



18<sup>th</sup> August, 2023

**Ref:- GH/2023-24/EXCH/46**

The General Manager  
Dept. of Corporate Services  
BSE Limited,  
P J Towers, Dalal Street,  
Mumbai - 400 001

The Manager  
Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 051

**Scrip Code: 543654**

**Symbol: MEDANTA**

**Sub:** Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Earnings Conference Call Transcript

Dear Sir(s),

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Conference Call held on Friday, August 11, 2023, hosted by JM Financial, for the Quarter ended June 30, 2023 results, is enclosed herewith.

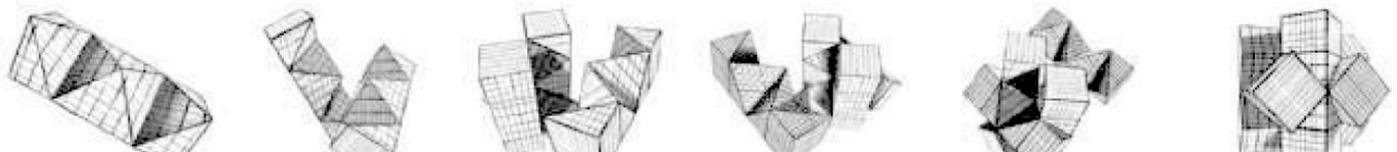
The Transcript is also available at our website: <https://www.medanta.org/investor-relation>

This is for your information and record.

**For Global Health Limited**

**Rahul Ranjan**  
**Company Secretary & Compliance Officer**  
**M. No. A17035**

**Encl: a/a**





## **Global Health Limited**

### **Q1 FY24 Earnings Conference Call**

**August 11, 2023**

**MANAGEMENT: DR. NARESH TREHAN – CHAIRMAN AND MANAGING  
DIRECTOR – GLOBAL HEALTH LIMITED**

**MR. PANKAJ SAHNI – GROUP CHIEF EXECUTIVE  
OFFICER AND DIRECTOR – GLOBAL HEALTH LIMITED**

**MR. SANJEEV KUMAR – GROUP CHIEF FINANCIAL  
OFFICER – GLOBAL HEALTH LIMITED**

**MR. RAVI GOTHWAL – HEAD, INVESTOR RELATIONS –  
GLOBAL HEALTH LIMITED**

**MODERATOR: MS. CYNDRELLA CARVALHO – JM FINANCIAL  
LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Global Health Limited Q1 FY24 Earnings Conference Call hosted by JM Financial. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Cyndrella Carvalho from JM Financial. Thank you and over to you, ma'am.

**Cyndrella Carvalho:** Good afternoon, everyone. I, Cyndrella Carvalho, on behalf of JM Financial, welcome you all on the quarter 1 FY24 Earnings Con Call of Global Health Limited, Medanta. At the outset, I thank the management of Global Health Limited for giving us this opportunity to host the call and looking forward to have an insightful interaction on a strong earnings performance. Today from the management team we have with us Dr. Naresh Trehan, Chairman and Managing Director, Mr. Pankaj Sahni, Group CEO and Director, Mr. Sanjeev Kumar, Group Chief Financial Officer, Mr. Ravi Gothwal, Head Investor Relations. I now hand over the call to the management for their opening remarks.

**Dr. Naresh Trehan:** Good afternoon to all of you and welcome to Medanta's Q1 F24 earning call. As you are aware, the results were published yesterday and the company has reported strong operational and financial performance during the quarter. The details of which of course Mr. Pankaj Sahni, our group CEO will give you later. But in the meantime I will walk you through some of the developments.

Our performance in the Q1 FY24 is on the back of delivering the highest quality of medical care with highest ethics and Medanta continues to replicate this model as we go across other parts of the geography. In the network hospitals, we have five hospitals and the sixth one, that is Noida, is on its way and hopefully in the next 18 months or so, we will be functional there too. Furthermore, most of you already know the fact that we have announced the partnership between Medanta and DLF in developing a hospital in GK1 in Delhi. For a long period, there has been a huge demand because being aware of Medanta's ethical and quality practices, people in Delhi have been actually requesting, demanding that we develop an institution over there also.

We welcome this partnership, that is Medanta and DLF, to start work on this hospital which will be a 400 plus bed hospital situated over 2 acres in GK1. It will have about 20 or more super specialties and also a great emphasis on oncology, that is cancer. It will of course benefit a large number of patients not only from Delhi, but across Uttar Pradesh, Haryana, Rajasthan and other neighbouring states. In addition, we have a very strong demand for our services from international traffic and we shall also be able to fulfil that between our existing facilities which is in Gurgaon and the new one that is coming up in Noida and also addition of Delhi will make it a seamless operation across the NCR region. This is actually very much in line with our strategy to build a long-term sustainable platform and deliver, or I would say continue to deliver, the highest quality of healthcare in this region, not only in this region, but across the heartland of India.

I would like to hand over the call to our group CEO, Mr. Pankaj Sahni, to provide an update on the quarter results, performance and new initiatives. Thank you and over to you Pankaj.

**Pankaj Sahni:**

Thank you Dr. Trehan. Good afternoon and welcome everyone to our Q1 FY24 earnings call. We have concluded our first quarter of FY24 on a strong note with the highest ever quarterly Total Income of INR 7,945 million, registering a growth of 26.8% year on year. The company continues to deliver strong year-on-year and sequential growth driven by higher patient volumes and improvements in realization.

We are grateful for the continued trust of our patients placing us across our network. Needless to say, none of this would have been possible without the tireless commitment of our doctors, nurses and other caregivers.

Now coming to some of the highlights for the quarter:

Both the matured and developing hospitals continue to deliver year-on-year and sequential growth. We have delivered consolidated total income of INR7,945 million, which is a growth of 26.8% year-on-year and 8.6% on a quarter-on-quarter basis, driven by higher patient footfalls and improved realizations in this quarter. EBITDA of the quarter was at INR1,993 million, registering a growth of 40.7% year-on-year, with EBITDA margins improving from 22.6% in the first quarter of FY '23 to 25.1% in the first quarter of FY '24. Our profit after tax was at INR1,020 million, a growth of 73.7% year-on-year.

During the quarter, we have added 28 new beds in Patna, taking our total bed capacity at the group level to 2,725. These additional 28 beds are dedicated ICU, which we have built at our Patna hospital. In terms of our operational performance, average occupied bed days for the quarter increased by 16.2% year-on-year, representing an occupancy of 58.1% on increased bed capacity.

ARPOB grew by 7.1% to INR63,148 in Q1 FY 24, driven in part by increased tariffs at our Gurgaon unit, as well as the increased complexity of work in Lucknow and the scale up of our facility at Patna. We continue to witness strong patient volumes across all facilities. Inpatient count increased by 19.4% year-on-year to 37,000+. Our outpatient count increased by 17.5% year-on-year to ~6.6 lakhs in the first quarter of FY '24.

In terms of developing hospitals, that is Lucknow and Patna, the total income increased from INR1,468 million to INR2,297 million, a growth of 56.5% year-on-year. EBITDA of the developing hospitals increased from INR331 million in Q1 FY23 to INR720 million in Q1 FY24, representing a growth of 117.6% year-on-year. Our developing hospital revenue share also increased from 23.4% in Q1 FY23 to 28.9% in Q1 FY24. While our developing hospital, EBITDA share increased from 22.6% in Q1 FY23 to 31.4% in Q1 FY24.

During the quarter, international patients' revenue also increased by 45% to INR477 million driven by increased volumes and realizations. Our in-house outpatient pharmacy business revenue increased by 43% from INR186 million in Q1 FY23 to INR266 million in Q1 FY24.

Additionally, a few key developments during the quarter:

First of all, Medanta Lucknow launched its tele-ICU services with tie-ups across ICUs and nursing homes and hospitals in Jodhpur, Maharajganj and Prayagraj cities. We have also launched our comprehensive oncology program in Lucknow with the installation and launch of our new Siemens Varian Edge radiosurgery machine for radiation oncology. It was inaugurated by the Honorable Chief Minister of UP.

We also launched our first multi-service out-of-hospital retail pharmacy in DLF Cyber Park, Gurgaon, which offers doctor consultations with Medanta experts, medicine deliveries, as well as lab services to corporate employees.

In addition to the financial and operating numbers, as Dr. Trehan outlined earlier, we have entered into an understanding with DLF to form a company to launch a 400-bed multi-super specialty hospital to provide highest quality of health care in the heart of Delhi in Greater Kailash 1. Both Medanta and DLF will own 50-50 equity in the new company. DLF will be the strategic investor and Medanta will run the hospital and have operational control.

This new facility will strengthen Medanta's presence in the national capital region of Delhi. Medanta already operates Gurgaon facility there as well as our upcoming Noida facility and we believe that the Gurgaon, Noida and Delhi facilities collectively will integrate in a seamless manner to be able to link our 1,391 bed flagship hospital in Gurgaon, our 550 bed hospital in Noida and the new 400-bed hospital in Delhi to deliver the same high-quality seamless care across the entire NCR region. With that, we are happy to take questions from the participants. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. First question is from the line of Bino from Elara Capital. Please go ahead.

**Bino Pathiparampil:** Hi, good afternoon. Just a couple of quick questions regarding the DLF joint venture, what's the timeline for the beds to come up?

**Pankaj Sahni:** Like with any other hospital, it will probably take us somewhere in the three to four years' time frame. Obviously we need to get all the regulatory approvals initially and then typically it takes about three years to construct. So three to four year is what we anticipate.

**Bino Pathiparampil:** Is there a land already in the JV? Land and building?

**Pankaj Sahni:** I'm sorry, could you repeat that question? It wasn't very clear. Is there land where?

**Bino Pathiparampil:** Is the land already identified and acquired by the JV?

**Pankaj Sahni:** Okay, so the land has already been identified. The JV is not necessarily going to be acquiring the land. It will most probably be a leasing or a rental construct, but yes, the land parcel has been identified and as Dr. Trehan had mentioned earlier, it's about two acres of land.

**Bino Pathiparampil:** Okay, got it. Second question, in your P&L, there is an item called loss on impairment of financial assets. What does that refer to?

**Pankaj Sahni:** Let me just hand over to Sanjeev to take that.

**Sanjeev Kumar:** Impairment is actually a provision for doubtful debts, which has increased in this quarter, in line with the increase in total debtors which have increased by almost INR50 crores. And out of that, almost INR30 crores is on account of the state government dues, and around INR12 crores is on account of TPA. Some of the collections, which are from the government side have been slower and therefore we have created a provision for doubtful debts.

**Bino Pathiparampil:** Understood. I'm sorry, just one follow-up question on the DLF deal. So the investment into building the structure and the hospital, would that be borne half-half by DLF and Medanta?

**Pankaj Sahni:** Yes, that is right. That's right.

**Bino Pathiparampil:** Okay, thank you very much.

**Moderator:** Thank you. Next question is from the line of Banshi Desai from JP Morgan. Please go ahead.

**Banshi Desai:** Yes, hi. Thanks for the opportunity. So just on this expansion, which is announced, sir, if you look at the Delhi NCR landscape, optically Delhi seems to have slightly lower bed density but when we hear about people and large private players, your competition, all of them seem to have aggressive plans of expansion into this market. So looking at that, how do you, what prompted you to basically look at this market and how confident you are of this capacity getting absorbed as you ramp up this facility?

**Pankaj Sahni:** Okay, let me take that in a couple of ways. First of all, to mention, or to reiterate rather what Dr. Trehan had mentioned, given that we already operate a large 1,300 plus bed facility in Gurgaon, which is close to the South Delhi area, we already had a very strong brand presence, brand equity in the region. And in fact, we run a clinic that is not too far from this location in South Delhi and there has been for many years a demand for us to open out facilities there. This demand comes from a variety of reasons.

First of all, people want to be able to access the kind of high quality and high integrity care that we have come to be known for, whether it is for emergency care, whether it is for more day-care types of procedures, for example, chemotherapy, radiation oncology, where people feel that, it may be more convenient to get that care delivered a little closer to where they are in that community. So the demand has actually been there for some time. We also have a number of clinicians, who have practiced in that area for many years before they joined us. So we do have a good sense of confidence in the demand that, we will receive from this region.

The second point is that, when you look at our plans in the NCR region, we already plan to open up a Noida facility, which will be 550 beds in sector 50 in Noida. So if you literally look at the line drawn from the Gurgaon facility to the Noida facility, in fact if you actually just drive that

road, you will find that this new site comes almost bang in the middle of that road, really connecting the two sites. So it allows us to create a strong network effect across the three sites.

And given our full-time and our kind of model of care that we deliver, we do believe that, we will be able to develop significant synergies, both in terms of clinical as well as operational, across these three facilities across the NCR region. So that is how we thought that this was a good opportunity.

We have of course been engaging with DLF for some time on this. We have strong relationships with them as well. And so this is not something which is new and just suddenly coming out of the blue. The other thing is that Medanta has always tried to focusing on making sure that, we put our head down and deliver the care that we're known for and deliver the kind of operational excellence that we stand for and not overly worry too much about what is happening on the left and the right. And that if we do that, we have seen across our units that the patient community responds in a positive manner and our intent is to continue to adopt this approach.

**Bansi Desai:** Okay, this is helpful. And my second question is on, if you can throw some color on, how our Patna unit has done, we know it has broken even last year, but how has been the performance in this quarter?

**Pankaj Sahni:** So let me give you a little bit of context just before I jump into that question. As highlighted in our last couple of quarterly earnings calls, that Patna is still very much in a ramp up phase. While we have been able to deliver EBITDA break even in the last financial year, and continue to show very strong financial performance in this quarter, I just also want to highlight that we continue to add in clinicians and we are continuing to build out that hospital. In fact, medical equipment is in the process of getting commissioned, new beds capacities in the process of getting added. So currently it is still not really in a stable state, so to speak. Whenever you look at the financial performance of Patna, you keep this in the back of your mind.

That being said, our performance in Patna has been fairly strong. We have increased our revenue performance approximately about 20% when you look at it on a quarter-on-quarter basis, which is Q4 FY23 to Q1 FY24. We also see significant improvement in EBITDA levels. But as you may be aware, we don't report out the financial numbers for each unit on a quarterly basis, although you will see the full year financials for Patna once the annual report is published.

**Bansi Desai:** Okay, noted. Thanks.

**Moderator:** Thank you. Next question is from the line of Cyndrella. Please go ahead.

**Cyndrella Carvalho:** Yes, thanks for the opportunity. So just want to understand, what is working for our Lucknow facility in specific. If you can highlight, what are the key, like, therapy-wise also, what are we seeing the key driving forces here in Lucknow and what has worked in our favor typically if you can highlight these two aspects will be very helpful?

**Pankaj Sahni:** Let me make an attempt to give you three or four levers. I don't know, which one specifically contributes how much but they all can work collectively to be able to deliver the performance

of our Lucknow unit. So first of all, as you are aware, in some of our earlier calls we had also mentioned that, this unit got off to a start right in the middle of COVID. And at that point in time, we were able to demonstrate to the community in Lucknow and to the community in UP that we were standing firm to be able to deliver this kind of high quality care in a very challenging environment right in the middle of the COVID pandemic. We started this facility literally a few months before the lockdown was announced. And right through COVID, we were able to stand firm with the community, not only in terms of delivering care to COVID patients, but also to deliver the much-needed care to patients in other diseases because you know COVID doesn't stop cancer from increasing, COVID doesn't stop heart disease from happening. So we were able to bring that balance in and that care to the community.

The second aspect is, we were fortunate to be able to get very highly accomplished, highly skilled clinicians and care providers in Lucknow from across the Lucknow and UP region, but also clinicians coming in from other areas. We had doctors moving there from Delhi, we had doctors moving there from other parts of the country. And so we were able to assemble a highly capable accomplished team and that is evident, if you study over the last several months, the kind of quality or complexity of work that they have been doing whether it is neurosurgery, whether it is cardiac surgery, whether it is complex minimally invasive cardiac intervention. We have also got an exceptionally talented cancer team there, that is not only in the medical oncology or the radiation oncology field, but also surgical oncology, who are super specialize in a particular disease or a particular organ for treatment.

So we have been able to build out that team. In fact, in the last quarter, as I have mentioned earlier, inaugurated our radiation oncology services with the new Siemens Varian Edge machine, which is only the second installation in the entire country and the first installation of this new model for this highly sensitive and highly precision radiation oncology machine. So with that, we now have the complete suite of cancer services. We expect that the cancer work should also grow as we build that out over that area.

Overall, it has been a combination of these three, four factors. And then lastly, what I would say, we have been able to do this because we maintain the same standards in our Lucknow or even in our other units as we have in our Gurgaon unit, the same standards, the same ethical practices. Structurally, we have the same models in terms of full-time doctor employment, in terms of the way in which we think about quality, think about standards.

And so that has translated into a very positive response from the patient community. And let's not also forget that, and this is of course one of the reasons for choosing Lucknow and UP to start as we are dealing with a state with a population of over 22 crores. So there is lack of critical care infrastructure, at least in the private space, of this calibre and this scale in the entire state. And so therefore, we have become the destination of choice for complex healthcare.

**Cyndrella Carvalho:**

Thanks for that, Pankaj. And any color on the, you see the scope for enhancing further capacity in Lucknow from what we have already announced? Do you see the need for that?

**Pankaj Sahni:**

As you may have noticed in our investor presentation, we highlight that, we are currently about 600 beds in our Lucknow facility. That facility itself is expected to scale up to about 950 beds

on the current infrastructure. In fact, this build out of that is already underway with respect to further fitting out some of the additional wards and beds for in the existing facility.

Our first target will be to complete out the 950 beds before we actually consider a second facility in Lucknow. Although given UP is such a big state, I do absolutely feel that there is a need for a lot more healthcare in that area, and especially a lot more healthcare of a higher standard and a higher quality.

**Cyndrella Carvalho:** This is my last one, and I'll fall back in the queue. Can you help us understand the Gurgaon outperformance this quarter, what worked for us in Gurgaon specifically?

**Pankaj Sahni:** In Gurgaon, as we had mentioned in our full year earnings call, we have been focusing on what we call strengthening of the core and really building out additional capabilities in terms of bringing in some additional clinicians. We have added things like a new surgical robot for robotic surgery, brought in a new super specialist in terms of oncology, cardiology, respiratory and internal medicine, some leading clinicians, well-respected, well-known clinicians from the community have been brought in. So we kind of continue to double down our efforts on bringing in the talent and building out. We have also added in a new service which is our Women and Child Service, which we didn't have in Gurgaon. That has come in and that is starting to perform well now. But overall, we have also been looking at how we can further focus in on optimization across the facility.

We are also currently looking at building out a new chemo day-care unit in the building. So renovation for that is underway. In fact, about 50 or more of the census beds are actually under renovation and are closed at the moment. So really just doing, what we have always said that we stand for, which is trying to continue to bring in high-quality talent and allow them to practice the highest end of medicine. In addition, we have done some things with respect to trying to get access and outreach to the community in general. That is through our clinics, through some of our home care and our lab businesses to try to increase the continuity of care to the extent possible. Those activities have been appreciated by our patients and our communities, especially near to the Gurgaon facility. And we do intend to continue to do that.

**Moderator:** Thank you. Next question is from the line of Nikhil Mathur from HDFC Mutual Fund. Please go ahead.

**Nikhil Mathur:** Hi. Good afternoon. I wanted to probe a bit more on the Delhi 400 bed hospital. If I look at this way, from this hospital in GK1 and your existing Gurgaon facility, the airport will not be very far off. More or less it would be equal distance. Even for the Delhi market, if you're setting up a hospital in Noida, Eastern Delhi could well be served by that facility.

Your Southwest and West Delhi can be serviced by your Gurgaon facility. And you have land bank available in Gurgaon and you're just setting up Noida. So I'm not sure, how to look at this. That too in a setup where you are sharing economics with a JV partner. So can you just throw some more light on what's the need of this hospital in such an affluent neighborhood in Delhi, where some of your existing networks in Noida and Gurgaon could also have well taken care of, whether international or upcountry, or even for that matter, local Delhi footfalls as well?

**Pankaj Sahni:**

So, three-four points that we have found as the advantageous reasons for getting into Delhi. One, I will not go deep into the population and the current underserved area of Delhi, especially given the huge growth that is happening there. So when you look at all the density ratios, etcetera, despite what people talk about in Delhi, they're still pretty low for covering that population. So there's still a huge demand supply gap in Delhi.

The second thing is that, if you look at this facility, it's about over 30 kilometres from our Gurgaon facility, approximately 25 to 30 kilometres from our Noida facility. So it's almost bang equidistant between the two. And as you rightly said, when you look at the servicing of the catchment area, although we do get in Gurgaon many patients from outside NCR, when you look at the servicing of the catchment area, and just in terms of a travel and a commute point of view, you will find that, Gurgaon does cater a little bit more to the South West Delhi market and Noida will cater a lot more to the Eastern Delhi and then of course, parts of UP market as well.

Hence, South Delhi, Central Delhi area does at times find it challenging especially given the traffic conditions in the city to get access to the hospital on a very regular basis. Now this becomes important given what we see as the changing trend in healthcare. So if you look over the years, of course, barring COVID, you will see that the average length of stay continues to reduce in our Medanta facilities. And part of that reason is because more and more work is moving into a day care nature. So, whether I said before, whether it is chemotherapy day care, whether it is radiation oncology, patients from Delhi do find it at times inconvenient to travel an hour and a half in the car to get to their care. So, they have actually been demanding, and we see that in our Delhi clinic, they have been demanding access to this kind of standard of care closer to where they live. The other important point, of course, is emergency care. So, again, there has been a lot of demand for us to open up especially cardiac emergencies, stroke etcetera in and around Delhi. I think the feeling is obviously that there is a pull for the brand, there is a pull for the quality of medicine and the ethics of medicine that we practice.

These are some of the reasons that we feel that this makes sense to us. In fact, one may argue that Delhi just being so big and continuing to grow, there are opportunities even beyond South Delhi and other micro geographies of Delhi. So, I think it's important to understand Delhi and this region operates very much in a micro market kind of way and we believe that this will be a very big boom.

The other thing is that when you look at the complexity and the nature of care that we deliver many of our patients come in with highly complex issues, many times multi-organ issues. So, there is an opportunity to service these patients from a continuity of care point of view across units in a seamless manner. Just to give an example, you may have a patient who comes in with a GI surgical issue, but lives in Delhi and they come in for an elective procedure, but they actually already have a cardiac issue or they already have some other comorbidity which requires more continuous monitoring. They now feel that they can get that kind of seamless care of the standard that Medanta is famous for, closer to their home and across their network.

So, this is what we found, and this is the demand really from our patient population. So, we believe it will be highly profitable, highly successful, and most importantly, much needed for the patient community.

**Nikhil Mathur:**

Sir, if I may just hop a bit more on this, what you're saying makes a very strong business case and I think that's what it is looking like today. But if I fast forward three years, four years, in just not just five, six kilometre away, you have such massive expansion happening in Saket by one of your large competitors. With you also having 400 beds, do you think the things would look the same three years, four years out? I mean, today it might be sounding a very big, good business case, but with so much of beds coming on stream in a radius of 5 kilometres, 7 kilometres, that will still hold true three years, four years down the line as well?

**Pankaj Sahni:**

You know, 2-3 points; first, we've tried to focus our efforts always on making sure that we do the right thing and we operate at the right standard, rather than worry too much about what the others may or may not be doing and that has served us well so far. But I am also reminded of our journey, which I think now is about two years ago, when we started our entire IPO road show process and at that point in time, there was a lot of questions from people around all the capacity which is supposed to come up in Gurgaon, in our backyard. I mean, I haven't yet seen any of this capacity. And even if you look at Medanta history from the time we started in 2009 till today, I mean, hospitals have opened and closed, and we're still standing tall. So, this doesn't worry us too much and like I said, there is a dire shortage of high-quality healthcare facilities. But finally, at the end of the day, we believe that if we continue to focus on doing the right things, which is practicing the highest quality of medicine, everything else in terms of the financial success will follow from that.

So, the model has worked for us, it has worked for us in Gurgaon, it has worked for us in Lucknow. I was briefly mentioning this when I was in Lucknow at the launch, we also had many people in Lucknow wondering, what are you doing in Tier 2, Tier 3 cities, but we have proven that to be successful and the same story in Patna. So, I think that we feel fairly confident on our capabilities and we feel that this also will be a strong and successful operation.

**Nikhil Mathur:**

Got it. And just final bookkeeping question. So, this will be consolidated line by line item and you will adjust it in a JV line item or there will be proportionate consolidation or you'll be paying a yield to DLF on this? How will the accounting work?

**Pankaj Sahni:**

I'll let Sanjeev take that. My understanding from the accounting rules is that since we are completely in operational control, we will be consolidating this operation in our holding company, Global Health Limited.

**Sanjeev Kumar:**

Yeah, so at present, all the definitive agreements have to really take place. But as Pankaj said, our understanding is that in terms of the IndAS; the entity having operational control shall be able to consolidate it line by line and in our case Medanta will have operational control

**Nikhil Mathur:**

Great, sir. Thank you so much and all the best.

**Moderator:**

Thank you. Next question is from the line of Sumit Gupta from Motilal Oswal. Please go ahead.

- Sumit Gupta:** Hi, thank you for the opportunity. Sir, I just want to know regarding the margin of the Gurgaon facility. Could you provide some like overall trend, what has been the like over margin for this particular facility?
- Sanjeev Kumar:** So, as you are aware that we actually don't report our margin for each unit. And as far as Gurgaon is concerned, this is part of the standalone GHL, which is actually Global Health Limited. And this actually has the other two units as well, which is Indore and Ranchi. At present, if you actually look for this particular quarter, the EBITDA margins are at 24.7% for the standalone entity.
- Sumit Gupta:** So, but Gurgaon facility would be having more margins?
- Sanjeev Kumar:** Actually, in case of GHL, a large portion is contributed by Gurgaon.
- Sumit Gupta:** Okay, sir. And sir can you provide us an outlook on the margins of the developing facility over the next one years or two years?
- Sanjeev Kumar:** I would say that both the units are doing pretty well and they are having very healthy margins and there is no reason that at this point in time where we actually think that the margins will get impacted except to the fact that in case of Lucknow at present the entire margins that we are having is on cash and TPA basis. Once we increase the capacity from 600 beds to over 950 beds over a period of time, we do expect that we will be moving away from only cash and TPA to other payer categories as well. Once that happens, it may have some impact on the ARPOB's and margins. Secondly, we also need to keep in mind that in case of Patna, at present, the business is largely from cash and TPA. In addition, this is a PPP project, 25% of the capacity is actually reserved at the state government rates, which are more or less on the lines of CGHS rates. We have not seen any significant patient inflow from that site and however we expect that probably in the coming two or three quarters, this will really pick up in a more meaningful manner. So, once that happens, that's also likely to have an impact on our overall ARPOB profile.
- Secondly in terms of the expenses, as our Lucknow and Patna facility now starts getting mature, some of the expenses in terms of your AMC, CMC etcetera will start coming in because at present, most of the equipment's are new. Now, if you look at some of these expenses may actually go up, but the fixed costs which are there in terms of manpower, in terms of the other expenses etcetera, we will be able to apportion such costs it over a large capacity of patients and that should help us in margin improvement. Overall, I think based on all these parameters, we expect that our developing hospitals will continue have a healthy margin profile.
- Sumit Gupta:** Okay, sir. And so regarding CGHS patient, so was there any price revision undertaken by the government or was there any contract change?
- Pankaj Sahni:** Can you just repeat the question? I'm sorry, I missed the first part.
- Sumit Gupta:** So, regarding the CGHS patient contracts, so was there any price revision which was undertaken?

**Pankaj Sahni:** Yeah, so CGHS announced a price increase a couple of months ago. So, that price increase has of course translated into whatever it is, the standardized rates for CGHS, those are applicable typically across the country as well as some of the public sector undertakings which use those rates. So, that of course has led to beneficial revenue or upliftment for the hospitals and for the industry in general.

But I just want to point out, if you see in our investor presentation as well, we have a significantly lower share of CGHS in the business. About 85% of our business continues to be consistently quarter over quarter from cash and TPA. So, while it has benefited us, keep in mind that it's only for about 10%, 12% of the overall.

**Sumit Gupta:** Okay so one more regarding the industry point of view just wanted to understand about it the majority of the hospital chains are focusing on Delhi NCR market. So, like why not they're focusing majorly on the like West area like Western India like Rajasthan or Gujarat, so just wanted to understand on that why is Delhi NCR the core focus area for majority of the hospitals from industry point of view like if you can...

**Pankaj Sahni:** If you look at the industry I'm not exactly sure whether your hypothesis is correct. I would assume actually that South India has a far higher percentage of private hospitals than North India. It is possible that some of the groups which you may be referencing may be the ones which are listed and therefore are more in the public domain in terms of communication.

But if I look at the industry as a whole, I think that South India has a far higher density of hospital beds and also private hospital beds. Of course, these vary from established unlisted chains to listed chains to maybe smaller hospitals which maybe have just a few hospitals which are operating under their bed. In many cases, those would be unlisted. So I don't necessarily think that it's only the north, the city of Delhi, which is having demand for hospitals. Hyderabad, South, Bangalore, Chennai, a lot of these metro cities, but also some of the Tier2 cities are having good build-outs. As far as the West goes, you do see movement there as well. Obviously, one of the big constraints in hospitals, especially bigger hospitals in terms of size, is land.

So, land is, of course, less easily available in a city like Bombay, maybe than a city like Delhi. And obviously, the more you move out to Tier 2 and Tier 3 cities, I'm assuming that the land availability would be easier. So maybe that's why you're seeing the growth there. But yes, Delhi has always been an attractive market. It has also always been a market which is talked a lot about.

I think the combination of being a high population, slightly maybe better structure in terms of its layout for scale out and build out because Delhi has expanded in almost concentric circle beyond what it was which is maybe a little challenging for Bombay to do. So you've seen Delhi grow as the city, population grow and therefore the demand for health care grow. So I think these are some of the factors, but I do also see growth happening in many, many other cities in the country.

**Moderator:** Thank you Sumit. Next question is from Dheeresh Pathak from White Oak Capital Management Consultants LLP. Please go ahead.

**Dheeresh:** Yeah, hi, this is Dheeresh. So on this 400 bed in Delhi, just to understand, so DLF is bringing the land, sorry I missed the opening commentary so you might have covered it there. So in that partnership with DLF of 400 beds in South Delhi, so DLF is bringing the land to the SPV or what else? They are bringing capital and then you will buy the land?

**Pankaj Sahni:** I think I mentioned in a question which came earlier, so we are forming a company with DLF, so it will be a new company that is established. DLF will provide equal equity participation as will Global Health Limited. And Global Health will run this company and run the operations and have control over this company. And I think somebody had asked whether that will be consolidated and our belief is yes, it will be with GHL. So, we will have complete control to run the business operations. This entity will lease land for the hospital operations, I don't think that we will be buying this land. So the new entity will be in entering into some kind of an operating lease or rental kind of an arrangement to run the hospital. Right now the definitive agreements have to be finalized, the company will be incorporated, etcetera, and only once the company is incorporated, the lease will be executed by this company.

**Dheeresh:** Okay, so land will be on lease and building will be constructed, and what is the capex outlay for this?

**Pankaj Sahni:** So, we haven't finalized the business plan obviously because that will be approved by this company's board as well but if I just go by what we're seeing in in our Noida facility, which is currently under construction I think today given the escalation in construction costs, you're talking about fully loaded somewhere around INR1.4 crores to INR1.5 crores per bed. If you do that math on the 400-bed hospital, you're probably talking somewhere in the INR600 crores to INR700 crores range in terms of this facility.

Obviously, in Delhi, you may have slightly higher construction costs and as we move from today to a couple of years down the line when the construction will really be in full swing, there may be some escalation in construction costs, etcetera. Although, a lot of it depends because we did see this in Noida, the steel, cement prices really badly escalated during the immediate post-COVID times and then they rationalized a little bit. But that's what we're assuming it to be somewhere around that number.

**Dheeresh:** This was earlier asked also, I think, why are we sharing 50% with them? They're just bringing the capital. So we are not constrained by capital, right? So INR300 crores, we could have done it ourselves right, their portion of the capital because you are going to be running it, you are going to value creation. I just feel that we should have got 100% unless they are helping with the land or something.

**Pankaj Sahni:** As you are obviously aware, in any partnership, there are a number of factors that go into how things get concluded the way that they do. I would only say that our belief, given DLF, given its reputation, and given its strength that we believe that this is an exceptionally strong partner to have not only for us in this particular operation but well into the future. Both the parties, both the companies feel that we have similar thought process in terms of how we want to take this relationship forward.

And we believe that there are a huge number of opportunities in the healthcare space. So for us, we see a strong ethical and values-based partner in DLF, and I hope that they see the same. And that is why we believe that this partnership is not something that we are looking at as a single transaction, but as a longer-term successful partnership for many, many years to come.

**Dheeresh:** Understood, thank you. Thank you for taking my question.

**Moderator:** Thank you. Next question is from the line of Alankar from Kodak Securities. Please go ahead.

**Alankar:** Hi, thank you for the opportunity. Sir, first question, how many beds are we planning to add in Lucknow in this fiscal?

**Pankaj Sahni:** If you look at our investor presentation and I think we've mentioned it in the year-end one also, it will be about 150 beds. We have actually started the construction for almost four floors or five floors because of the way in which the building is. So just the interior fit out is done. And then depending on as the demand scales up, currently we are planning out three floors, which is, I believe, just short of 150 beds. And then it depends on how quickly the demand scales and what is the minimum optimal number of beds to construct one at a time.

**Alankar:** So in that case Pankaj, you had earlier mentioned that once you cross 700 beds in Lucknow, broadly that's when we will start having some scheme patients. So would it be fair to assume that by the end of the fiscal, somewhere around maybe first quarter of FY '25, when our scheme makes the institutional patients will start coming in Lucknow?

**Pankaj Sahni:** Little early to conclude on that I think that as a responsible healthcare provider, we do feel that we have an obligation to service the broader community. I think right now, what we see is a very positive response from the community. We are treating patients from across the socioeconomic strata. We are very fortunate to be able to get a good amount of support in terms of the numerous schemes that are available, not only at the state government level, whether you talk about things like the CM Relief Fund, but also other state patients who come in. So there are opportunities for us to serve across the spectrum.

I think that we will take this on almost like on a contract-by-contract basis. So there are a certain number of PSUs that may be operating a certain way. There may be a certain number of patients that we bring in at slightly different tariffs, which may not necessarily be scheme tariffs, but maybe a little bit somewhere in the middle, or there's some combinations of those. So there are many opportunities for us to look at this. I don't think it's definitive that I cross a certain bed number and then I turn on switch on and off. I think this is an evolution as things change as we are able to serve.

We also are cognizant of the fact that we should be affordable. One of the things that we have not yet done is taken a tariff increase in Lucknow at all really, since we started the hospital. And at present, at least we haven't really made any plans to do that. So I think when you look at the overall payor mix and you look at the overall tariff and revenue structure, it's a far more nuanced approach and one that we evaluate almost on a quarterly or monthly basis but I don't think that there is a goal in mind to say, once this happens and you'll do that. What I did articulate earlier

was that when we reach this number of 700, 750, you kind of are able to then fully utilize the baseline infrastructure and thereafter, the build out typically is dependent on what services are more in demand.

I had mentioned it in the last call that sometimes you may over-index in cardiac, or sometimes you may over-index in cancer. In the case of Lucknow, certain specialties which we didn't anticipate having a very high demand have started demanding more beds. So these are all the ways in which we kind of decide how to build out. So that is really where we go. We have a certain set of specialties and infrastructure in mind, till about 750 beds and thereafter I think it is linked a little bit to how the demand plays out.

**Alankar:** Fair enough, that's clear. My second question is at present how many beds are being reserved for the EWS patients in Gurugram?

**Pankaj Sahni:** Our lease requires us to keep about 5% of the beds available for EWS patients. That being said, we have never stopped any of the patients from coming in. The various government authorities that send across patients to us are all accommodated. And we have also never yet received that many number of patients either. So as and when they are sent across, we are treating them fully. In fact, if you walk around the hospital, you would not be able to tell which patient in which ward is EWS, because we don't have any dedicated ward. They all get treated in exactly the same way as any other patient.

**Alankar:** Thank you. And maybe one final question if I may. Just wanted to understand the reasons behind this delay in the PPP inflow in Patna. I assume that it's already started but you said that it would kind of ramp-up over the next few quarters. So how quickly should we expect the intake to be what's causing the delay any inputs there would be really helpful. Thank you.

**Pankaj Sahni:** Some of the reasons for this delay, I think are just you know kind of operational and tactical challenges that the authorities may have had. One of the things that I am aware of that they had requested us to do was assist them with building out the digital website and portal which will be used for referring patients. So we have actually completed that last quarter and handed that over to the government. They had some operational challenges and sought our help to build that out on their behalf, which we have done. We have handed over access passwords, etcetera, for them to refer patients because they want to keep a track and a log and have a database for all of this.

The second is obviously these are hospitals and authorities across the state that need to be lined up and sent in. We have been engaging very closely with the government and supporting them in whatever information they want, awareness, information, etcetera. I can report that the first patient has been admitted through the PPP portal which we had handed over to them. As to how this flows and how that information disseminates across all the government officials in the state of Bihar, I'm not sure. What I can tell you is that at the senior most levels in the government, there is a strong enthusiasm to push this. We are all hopeful that this will scale rapidly so that we can serve this population.

**Alankar:** Sure, thank you and all the best.

**Pankaj Sahni:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

**Pankaj Sahni:** Thank you. Let me take a minute to say that while we are very happy and pleased with the financial performance of the first quarter of FY24, we do continue to focus in on the things that we believe matter with looking at slightly longer-term perspective on ensuring that we build out the right capacity in the right manner with the right standard. As well as operate that capacity with the right ethics and the right focus on delivering high-quality care. While we are pleased with our quarterly performance and continue to focus on driving that on a daily basis, we do look at this slightly more holistically and in the long run. And we hope that all the participants appreciate that this business is slightly different from many other industries. We continue to ensure that we focus on doing the right thing, practicing the right kind and right quality of medicine. And believe that the results of that will speak for themselves both in terms of the reputation as well as the financial performance.

Thank you very much for listening and for your support.

**Moderator:** Thank you very much. On behalf of JM Financial that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.

Notes:

1. This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings
2. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Global Health Limited