is working very hard in terms of getting the empanelment. First is the insurance sector, so whatever the insurance and TPA operating in India as of now, I think 60-70% already it has gotten empaneled now. The focus is to do couple of PSUs like BHEL, Railways and others which is having a significant number of populations residing over there. So, already, I mean, we have reached on the last leg of the confirmations from those authorities. I think next quarter you will see those numbers start coming. Rest others, the corporates, whichever corporates are available, our team is working there. I think a couple of them already we got it and it's in the process and next month or something, I think, we'll have a significant number of those empanelments.
- Amit Thawani:** Okay. So, basically, we have received 70% of the empanelment that we had intended to take?

- Amit Kumar Singh:** No, approximately, I would say that insurance cycle side, it's around 30-32 insurance companies, private and GICs working/operational. So, I think more than 50%-60% we have received and in the coming months I think more is going to come.
- Amit Thawani:** Okay-okay, got it. Our ARPOB is roughly ₹28,000, can you divide that ARPOB into how much is government ARPOB and how much is non-government ARPOB?
- Deepak Kumar Tyagi:** So, you know, so far, we have not distinguished. I told you that, you know, we are putting up the system. In the last call also you were there, I distinctly remember, and I had mentioned that we are putting up the system where we will be putting up ARPOB not only from the business segment but by the specialties also. But at this point in time, because this is mid of the year, so this will take some time. I am sure that by Q4 kind of thing...Q3, again, I'll not be promising that we will be publishing ARPOB from different segment and specialties, but definitely by Q4 we will be having this kind of information.
- Yatharth Tyagi:** Yeah, Amit, just to add on this, so if we talk about broad figures, so roughly I would say the ARPOB, let's say from a cash patient to an insurance patient, for insurance patient would be roughly around 15% lesser than the cash patient. And, similarly, the government patients are usually 10%-15% lesser than the insurance business. So, I think you can drive at an overall roughly ARPOB from there.
- Amit Thawani:** Excellent, excellent. I was just looking for that. Thank you. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Dhara Patwa from SMIFS Limited. Please go ahead.
- Dhara Patwa:** Good Morning. First, congratulations on good set of numbers. So, first question is, we will be starting Oncology related robotic services in our Noida Extension Hospital, so how much difference is there in the prices of traditional surgeries and the robotic ones, first, and do we have pay per use model for this robotic equipment or we will be buying it fully and capitalizing it?
- Amit Kumar Singh:** So, see, if you look at robotic surgery, it comes within premium because overall industry if you see whichever center has got a robotic surgery, so I won't say it as any specific number because that varies disease to disease, I mean, treatment to treatment what percentage is to be charged. But, I think, roughly it is close to ₹50,000-₹1 lakh depending on what surgery is being performed on the robot specifically, be it a transplant surgery or a general surgery. So, this is the range and the premium every hospital charges. I think our intent is the same.

- Yatharth Tyagi:** And as far as your question on the pay per use model or be it paying upfront, so **we would be paying upfront for the robot because it's also included in our Capex plans for the medical equipment that we have raised from the proceeds of the primary IPO.** And actually, that will also help us to negotiate better on the consumable that we have to get from them on the price of the consumables per surgery. So, we will be paying upfront for the robot, and we will be negotiating on the pay for surgery consumables.
- Dhara Patwa:** Okay, thank you. Second question was, cost of consumables has increased considerably in this quarter by 56% and 28% sequentially. So, what was the reason for that?
- Yatharth Tyagi:** So, as we mentioned the overall strategies, we are doing much more super specialties now and treatments like, let's say cancer. So, oncology has a lot of chemotherapy procedures which includes high end consumables and drugs as well as expensive medicines. So, this is why when we are moving towards super specialized treatments, is where the cost of these consumables, especially medicines, are increased in those treatments.
- Deepak Kumar Tyagi:** Just to add. You know, Dhara what happens is it depends on what kind of specialties do we undertake. Now, consumable for the quarter is around 21%. Yes, it was 18%, but that's the range it moves, anywhere between 17% to 20%, 21%. So, it's nothing alarming. We note this, as Mr. Yatharth just mentioned, that oncology is picking up, so cost of those consumables have gone up. So, this is the reason. But there is nothing to be worried about this cost coming in.
- Moderator:** The next question is from the line of Prerana Amanna from PNARS Partnership. Please go ahead.
- Prerana:** Yeah. Hi Sir, congratulations on a good set of numbers. So, my first question is like, **why has the receivable increased drastically?**
- Deepak Kumar Tyagi:** Thanks for this observation. See, **a good part of our business comes from the government segment, 37- 38% kind of thing. And off late what is happening is that the government is trying to shift from system.** So, because of this change over, there is some confusion there and some processing challenges there. So that's why there is a payment delay. And this is a major reason why the receivables have gone up. We are pretty much controlled on the insurance and the corporate side. But since our government sector is a significant business, so that's why the receivables have gone. We expect that this dust should settle down anytime soon.
- Amit Kumar Singh:** This is a very temporary thing. Earlier the payments were being you know, managed by the UPI, now it's moving towards the NHS. So, I think that's the reason which probably you

know.... but this is just temporary thing, for the last quarter and that is for across, wherever whosoever hospital doing know government business is facing this. So, we have nothing to worry about it.

Prerana:

Okay, Sir. Sir, my next question is a bit lengthy. First, I wanted to understand was why are we having a huge payer mix coming from government, if I have to compare it to any other hospitals, that is one. The second is, are we going to see this payer mix change in the coming years, moving more towards the insurance and the self-payer, since the revenue coming from there will be a bit higher, right? And it can improve our ARPOB also. And since we are having this 37% coming from government, how is the pay cycle here? Because if, let's say a self-payer is paying, you will get the money, whatever the treatment money is there before he is discharged from the hospital. So, what is the pay cycle here and how it affects our working capital? And the last is on the price hike. I believe when you talk about the self-care, you can take a price hike again, increasing our ARPOB. Similarly, even with insurance, I believe every hospital has different contracts and according to the contract gets revised, the price hike is better there too. So, what is with the price hike here in the government? Like, were you able to take any price hike, let's say, in this year, like in this H1? And if you have taken, what is the difference in price hike between all the three segments?

Yatharth Tyagi:

So, coming back to your first half of the question is, first of all, it's important to understand that **we do government business on our own discretion and on our own voluntary sake**. We are not bounded by the government to do these government patients because the land that we have constructed the hospitals, it's something that we have purchased ourselves, it is not provided by the government on any subsidized rate. So, we don't have to reserve any beds for the EWS patients from the government. So, the government business that we do is basically broadly divided into categories like CGHS, ECHS and ESI. And you know, we live in an area, let's say our Greater Noida hospital is just adjacent to one of the Asia's largest ECHS society. ECHS is for army retired people, they have this ECHS card. So, these are the people that come to our hospital. These are the people that are living in our community. Just because they have government card doesn't mean that these patients are sent to us directly by the government. These patients are living across near our hospitals and they voluntarily choose us. Similarly, CGHS, Noida is full of lot of bureaucratic population who are living in our vicinity. So that's why it's there. And on the question front that going forward, yes, right now we have capacity to utilize. So, we don't want to stop this business because it's adding to our overall good business. So, I think going forward, yes, let's say when we have a capacity where we have to pick and choose which category to choose, then we do see cash and insurance segment increasing. And also with the coming years, I think our insurance segment is increasing already. So, I think going forward, that's what I see the

trend there is. As far as the second half of the question, I think for the price revision of the government, I think Mr. Amit can take that question.

Amit Kumar Singh: The first part, we don't see such a problem. We're taking the government business as long as it's not impacting us. But coming back to your second question about insurance. Yes, year-on-year the rates we negotiate with the government every two years. Even this year, we have negotiated, and impact has started coming very recently. Our Noida Hospital is due for a rate revision. I think already process is done, very soon we're going to have that, probably by end of this month, we'll have that rate revision. So yes, slowly the gaps are bridging whatever we have, we have whatever the 20% price gap from any big hospital. So, this is going to be year-on-year. You see the rate coming in will be much better off in terms of the rates.

Prerana: Okay. Sir, could you put a number as to what has been the price hike, let's say for the cash segment, that is the self-payer segment versus insurance versus that. I mean, could you put an exact number? Is it possible?

Amit Kumar Singh: It's difficult to remember because see, the negotiations happen on the you know, it is not only as in a blanket percentage, right? It happens with the specialties, procedures, everything. So, it's just not only easy process, it's a very lengthy process, where we see what all the surgeries and procedures are happening there, and accordingly that percentage varies. So, it's very difficult to tell you that one percentage number, but it's a good percentage double digit increase in terms of the SOC's.

Prerana: Okay, sir. Thank you so much for the detailed explanation, I really appreciate it. My last question is, could you provide us with a guidance for H2 FY24, H2 of this year or you know, FY24, FY25 where you see the top line and the revenue guidance basically. And now that we are moving more towards specialty segments, and also, we are increasing our oncology, oncology I believe has gone from 1% to 3%, and even the organ transplant, also the number of organ transplants that we are doing, the surgeries also have increased. So, do we see a margin expansion happening from here? I believe right now our margin expansion is 26%. Do we see a further expansion happening because of more specialty? And international, the medical tourism also, I believe we are about to start. So, because of that, are we going to see any changes?

Yatharth Tyagi: As far as your forward-looking guidance, I wouldn't put an exact number, but yes, we do see quarter-on-quarter growth as far as top line is concerned for the coming quarters and the years. Now moving towards your second question on the expected increase in the margins due to the increase in the super specialties. Yes, we do expect when our super specialty increases, just not the margins, but also the ARPOB, so we are expecting good ARPOB

increase from super specialties and especially the transplant programs and the international patients. Our margins, we expect growth in that because of the existing facilities, the organic growth we are doing because there's still capacity utilization left in all our, except Noida hospital which is running quite high on utilization, our both Greater Noida and Noida extension and we still have capacity utilized. So that's where we feel margins could increase. And lastly, your question on the international business. I think Mr. Singh can take that.

Amit Kumar Singh: Actually, if you look at it, in the last quarter, if you remember when we were discussing and also, we just started and then a good number of patients from the Bangladesh and the SAARC countries were coming, this quarter also we have made a significant improvement as patients started coming from Fiji, Cambodia, other SAARC countries. In fact, to be very honest, we have taken the initiatives for where we are signing agreement with a couple of CIS countries hospitals where our doctors will go over there, and we'll work on their capability and capacity increase and certain surgeries can be performed over there and those complicated surgeries which cannot be done over there can be done in our place. So, I think that strategies are in place. Very soon you will see a good number. We are significantly growing in this. I think last year we had a couple of crores, last quarter.

Deepak Kumar Tyagi: The operational part, which Mr. Amit Singh was talking about, the beginning has been made. The last quarter it was a beginning, we did good numbers, around two crores of business we have done from international. The prospects are looking good because now therapists there, the team of doctors and every infrastructure is available. The word has spread in the community. So, we expect that this number would grow significantly in Q3 & Q4 and going forward it would be a good contribution to our overall mix.

Prerana: Okay Sir. And Sir, I remember in the last con call you were planning to construct a hospital near some Jewar airport mainly for this only, so you can attract even more medical tourism. Any updates on that?

Yatharth Tyagi: So, what you're talking about is the expansion plan in already existing hospital in Greater Noida. So, Great Noida Hospital is currently 400 in bed. We have acquired the adjacent land parcel there to expand it to 600 beds, and that is the existing hospital of ours which is quite close to the Jewar airport. So going forward, that's what those beds would add on those international tourism and medical tourism lines.

Prerana: Okay, sir. Thank you very much. I really appreciate you all answering my questions in detail. Thank you very much and all the best for the coming quarters.

Moderator: Thank you. The next question is from the line of Prashant Nair from Ambit Capital. Please go ahead.

Prashant Nair: Hi, Good Afternoon. Just can you give a ball-park sense of the profitability at your individual hospitals, especially in Noida extension and Jhansi-Orchha, which are relatively new, individually?

Deepak Kumar Tyagi: Prashant, this is again you know, profitability if you ask me, it would be a ball-park kind of thing. I'll not be giving very specific numbers. But if you ask me, it would be in the range of around 28-29% at Noida. So, in the range of Greater Noida and little shared lesser in Noida extension. So, it would be around 25-26% at Noida extension. Jhansi is just marginally profitable; on EBITDA side I'm talking about. It did Rs. 90 lakhs of EBITDA at a turnover of around Rs. 8 crores. So, this is how overall things are coming up. This is, again, a plan that this is in line with that where we have to publish the information on the segments and the individual hospital profitability. So, that is in the bigger plan. I owe this to my investors and let's hope that by Q4 we will be having this better numbers.

Prashant Nair: Sure. And secondly, I have a follow up question on the working capital. So, receivables you mentioned there is some transition at the government level which has led to this increase. Where do you expect, say, receivables days to stabilize at? What level approximately, once we are past this transition?

Deepak Kumar Tyagi: Because things are still in place and yes, Dr. Ajay and Mr. Amit Singh are trying their best and pushing it hard to have this figure come down in the Q3 itself. I am very hopeful that if not in Q3, then by Q4, it would be coming down gradually. I expect that our days should be in the range of around 85 to 95, anywhere in between by the end of this year.

Prashant Nair: Okay, thank you. That's it from my side.

Moderator: Thank you. The next question is from the line of Sagar Doshi from Intuit Investment. Please go ahead.

Sagar Doshi: Hello. So, basically, I just wanted to ask regarding the occupancy level. We are at 51% currently, and you are guided for around 60% by Q4. So, any changes in that? And what can I expect in the next financial year? Just a rough growth or ramp up in the Jhansi Hospital. So, something on the occupancy part?

Yatharth Tyagi: So, I think we are well on track to the expected occupancy that we have forecasted for the coming quarters, and I don't see any change to those forecasts. And yes, this quarter did have a significant rise in occupancy due to also a lot of dengue patients that was spread

across Delhi NCR. But I feel also going forward in the quarters, we are well on track with respect to our forecast for the expected occupancies. And as far as Jhansi is concerned, already it is ramping up. And as we mentioned earlier in the Q&A, that a lot of empanelment, including the health insurance and government panels, are well on track. So, I think that will be a key attribute to that occupancy ramping up in the coming quarters.

Sagar Doshi:

So, any number that you would give for next financial year?

Yatharth Tyagi:

No, I think not an exact number on that, but we do expect increase in the occupancy quarter-on-quarter basis.

Sagar Doshi:

Okay. Also, one more thing is the average revenue per bed decreased marginally quarter-on-quarter. So, any specific reason for it or how should we look into it?

Yatharth Tyagi:

Yeah, ARPOB is increasing because of change in the case mix. As we were mentioning that we are moving towards a hospital which is doing high on super specialties. So, as we see a rise in oncology treatments and transplant program so that's the reason why increase is there on quarter-on-quarter. And I do expect this ARPOB increase to continue much further in the coming quarters.

Deepak Kumar Tyagi:

Just to add to this, and important would be to see the Q4 movements when we start this oncology treatment. So, what I expect with this PET and radiation line things to come up, revenue will go up to that extent, our ALOS would come down and ARPOB would increase, and that would give the impetus for profitability improvements. But I'm not giving any future numbers, so allow me that. But this is the general trend, and this is a fair match on the ground that how it functions.

Sagar Doshi:

Okay, got it. Last one. In one of the questions, you said that we are looking at doubling the bed capacity in three to four years. So, when can we expect commissioning of the first phase or the first increase of bed, let's say, first 100-200 beds etc.? So, when can that commissioning be, a rough idea of the timeline?

Yatharth Tyagi:

Yeah, so when we say doubling, that also includes the expansion of our existing facilities, that's the Noida Extension and Greater Noida Hospital. So that construction would take two to three years. But before that also, we do expect beds to add up. That will be through the mode of acquisitions of new hospitals that we are looking to do. And I think as far as the plan is concerned for the remaining two quarters, we would be looking to complete one acquisition of a hospital. So, I think before the end of this fiscal year is we do expect our first increase in the capacity to come up through the means of an acquisition of a hospital in the North India region.

- Sagar Doshi:** Okay. So, any organic expansion would take around two to three years.
- Yatharth Tyagi:** Yes, if we are constructing, that's what it takes usually to provide capacity of 200 to 250 beds.
- Deepak Kumar Tyagi:** Sagar it is basically because it's a Greenfield, it would be about what Mr. Yatharth was alluding it to that the Brownfield or Greenfield will take that much of time. But if it comes by the O&M route or if we take over any existing hospital, that would be quicker. So, if you see Brownfield would be coming in the two to three years' time. So that's around 450 bed we are talking about. The 950 bed would be coming the other way and it can happen quickly.
- Sagar Doshi:** Thank You. That was helpful.
- Moderator:** Thank You. The next question is from the line of Vivek Gautam from GS Investments. Please go ahead.
- Vivek Gautam:** Any concerns on the operating cash flows and receivables from our side and any plans of reducing dependency on government business, number one. Number two, any acquisition plan and how is like Jhansi-Orchha Hospital and how is that performing, sir? Thank you.
- Yatharth Tyagi:** So as far as, you know, the government business and that is concerned, the receivables, we've already addressed that in our previous questions. Now I'll come to your second question on the acquisition front. Yes, as was mentioned that the plan is that you know, before the end of the fiscal year to complete one acquisition for hospital. We are looking for, you know, acquisition which is roughly in the tune of around 150 beds, at least, somewhat around from 150 beds to 250 beds. That is what we're looking for right now. And we're looking at the territories of Delhi NCR, Haryana, Uttar Pradesh, Madhya Pradesh. So, that is, you know, the plan on the acquisition part is concerned and we are open for both O&M model as well as equity purchase.
- Then your question on Jhansi-Orchha is concerned. I think yes that hospital is quite well, as mentioned, we are getting the empanelment done there and the occupancy has also increased on not just the year-on-year basis, but also quarter-on-quarter basis. So, I think the Jhansi-Orchha hospital is well on track.
- Vivek Gautam:** And how is our catchment area in terms of the location of our hospitals, specially Noida extension, and how is the population growth and what is the occupancy level and how much can it go up to?

- Amit Kumar Singh:** See if you look at it, if we come to the Noida extension areas which is the enters into the Ghaziabad region. So, and it's an excellent connectivity through the Meerut Delhi highway, this goes to, you know, the Meerut, Modi Nagar, Hapur those regions to entire Ghaziabad, that is our good catchment area and Noida extension itself is now getting densely populated because there's lots of you know, the bigger sites are coming. So, this is in a way if you look at it, Gautam Buddha Nagar, if you have any idea about this region, this is an area where, you know, it's coming up very, very fast. So, I think the coming years, you'll see a good number of people moving from those areas, Delhi and other places to this side of it. So, that is the Noida extension and then I think earlier also we have spoken about our advantage as far as geography is concerned. So Greater Noida has an excellent connectivity towards, you know, till Agra, Mathura, those regions, you know, that's one region because of the Yamuna Expressway and Noida has an edge of Delhi and Faridabad region, so I think we have a geographical advantage and a good catchment area.
- Vivek Gautam:** What about competition intensity with coming up of the new Yashoda Hospital and the big units coming up and next purchase and other thing and how are we planning to cope up with that? Thank you.
- Amit Kumar Singh:** See if you look at it, I think, the competition about any areas is growing and having a potential competition is bound to come, but I think we are not scared of those things. In fact, that could be a good thing that this area will become a hub for good healthcare. So, we have our own advantages, we have our own strengths, and being the oldest and having the range of services what we are providing is, I think, as of now others whosoever will come will take some time, till that time we will be very much placed as in biggest in this region. So, I think that is not our concern, we are focusing on our own strengths. You know, the specialty, super specialty which we are still not having, we are working on to have those things. So, nothing to worry about it as such.
- Vivek Gautam:** And sir, how is the opportunity size and which will increase usage of medical insurance. it augurs well for us versus the self-paying patients.
- Amit Kumar Singh:** Can you kindly repeat that question your voice is cracking.
- Vivek Gautam:** Yeah, my question is about the opportunity size for us, in terms of basically, due to the COVID and the lack of medical insurance, people were suffering a lot and as we say that, between basically if you stay in ICU for 15-20 days, you come from middle class, you can go to the lower class if you don't have the insurance. So, how is the insurance penetration level happening as per your experience and how does that augur well for our future?

- Amit Kumar Singh:** See if you look at it the good part about COVID and yes people got worried about their healthcare. And that's what did you see the data shows that the last three years if you see the kind of the insurance penetration has gone. The insurance companies growing very fast. And the more and more tier two and tier three cities' people are having their insurance. So, I think, that's a by increasing this percentage any healthcare facility will benefit because people will demand, you know, the quality healthcare and that is they will move from those agents to and also very important quality health care. And so, we are on the same line and I'm sure not only we, other healthcare services also going to benefit of it.
- Vivek Gautam:** Thank you.
- Moderator:** Thank you. The next question is from the line of Naman Bhansali, from Perpetuity Ventures LLP. Please go ahead.
- Naman Bhansali:** Thank you for the opportunity. First question is in Noida hospital, their occupancy are at 96% this quarter. Is it on the 450 beds capacity, which we have or is it on some other number because we haven't heard such level of occupancy in any other hospitals case.
- Yatharth Tyagi:** Yeah, so I think, you know, you've got that point, correct. And that occupancy is not on 450 but on smaller beds of 250 bed. So that's why, you know, we're able to maintain an occupancy of 90% above in that hospital, and you know, for a hospital of, let's say, 450 beds or beyond that, it will be difficult to reach that occupancy, so Greater Noida hospital is around 250 beds.
- Naman Bhansali:** But in optimally any hospital can do at a max of what range?
- Yatharth Tyagi:** So, I think depends on hospital to hospitals, but let's say, for our hospitals of let's say around 400 beds or 450 beds that is Greater Noida extension. So, Greater Noida is touching around 70% out there. We do feel that we can still cater to a much more occupancy to around I would say somewhere between 75 to 80%. We would consider booked an optimum utilization there.
- Naman Bhansali:** Got it. Thank you. Second question is you had mentioned that Brownfield take 2 years to build and greenfield around 3-4 years. Sir, how is the breakeven time period in such functions, in brownfield vs a greenfield?
- Deepak Kumar Tyagi:** The breakeven for the Brownfield would not be an issue because first of all, you know, the second cost of these hospitals, many kind of thing so, the base of the cost will be less breakeven should come, I'm talking about the overall facilities. If we talk about overall facility because we are still having a margin of around 28-29% coming in from Greater

Noida. So, you know, they would not be a performance down for the hospital per se, but when it comes down to the you know the setup being created that the 200 or 250 beds which are coming because good lot of its cost, the fixed cost will be shared by so I expect that on an individual basis, the payback should be anywhere between three and kind of thing.

Naman Bhansali: Okay, I understood. Lastly, you had mentioned that your gross margin had fall due to the increase in consumer expenses for new high-end specialty which you're doing. So just want to understand that in terms of ARPOB, why is it not reflecting that if you are doing some high-end specialty in a particular quarter, the ARPOB would have moved up on QoQ basis till date. So, marginally the ARPOB would decline by 2% on QoQ basis. So, can you just help me understand that when does the ARPOB eventually fade out in terms of these high-end specialties?

Deepak Kumar Tyagi: First of all, you know there is a slight increase in the you know, in the percentage term the consumables cost around 21%, which is around 18 to 19% in the last quarter. Important is that it did not retain the EBITDA. In fact, the EDITDA on QoQ basis has gone up. The numbers I'm not sure it is there, but it has gone up from Q1 to Q2. So, this is there. So first of all, I want to dispel that EBITDA has come down because of the increase in the cost. What was the second question, sorry I didn't write it.

Yatharth Tyagi: Coming to your question on the part that you know even the high specialty where we are moving, Jhansi is having a lower ARPOB even with high specialty because in Jhansi Orchha hospital the prices are also significantly lesser compared to the Delhi NCR. So yes, we are moving towards you know basic specialties there but then also the ARPOB will be always less in that territory due to the pricing strategy that we have taken in the Orchha hospital.

Naman Bhansali: Got it understood and on a big picture basis, over the next three to five years, the ARPOB can grow at what range.

Yatharth Tyagi: We do expect the ARPOB to grow quarter-to-quarter. I wouldn't give exact figure on that, and you know we are well on track for that.

Naman Bhansali: Thank you.

Moderator: Thank you. The next question is from the line of Prashant Nair from Ambit Capital. Please go ahead.

Prashant Nair: Hello, my question has been answered. Thanks.

- Moderator:** Thank you. The next question is from the line of Amit Thawani, who's an individual investor. Please go ahead.
- Amit Thawani:** Hi, yeah, just a follow up question. We are almost halfway through the December quarter. Can you give us the occupancy of Jhansi and Noida extension for the half quarter?
- Yatharth Tyagi:** For the half quarter, yes, I think that's what we have included in our earnings presentation. But, you know, as far as the quarter occupancy is there, it is available there.
- Amit Thawani:** No, no, this quarter, this December quarter?
- Deepak Kumar Tyagi:** Amit, you know, taking occupancy, see first of all, yes, we are publishing, we will continue to publish occupancy on a quarterly basis. But the occupancy has to be seen on a longer term. Now, we are almost a month down into this quarter. First of all, the occupancy levels are almost same as it was in the month of September this is one thing, but giving a number specific that what that occupancy would be it will be too early to know, call. I request if you can wait for the quarter to end process matter.
- Amit Thawani:** But just to get a directional sense, we are higher?
- Deepak Kumar Tyagi:** We are pretty much there. The occupancy levels continue to be good. So, that's the subjective answer I can give.
- Yatharth Tyagi:** Also, just to add on this, traditionally, but you know, we do expect occupancy to remain you know, in the positive direction, but traditionally in Q3, usually in Delhi NCR occupancy tends to be always lesser given to that the winter is coming up and you know, due to the fog increasing. So, both are at OPD level and both at IPD level, you see this is considering the Delhi NCR, the coolest period. But, you know, we should be on our track even after that.
- Amit Thawani:** Exactly, that's why I was asking because Q2 and Q4 are generally the best quarters and Q3 is not really the best quarter. So that's why I was asking can you still expect an improved occupancy?
- Yatharth Tyagi:** So, I mean, I will say, for, let's say, things like OPD or elective surgeries, these tend to be lesser in Q3, and as far as occupancy is concerned, I think overall, it should be on the similar track.
- Amit Thawani:** Okay, thank you, sir. Thank you.

Moderator: Thank you. The next question is from the line of Sumit Gupta from Motilal Oswal. Please go ahead.

Sumit Gupta: Yeah. So, I have two questions, the first one the margin front. So, if it is possible, can you quantify how much margin do we expect over the next three to four years? And the second point is the incremental growth in the overall EBITDA, which hospitals or which facilities would likely contribute more from here on and the third question is regarding how much Capex we plan to deploy over the [inaudible].

Deepak Kumar Tyagi: So first of all, you know, I will dismiss that, you know, what kind of margins we'll be having in the years to come. I'm not giving any futuristic direction. Very subjective answer we can give, we are at 26% plus EBITDA and these EBITDA margins are expected to grow, which initiatives of Mr. Yatharth and Mr. Amit just mentioned, it's basically the induction of international business coming in, oncology coming in, more and more higher specialties are coming in. So, these would add to two things. The ARPOB would increase and ARPOB would significantly then drive it, for the margins to increase. But if you ask me, yes, we have our internal plans, but I'm not supposed to you know, disclose at this point of time to the investor community, sorry for that. So, this is one thing.

Now second question was about our Capex plan. For the next three years, we have a Capex plans of around 800 Cr coming in, which is basically for the addition of these 1,400 more 1,450 beds coming in. This plan may, go here and there depending on if more beds come on the O&M side, then the CapEx would be lesser. But if it goes on more on a greenfield side, it would be higher but at this point of time, we have this kind of thing. So, that is the case, and we are sufficiently funded for this expansion. We don't expect a long-term basis, we would need any loan capital to fund these projects.

Sumit Gupta: The follow up question was on the incremental growth of the EBITDA. So which facility would contribute more towards it?

Deepak Kumar Tyagi: Well, all the facilities are contributing but if you see the ARPOB, the ARPOB would settle, then I would say that Noida extension is to be seen. Did it answer you?

Sumit Gupta: Okay, thank you.

Moderator: Thank you. The next question is from the line of Prashant Nair from Ambit Capital. Please go ahead.

Prashant Nair: I just had a question on the tax rate. So, in the first half **the tax rate** is higher than what it was in fiscal 23. So, is this the level we should look at for the full year and going forward or will it settle down?

Deepak Kumar Tyagi: No, you know, Prashant what happens that you know, midway, because auditors generally tend to be a little conservative. I would say that you know, because we will be best of the tax position coming in from our two companies, that is Yatharth hospital having Noida and Greater Noida hospital and AKS which is basically Operating Noida extension hospital, there, the tax rate, because the MAT and everything has been utilized, so, it will be better than the last year, I expect that the tax rate will be in the range from 25% for these two hospitals. As far as the Jhansi is concerned, Jhansi is because it is having the accumulated losses. So, we will go for the traditional tax percentage. Overall, you know, this is basically because by March'24 the position would be clear, I expect the overall tax burden should come down in the percentage terms. There on 30%, if I'm not mistaken, for the first half, you know, just a minute. I can check the numbers is around 33%, 30% plus kind of thing at this point of time, **I expect that it would be in the range of around 26 to 28%** anywhere in between.

Prashant Nair: Yeah, thank you.

Moderator: Thank you. The next question is from the line of Tanmay from Mirae Asset. Please go ahead.

Tanmay: One question on the Noida Extension hospital. If I look at the average revenue per patient, I'm just dividing the overall top line might not be the right calculation, but dividing the overall top line by the inpatient revenue that we have. It has gone up significantly, let's say from H1 FY23 to H1 FY24. What could be the reason? Is it purely case mix or any particular reason, that you would want to highlight? I think it's lower than the other hospitals in the Noida extension part. Yeah.

Yatharth Tyagi: Yeah. Sir, just yeah. So, the reason for increase is case mix is there. And it is also not just the Case mix. There's a lot of new treatments that we have started here which are high end value, which we were not doing earlier. So, you know, procedures like kidney transplant and bone marrow transplant, you know, we recently started around a year back. So, this is why the sharp increase is there. And as far as other specialties are concerned, these are also growing much more in the proportion to specialties which are at a lower end of the ARPOB spectrum. So, that is why it's there. And also, this is a hospital where we are getting the oncology machine, which is already reached and will start functioning from January onwards. And robots are also being planned in this hospital. So, this is the reason why the

ARPOB has increased as well, and we do expect much more increase quarter on quarter at the ARPOB of this hospital.

Tanmay: So, this specialty is also increasing, I mean the ALOS number looks lower than the other hospital, the other hospitals that we have. So, that is the right trend to look at or how should we look at it I mean.

Yatharth Tyagi: So, I think lower, so actually lower ALOS sort of represents a higher share of super specialties. So, let's say if 3 to 4 days of ALOS is there for super specialties. And if there are more patients of general specialties, let's say for internal medicine or other procedures, that's where the ALOS tends to be higher.

Tanmay: Okay, thanks.

Moderator: Thank you, ladies and gentlemen. Due to time constraints, that was the last question. I now hand over the call to the management for the closing comments. Please go ahead, sir.

Yatharth Tyagi: Yeah, I think I would just like to thank all the participants who attended our earnings call, and we look forward to delivering on the numbers and the promises that we have kept. And we are well on track to, you know, do that in the coming quarters. Thank you, everybody, again for participating. Thank you.

Moderator: Thank you on behalf of Prabhudas Lilladher. That concludes this conference. Thank you for joining us. And you may now disconnect your lines.

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