Global Health Limited

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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, please find enclosed herewith the transcript of Earnings Conference Call held on Wednesday, November 04, 2026, for the Second Quarter and Half-Year ended September 30, 2026 results.

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
Digitally signed by RAHUL RANJAN
Date: 2026.11.10 11:36:54 +05'30'

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

Encl: a/a

“Global Health Limited – Medanta

Q2 FY '27 Earnings Conference Call”

November 04, 2026

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

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

MR. YOGESH KUMAR GUPTA – CHIEF FINANCIAL OFFICER – GLOBAL HEALTH LIMITED – MEDANTA

MR. GAURAV CHUGH – HEAD INVESTOR RELATIONS – GLOBAL HEALTH LIMITED – MEDANTA

MODERATOR: **MR. ANSHUMAN GUPTA – INVESTEC CAPITAL SERVICES (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Global Health Limited, Medanta Q2 FY27 Earnings Conference Call hosted by Investec Capital Services India 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anshuman Gupta from Investec Capital Services (India) Private Limited. Thank you, and over to you, sir.

Anshuman Gupta: Thank you very much, operator, and good afternoon, everyone. I'm Anshuman Gupta from Investec, and I cover pharma and health care space at Investec. So welcome all of you to the Q2 FY27 earnings call of Global Health Limited.

From the management side, we have with us today Dr. Naresh Trehan, Chairman and Managing Director; Mr. Pankaj Sahni, Group CEO and Director; Mr. Yogesh Kumar Gupta, Chief Financial Officer; Mr. Gaurav Chugh, Head of Investor Relations. The discussion today may include certain forward-looking statements and the safe harbor notice set out in the company's presentation also applies to this conference call. A transcript of this call will also be available on the company's website.

With this, I would like to hand over the conference call to Dr. Trehan for his opening remarks. Thank you, and over to you, Doctor.

Naresh Trehan: Thank you. Good afternoon to all of you. Thank you for joining us today for Medanta's Q2 and H1 FY27 Earnings Conference Call. I hope all of you have had the chance to review the results and presentations that were released yesterday.

At Medanta, our journey has always been guided by a simple belief, access to the highest standard of healthcare should not be determined by where the patient lives. Our responsibility is to bring world-class clinical expertise, advanced technologies and compassionate care closer to the people who need it.

We have delivered a strong performance this quarter. We witnessed a healthy growth in patient volumes, supported by increasing demand across all our specialties, a growing proportion of complex cases and the continued trust of patients and referring doctors. This trust has been built over time through clinical outcomes, the depth of our medical expertise and confidence patients place in our institution.

I'm pleased to share that our 550-bed Noida hospital inaugurated in November 2025, achieved EBITDA breakeven during the quarter, within a year of its inauguration. This is an important milestone demonstrating the successful ramp-up of the hospital, improving operating leverage and the scalability of the Medanta model. It reinforces our confidence in replicating this model across new geographies.

We continue to invest in technologies and specialized infrastructure that expand the boundaries of what our clinicians can achieve. During the quarter, we added the Siemens ARTIS icono biplane system at our Gurugram hospital. At Patna, we strengthened our capabilities with the Siemens ARTIS ceiling-mounted cath lab and the VELYS hip navigation system. During the quarter, we onboarded more than 100 doctors, including over 65 clinicians across specialties.

During the quarter, we also took an important step towards expanding our presence in the Delhi NCR region. We acquired a 2.61-acre land parcel in Ghaziabad through an e-auction, where we plan to develop a 500-bed multi-specialty hospital. The hospital will strengthen our presence in the Delhi NCR's healthcare system. It will also bring high-quality tertiary and quaternary care to Ghaziabad's fast-growing population and the surrounding catchment. We see Ghaziabad as an attractive health care destination. It has a large growing population, witnessing rapid urbanization, expanding residential and commercial developments and strong connectivity with Delhi NCR. We believe it is well suited for a Medanta hospital.

Including Ghaziabad, our expansion pipeline comprises of 6 new greenfield hospitals, supporting our ambition to double our bed capacity over time. Our focus is not simply on adding capacity, but on taking the Medanta model of high-quality, advanced healthcare to more geographies, particularly those where access to comprehensive specialized care remains limited.

The progress at Noida gives us confidence in the strength of this model. And as we expand, we will remain focused on disciplined execution, maintaining the highest standard of care and building institutions that earn the trust of the communities they serve. Ultimately, our purpose remains unchanged: to touch more lives through clinical excellence, innovation and compassionate care. This is the vision that will continue to guide Medanta's journey.

With all these details that I just shared with you, I will hand over the call to Mr. Pankaj Sahni, our Group CEO, who will take you through the strategic, operational and financial performance of the quarter. So over to you, Pankaj.

Pankaj Sahni: Thank you, Dr. Trehan. Good afternoon and thank you for joining us today.

Q2 FY27 has been a strong quarter for Medanta, with robust growth across financial and operational parameters. We have continued to build on the momentum across our network, with improving operating performance and a meaningful contribution from both our Cluster 1 and Cluster 2 hospitals.

Let me take you through the key financial and operational developments for the quarter. Before we get to the numbers, I would like to point out that we have modified the reporting of a few financial metrics in our investor presentation to provide greater transparency and a more meaningful understanding of our core operating business performance. This format is also aligned with the majority of the analyst reports. We have now started reporting revenue as revenue from operations and EBITDA as operating EBITDA. Revenue from operations does not include other income, which is primarily interest income.

Operating EBITDA is defined as EBITDA, excluding other income and after accounting for ESOP expenses. The comparative figures in the investor presentation and the press release have also been presented on a consistent like-for-like basis.

Now coming to the financial performance. Consolidated revenue from operations for the quarter was INR 14,690 million, representing a healthy growth of 34% year-on-year. Operating EBITDA grew 60% year-on-year to INR 3,701 million, with improved margins of 25.2% in Q2 FY27 compared to 21% in Q2 FY26. Profit after tax for the quarter stood at INR 2,191 million compared to INR1,584 million in Q2 FY26, representing a year-on-year growth of 38%.

Coming to our balance sheet and cash position. As of September 30, 2026, Medanta had a net cash surplus of INR 7,815 million compared to a net cash surplus of INR 5,906 million as of March 31, 2026. We continued to generate strong operating cash flows, with operating cash flows for H1 FY27 amounting to INR 5,678 million.

Operationally, we continued to witness robust momentum across the network. Inpatient volumes increased by 30% year-on-year, while outpatient volumes grew by 38%, reflecting sustained demand across our specialties and the continued scale-up of our newer facilities. Occupied bed days increased by 22% with network occupancy improving to 67% on expanded bed capacity compared to 64% in Q2 FY26.

Overall, our census bed capacity increased to 3,115 in Q2 FY27 from 2,658 beds in Q2 FY26, a growth of 17%. While our total bed capacity stood at 3,811 in Q2 FY27 compared to 3,435 in Q2 FY26. Average revenue per patient, ARPP, increased by 3% year-on-year to INR 2.06 lakhs, supported by favorable case mix and increasing contribution from high-acuity specialties.

Average length of stay, or ALOS, for the quarter was 2.89 days compared to 3.06 days in the same quarter last year. International patient revenue grew by 30% year-on-year to INR 993 million, reflecting strong demand from key international markets. Our OPD pharmacy business continues to witness strong growth trajectory, with revenue increasing 53% year-on-year to INR 699 million, supported by both hospital pharmacies and our expanding retail pharmacy network.

On the capacity and infrastructure front, during the quarter, we added 74 beds, which includes 49 beds at Noida and 25 beds at Lucknow, taking our operational bed capacity to 3,811 beds. In addition, we also continued to strengthen our clinical and procedural capabilities. Medanta Ranchi added Medanta medical oncology services, while Medanta Gurugram added 2 new operating theatres and 1 new biplane cath lab during the quarter. As we speak, we will be adding 6 new operating theatres and 2 new cath labs at Medanta Gurugram, 4 new operating theatres and 1 new cath lab at Patna and 5 new operating theatres at our Lucknow facility over the next couple of quarters.

I now turn to Medanta Noida. As we had indicated previously, we are pleased to inform you that Medanta Noida achieved EBITDA breakeven in Q2 FY27, posting revenue from operations of INR 1,059 million and operating EBITDA of INR 86 million for the quarter. This improvement

reflects the continued scale-up of operations and increasing patient volumes at our Noida hospital.

During the quarter, we added 49 beds, taking the total operational bed capacity to 482 beds. Our focus remains on establishing Medanta Noida as another flagship institution with comprehensive clinical capabilities, high standards of patient care and the ability to serve the growing health care needs of the region.

Now coming to the cluster-wise performance. Our hospital business is divided into 2 clusters and the following cluster-wise performance analysis relates exclusively to the hospital business of the company.

Cluster 1 hospital, which includes Medanta Gurugram, Indore and Ranchi. Revenue from operations for Cluster 1 stood at INR 8,229 million, registering a year-on-year growth of 18%. The operating EBITDA stood at INR 1,810 million, reflecting a strong growth of 29% year-on-year, with improved margins of 22%.

The performance was supported by a 15% increase in inpatient volumes, reflecting sustained demand. ARPP of Cluster 1 increased by 2%, driven by a favorable specialty on payer mix. Average length of stay reduced to 2.80 days from 2.98 days, while occupancy improved to 66% from 61% in Q2 FY26, reflecting improved utilization of our existing health care infrastructure. Overall, Cluster 1 continues to witness steady growth while delivering strong operating cash flow.

Turning to Cluster 2, comprising Lucknow, Patna and Noida. This cluster continues to witness robust growth. Revenue from operations increased by 63% year-on-year to INR 5,790 million from INR 3,547 million in Q2 FY26, driven by ramp-up of Noida facility and continuing growth momentum in Lucknow and Patna facilities. Operating EBITDA increased by 110% to INR 1,837 million, driven by EBITDA breakeven of Noida facility. Noida had an EBITDA loss of INR 199 million in Q2 FY26 and robust operational performance of Lucknow and Patna.

Overall, the Cluster 2 hospitals witnessed a 52% increase in inpatient volumes, while occupied bed days increased by 43%, reflecting continued capacity utilization across the hospitals. ARPP grew by 8%, supported by favorable case and specialty mix across the network. Cluster 2 occupancy stood at 67% in Q2 FY27 compared to 62% in the same quarter last year, driven by strong inpatient volume growth across all 3 facilities.

Let me now brief you on our new Ghaziabad hospital project. As Dr. Trehan mentioned and as you would be aware, Medanta has been allotted a land parcel of approximately 2.6 acres at Siddharth Vihar Yojna in Ghaziabad. We secured the parcel on a freehold basis through an online auction at a value of INR 166 crores. Yesterday, our Board has approved a 500-bed hospital project with a total capex of approximately INR 1,000 crores.

The proposed hospital will further strengthen our presence in the Delhi NCR health care ecosystem and expand access to high-quality tertiary and quaternary care for Ghaziabad's rapidly growing population and the surrounding catchment area. We see Ghaziabad as a compelling

health care market, supported by a large and growing population, rapid urbanization, expanding residential and commercial development and strong connectivity across Delhi NCR.

The city also serves as an important catchment for patients from Eastern Delhi, Meerut, Saharanpur, Hapur, Bulandshahr and the wider Western UP region. We believe this hospital will complement our existing facilities in Gurugram and Noida, while enabling us to serve a distinct and expanding catchment across Ghaziabad and Western Uttar Pradesh.

As far as our capacity expansion goes, we have a significant bed addition pipeline that is expected to add approximately 3,450 beds over the next few years. This represents almost a doubling of our network capacity to over 7,600 beds. To support this expansion, we have outlined a planned capital expenditure of over INR 6,000 crores over the next 4 to 5 years. This includes investments in our upcoming hospitals, capacity expansion at existing facilities and supporting infrastructure.

To conclude, we remain confident in Medanta's growth trajectory. Our strategy remains centered on 3 key priorities: strengthening our existing hospitals, accelerating the scale-up of our developing hospitals and executing against our expansion pipeline. We believe our growing network, expanding clinical capabilities and strong financial position provide a solid foundation for sustainable growth and long-term value creation for our shareholders.

With that, I would now like to request the operator to open the line for questions. Thank you.

Moderator: Thank you very much. The first question comes from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane: Congratulations on great set of numbers. Sir, just on the Cluster 2, which is developing hospitals, if you could share the volume growth for Noida and ex-Noida, or rather ex-Noida?

Pankaj Sahni: For Cluster 2, inpatient volume growth ex-Noida is approximately 26%.

Pankaj Sahni: Does that answer the question, Tushar?

Tushar Manudhane: Yes, sir. That's great to hear. That's about 26%. Just trying to understand in terms of payer mix, case mix, what is driving this growth and how sustainable this is?

Pankaj Sahni: So I don't think we have seen any significant shift in the payer mix in Cluster 2, Tushar. Growth of volumes has been driven in line with our overall philosophy of ensuring that we try to drive growth through volumes.

We have had, of course, clinical talent additions. We have had a good amount of volume growth, especially in our Lucknow and Patna unit and obviously with the scale-up of the Noida unit. But as you said, ex Noida, we've seen good volume growth across the board in Patna as well as in Lucknow.

Yogesh Gupta: Tushar, this is also supported by the capacity addition which you have seen in the previous quarters done. So basically, it's not that actions were taken in previous 3 quarters to deliver this growth. There's nothing especially done for this quarter.

Pankaj Sahni: Yes. I think that's an important point to make, not only for Cluster 2, but for the financial results in general, is that while you do end up reporting quarter-by-quarter, the actions taken actually predate these 3 months by maybe 12 to 18 months or even more. So whether it is, as Yogesh said, doctor hiring, whether it is certain other actions that have taken place, including capacity addition in equipment and infrastructure addition, all these kind of play out in certain periods of time.

So while we continue to invest in all of these aspects, hiring, equipment, infrastructure, bed additions, et cetera and indeed additions that support that, like addition of clinics, addition of operating rooms, these tend to then come forward in certain periods of time. But generally speaking, I think we've seen robust growth across both Lucknow as well as Patna, in addition, of course, to the scale-up of Noida.

Tushar Manudhane: Got it, sir. And specifically with respect to Lucknow, where the bed addition has been at a very robust rate, reaching now almost 800 beds, subsequently in FY28-29, like how do we think about adding further beds at Lucknow? At least the chart showcases the specific bed addition for FY27, but not in terms of beyond that, while the capacity is 950, as you already highlighted in the presentation.

Pankaj Sahni: Correct. So in terms of Lucknow, Tushar, we will, over this quarter and next coming months, be adding in some beds. In fact, subsequent to September end, we already have one of the wards, which is ready and being operationalized as we speak. So we will have some bed addition during the course of this quarter.

But maybe more importantly than just beds, as I mentioned earlier, we are adding approximately 5 operating rooms in Lucknow, which we also hope to come on board in Q3, if possible, or maybe early part of Q4.

So it is not only absolute bed numbers that drive the infrastructure or capacity or the expansion as far as the ability to generate volumes and work. It is also the procedural rooms, the operating rooms. We will also be operationalizing in the coming months a complete new floor of OP. So approximately another 20% to 30% of the capacity of the hospital as far as outpatient care is concerned will get added and then that has associated benefits, including things like day care and all. So it's not only absolute beds that drives growth. It's also all these other areas, particularly the procedural areas.

Yogesh Gupta: Tushar, we can also correlate this with our performance in Gurugram. There has been no bed addition for the last so many years, but we were still growing on procedural volume, patient volumes, by way of efficiency, by way of adding new doctors and new capacity of treating more people. So that's why the short answer to you is that even if there is no bed additions in Lucknow beyond this year, we will still keep growing the way we are growing in Gurugram.

Tushar Manudhane: Got it, sir. And just lastly, if you could share what kind of ARPOBs or ARPPs we are now with Lucknow, Patna and Noida separately.

Yogesh Gupta: Tushar, we don't declare hospital-wise ARPPs. I think we will continue to discuss and declare ARPPs cluster-wise, which we have already shared with all of you.

Pankaj Sahni: The only thing I can add to what Yogesh said is that we haven't seen a very significant shift in ARPPs or ARPOBs, as you see just a 1% or 2% changes across.

Yogesh Gupta: Yes. And those changes are mainly led to because of our ALOS changes and the mix changes. And Tushar, we'll continue to discuss these numbers at a cluster level and don't want to do a discussion at a hospital level.

Moderator: The next question comes from the line of Soumen Samanta from YES Securities Private Limited.

Soumen Samanta: Congratulations on great set of numbers. Sir, my first question is regarding Cluster 2. If I remove Noida from Lucknow and Patna, I see there was a rise of 640 basis points in EBITDA margin for roughly around 37%. So I wanted to understand, is the Noida EBITDA shown before corporate or cluster cost allocation, or were there any one-off items in Q2, such as reversal insurance or government scheme settlements, or it's a seasonal volume thing? And is this margin like a similar 37% for these hospitals?

Pankaj Sahni: So let me answer that question in 3 parts. First of all, there is no one-off or exceptional items in any of the Cluster 2 impact. That's the first one. Neither in the last year, neither in this year. Second is that you asked the question on the corporate costs or the corporate overheads. In our company, all the corporate costs and corporate overheads are actually loaded on our Gurugram unit. So you would see them in Cluster 1. So Cluster 2, therefore, is totally devoid of any of the corporate costs. There is no charging or loading on Cluster 2. So to the extent that there is a role of corporate costs in Cluster 2, to that extent, the margins are higher in Cluster 2 than in Cluster 1 because of some of the corporate costs. So that's the second thing.

Third thing, we don't give a margin guidance for the future. However, what I can tell you is that if you look at Cluster 2, Cluster 2 is a function of broadly 2 types of units. One is, of course, Lucknow and Patna, which are now also reasonably mature, around 5 years and 6 years and have been doing very well, although we continue to add beds there. So as we have maintained consistently with the size and scale of our hospitals, we do get benefits of operating leverage as the hospitals scale up. So even a bed addition of 30, 40, 50 beds provide certain amount of operating leverage to us, which, of course, then has a benefit as far as the margin profile looks.

And we have seen actually a robust growth in the occupancy and the volumes of this as well. So if you look at the occupied bed days, they have increased by about 40% across. That includes, of course, Noida. But in general, you see, as I had mentioned in the earlier answer to that question, we see about 20% growth in volumes even of Noida. So as you get more and more volumes in, you get the benefits of operating leverage. As you add capacity, you get the benefits of operating leverage.

And the other thing that I will again call your attention to, as Yogesh mentioned, see, you are viewing 1 quarter results, but the efforts to deliver these quarter results happen over many months, maybe 18 - 24 months. So we continue to make those efforts. What happens next quarter or Q4, I think this we worry less about, but more focused on driving long-term sustainability. So we don't see any reason why there should be any challenges in any of the hospitals in Cluster 2, but we don't look at it only on a quarter-to-quarter basis to say what will the margin be this quarter or that quarter. We are a little bit more long-term oriented than that.

Yogesh Gupta: And also I think what you should keep in mind is that quarter 3 normally is a softer quarter due to festival season, right? And also we will not mind adding cost of hiring more doctors, etcetera, over the period, to drive growth in the future quarters, because mainly growth will be driven by the talent. It's an important factor in driving the growth. So quarter-to-quarter, there may be a little variations, but we don't see any reasons to any structural shift.

Soumen Samanta: And one more question. Like in Cluster 1, I see there was a margin drop of 210 basis points. So is that largely due to annual salary increase or corporate cost?

Pankaj Sahni: No. Sorry, can you clarify? There has been a margin expansion in Cluster 1.Where do you see the margin drop?

Soumen Samanta: I see 22%. I am comparing from the Q1 FY27 from 24%.

Yogesh Gupta: Maybe you are looking some incorrect numbers somewhere.

Pankaj Sahni: Yes, I do not see any margin drop.

Yogesh Gupta: Even in our presentation also, maybe you are looking at some incorrect sheet of yours.

Moderator: The next question comes from the line of Damayanti Kerai from HSBC.

Damayanti Kerai: My question is on your greenfield project, which will come after FY27. So if you can broadly update us on the completion time line, that will be helpful with SD DLF, Pitampura, Mumbai, all those.

Pankaj Sahni: Okay. So with respect to the various hospitals that are coming on board, our South Delhi project, which is in GK, that continues to progress well. We may see some slowdown or stoppage of construction activity with the pollution-linked norms for construction activity that may impact over the next 1 or 2 months. But otherwise, the construction work is progressing on that well.

In Mumbai and Guwahati, we have received all the approvals that allow us to start the work. Guwahati, we have all approvals and contracts have been awarded and construction work is starting. We had a little bit of slowdown there during the monsoon season, but that is over now. So work has picked back up.

Mumbai, we have most of the approvals. So the piling and digging activities will start and that will now proceed on full speed. Varanasi, we have submitted our drawings for approval. So as soon as we get the necessary approvals, the construction on that activity will also start. The only

project which is a little bit delayed vis-a-vis our last quarter is Pitampura and that is because we are still looking at some revised drawings and revised approvals for that project.

So out of all the projects, if you would say that which one is going a little bit slower than we would plan, that would be Pitampura. And of course, now most recently, we have Ghaziabad. So we will now be applying for all the approvals for that.

Damayanti Kerai: Sure. So actually for South Delhi, Mumbai and Guwahati, will it be reasonable to assume all these will be completed likely by say FY30, completed and started operations?

Pankaj Sahni: Yes, it should be around that time.

Damayanti Kerai: Okay. That's helpful. My second question is on your payer mix for Cluster 2. So we understand Noida had completed empaneling most of the insurance partners. So across the cluster now, if you can broadly indicate, like how much is insurance as a part of the payer mix?

Pankaj Sahni: How much is insurance?

Damayanti Kerai: Yes. So if we split across the cash, TPA and other channels, insurance will be what percentage for Cluster 2?

Pankaj Sahni: So Cluster 2 is more or less in the same lines as what we report out for consol as a whole. So it's somewhere around 26% - 27%. And that is just to give you a little bit of flavor around that, as you are aware that our Patna facility, which is part of Cluster 2, has a PPP project. So that is at CGHS rates but that's, I think, somewhere around 19% - 20%, if I'm not mistaken.

So Patna has a little bit higher skew towards that, whereas Noida may have a little bit higher skew towards insurance just because of its location. But I think as a cluster as a whole, it's more or less around 26% - 27%.

Damayanti Kerai: And my last question is, would you like to share your thoughts on recent regulatory update for the oncology drug margin capping? Like, what kind of impact or what are your thoughts on that development?

Pankaj Sahni: So as I'm sure that you heard from the industry as well as from various sources, of course, things are still evolving. There are matters both at the court level as well as at the government level and as well as at the industry level. So a lot of things are still up in the air and people are still trying to evaluate what does it really mean and what are the real impacts as well as what are potentially some of the reasons and the motivations for this.

I think that the way in which we as an organization see this is that people are trying to understand what is the best way to ensure availability, access and affordability of healthcare to the broadest segment of population of the country. This is completely in sync with Medanta's philosophy, approach and the execution that we have done. So whether you look at it as being one of the first major players to go into places like Lucknow or Patna and not only go in, but go in at significant scale and with significant commitment and investment, this is fully aligned with our organization philosophy and values. So whatever is good for expanding access to care and expanding more

and more people coming into the ambit of this is a good thing and we support this wholeheartedly.

We have also been supporting this across a different variety of payer categories which you have seen, as we mentioned earlier, even in our facility in Gurugram, we do support schemes like Ayushman and so on and so forth. So we are very much in favor of increasing access and increasing support. I think the other thing that is very important is that if you again step back from 1 quarter or second quarter, if you look at this over a slightly longer horizon, even beyond, say, 18 to 24 months and if you look at this over maybe a 3 to 4 year horizon, this is always helped with the financial returns in addition to having a access benefit.

So whenever you are able to increase capacity, whenever you are able to increase access, we do see the benefits of that playing out even in financial returns. And in fact, you can see that very clearly, as I mentioned in an earlier question response, as operating leverage kicks in, more and more volumes typically translates, especially in our case with bigger scale units, to better financial benefits because things flow to the bottom line because our marginal cost to serve is much lower.

So if you go back in history from the first set of major regulations in 2016, I believe it was, on the cardiac implant side, you would see today, after 10 years, we are seeing mass benefits of that in terms of access, affordability as well as a lot of the industry, both the hospital industry as well as the other players in terms of med tech and everybody kind of tending to benefit from that.

So I think in the long run, access to care and wider reach helps everybody. I don't see anything that's a big issue on that. What would be the impact specifically this quarter, next quarter, one, maybe less important and, two, I think it's still up in the air, so too early to evaluate.

Yogesh Gupta: And with this volume also increase, right? So the true impact would fall only in the coming times once all the factors have played their part. It happened in cardiology that volumes increased after that. Factors increased, prices got capped and everybody benefited. Patients benefited, industry benefited in the longer run.

Moderator: The next question comes from the line of Alankar Garude from Kotak.

Alankar Garude: Congrats on a very strong performance to the team. Sir, first question, your occupancies in the newer hospitals are now higher than the older hospitals. This is a bit surprising despite there being some difference in ALOS between the 2 clusters. Just wanted to understand what would be the key factors driving this difference. And do you expect the occupancy levels in the Cluster 2 hospitals to sustain at similar levels adjusted for the seasonality?

Pankaj Sahni: So I think a couple of points. One, not very significant differences in absolute terms here or there and each unit has slightly different occupancy and parameters in terms of the sales mix in terms of different specialties.

One thing that I can tell you that we do see is that because the Cluster 1 has a 1,500-bed Gurgaon facility and because we have a very huge number of procedural activity in Gurgaon, in terms of

just to give you a sense of scale, we are talking about 42 operating rooms, 7 to 8 cath labs and indeed, as I mentioned, adding more. So the absolute sheer volume of procedural work is extremely high.

Now, what that means is that you may have less opportunity for some of the medical management work, which maybe tends to be a little bit more on terms of occupancy and longer stay, but maybe ARPPs or other realizations may not be as high. So if you only look at one number, which is occupancy, there could be a fact that we do get a little bit more medical management type of activity in Cluster 2 hospitals, probably because there is a shortage also of that kind of high-quality care, ICU, etc., in those regions.

And then because we have such a huge volume of procedural work in Gurgaon, that probably has a little bit faster throughput and therefore occupancy may be different. But I would also caution, just looking at occupancy percentage or absolute volumes alone is maybe not the right way. You have to triangulate this between realizations, between how things move across the ARPPs or ARPOBs across the length of stay, across the volumes, etc., across the board. And in general also, if you look at the capacity additions that have happened, the capacity additions also play a role on this.

So I don't think it's just one thing to see for things that play out across the board. But I think that if you really look at it somewhere in the 65% to 67% range you're operating, it gives you a pretty healthy recovery of your fixed costs.

Alankar Garude: Understood. The second question, Pankaj, is in all the upcoming hospitals, would you like to follow the same approach as you did in Lucknow, Patna and Noida which is basically launching with almost all specialties and a very high number of beds on day 1? And broadly, how would you assess the pros and cons between this approach and maybe a more staggered launch, which is, I think, a more preferred route for most of your peers?

Pankaj Sahni: Okay. So let me answer that also in 2 parts. One, in terms of the build-out or the way in which we think about designing and building institutions and then how you think about operationalizing them and they are similar, but there are some nuances.

So first, as far as the designing and building institutions, I think our approach has always been that we need to put up facilities that can serve that community for not only maybe years, but even if you think in decades. And you will have seen over various calls that we have even taken very clear decisions to scale up infrastructure to enable that. So one of the examples that I think I don't know if it was the last call or the call before, or last quarter or the quarter before, we had actually decided to increase the size of our Guwahati hospital, partially because of the feedback from that area and partially also because we were convinced that in the longer run, we may need access to more infrastructure, more operating rooms, more beds, more procedural areas.

And even if you leave 1 or 2 floors empty, building this out at a later date becomes extremely complicated. And so the current design for our Guwahati facility actually allows us for that. And by the way, that is exactly what we did many years ago in Gurugram, where one complete floor of operating rooms, which houses about 18 operating rooms, was built many, many years after

the hospital had started. And that we see even till today is not enough. We are still adding more operating rooms.

So as far as the design and build of our facilities, I think we will try to do as much as is possible in that particular area, vis-a-vis the land and the regulatory conditions, as well as the amount of money that you can put in. We are fortunate to have a robust balance sheet. So investing now for the future is something that we do not shy away from, especially when it comes to allowing for complex work. So that's as far as the investment, infrastructure, size, scale, etc., goes. And we have seen that works well for us because clinical flows are much better if you build it in one shot than putting one tower now and another tower after 3, 4, 5 years. It just doesn't allow us to do the kind of complex work and doesn't allow for good practices on medical flows and infection management and so on and so forth. So we will try to continue to do that. That's the first part.

As far as operationalizing, I think that is more nuanced depending on the region. So we have an approach. We have a value system. We have certain philosophy with which we operate. We would like to continue to do that as much as possible.

We would like to ensure that we are able to create an environment which is conducive for doctors to do high-end complex work. And of course, you have to ensure that the availability of the doctors is there. But every place has nuances and also timing. So maybe there was a time, just to give an example, when you would not have put a robot in a new hospital, you would have maybe waited. But today, robotic surgery is far more common and patients expect it as well. So maybe it has become part of the opening equipment that you would buy. Same could be said for radiation oncology equipment. There was a time when you would not open a hospital with this, but times have changed.

So as we look at each region and as we look at the timing as well as the clinical talent, those calls will be taken basis each unit. But philosophically, we would at least like to create the infrastructure, which enables all complex work to be done across the institutions that we build.

Yogesh Gupta: And Alankar, also adding to what Pankaj said, since we build the large hospitals, scaling up them is a very different game than scaling up a 200-bed hospital or 300-bed hospital. So you need to put in certain kind of talent with the view that you have to operationalize all beds. If you do not do that at the initial stage, then reaching to those numbers becomes very difficult later on. So then chicken-and-egg story starts. What comes first?

So I think we will continue to scale the way we are doing. And then also it depends on the region to region. Like Noida, talent was available, talent was willing to join us. So we didn't shy away from hiring them. But certain cities, if you go to some Tier 2 town, if talent is not available, maybe it will be a little slower hiring or slower ramp-up as compared to Noida.

Alankar Garude: Understood. That's helpful. And maybe one final question. What is the percentage of sales and EBITDA coming in from drugs and consumables for the company?

Yogesh Gupta: Alankar, we actually do not track our numbers that way. We track our numbers at a specialty level, which we already shared with you and all of the investor community on a transparent

manner. But we don't track numbers like how much is here. A lot of this drugs and consumables goes into packages and departmental consumptions, etc. It's really difficult. So we won't be able to help you with these numbers.

Alankar Garude: And sir, broadly, what is the contribution of packages within our overall IPD revenues?

Pankaj Sahni: So most of the Cardiac work and the Orthopaedic work functions on packages. And to some extent, the Obstetrics and Gynaecology work functions on packages. And of course, the government-mandated packages, CGHS, etc., function on packages. That is across the board. Other than that, we don't have too many packages.

Moderator: The next question comes from the line of Amey Chalke from JM Financial.

Amey Chalke: Congrats on good numbers. So first question I have on the developing hospitals or Cluster 2 hospitals, what we call. ARPP growth has been low for last few years now. The CGHS component or the institutional component was growing so far. But now utilization has reached to the optimal level here as well as the bed addition is also will be over largely in these hospitals in FY27. So should we expect ARPP growth to pick up in coming years from '28 onwards?

Pankaj Sahni: I mean, I think we've had a reasonably balanced ARPP across all the units. And as we mentioned many times in the past, we have been keen to drive our growth through volume rather than tariff. And therefore, you see a much more stable ARPP profile across the Medanta network. And that's beneficial also because patients then don't necessarily end up having to pay much more, even though multiple years have gone by.

I think I had mentioned in a couple of earlier calls that for many, many years, we had seen 0 tariff increases. I think, if I'm not mistaken, Patna, almost 5 years or 4 years went by with 0 tariff increases. And I think Lucknow also, we had seen almost first 3 - 4 years, no tariff increases. And whenever we do tariff increases, they are extremely nominal tariff increases. I think 5% or less would be the increase in the prices that we do.

So whatever growth you are seeing is typically either complex work. In some cases, it could be more specialties or more complex specialties getting added, like you may not have had BMT or Liver Transplant and that has got added.

But other than that, we feel that having a very stable and nominal ARPP growth is a good thing, especially if we are able to drive growth through volume. So we will see some tariff-related changes over coming years and coming quarters. But I don't think that fundamentally we will change our approach to ARPP.

Yogesh Gupta: Also, Amey, if your question was related to will we stop working on a clean tariff structure, our answer is no. We will continue to serve all communities as we have been doing. We are seeing that even in Gurugram hospital, we still continue to serve all communities, whether it's Ayushman Bharat, CGHS or ECHS.

Amey Chalke: Sure. Because I was seeing that your CGHS component getting stagnated at around 10% - 11% level. It was not growing like we used to see in earlier quarters. So I was assuming that if it's going to stagnate at around 10% - 11%, then naturally it should have led to a slight improvement in the ARPP number.

Yogesh Gupta: No, I think maybe it's because of Noida impact also, because Noida doesn't have any CGHS or ECHS kind of a volume stream in what we have right now. They're still coming and everything is done.

Amey Chalke: The second question I have, is it possible to provide, like you were mentioning that Gurugram operates totally differently compared to, let's say, Lucknow and Patna. But it's been a while Lucknow and Patna unit has been there and now their utilization is also up there.

So is it possible to give some comparison in terms of CONGO mix versus Gurugram for these 2 units as well as surgical mix, if you can quantify? And is it possible for these 2 units over a period of time to catch up to that number where the Gurugram is?

Pankaj Sahni: So I don't think we have that number and I don't want to throw out a wrong number. What we will do is, I will ask Yogesh to have a look through this to see if there is something that we can either include in our next quarter's presentation or provide publicly to everybody.

We haven't analyzed surgical versus nonsurgical in Cluster 1 and Cluster 2. I would say that more or less, most of the specialties exist everywhere with maybe the exception we don't yet have Liver Transplant in Patna and Noida. And we don't have Thoracic surgery and Chest Surgery in Lucknow and Patna, although we do have it in Noida. Other than that, I don't think there is any very significant difference in terms of what is available in these units. But I don't know and I don't want to give a wrong number, surgical versus nonsurgical revenue.

And one more thing, some of the procedural departments have nonsurgical revenue also. So your Heart Institute, as an example, in Medanta has a very significant chunk of medical management revenue for various types of Cardiac ailments, like various kinds of Non-invasive Cardiac work.

So it's a little bit nuanced and therefore let me take some time to get you guys the correct number rather than give you any wrong number. But I don't see there's any very big structural shift across units.

Amey Chalke: And just last question, a difficult one. So Oncology segment is one which has been seeing growth in most hospitals. One due to obviously inherent demand in our country because of the higher incidence. But second is also, it is one of the most profitable segments for hospitals. So with now Oncology prices being cut sharply by the government, do you expect the mix to fall for some of these multi-specialty hospitals going ahead?

Pankaj Sahni: So I can't speak for what would happen for the other hospitals. I don't think, as far as Medanta is concerned, there is any effort or even any desire to change the mix of kind of work which we do. We will continue to treat every kind of patient.

Our Oncology business is also well diversified and reported out slightly differently from others because, as we mentioned earlier, our, say, GI Oncology work is actually part of our Digestive Institute, not part of the Cancer Institute. And so similarly, our Uro Cancer work is part of our Kidney and Urology Institute. So it's a little spread out. I also am not fully sure whether your assumption that Oncology is the highest margin business is correct. I think there are various things that go into the margins of all kinds of specialties.

Obviously, I think what you're referencing in Oncology is Medical Oncology, where the drug prices have a certain role in the realization and revenue. But there's also Surgical Oncology, there's also Radiation Oncology. So there is also a fair amount of profitability in some of the other departments, which have nothing to do with Oncology.

So it's not that cancer is the most profitable and others are not. I think there's a little bit of a fallacy. But just coming back to our approach, I think we will continue to look at treating every kind of patient. Finally, what ends up getting reported as a financial result is a mix of all of these things together.

And also please understand that no disease exists in isolation. So a patient that comes for Cardiac disease may end up having kidney problems. A patient that comes for surgery may or may not need Oncology treatment through medicine or radiation. So I don't think and I would be surprised if any other institution also thought like that. But at least in Medanta, we treat the disease. We don't decide which specialty that disease falls in for financial reporting purposes. That is an outcome which we just collate and report out. It isn't how we think about treating patients.

Yogesh Gupta: And it's also not going to impact our investments because our investments will be governed by the demand, which is already there.

Moderator: The next question comes from the line of Sanidhya from Unicorn Asset Management.

Sanidhya: Congratulations on a great set. A couple of questions. First, on the pharmacy business. So from last year, if we see, or even FY25, we have significantly improved our presence outside the hospitals in terms of retail pharmacy.

One, could you explain how the management looks at this business? What is the business model that we are following? And how do we see the further headroom for the growth? Because we we have almost gone from 8 pharmacy chains to now 17, outside I'm talking about. So how would you explain that?

Pankaj Sahni: So we've always maintained that we look at our pharmacy, our retail lab and even some of the other businesses like our home care business, etc., as an adjacency and a continuity of care for the patients that we treat across our hospitals and clinics. And if you actually see from a patient's point of view rather than from a company's point of view, the patient is looking for care in the most convenient and highest quality way, irrespective of the physical location where that care is delivered.

And that has been the reason for us expanding our services outside of the hospitals, because not all care is required to be delivered in these big hospitals. So whether you look at our clinics, whether you look at our pharmacies or whether you look at our labs, we will continue our scale-up in sync with the way in which the hospitals are built. So in and around those networks, in and around the places where our patients are located.

We also, in some cases, have done it preempting hospitals coming on board. So scaling up, for example, our presence in Northeast, before the Guwahati hospital opens, but obviously, keeping in mind the Guwahati hospital coming, is how we have thought about this. We see a huge amount of headroom because this is a vastly unorganized and, in many cases, also not of the highest quality standard. So there's lots and lots of opportunities. But we continue to take measured steps on this front.

We are very happy with the progress that we had so far. But it will remain with this strategic intent. At least currently, we have no strategic intent beyond this. It will link up to continuity of care, link up to some kind of hub-and-spoke philosophy around our hospitals and our patients.

Moderator: Ladies and gentlemen, we will take this as the last question for today. I now hand over to the management for closing comments. Over to you, sir.

Pankaj Sahni: Thank you all for your questions and for joining us today. As we grow, we remain focused on the things that have always defined Medanta, clinical depth, operational discipline and a commitment to delivering outcomes that matter to patients. If any of your questions went unanswered, please reach out to our Investor Relations team. We look forward to speaking with you again very soon. Thank you and have a good day.

Moderator: Thank you. On behalf of Global Health Limited, Medanta, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Note:

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