

May 12, 2021

Shalby/SE/2021-22/23

The Listing Department
National Stock Exchange of India Ltd
Mumbai 400 051.

Scrip Code : SHALBY

Through : <https://www.connect2nse.com/LISTING/>

Corporate Service Department
BSE Limited

Mumbai 400 001.

Scrip Code: 540797

Through : <http://listing.bseindia.com>

Sub.: Transcript of earning conference call held on May 7, 2021 for Q4 and FY 2020-21
Audited Financial Results

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations,
2015

Dear Sir/Madam,

With reference to earlier intimation vide our letter no. Shalby/SE/2021-22/15 dated May 4, 2021 and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith transcript of earning conference call held on May 7, 2021 wherein Audited Financial Results for Q4 and FY2020-21 were discussed. The said transcript is also available in the Investors Section of our website.

We request to take the same on your records.

Thanking You,

Yours faithfully,
For Shalby Limited



Tushar Shah
AVP & Company Secretary
Mem. No: FCS-7216



Encl.: Concall Transcript



“Shalby Limited
Q4 FY2021 Earnings Conference Call”

May 7, 2021



MANAGEMENT:

DR. VIKRAM SHAH – CHAIRMAN & MANAGING DIRECTOR

DR. SHANAY SHAH - PRESIDENT

MR. PRAHLAD INANI – CHIEF FINANCIAL OFFICER

DR. NISHITA SHUKLA - GROUP COO

**MR. MAHESH PUROHIT - CORPORATE STRATEGY & INVESTOR
RELATION**

ANALYST:

**MR. PARAM DESAI – ELARA SECURITIES PRIVATE
LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the Shalby Limited Q4 FY2021 Earnings Conference Call hosted by Elara Securities Private Limited. 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. Param Desai from Elara Securities Private Limited. Thank you and over to you Sir!

Param Desai: Thank you. Good afternoon to all the participants in the Shalby Limited Q4 FY2021 earnings call hosted by Elara Securities. Today, we have with us from the Shalby Management, Dr. Vikram Shah, Chairman and Managing Director, Dr. Shanay Shah, President, Dr. Nishita Shukla, Group COO, Mr. Prahlad Inani, CFO, and other senior management from Shalby. I will hand over the call to Mr. Mahesh Purohit, who is the part of the Corporate Strategy & Investor Relation Team. Over to you Mr. Mahesh.

Mahesh Purohit: Thank you Mr. Param. Good afternoon everyone, our earnings presentation is uploaded on the stock exchange website and on our company website www.shalby.org. We do hope you all have already had the opportunity to go through the presentation. Please note that some of the statements made in today’s call maybe forward looking in nature and may involve risks and uncertainties. Kindly refer to slide #34 of the earnings presentation for a detailed disclaimer. Now I would like to handover the call to Dr. Vikram Shah, Chairman for his opening remarks. Thank you and over to you Sir!

Vikram Shah: Good afternoon everyone and welcome to Shalby Q4 FY2021 earnings call. I hope you and your families are staying safe amidst ongoing second wave of the pandemic. I will first brief the overview of the company’s performance during the quarter and then hand over the call to CFO, Mr. Prahlad Inani, to discuss the financial performance and then for operating performance, number of patients and operations, our group COO, Dr. Nishita will speak.

First of all I want to mention that last quarter was not COVID time and only 9% of the total revenue contribution is from COVID and there was a normalization of economic and business activity during this quarter and there was a huge decline of COVID patients during the end of the Q3 only, so we had a huge jump on year-on-year earning of Q4 Revenue and EBITDA earnings as well as Net Profit earnings year-on-year and quarter-on-quarter. Now, I would like to hand over phone to Mr. Inani.

Prahlad Inani: Thank you Dr. Shah and good afternoon everyone. I will discuss the financial performance and key indicator of the company for the Q4 FY2021.

On a Standalone basis the company registered total Revenue of Rs.1,440 million in Q4 FY2021 compared to Rs.1,160 million in Q4 FY2020 registering a growth of 24% on year-on-year basis and 9.3% on quarter-on-quarter basis. EBITDA for Q4 FY2021 is Rs.346 million compared to Rs.129 million in Q4 FY2020, a significant growth of 168% on year-on-year basis. EBITDA margin for 24% as compared to 11.1% in Q4 FY2020. The margin improvement is primarily driven by cost optimization initiative that are being implemented during the year. Net profit was Rs.110 million for the quarter compared to a loss of Rs.169 million in Q4 FY2020. PAT margin for the quarter stood at 7.7%. Due to increase in surgery count, revenue contribution from the arthroplasty specialty increased to 40% as compared to 17% in Q3 FY2021 and ARPOB also increased to Rs.33,225 as compared to Rs.26,660 in Q3 FY2021, the preceding quarter. Total number of beds occupied were 481 representing an occupancy level of 40% as suggested in our presentation also. We continue to operate strong cash flow and maintaining a strong balance sheet with net cash flow of Rs.903 million at the end of March 2021. Thank you very much and I handover to details for operating side to Dr. Nishita Shukla.

Nishita Shukla:

Hello everyone and good evening. I would just like to brief you about the number of surgeries we did in Q4. So we did good number of surgeries and the total number was 5,472 elective surgeries performed during this quarter and it is an increase of 78% on Q-o-Q basis and out of which 50% was arthroplasty but we also did both oncology, nephro, and cardiac surgeries. We did a lot of non COVID critical medicine work with ICU patients, post COVID treatments and post COVID surgeries also and as COVID was less in Q4 and patients started traveling and opening of everything, we saw an increase of 53%, a significant jump in outpatient OPDs also. So, our Q4 outpatient OPDs like where around 1 lakh patient wherein IP patients were 8,665 and our OP day care patients 5,829, in total if we see in Q4 we have treated and consulted patients more than 1,19,000. About the COVID part, Shalby remain committed to serve COVID patients and all our hospitals were treating COVID patients, and we have allocated 1,500 beds overall at group level to COVID patients and we treated 770 patients in Q4. Overall, the year growth of total COVID patients treated year were 6,640 out of which Q4 we treated 770 patients.

Prahlad Inani:

Board of directors have recommended a final dividend of Rs.1 per share also, 10% dividend this time, return on equity also improved 5.2% in FY2021 as compared to 3.5% in FY2020 and now thank you very much and we can open the call to any question you have.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sudhir Bheda from Right Time Consultancy. Please go ahead.

Sudhir Bheda:

Congratulations on the good set of numbers and strong operating cash flow. Sir, my questions are like now I believe that you are now operating almost at 100% capacity and

last quarter you operated at 40% capacity so does it mean that your revenue will go higher according to the occupancy?

Vikram Shah: Absolutely right, for last month we will have more than double the revenue of average amount last year. We are having 1,300 occupancy at this point of time, which was around 550 in the March last year.

Sudhir Bheda: So, it means you are operating nearly at 100% capacity right so your revenue will also flow according to your capacity?.

Vikram Shah: Yes.

Sudhir Bheda: So, it means you are operating nearly at 100% capacity right so your revenue will also flow according to your capacity?

Prahlad Inani: Yes absolutely.

Vikram Shah: Can we expect this quarter your revenue will be double of that before?

Prahlad Inani: About yes.

Sudhir Bheda: On the one hand your surgery count will go down I believe because of the higher occupancy of COVID patients, is it so?

Vikram Shah: I will explain you this in a proper perspective. All planned surgeries are not coming to the hospital, be it cardiac surgery, joint replacement, spine surgery, however, some of the cancer surgeries are happening, but overall if you see in this quarter, in this month we can now see that, slowly the wave is coming down, it will still be there in the month of May, but in June, it will not be there. First two months will be approximately double or more than the average month we have. Routinely, the ARPOB of surgical corporate hospital is Rs. 35000Rs. 40000 per bed per day with COVID it is about Rs. 20000Rs. 22000 which is less. So the hospitals which are remaining full at surge are not benefitting from COVID, they will actually start making losses, but we had extra space in almost all hospitals other than two or three, so we are having the benefit because even if ARPOB is at 70% of normal, we will still have higher Revenue. Our occupancy is nearly 2.5 to 2.8 times, but our revenue will double.

Sudhir Bheda: Yeah I understand, so your average revenue per bed will come down slightly but since your occupancy is almost 2.5 times the revenue will flow accordingly. I believe that your EBITDA margins are higher in COVID time so the margin will go up?.

- Vikram Shah:** Yeah margin will go up it looks like that, but I cannot say anything at this point of time as we are discussing the result of previous quarter rather.
- Sudhir Bheda:** Yes, sure Sir and just can you throw light on your diagnostic Revenue and vaccination drive and what kind of revenue you can generate on those things?
- Vikram Shah:** For vaccination drive, we had been doing approximately 200 vaccines per day in each unit before this COVID surge started, so January, February, March we gave 200 vaccines everyday in almost all units, some small units did 100 vaccines. In the coming time we are planning to do 200 to 400 in every unit minimum so next six months there will huge vaccine drive, government has allowed about Rs.200 per vaccine so it will be a huge net earnings to the hospitals.
- Sudhir Bheda:** Can you throw light on your diagnostic segment because you have not given it separately?
- Vikram Shah:** Actually, we do not have it separate at this point of time because it is part of the package to the patient we have not separated out the diagnostic part.
- Sudhir Bheda:** You are doing COVID test also?
- Vikram Shah:** We are doing COVID test, but COVID revenue of last quarter was 9% only. It was surgical and routine and those are packages so all investigations are part of package.
- Moderator:** Thank you. The next question is from the line of Ashish Thakker from Motilal Oswal. Please go ahead.
- Ashish Thakker:** Thanks for the opportunity. Sir you said this quarter the COVID business was 9% of the total sales but since we are already 2 months into the next quarter so how is this business looking up now?
- Vikram Shah:** It is double the revenue than the last quarter it looks like.
- Ashish Thakker:** Okay and Sir how do you take a call on the core business so do you feel that because a greater number of COVID patients are coming in and you are finding it difficult to accommodate the normal patients?
- Vikram Shah:** You know what happens in this time, we have to stand by your people. You do not think about your work, his work, or my work. People are dying on the streets. We have opened up our doors and we are treating 1,400 patient on a continuous basis day and night. We are actually treating highest number of COVID patient in Ahmadabad, Gujarat, and in Western India. We have treated highest number of patients and we have treated highest number of

patients in home care also and that has also become a huge business now. So, you know whenever such sort of epidemic comes, core work has to go down and you know what when this wave goes down, the core work will come back because people are waiting. We are doing a huge number of e-consultation on net and those patients are waiting. Once this wave will go down, they will start coming in so we will do double the work we do not mind doing hard work.

Ashish Thakker: Sir would it be safe to say that this quarter you would have incurred higher expenditures because of the need to install more ventilators, oxygen supply lines?

Vikram Shah: To be very honest with you our hospitals are fully prepared, the only thing we require to buy was some ventilators and some monitors to make some ICU functional otherwise everything was ready, so we have not spent more than Rs. 8 crores in total in this quarter.

Ashish Thakker: Okay. So, Sir finally last question any update on the Asha Parekh and Nasik Hospital how the status is there because its COVID times I understand.

Vikram Shah: The Nasik Hospital, the whole building is ready, finishing is going on which will take 6 months to one year and as far as Asha Parekh Hospital is concerned, because of the continuous wave in Mumbai, we have put the plans in passing which the government is not able to take it through because of the number of emergencies measures they are in. So we have our plans ready, so once the plans are passed, we can construct it in a couple of years quickly.

Ashish Thakker: This is very helpful Sir; you are doing a good job. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Riddhesh Gandhi from Discovery Capital. Please go ahead.

Riddhesh Gandhi: Congratulations on a great set of numbers. I have couple of questions. On your return on capital employed if you could give us some thoughts on how you are going to enhance your overall ROCE after COVID ends effectively how do we expect the ramp up efficiency and in turn increase our ROCE?

Vikram Shah: I have understood first question, I am answering it and then you ask your question later on okay I will finish first. About Return on Capital Employed, we are at 40% occupancy and our ROCE is at about 7%. So as our occupancy will improve, our ROCE will improve and as we reach up to 70% to 80% of occupancy, our ROCE will be not only in double digit it will be near 20% that is the biggest advantage we have, compared to the rest of the hospital chains. Our ROCE had been always better, and it is improving now. We created a more

number of hospitals in a given year or two and that is why our ROCE came down, because we invested simultaneously at the time of public issue. But now it is seen our ROCE is continuously improving so it will improve further with the passage of time and the way things are going now we will not need to wait more than a year, next year might by this time we should have a double-digit ROCE.

Riddhesh Gandhi: Understood and do you think you could also highlight use of the cash that you have on the balance sheet if you are looking at incremental acquisitions, Greenfield, or Brownfield with a return in capital, how are we thinking about that?

Vikram Shah: We are sitting on nearly Rs. 160 Crores of cash on the balance sheet and with this cash first of all, we are going to use this in Asha Parekh Hospital in Mumbai which we are creating we are going to spend about Rs. 160 to Rs. 170 Crores for the unit and we will be spending about Rs. 20 to Rs. 25 Crores in Nasik Unit so these are the two hospitals we are going to use our money. The second place is, we are planning to acquire a company for backward integration where we will be spending about Rs. 80 crores to Rs. 100 crores which would in turn improve our ROCE at much higher level because these businesses are usually run at 20% to 25% of ROCE. So our own internal consumption is so high so our cost will go down and our ROCE will improve.

Riddhesh Gandhi: Got it and so how do we look at backward integration is it I mean we are acquiring any devices start or it is completely in a new line of business?

Vikram Shah: Well it will not be very prudent to talk about it presently.

Riddhesh Gandhi: Okay. Thanks.

Moderator: Thank you. The next question is from the line of Jason Soan from Monarch Network Capital. Please go ahead.

Jason Soan: Sir thanks for taking my question just wanted some details I know you touched upon it. Your occupancy rate in Q4 stands at 40% now what I understood, and you also said that you know your hospitals are running full so what should be the current occupancy rate in April, May, and also if some color if you can give on the ARPOB as well?

Vikram Shah: Basically, the ARPOB we have not calculated in detail but rough ARPOB is about Rs. 22000, our occupancy normally remains at 535, 540 is now 1,350, our all units are running at highest ever occupancy, all ICCUs are full, no ICCU bed is available as on today while I am talking. All hospitals are full, all ICCUs are full, number of units are facing shortage of oxygen, so we have worked upon that also and we are able to work nicely and serve the

society. Beyond this we are doing huge amount of home care work, so that would add on top line substantially not less than Rs. 15 to Rs. 20 Crores next year.

Jason Soan: Okay Sir, Sir just one thing you said your number of beds occupied in Q4 was around 481 now it is stands at 1,000 to 1,200 plus is it?

Vikram Shah: April was 1,350, May is going at 1,250.

Jason Soan: Okay sure, thanks. That is all from my side.

Moderator: Thank you. The next question is from the line of Mulesh Savla from Shah & Savla LLP. Please go ahead.

Mulesh Savla: Good afternoon Sir. Congratulations on a very great set of numbers and thanks for taking my question. I have two questions. One is Sir some light on the operations of hospital Vijay, our hospital at Vapi and our hospital at Zynova at Ghatkopar West, because as I see the contribution to the revenues from all these three hospitals is very negligible and in case of Zynova, it is zero can you give us some color on that?

Vikram Shah: First of all, Zynova Hospital is operationally running and we get 5% of total Revenue that they are making. So, it is somebody else's hospital, profit and loss belongs to them but we are getting 5% charge of that hospital, so it is going as a corporate income and it is not seen separate..

Number 2, as far as Vapi hospital is concerned, Vapi Hospital is doing well, and it has started doing well. See we see this way that normal hospitals will cost about Rs. 150 to Rs. 200 crores, but this has cost us about Rs. 12 to Rs. 15 Crores, so you know naturally turnover will be less, profit will be less and so we cannot compare it as apple to apple, but it is making good money and as far as Vijay Shalby is concerned it is our historical unit, it is our first unit from where we started before 27 years and it is also doing very well during COVID time and now actually we are converting into SOCE,(Shalby Orthopedic Center of Excellence) so we are developing franchise model all across country and we will go outside country also in franchise model, where we will give franchise of our orthopedic branch to others and we will have two models in that, FOFO and FOSO, (franchise owned and franchise operated and franchise owned and Shalby operated) and we have made this first unit as a FOSO model so actually, we are soon going to start exclusive orthopedic work in that hospital. Because of COVID, we have delayed it for a couple of month and by June we will start that FOSO model with SOCE at Vijay Shalby. So whoever comes from across country, they can see that this is the kind of franchise we are going to run and they can go and see the place and decide how they want to go about it.

- Mulesh Savla:** This is like would be pilot project kind of?
- Vikram Shah:** Already, we have done everything, we have not opened it as SOCE because of the COVID thing. We have already done infrastructure work and completely renovation has been completed.
- Mulesh Savla:** Great and my second question is Sir if you can update us on our plans related to manufacturing of some medical equipments and I think we were thinking about?
- Vikram Shah:** Well, it will be more futuristic, if we w stick last quarter it would be nice.
- Mulesh Savla:** Sure thank you. Thanks very much and all the very best.
- Moderator:** Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Pvt. Ltd. Please go ahead.
- Dixit Doshi:** Thanks for the opportunity and congratulations for a good numbers and also would like to thank all of you at the hospital for doing the great work for the nation. Sir I have one question so let us say in the current pandemic period we are seeing a high occupancy but low ARPOB but let us say from FY2023 onwards let us say hopefully we will not have COVID in FY2023 how do you see the business shaping up in terms of ARPOB and average occupancies so pre-COVID we usually used to have 36% to 38% kind of occupancy rate so how this can move because now gradually your newer hospital are also getting older like clearing the benchmark of 3 to 5 years so how do you see the business from FY2023 onwards?
- Vikram Shah:** Minus COVID, we had been growing 15% to 20% every year and at the same time we opened the hospitals so people could not see that high growth in general. Having said this, we will continue to grow 15% to 20% minus COVID and with COVID there will be a smaller or larger tailwind. Now let me tell you, that the Spanish flu of 1920 had four waves so I am not trying to make you people panic, but there will be third wave and there will be fourth wave also so it is going to be around it is not going to go away anywhere, third wave will be smaller than this wave, it will around September.
- Number 2, because of COVID there are very high number of patients who get complications related to steroid and other medicines and even they are related to COVID itself, like permanent lung fibrosis, like fungal infection in nose and other places and we have started getting huge number of those patients in our post COVID ICCU, mucormycotic surgeries. We are doing daily two surgeries of mucormycosis, so these work will continue for coming three to five years. Forget about this, because of these high doses

of steroid, people are getting avascular necrosis of femoral head in a very high number., In the first wave, who got steroids are getting now avascular necrosis of femoral head, now we are doing total hip replacement for that. So all problems related to patients of COVID, who have survived, but who are not good enough will need some or the other type of medical and surgical help for three to five years and not less. So, our normal growth pattern had been 15% to 20% but minus COVID it will be 10% more and with COVID it will be much more.

Dixit Doshi: Secondly in terms of during the first wave of COVID you know our ARPOB was same around Rs. 20,000 to Rs. 22,000 but that time the consumable cost was very low so do you feel the same will be the scenario now or now the serious patients are more so there may be more consumable, and the cost might go up.

Vikram Shah: Well, you know as I said earlier also that COVID ARPOB is about Rs. 20,000 to Rs. 22,000 and the material used is less, so our profit margin remains well because our cost structure is made very well, having said that our normal ARPOB is Rs. 30,000 to Rs. 34,000 because of our high number of surgical cases. So now onwards what we will see is a mix of both, because now core work is also going on, it is up and down, but it does not become zero so you know we will start seeing a kind of mixed picture in the coming time in different quarters that ARPOB and consumables and other will be in between, it is will not be pure COVID or pure non-COVID.

Dixit Doshi: Just one last question from my side you said that we also doing the vaccination program so is there any additional cost towards vaccination or as usual our normal doctors are occupied there and therefore most of the revenue you can say a kind of profitable business?

Vikram Shah: It is not even 10%, the cost of doing this work so there is 100% gross profit with those vaccination.

Dixit Doshi: Okay that is it from my side.

Moderator: Thank you. The next question is from the line of Ranodeep Sen from Monks in Happiness. Please go ahead.

Ranodeep Sen: Thank you Sir for the opportunity. My question is from a long term perspective given in 2020 India's average median age was around 26.8 years and by 2030 it is expected to be 38 years so as the country ages do we see growth of Shalby will be exponential in the coming decade and orthopedic surgeries as I understand will be prevalent more in the 40 plus year old category. Thank you.

Vikram Shah: Well to be very honest with you, if we see the newspaper and media as such we lack good quality beds in this country, people are dying on the road, we need a greater number of hospitals, we need a greater number of doctors and as we need more paramedical staff. The need is immense only thing is you have to run it well, and you cannot just make profit like software companies but if you can make a decent profit you can make decent ROCE and you can do really very well which we had been doing for 27 years but because Return on Investment is low in this business not many people are interested and the same thing is going with us that we are now going for a franchise model whereby we will be doing our business in somebody's premises, so we do not have to spent for the real estate so that's what we are doing now onwards so that we will improve our further ROCE also. As far as the age is concerned, you know, we are doing nothing, actually we are doing about 1,50,000 knee replacement and 1,50,000 hip replacement in a year. India will be doing nearly 3 million knees and hips replacement in 10 years to come and we are on the top of it, we are #1 in the entire globe as far as joint replacement are concerned. We can grow 10 times in 10 years even only in joint replacement. Same with the spine surgeries, spine surgery can grow 20 times from here in 10 years. So, these surgeries can grow exponentially, if the facilities are there if the surgeons are trained. See basically we are using our all the main hospitals and the training center we have one of the largest learning and development centers we have Mr. Thomas who is our CHRO, I want him to have a word with you people that what kind of work we are doing in learning and development which is backbone of our entire business just give him a minute.

Babu Thomas: This was regarding the learning and development activities, we are performing which is the backbone of all service, especially hospital and that has actually immensely helped us during this pandemic period to skill gap training programs we arranged and fortunately now recent last year we were able to set up a stimulation lab and an experiential learning center in one of our Ahmadabad center and which has catered to more than 200 plus nursing staff and paramedical staffs during last six months and it has immensely helped us to cater to the patients when there was a spike and we were able to cater to all the patients who have come in and reach only 10% of the increase in the number of resources, paramedical and nursing staff we were able to cater to three times of the patients who came into our facility without any complaint and with the same customer experience that we were able to offer. So, a huge what we are going learning and development sector.

Ranodeep Sen: Thank you so much Sir. This detailed explanation gives lot of perspective. Thank you so much.

Moderator: Thank you. The next question is from the line of Jainis Chheda from Dimensional Securities. Please go ahead.

- Jainis Chheda:** Good evening Sir and congratulations for good set of numbers and also thank you for helping the whole nation out in such times. I have a couple of questions. Number one, 9% of COVID revenue you said so does that include the vaccination revenue as well.
- Vikram Shah:** No, it is only IP patients and the 9% is also from 15th March to 31st March 2021. Actually, if you ask me first two-and-a-half months there were almost nil patients.
- Jainis Chheda:** Okay Sir and the OPD number which we have given one lakh does that include vaccination?
- Vikram Shah:** No, OPD numbers are from new cases and old, vaccinations are totally differently handled.
- Jainis Chheda:** So the number does not have vaccination count anywhere?
- Vikram Shah:** Yes.
- Jainis Chheda:** So second question is answered. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Sudhir Bheda from Right Time Consultancy. Please go ahead.
- Sudhir Bheda:** Thanks for the opportunity again Sir. And this time I would like to congratulate to you for doing great service to the nation. My question is like we have now three to four streams, like vaccinations, and then home care and then COVID and then surgery. Now situation is where we are 100% occupancy but average revenue per bed in case of COVID is down to Rs. 22,000 and for the rest of the business like surgeries and all we are still continuing with Rs. 33,000 so what kind of blended margin we see for the next two to three quarters?
- Vikram Shah:** Blended margins always have remained at 20% to 24% of EBITDA margin and we will stay there I do not think there will be much of a difference.
- Sudhir Bheda:** It will not go up Sir because of one it is 100% occupancy and second we have less expensive with COVID patients are concerned.
- Vikram Shah:** It has doubled just now, this month it is Rs. 80 crores, last month was Rs. 40 crores but it will go down also so you know June will be 45 Crores a day so it will be a mix, yes margin will remain same or little more, but total profit will be doubled.
- Sudhir Bheda:** That understood, so margin more or less you expect the same kind of EBITDA margin of 24%.

- Vikram Shah:** No, we have never gone down below 20% in our history.
- Sudhir Bheda:** Okay, thank you Sir.
- Moderator:** Thank you. The next question is from the line of Jainis Chheda from Dimensional Securities. Please go ahead.
- Jainis Chheda:** Yes Sir so the increase in number of surgical count and number of OPD patients which is huge Q-o-Q like 77% and 53% so that was because of pent-up demand?
- Vikram Shah:** No, if you take Q2 of last year, it was 90% COVID, Q3 was 50:50 COVID and non-COVID and Q4 was 91:9, so you know Q3 was a mix of both COVID and non-COVID and quarter 4 was largely non-COVID. So, there is definite larger increase you can see in surgical count and OPD count.
- Jainis Chheda:** But it is I guess one of the highest ever since for you right?
- Vikram Shah:** It is highest ever in the last 27 years. Yes.
- Jainis Chheda:** What was the reason for that jump?
- Vikram Shah:** That jump is because people are waiting at home for three to four months because of COVID and now suddenly they feel safe so they start coming even now as our COVID graph is going down, people have started coming in for other surgeries. we can see from this week.
- Jainis Chheda:** Okay on average basis you can expect 5,000 surgeries, non-COVID times?
- Vikram Shah:** Yeah, and another thing you know what the moment the fear goes down people do come for outpatient and surgery because now people have started learning to live with this, because even they don't want to wait they just do come, and so daily we are doing four to five surgeries for joint replacement. So you know people have started coming now saying that okay this is going to be with us only then why we want to wait for our normal work to be sorted out.
- Jainis Chheda:** Okay and any Revenue from international tourism during the Q4 FY2021?
- Vikram Shah:** International tourism, they have started not full-fledged we have started getting some patients from Kenya, Tanzania, Mozambique and one patient came from Cameroon but not big numbers yet.

- Jainis Chheda:** In terms of percentage of revenue you can give some light?
- Vikram Shah:** Not much really, it is less than 1%.
- Jainis Chheda:** Okay thank you so much.
- Moderator:** Thank you. The next question is from the line of Sanjay Shah from KSA Shares & Securities. Please go ahead.
- Sanjay Shah:** Good evening gentleman. Wish you all a good health and thanks for the opportunity. Doctor my question was regarding the we are specialized in knee replacements and other orthopedic surgeries and treatment, so to grow from here do we see any prospects of growing in other verticals or other treatment of quaternary or tertiary treatment and so on?
- Vikram Shah:** We are doing a lot of work in sensor, in Cardiology, in neuro surgery, so we are doing a lot of work in number of branches, we do lot of radiation oncology also, we have top doctors includes all different branches we do kidney transplant, we do liver transplant and we do everything and that's the reason we are able to treat the COVID patients. So we do a lot of joint replacement work because I am there and my trained people are there in all 10 hospitals across the country but that does not mean that we know only these things. We do lot of other things also, but we do lot of orthopedics yes I will not deny that but we have been doing well, when we started our first corporate hospital in 2007 at S.G. Road opposite to Karnavathy Club it was 100% orthopedic hospital and from there we had long journey to reach to 50% orthopedic and 50% rest of the specialty so we are doing a lot of orthopedic work but we have developed other branches and they are growing faster than orthopedic, because the orthopedic base is so large other branches are able to grow faster percentile wise than orthopedics.
- Sanjay Shah:** That is great. Sir what about our diagnostic center do we plan any satellite unit or increasing therapies over there going third party test and all?
- Vikram Shah:** No we are actually planning Shalby Orthopedic Center of Excellence where we will be what we are investing in real estate and we will be giving our branding, our expertise and we will train their people to do the business there and we will have such good number of centers across India to start with.
- Sanjay Shah:** Right. Thank you sir. That is all from my side. Good luck to you.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Prahlad Inani: Thank you ladies and gentlemen for joining the earnings call. If you have any further questions, please feel free to connect with our investor relations team and please continue to stay safe. Thank you.

Moderator: Thank you. On behalf of Elara Securities Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Notes:

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