

**GPTHEALTH/CS/SE/2023-24**

**March 23, 2024**

<b>The Department of Corporate Services</b> BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street Mumbai - 400001 <b>Scrip Code: 544131</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 <b>Scrip Symbol: GPTHEALTH</b>
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Dear Sir / Madam,

**Sub: Update on Conference Call held on March 21, 2024- Call Transcript**

In compliance with Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of Conference Call held on Thursday, March 21, 2024.

Kindly take the aforesaid information on record and oblige.

Thanking you,

Yours sincerely,

**For GPT Healthcare Limited**

**Ankur Sharma**  
**Company Secretary and Compliance Officer**  
**M. No A31833**

Encl. - As Above



“GPT Healthcare Limited Q3 FY24 Earnings  
Conference Call”

**March 21, 2024**



**MANAGEMENT:** **MR. ANURAG TANTIA – WHOLE TIME DIRECTOR,  
GPT HEALTHCARE LIMITED**  
**MR. ATUL TANTIA – GROUP CHIEF FINANCIAL  
OFFICER, GPT HEALTHCARE LIMITED**  
**MS. KRITI TANTIA – CHIEF FINANCIAL OFFICER, GPT  
HEALTHCARE LIMITED**

**MODERATOR:** **MR. AMEY CHALKE – JM FINANCIAL**

**Moderator:** Ladies and Gentlemen, Good day and welcome to the GPT Healthcare Limited Q3 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 the conference call, please signal an 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. Amey Chalke from JM Financial. Thank you and over to you, sir.

**Amey Chalke:** Good morning, everyone. And welcome to the Q3 FY24 Results Conference Call of GPT Healthcare Limited.

Joining us today on the call are Mr. Anurag Tantia – Whole Time Director, Atul Tantia – Group CFO, Ms. Kriti Tantia – CFO, GPT Healthcare.

I would like to now hand over the call to the management for their opening remarks. Thank you and over to you, sir.

**Management:** Thank you. Good morning, everyone and a warm welcome to GPT Healthcare Limited for the 3rd Quarter and 9-month ended December 31, 2023, Earnings Conference Call.

I would like to thank JM Financial for hosting this Call. Today we also have on the call our Investor Relations team, Stellar IR, who will be helping us out. It is a great pleasure and gratitude that we come before you today to share our first financial results since the listing of our equity shares on the esteemed stock exchanges on February 29, 2024.

I want to extend my heartfelt thanks to our BRLM, Legal Counsels, RTA, stock exchanges and each and every one of the 127,000 shareholders who placed their trust in us, contributing to the success of our listing which saw good subscription from all segments. The IPO size was 525.1 crore including a fresh issue of 40 crores and with this the private equity investors Banyan Tree has fully exited the company.

GPT Healthcare Limited, the healthcare arm of GPT Group owns and operates 561 beds spread across 4 state-of-the-art multi speciality hospitals in the eastern part of our country under the brand name ILS hospitals. Founded in the year 2000 in Salt Lake, ILS Hospitals has since expanded its footprint and capabilities to Agartala, Dum Dum and Howrah as well. Presently, we have a network of four hospitals.

The first one is the 85 bed facility in Salt Lake, a 205-bed facility in Agartala, 155 bed facility in Dumdum and 116 bed in Howrah, all equipped to provide neighborhood tertiary care facilities to the patients in the micro markets.

Now let me take you through each of these four hospitals:

The Salt Lake hospital is primarily an 85-bed surgical excellence hospital located in the residential part of Kolkata called Salt Lake. It has historically had good occupancies and return ratios. The 9-month current occupancy for this hospital is 62% due to the introduction of robotic surgery which has reduced the average length of stay drastically from 4 to the current levels of 3.2.

We have an ARPOB of approximately Rs. 33,600 with an EBITDA margin in excess of 25%. The 9-month revenue for this hospital was at Rs. 49 crores with last year's revenue being Rs. 63.7 crores.

The Agartala Hospital, which is the next hospital we're talking about, is the only corporate tertiary hospital in the entire state of Tripura with 205 beds. It has 66 critical care beds. Here also the margins have been north of 25% at 26.1%.

With an ARPOB of approximately Rs. 28,000 and revenue this year expected to be approximately Rs. 115 crores with Rs. 87.6 crores already achieved in the 9-months.

The next hospital is the Dum Dum Hospital which is 155 beds and most of the highest occupancy rate among staff facilities. The occupancy rate stands at an impressive 78%. It recorded on ARPOB of almost Rs. 37,700 for the 9-months ended December 31, 2023. Dum Dum's average length of stay was higher at 5.2, on account of the specialized renal transplant program we run at this hospital.

This hospital started in 2013 and is our model hospital going forward. Here we did an EBITDA break even in 10 months which is one of the fastest for a tertiary care setup in industry.

Our latest hospital is the hospital at Howrah which is 116 bed tertiary care hospital which was started in the year October 2019. It currently has an occupancy of around 45% and ARPOB of Rs. 26,700 and ALOS of 3.8 days.

Here we could achieve EBITDA breakeven in just 8 months bettering our track record of Dum Dum. It is located in North Howrah one of the most densely populated parts of Howrah with the closest hospital being almost 5 kilometers away which translates to almost 45 minutes. As we delve into the numbers, I'm proud to report that our focus on robust operational and financial parameters has translated into commendable performance for the quarter and 9-months ending December 31, 2023.

Our existing hospitals continue to demonstrate strong performance across various metrics. Notably, our ARPOB stands at Rs. 32,500 aligning with our commitment to serving the aspiring population of the society with higher disposable income in the middle to high income segment. Moreover, due to our neighborhood hospital model, almost 91% of the patient business is from

cash and insurance, which has enabled us to achieve cash flow from operations to EBITDA ratios of approximately 80%, one of the highest in the industry.

Our revenues for Q3 FY24 was Rs. 96.6 crores, marking a growth of 3.9% on a YoY basis compared to Rs. 92.9 crores last year. For the 9-month ended period, revenues totaled Rs. 300.7 crores representing a growth of 13.5% YoY increase from Rs. 264.9 crores last year. We expect to close the year with revenue in excess of Rs. 400 crores and expect to grow at 15% to 18% in FY25.

Our EBITDA for the quarter stood at Rs. 22.2 crores compared to Rs. 21.2 crores, representing a growth of 4.6% YoY, and EBITDA for the 9-month ended was Rs. 68.4 crores compared to Rs. 54.1 crores last year, that is a growth of 26.3%. The EBITDA margins stand at a healthy 22.7% and we are confident of maintaining this in the 23% to 24% range.

The new hospital in Howrah and the Agartala Hospital are on the path for improvement and which will lead the overall network to increase in terms of occupancy.

The profit after tax for the quarter stood at Rs. 11.5 crores, marking a tremendous growth of 37.4% YoY compared to Rs. 8.3 crores last year. Similarly, the PAT for the 9-month period ended has shown a comparable growth of approximately 37.9% YoY from Rs. 25.3 crores to Rs. 34.9 crores this year.

With a decrease in financial cost on account of repayment of debt from the IPO proceeds and operating leverage, the PAT will continue to grow disproportionately going forward. The gross debt now stands at Rs. 8 crores with cash and investments at Rs. 45 crores to fund our expansion programs.

The network level bed occupancy rate currently stands at around 60%, this will inch up to around 65% to 70% in the coming quarters from the existing hospitals.

In terms of patient volumes, the inpatient and outpatient volumes stood at 23,100 and 121,000 respectively for the 9-month period. The ARPOB has also increased to 32,500 whereas the ALOS has decreased to 3.98. We aim to achieve long term ROCE and ROE in excess of 25% with a CAPEX per bed of about 7 to 8 million, which is the lowest in the industry.

At GPT Healthcare, our geographical focus is on Eastern India a region with significant unmet healthcare needs positions us as a beacon of excellence. The eastern part of the country has only 14 beds per 10,000 population compared to Pan India having almost 40 beds per 10,000. Our unwavering dedication to patient care, professional integrity and medical excellence remains steadfast as we continue to grow.

In line with our commitment to expanding access to quality healthcare, the company is pleased to announce the extension of our services to patients in Raipur in Q4 FY25. The 152 bedded hospital is being made on an asset-light basis with land and building on lease. The company

shall invest 55 crores in the hospital which shall be funded through internal accruals and a small debt for long-term equipment.

Apart from Raipur, we are looking at commissioning a new hospital in Ranchi in FY27 and other prospective hospitals in Tier-2 cities of Eastern India. In states like Uttar Pradesh, Jharkhand, Assam and Odisha. Through strategic expansion and provision for advanced medical services we not only strive to meet the evolving healthcare needs of these communities, but also contribute to their overall development and well-being. We aim to establish a chain of 150 to 200 bed hospitals in these burgeoning markets thereby fulfilling the pressing need for modern healthcare facilities in these areas.

Lastly, the company has declared a second interim dividend of Rs. 1 per share. The record date for the same has been fixed on 2nd April 2024 maintaining a dividend policy for rewarding shareholders. The total dividend declared for this FY is Rs. 2 per share.

With this, I conclude my opening remarks and look forward to addressing any questions you might have regarding our financial performance and future prospects.

I will request the moderator to kindly open the floor to questions and answers.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Chintan Shah from JM Financial. Please go ahead.

**Chintan Shah:** So, I have to cross around two, three questions. So, the first question is if we look at the excellent numbers that we had reported so over there we had seen a growth of around 19% in the revenue accounts and at EBITDA level growth was around (+40%). Now if we look at the Q3 Results the growth both at EBITDA level is approx. 4%. So, what I wanted to understand so what is led to this kind of growth in this quarter versus the first half?

**Management:** So, primarily the reason for the lower growth in Quarter 3 in terms of revenue and EBITDA has been on account of the festival shift during Quarter 3. Last year if you see the Durga Puja; Navratri was towards the beginning of end of September. So, it affected the Quarter 2 performance while this year it is towards the end of October. So, this has a major impact in the region where we operate, especially West Bengal where it is considered to be one of the biggest festivals for the year. Quarter 3 is also a seasonally weak quarter every year and we expect the performance to ramp up in quarter 4 considerably.

**Chintan Shah:** Okay to supplement this if you can clarify how was the occupancy in ARPOB for quarter on the YoY basis for Q3 FY24 versus Q3 FY23?

**Management:** So, in terms of patient volumes we have done a similar amount in terms of Q3 FY23 and Q3 FY24. Occupancy also has been kind of similar it's been kind of flattish in terms of growth.

**Chintan Shah:** So, the entire growth was driven by increase in ARPOB basically, so to say?

- Management:** Correct.
- Chintan Shah:** My second question is going ahead say FY25 how should we -- since our next hospital be coming in say by end of FY25, so next year how should we understand the growth in terms of occupancy and ARPOB especially in a scenario where there are regulatory concern as well?
- Management:** So, looking at the FY25 numbers we expect our top line to grow at around the 15% to 18% range. This will include a portion of revenues being contributed from the new hospital. In terms of the regulatory change which we are foreseeing A it is under discussion with the industry bodies and the government mechanism, it is something which is to be seen how it evolves and B I think because of our focus on the middle-income segment and our considerably lower ARPOB we are in a better position to adjust if and when it does come along.
- Chintan Shah:** So, is it try to say if we had a growth next year around majority of would-be occupancy and some bit from ARPOB the 3%, 4% from ARPOB?
- Management:** Correct.
- Chintan Shah:** And just the last question from my side. So, in terms of branching commissioning if I remember correctly IPO it was planned to be commissioned in FY26. Now in your opening remarks, I think if I read it correctly it's now being planned to be commissioned in FY27 since there is some change delayed on the timeline?
- Management:** No, we had we had mentioned calendar year 26 which would be FY27.
- Moderator:** Thank you. The next question is from the line of Dishant Jain from Quasar Capital. Please go ahead.
- Dishant Jain:** My first question is on the ARPOB. So, by going into FY25 and 26 so how are we thinking about giving it like will it be mostly related to the inflation at the state or are we thinking of bringing new treatments technology which will improve our ARPOB and kind of sustainable for the future as well?
- Management:** So, in terms of going forward the ARPOB increase will be a combination of inflationary increase to the tune of around 3% or 4% and the balance coming in from a change in specialty mix. Every hospital has a different strategy in terms of what change we are envisioning for a specialty mix which will further increase the ARPOB. Overall, we expect the ARPOB levels to be growing at around the 7%, 8% mark.
- Dishant Jain:** Sir my second question would be on the hospital that is coming at Raipur by the next year. So, like do we already have the connects with the doctors over there because those will be the biggest driver for our volumes as well. So, how are you planning to get the doctors from the competition because competition would be already present there, so would it be difficult for us to get the doctors at the new field?

- Management:** So, the doctor engagement process at Raipur is already on. Our teams are already working with different doctors. We would be working with a mix of local doctors and some doctors of that area who are residing in other cities. We would be looking at repatriating them. So, it is a complex strategy which is already in place, and we are hopeful of getting good quality doctors in time for the starting of the hospital. This hospital will be a modern facility located in one of those densely populated areas and we are very confident that our model allows us to attract good quality doctors and we are on track.
- Dishant Jain:** Sir, is it possible to quantify like how much lease rentals are we going to pay for that hospitals and any future expansion is possible on the same hospital?
- Management:** We would be paying around 3 crores to 4 crores a year of lease rental. There is no extra space in that facility to expand after that.
- Dishant Jain:** And sir that's the last one. So, are we going ahead with the same kind of surgeries like we are majorly focused into nephrology, laparoscopic. So, are we going to start with the same kind of mix at Raipur as well or are we looking for a new kind of specialty surgeries or treatments?
- Management:** We are a Tertiary Care Hospital Group. We do all kinds of surgeries and treatment processes right from cardiac surgeries to neurosurgery including renal transplants. So, we cater to all segments of the medical treatment facilities available including Onco surgeries. We are looking at expanding to Raipur with all our facilities intact.
- Moderator:** Thank you. Our next question is from the line of Sunil Jain from Nirmal Bang Securities Private Limited. Please go ahead.
- Sunil Jain:** Sir my question relates to more of an Agartala hospital. So, if I see their ARPOB in the 9-month is around 28,871 whereas for 6 months it was 30,206 crore there was a sharp correction in Q3. So, any specific reason for that and how it is likely to move in Q4?
- Management:** So, yes there was a correction on FY23 to 30,488 and it is around that same range in the 29,000 mark for 9-months ended FY24. This is on account of the case mix which we are catering to. Last year we saw an increase in terms of the surgical volume post COVID, which is now streamlined and stabilized. So, that is what is leading to the slight dip in the of 1,000 in the ARPOB, but we are hopeful we will be maintaining similar levels with the growth trajectory going forward.
- Sunil Jain:** See my question was more related to first half and 3rd Quarter. So, first half it was around 30,000 plus and in 9 months it has come down to 28,870. So, quite possible in 3rd Quarter it might have come down to even around 26,000 or something. So, that was a very sharp correction?
- Management:** No, it did not come down to 26,000 levels. It was at around 27,000, 28,000 which is a factor of the seasonal mix. In Quarter 3, a lot of surgeries tend to get delayed and pushed out to quarter 4 because of the Durga Puja festivities in this region which is a factor of that.



- Sunil Jain:** So, the yearly ARPOB can be maintained what was there in the last year or it will be lower than that?
- Management:** The yearly ARPOB should be around the 30,000 mark.
- Sunil Jain:** And the occupancy in Agartala how you expect it to move because that is a very good performing hospital. So, how it is currently and how do you expect it to move in FY25?
- Management:** So, for the 9-months ended the occupancy at Agartala has been 53%. We are envisioning this hospital occupancy to go up to the 70% mark in the next two years and we are on track for doing the same. Even as we speak the occupancy of the hospital is at 60%. So, there is considerable ramp up in the productivity and occupancy of that hospital. And we are confident that would be reaching a target in the next two years.
- Sunil Jain:** And similarly, is for Howrah where the occupancy improvement scope is substantial. So, how is that likely to move in FY25 and what is it in the current quarter?
- Management:** So, 9-months ended the occupancy is around 45% and as we speak the occupancy is 50%. In this hospital too we are seeing good traction with our productivity, and we are hopeful that we should be reaching around 70% occupancy in the next two years.
- Sunil Jain:** And last question about Raipur what is the breakeven level of capacity utilization since there will be rent component also in this?
- Management:** So, we are mindful of the rent component and of the fact that we are moving to a newer geography. We expect our breakeven to be around the 12-to-15-month mark where we expect the occupancy levels to be at around 35% to 40% range.
- Sunil Jain:** So, initially we may be incurring losses and thereafter turning it around?
- Management:** That is the trajectory every new hospital faces and yes, we expect similar productivity from the Raipur hospital as well.
- Moderator:** Thank you. Our next question is from the line of Raaj from Arjav Partners. Please go ahead.
- Raaj:** I wanted to ask on the number of employees, so how many doctors are on full time payroll and how many doctors are on consultant basis?
- Management:** So, in terms of the number of employees we have almost 1850 employees. The doctors for us are consultants. They are not employees. We have the presence of almost 100 full-time consultants and the association of almost 500 visiting consultants.
- Raaj:** How much are the 9-months FY24 sales for Dum-Dum Hospital and Howrah hospital?

- Management:** So, the 9-month sales from the Dum Dum hospital were 125 crores and the 9-month revenue from the Howrah hospital was 38.4 crores.
- Raaj:** And how much is the occupancy currently at Agartala?
- Management:** Agartala 9-month ending occupancy was 53% right now we are tracking at almost 60%.
- Moderator:** Thank you. Our next question is from the line of Sagar Doshi from Fintuit. Please go ahead.
- Sagar Doshi:** So, basically after Raipur next hospital is coming up in FY27, so any other expansion plans in between let us say capacity addition in the current hospitals and things of that sort and any inorganic expansion if you would be doing that's the first thing?
- Management:** So, yes, in terms of planned expansion we have Raipur coming up in FY25 and Ranchi in FY27. We are on the lookout for in organic opportunities in Eastern India. In fact, we are evaluating opportunities and city like Jamshedpur and Guwahati on an inorganic basis which we are hopeful of clicking and commissioning by FY26.
- Sagar Doshi:** So, the second question would be under terms of profitability. So, you said the revenue guidance of 15% to 18%, but profitability could grow disproportionately. So, anything with a two to three-year period what is the range that we could expect keeping the EBITDA margins is you guided for 23%, 24% that also it's almost similar range. So, what is the profitability jump that we could expect in the next two or three years due to operating leverage or what could be the levers for it?
- Management:** We expect the profitability to grow at almost 25% at a CAGR level for the next two years. This would also have an impact of the decrease in finance cost on account of the repayment of debt.
- Sagar Doshi:** I'm saying whatever FY24 we are able to register on that for FY25-26 around is something that we can look currently?
- Management:** Yes.
- Moderator:** Thank you. Our next question is from the line of Sanchit Chawla from Subhkam Ventures. Please go ahead.
- Sanchit Chawla:** So, my first question was actually on your occupancy in Salt Lake hospital. I understand there robotic surgery is happening and therefore that dip in the occupancy in Salt Lake, but I still feel that it's one of the oldest hospital in your network and this is something where you can easily go to 80%, 85% kind of occupancy. So, just want to understand when you would be at that kind of occupancy for this hospital?
- Management:** So, 80%, 85% occupancy for a hospital is something which is very, very difficult to maintain. It leads to a lot of operational problems. We consider an occupancy of around 75% to 78% as

optimal beyond that pushing the hospital becomes very difficult. In terms of Salt Lake Hospital, yes, you've correctly pointed out our length of sales reduced on account of robotic surgeries which has primarily related to the reduction in occupancy. This opens up more avenues for us to take additional patients. It is something which we are working on with the increased bed availability now. We are hopeful that we'll be able to push the hospital back to the 75% occupancy mark in the next year itself. We have put in place various strategies to the effect including started giving a good push on the gastro program where we are going to start DNB in that department as well.

**Sanchit Chawla:** And my second question was on your margins for Agartala they seem to be higher than Salt Lake despite lower occupancies and lower share of robotic surgery. So, why is that?

**Management:** So, that is on account of the size of the hospital. We do get a certain amount of operating leverage. There are a larger number of full-time consultants also in that hospital. So, there are various metrics which end up giving us that extra impetus in terms of EBITDA.

**Sanchit Chawla:** And you're also adding Onco radiation facility at Agartala. So, have you bought the LINAC machine or what process where are we at and what is the cost if at all?

**Management:** Yes, we are starting radiation oncology facilities in Agartala. We have already started medical and surgical oncology in that hospital. The radiation oncology piece, the equipments are being bought by our Cancer Care partners, CBCC USA. And we are hopeful of starting that in the next three months. The AERB approval has already come in and we have already created the facilities in terms of the bunker and the OPD setup.

**Sanchit Chawla:** And what kind of cost are you going to be incurring on this?

**Management:** Most of the cost from our end towards this has already been incurred. The balance cost is to be incurred from our partner's end.

**Moderator:** Thank you. The next question is from the line of Himanshu Binani from Anand Rathi. Please go ahead.

**Himanshu Binani:** My first question was largely on this Raipur facility. So, we intend to do a CAPEX of somewhere around 55 crores for 152 beds and in our opening remarks we commented that we would be like looking to take some sort of like debt for the medical equipments also. So, this debt is already included in the 55 crores, or this is over and above that?

**Management:** No, that number is already included in the projection of 55 crores which we have highlighted.

**Himanshu Binani:** And the debt number would be approximately out of the 55 crore?

**Management:** It would be around the 10 crore to 15 crore mark.

- Himanshu Binani:** So, the second question was largely on this only with the first question only. So, if I actually work out with the maths. So, for the Raipur facility we would be doing a CAPEX somewhere around the Rs. 36 lakh sort of number for 152 beds and for Ranchi we would be doing somewhere around Rs. 35 lakh, 36 lakh. So, sir how should actually one look into the CAPEX per bed basically so why this number is like so low?
- Management:** So, if you look at the CAPEX per bed for our latest full-fledged hospital of Howrah it is almost 7 million per bed here it is 3.5 million per bed because these two hospitals are on an asset-light-model. Howrah was completely built and owned by us. Here the land and the building will be owned by the developer, and we will be operating it on a long-term lease of around 40 years and 60 years respectively.
- Himanshu Binani:** 40 to 60 years and the annual escalation for this would be the rent escalation?
- Management:** There is no annual escalation. The escalation is on a three-year period, and it ranges between 7% to 8% depending on the nature on the hospital which would translate to a CAGR of around 2%.
- Himanshu Binani:** And sir the second question is largely on this breakeven side. So, we have been talking about this breakeven for Howrah as well as other hospital and we have like done a remarkable thing. So, how should one look into this Raipur hospital for breakeven. So, maybe I'll just put it this way sir how do we actually calculate the breakeven so what is the ARPOB number do we start with for a new facility?
- Management:** So, in terms of break-even, we are envisioning a breakeven period of around 12 months to 15 months for the Raipur facility, which is higher compared to our breakeven for our Howrah facility. This is because we are mindful that we are going to a new area and there might be a certain delay on account of that. Most tertiary care hospitals which are our peers tend to take are almost 2.5 years, 3 years to come to this monthly breakeven period. In terms of what metrics, we follow to account for the breakeven we generally as per industry norms we look at a 35% occupancy generally translates to breakeven. Here we will be starting off with ARPOBs of around the 27,000, 28,000 mark at current levels which would be inflation adjusted for when we commissioned ourselves. The prevalent market in that area is as per that ARPOB and we would be matching that.
- Moderator:** Thank you. Our next question is from the line of Dishant Jain from Quasar Capital. Please go ahead.
- Dishant Jain:** Can you please help me why this Dum Dum hospital occupancy has been reduced on the 9-month basis sir like from FY22 to 9-months FY24, is it due to the seasonal sector?
- Management:** So, as I said earlier, any occupancy above this 75% mark is optimal occupancy, 78% occupancy which we are doing in Dum Dum is a very good occupancy. Last year if you're looking at a differential between last year it is likely to do with the bed infrastructure also in place. Last year Durga Puja was slightly earlier and this year it was slightly late. So, we are going to see that

impact coming in Q4 as well and also it translates to the bed preference people might have while getting operated as well.

**Moderator:** Thank you. The next question is from the line of Chintan Shah from JM Financial. Please go ahead.

**Chintan Shah:** So, just one question in terms of thought process and strategies. So, if we look at our existing hospitals as well as new hospitals that are coming in be optimally utilize the bed capacity meaning we don't have any scope for further expansion. So, wanted to understand why as a strategy go for this. The reason why I ask this is because if you look at the hospital if we have additional capacity Brownfield in the same locality etcetera with the easiest way to banker especially when we are in a region which is quite under penetrated. So, can you just help us understand this thought process behind this?

**Management:** Ideally, we would also be very happy if we would be able to get that Brownfield expansion capacity in these areas, but unfortunately, we place our hospitals in some of the most densely populated parts of the city where getting that kind of real estate on an additional basis is very difficult. Getting 1,00,000 square feet or something to the tune of that in these thickly populated areas is very difficult and whenever we do end up getting that area, we tend to utilize it to the full to place our hospital after that the possibility of expanding is very less.

**Chintan Shah:** But if we look at a peers there are quite a few already present in this region and they have much larger capacity, say 300 or 400 beds. So, I mean if they are able to have that much capacity then where is the bottleneck for us to get the land or building piece available?

**Management:** So, yes, there are larger peers available in the region where we operate in, but it is in the region where we operated not in the micro market. The cities are big, and the cities have various areas. So, most of the larger hospitals are slightly away from the city in the lesser populated areas while our hospitals are right in the heart of the city in those thickly populated areas.

**Chintan Shah:** So, in that case in such a micro market where there is limited competition then ideally we should have a much better pricing power say in terms of ARPOB, so the thing in terms of basically specialties there is some element where we lack or how should we understand this or if the capacity of the region to pay?

**Management:** So, again we place our hospitals in these micro markets which are mostly full of working-class population of middle income population. In these regions we do not want to outprice ourselves to the extent that patients do not end up coming if the pricing is very high patients will look at other options. Our pricing we feel is just right for that region and which enables us to operate in a good manner.

**Chintan Shah:** And lastly in terms of you know occupancy, is there any scope for us to go for more insurance tie up and drive the occupancy growth or would prefer more of the cash patients?

**Management:** So, in terms of our current payer mix, if you see almost 91% of our revenues come from cash and insurance patients with the corporate schemes and government contributing only 8% to 9% of our revenues. We feel this is a very healthy mix which gives us almost 80% cash flow from operations to EBITDA conversion, which is one of the highest in the industry. We are always obviously looking at increasing the cash and insurance mix even more, but at this point I think we have saturated in terms of what is available in the market. We have tied up with all insurance companies and TPAs and we are catering to all of them.

**Moderator:** Thank you. The next question is from the line of Sanchit Chawla from Subhkam Ventures. Please go ahead.

**Sanchit Chawla:** Sir, I just had one follow up. Wanted to understand why our ARPOBs will grow only by 7%, 8% if you're adding Onco radiation facility at Agartala because addition of this will kind of give you a significant increase in ARPOB?

**Management:** The Onco radiation facility is in partnership with someone where there will be a revenue sharing with us. Apart from that we are also looking - we are mindful of the cost incurred by the patients and it's a conscious call to not load up the ARPOB in a big way for the patients. We will be getting a significant advantage in patient occupancy on account of the Onco which will end up impacting the ARPOB to that extent as well.

**Moderator:** Thank you. The next question is from the line of Divya from Mastertrust. Please go ahead.

**Divya:** Currently sir what risks do you see in your business and recently the Supreme Court order on CGHS does that impact your business?

**Management:** So, in terms of the risk to the business obviously we are in a micro market, it's a regulated industry. So, we need to keep the doctors engaged, the patient service to be up to the mark so the patients are loyal to the hospital in their neighborhoods. In terms of the Supreme Court, I would say that like Anurag said earlier we are in talks with the Hospital Association as well as the government departments to ensure that it's a smooth transition and there's no abrupt intervention in the hospital industry. We don't anticipate it to be a very big impact, but we have to wait and watch.

**Divya:** And is there any cyclicality in your business as in like this quarter is better than other quarter?

**Management:** So, like we said earlier Q3 is generally a seasonally weak quarter, Q1 may have a slight dip, but generally Q2 and Q4 are the better quarters.

**Divya:** Q3 and Q4?

**Management:** Q3 and Q1 and Q2 and Q4 are better.

**Divya:** And sir lastly sir like as a management so what's your aspiration for the company?

**Management:** So, we want to be an Eastern India focused network of hospitals serving the middle to higher income part of the society who has very high disposable income nowadays with good insurance penetration as well in this part of the country. We currently have four hospitals with 561 beds. We want to grow to a minimum of 7 hospitals with 1,000 beds in the next couple of years.

**Moderator:** Thank you. Our next question is from the line of Jainil Shah from GM Financial. Please go ahead.

**Jainil Shah:** My first question is on Agartala we are adding radiation oncology, so what's the incremental revenue potential there and if you can throw some more light on the arrangement with CBCC and if there is more Brownfield potential in Agartala and how can we tap that?

**Management:** So, in terms of our revenue potential it can lead to a revenue upside of almost 15 odd percent with the radiation oncology kicking in. We have the beds also available for the same. In terms of the CBCC tie up. CBCC is a large US based chain of radiation oncology setups. We have tied up with them and they have already ordered the LINAC in a city. We expect like Anurag said earlier the bunker and the other civil infrastructure is already ready. The medical and the surgical oncology was already started. We expect radiation oncology also to start in the next quarter as well.

**Jainil Shah:** What's the revenue share that we are giving?

**Management:** About 11%. We will get 11% we are not giving that we're getting 11%.

**Jainil Shah:** We have one hospital in Raipur which is on an asset light basis. So, is there an option to purchase the hospital?

**Management:** We do have a right of first refusal in case you want to purchase the hospital, but we don't anticipate it at the moment that. I guess we will kick in only if there is some dispute among the developers or something and just to answer your earlier question with respect to the Brownfield opportunity in terms of Agartala. Yes, there is an opportunity to add about 100 odd beds in Agartala once the occupancy and the management will take a call once the occupancy stabilizes around the 70% to 75% mark and it's a low hanging fruit like one of the earlier callers had asked and that can be easily done once the occupancy is stabilized on that mark.

**Jainil Shah:** And just one last question on the doctors, most of the doctors are visiting consultants. So, is there any plan to onboard they are on a fixed payroll or if you could also highlight some of your strategies on the cost side?

**Management:** So, in terms of the doctor engagement model it is a function of the region or the city where we are operating in. We have a higher number of full timers in Agartala because the model of the city function in that manner in Calcutta, for example, there is a known trend for doctors associating themselves in a visiting manner. They don't like to be associated in a full-time basis. So, we have a larger number of visiting consultants. Going forward we know that Raipur for

example again has a trend for more full-time doctors where we are looking at engaging with a lot more full time was there. So, it is a function of the city where we are operating, and this is a constantly evolving strategy.

**Moderator:** Thank you. The next question is from the line of Dishant Jain from Quasar Capital. Please go ahead.

**Dishant Jain:** Just wanted to ask is it possible to quantify how much CAPEX have we incurred for the oncology center at Agartala?

**Management:** We have incurred around 10 crores for the oncology setup.

**Dishant Jain:** And how much more are we going to incur or is it done for us, and the balance will be incurred by the partner?

**Management:** The finishing up is going on. We might incur another 1.5 crores to 2 crores. The rest of it will be incurred by the partner.

**Dishant Jain:** And how much would that be is it possible to?

**Management:** It is not possible for us to quantify that at this point.

**Moderator:** Thank you. Our next question is from the line of Amey Chalke from JM Financial. Please go ahead.

**Amey Chalke:** The first one is on the ALOS. So, this is the first year I guess we have below 4 and some of the hospital bigger hospitals are now reaching towards even the three days. So, what would be the optimal ALOS for us as a group and what are the avenues how you can reduce it apart from robotic surgery?

**Management:** The ALOS coming down below 4 is a conscious call which is strategy which we are working on. Ideally, we would want our ALOS to be around the 3.6 range on an aggregated basis. This would be different for different hospitals. Currently our ALOS reduction is more focused on Dum Dum and Salt Lake Hospital which are almost functioning at optimum occupancy levels. Here we're looking at reducing ALOS and increasing the number of patients we can take. We are looking at getting the Dum Dum ALOS from 5.2 to 4.5 mark which should overall help reduce the network ALOS to around the 3.6 mark.

**Amey Chalke:** And any reason for Dum Dum having a high ALOS, is that case mix or something which is keeping it high?

**Management:** So, as stated earlier as well the reason for the Dum Dum ALOS being slightly higher compared to the rest of the hospitals is because of the successful renal transplant program which we run in that hospital.



**Amey Chalke:** And on the Agartala we expected occupancy which we say would be around 70% and higher after two or three years. Is it a natural course through which this occupancy will be reached, or you are taking an initiative to drive this occupancy if you can highlight those initiative?

**Management:** It is a mix of a natural course and a lot of initiatives being taken. There are multiple initiatives being taken to increase the occupancy as well, one of which is the radiation oncology setup. With radiation oncology, we expect a trickledown effect in terms of patients as well across all departments. Apart from that, we have also been able to fill up some critical consultant gaps in the departments of Urology and Neurology. This will further add to the overall volume. Apart from that, yes, the incremental marketing work always leads to an uptick in productivity. The radiation oncology once we set that up will be the only private LINAC in the entire state.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions from the participants and now hand the conference over to the management for closing comments.

**Management:** Thank you everyone for your questions. I hope we have suitably addressed the same. In case you have any further queries, please get in touch with us or through our IR advisors. Thank you for the continued support and trust in our company's vision and capabilities. Together we look forward to achieving new milestones and creating lasting value. Thank you and have a good day.

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