Date of submission: February 24, 2026

To, The Secretary Listing Department **BSE Limited** Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 **Scrip Code –539551(EQ), 975516 & 976418**	To, The Secretary Listing Department **National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex Mumbai – 400 051 **Scrip Code- NH**

Dear Sir / Madam,

Sub: Transcript of Earnings Call for the quarter ended December 31, 2025

In relation to earnings call of the Company held on Tuesday, February 17, 2026 for the quarter ended December 31, 2025, please find attached the transcript of the said Earnings Call.

We wish to inform you that the Earnings Call transcript is also available on the website of the Company at https://www.narayanahealth.org/stakeholder-relations/earnings-call-audio-and-transcripts.

This is for your information and records.

Thanking you,

Yours faithfully
For **Narayana Hrudayalaya Limited**

SESHIAH SRIDHAR
Digitally signed by SESHIAH SRIDHAR
Date: 2026.02.24 19:27:26 +05'30'

Sridhar S.
Group Company Secretary, Legal & Compliance Officer

Encl: as above

“Narayana Hrudayalaya Limited

Q3 FY26 Earnings Conference Call”

February 17, 2026

NH MANAGEMENT TEAM:

MR. VIREN SHETTY – VICE CHAIRMAN

DR. EMMANUEL RUPERT – CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

MS. SANDHYA J – GROUP CHIEF FINANCIAL OFFICER

MR. R. VENKATESH – GROUP CHIEF OPERATING OFFICER

DR. ANESH SHETTY – MANAGING DIRECTOR, OVERSEAS BUSINESSES

MR. RAVI VISHWANATH – CHIEF EXECUTIVE OFFICER, NHIC

MR. NISHANT SINGH – VICE PRESIDENT, FINANCE, M& A & INVESTOR RELATIONS

MR. VIVEK AGARWAL, SENIOR MANAGER, IR FUNCTION

Nishant Singh: Good afternoon, everyone, my name is Nishant Singh and I welcome you all to the Q3FY26 earnings call of Narayana Hrudayalaya Limited. To discuss our performance and address all your queries today, we also have with us Mr. Viren Shetty, our Vice Chairman, Dr. Emmanuel Rupert, our CEO and MD, Mrs. Sandhya Jayaraman, our Group CFO, Mr. Venkatesh, our Group COO, Dr. Anesh Shetty, MD of our overseas businesses, Mr. Ravi Vishwanath, CEO of NHIC and Mr. Vivek Agarwal, Senior Manager in the IR function.

Before we proceed with this call, we would like to remind everyone that the call is being recorded and the transcript of the same shall be made available on our website as well as on the stock exchange at a later date. We would also like to remind you that everything that is being said on this call that reflects any outlook for the future or which can be construed as a forwarding statement must be viewed in conjunction with the uncertainties and risks that we face.

As a special request for this time, as we now have multiple business streams across the globe, we suggest we spend the first 30 minutes Q&A on India and the rest 30 minutes on the UK and Cayman piece.

With that, now we would like to start the Q&A. I would request everyone to now use the 'raise hand' feature to start posing their questions.

Yes, Prithvi, please go ahead.

Prithvi: Hi, you know, congrats for a good set of numbers.

Let me start with India first because, you know, you mentioned that.

This is the second consecutive quarter where we have seen a very high profit growth for India business. I mean, it looks like finally we're benefiting from the initiatives that we have been taking over the last few years. The margin expansion that we saw in India business over the last two quarters, which is almost 150-200 basis points on YOY basis. Do we expect the same trend to continue for a few more quarters? Do you think still there are levers for margin expansion in India business?

Venkatesh R: I'll take this. See, we've been putting a lot of effort over the last couple of years on our transformation programs, our payor mix optimization initiatives. So, the effect of our

transformation program has seen results now where patients are opting for higher rate configuration keeping our volumes and occupancy intact. Also, with a lot of technology infusions and increased volume of robotic cardiac surgeries and other procedures, the realizations have improved meaningfully, resulting in higher revenue and better margin. And as I said, payor mix optimization initiatives consistently helping in building up on the margin and increase in realization. Though, we can't have a specific indication or guidance, our efforts will always be to maintain these margins we've realized in the last couple of quarters, except for unknown short-term impacts.

Prithvi: Got it. Yeah. A follow up on this. The losses that the company has been making on insurance and clinics has been coming down in the last few quarters. So, when should we expect breakeven for this particular business segment?

Viren Shetty: I'll ask Ravi to answer and then I'll follow up at the end.

Ravi Vishwanath: Yeah. So, you know, we are still in building stage in these businesses, Prithvi. So, right now our focus is on making sure that we are attracting customers and taking care of them and building out the various propositions for them. So, that's our focus right now. I think it's a little bit early for us to talk about breakeven on this. But I'll request Viren to add any further comments.

Viren Shetty: We are balancing out the scope of expansion of our clinic program across the country and merging it into NHL. So, we're better able to manage the synergies and costs between two entities. So, the diluted impact should minimize over the coming quarters.

Having said that, this is a business that still we want to invest in and build out across all our core geographies. So, there will be some amount of margin dilution going forward. We will call it out in the investor deck and you'll get a sense of how much we are spending on this. But too early at this point to tell when the breakeven will be achieved.

Prithvi: And so, it looks like, you know, at least we are behind the peak losses, okay.

I have a couple of questions on Cayman and UK, but, you know, I'll join back in the queue.

Viren Shetty: Thanks.

Just to repeat, first 30 minutes will be for India questions. Those with India questions, please raise hand.

Nishant Singh: We have Rajit with his questions. Rajit, can we have your question, please?

Rajit: Yeah. Just a small request. And if it's possible to present the financials of each of the three entities in a proforma way, the way you, you know, file your financials with the exchange. And you can have, I mean, they could be unreviewed or unaudited as well. Will that be possible going forward?

Sandhya J: We are presenting relevant information in different segments. I think this is the model that we will continue with. However, if you have any specific questions on how to understand the numbers from our investor deck, you can set up time with our IR team and they'll be very happy to help you construct your entity wise P&L.

Rajit: All right. Thanks a lot. And just a quick, quick question on an announcement that was made some time back on setting up a subsidiary to look after some initiatives in North. I think you announced a subsidiary being set up for this specific purpose. Am I right?

Viren Shetty: Yeah.

Rajit: Could you elaborate on that? What are we looking at? You've been present in North for quite a long time. Is there anything specific that you're looking at?

Viren Shetty: Nothing that we can disclose as of now. But the North is an area of interest for us. And it's something that we're looking to see what we can do there.

Rajit: Okay. Thank you.

Nishant Singh: Nitin, can we have your question, please?

Nitin: Hi. Thanks for taking my question. Wanted to know, this quarter we've had a pretty strong growth in the Bangalore cluster. So, anything which sort of stands out in terms of what has gone differently in Bangalore this quarter?

Venkatesh R.: Yeah. So, I have already mentioned in the previous question about how the transformation has given the results for us in mainly our flagships, where higher realizations have come out from the high level of beds. Of course, and that again, I'm repeating on the payor mix optimization which has consistently helped our flagships and including Bangalore cluster to work constantly on increasing realization. Plus, the most important thing is the high-end robotic work aided with technology across all these specialties, including cardiac surgeries, which have improved our margins and also the

volumes. Plus, a lot of emphasis have been put in around Bangalore – urban/rural and also in the northern parts of Karnataka to have more footfalls coming in from the domestic segment

As we specifically mentioned, our whole emphasis going forward will be to consolidate on the domestic volumes and revenues. And that's exactly what we've been doing over the last 6 quarters. And all these together have improved our volumes, margins, realizations and revenues in this quarter, if you compare on a year-on-year basis for the Bangalore cluster.

Nitin: And, Venkatesh, does it become a template for the other clusters or this is more of a Bangalore phenomenon that we've seen, you know, some of these initiatives you're talking about?

Venkatesh R: So, this is the same template we're going to follow for all our clusters, including the eastern cluster. They are also following suit in terms of how the margins and the realizations are working, because these are the two major clusters where our flagships are there. And we will continue to work towards the same type of objective in the north cluster as well. There is a little bit of a gap which we have to cover up there, but with the way things are set up for the north, this is going to be the template for all our regions going forward.

Nitin: And on that point, you know, on the northern cluster, you know, there has been a little bit of, again, it's sort of quite contrary to the way Bangalore played out. Anything that you want to call out on what sort of kept the growth a little soft on the northern cluster this quarter?

Venkatesh R: Yeah, we have been a bit cognizant on the receivable problems in some of the scheme payors and also on the capping on reimbursement of certain drugs, which has resulted in a conscious call for controlling volumes on schemes. Plus, a little bit, I mean, constant efforts towards optimizing the payor mix has resulted in volume reduction in schemes. We have yet to catch up on the preferred payor, but of course, the volumes will catch up soon. But having said that, this optimization actually has led to an increased realization and revenue in spite of slight dip in volumes. Plus, increased competition from newer hospitals in the region around north has also contributed to a bit of a shortfall. We are confident of overcoming this through our active marketing and optimization strategies over the short period of time, because it's just time bound and I don't think this problem will persist beyond a quarter or a couple of quarters.

Nitin: Okay, thank you so much.

Nishant Singh: Alankar, yes, please go ahead with the question.

Alankar: Hi, good afternoon, everyone. One question on Bangalore and contrasting it with some of the other clusters. So firstly, you spoke about following the same template in the other clusters. If I look at the ARPP in Bangalore, it's significantly higher than other clusters, including Kolkata, as well as the two hospitals in Delhi and Gurgaon. I just wanted to understand, even once you try and bridge that gap and follow the same template in, say, Kolkata, the east cluster, as well as Delhi, NCR. Structurally, is there anything different which is happening in Bangalore on case mix or payer mix, which is likely to keep the realizations in Bangalore significantly higher than these two other clusters going ahead, assuming those changes which you mentioned are incorporated over the next few years in these other clusters.

Viren Shetty: Yeah, Dr. Rupert will answer this.

Dr. Emmanuel Rupert: Yes, Bangalore compared to the Kolkata cluster, so you are going to see these kinds of numbers. Especially in robotic cardiac surgery, bone marrow transplants, all these are very large numbers here.

Sandhya J: In the last quarter, and in fact, past few quarters, we have done the largest robotic cardiac surgery in the country, largely from our Bangalore unit. Similarly, we continue to do the largest volumes in terms of bone marrow transplant, in terms of several advanced procedures. So that comes in at a higher realization.

Alankar: Hello. Can you hear me?

Nishant Singh: Yes.

Alankar: Okay, so, my question was not specifically for the third quarter. But yeah, I mean, structurally also, I think some of the points which you mentioned are fine.

The second question was, if I just look at Bombay, the Mumbai hospital, you had spoken about trying multi-specialty there or adult multi-specialty there earlier. Any update on those plans?

Viren Shetty: Yeah, we're still working with the trustees and the charity commission on getting the licensing shifted.

Alankar: By broadly, when can we expect any progress there, Viren?

Viren Shetty: We don't have a timeline on this.

Alankar: Okay. Fair enough. That's it from my side. Thank you.

Nishant Singh: Can we have the next question, please?

Viren Shetty: There was a chat question, which is, does the OP consultation doctor revenue count as part of the overall OPD revenue? How do we track it?

The question is we track it internally, but OP consultations are a very small part of the overall OPD revenue. And all of that payout goes towards the doctor.

If we have no other questions on India, we'll probably move to Cayman. So, could you raise, anyone raise their hands for questions on Cayman for Q3?

Nishant: We have a question from Damayanti. Damayanti, please go ahead.

Damayanti: Hi. Thank you for the opportunity. I just have one question on your India business regarding the competition scenario in Bangalore market. So, we are seeing a couple of competitors expanding their presence there. So, from your perspective, how do you see these dynamics to play out for your business? Thank you.

Viren Shetty: There is enhanced competition. A lot of new hospitals are coming out in Sarjapur area and in North Bangalore. We currently don't have hospitals there, so it's not easy for us to comment on the impact it has. But just broadly, if you are seeing that Bangalore is a large market, it is well served. More hospitals would serve the community even more. There may be a lag between any new hospital that comes up and the time it would take to break even and the business practices that have to be followed to fill up those beds. We would say like all competition has definite short-term impact in terms of enhanced cost and time to break even. But long term, it evens out because still all the organized corporate hospitals put together are barely able to service the true demand that exists. But the lag exists because not everyone gets treated for the procedure that they require. Not everyone is aware that they may be suffering from underlying chronic or any sort of life-threatening condition.

Damayanti: Sure. And in your flagship hospital, the majority of volume will be the local population volume or you see mostly the out-stationed patients for high-end procedures, etc.?

Viren Shetty: Most of the business we get comes from within a 15-kilometer radius.

Damayanti: Even the high-end transplant, bone marrow surgeries, etc. that is within this 15-kilometer catchment?

Viren Shetty: That is two different questions. So, bone marrow transplant, yes, that comes from across the country. So, that will have a very high representation from eastern India. But for very high-end cardiac procedures, they are more represented by people traveling locally.

Damayanti: Okay. Thank you.

Nishant Singh: We have some questions in the chat.

Viren Shetty: All right.

How do you see the oncology payor and revenue mix going forward? The oncology started from a very, very low base to becoming our second highest specialty. It is the fastest growing department. We believe going forward, oncology and cardiac will account for more than half of our revenue going forward. But as to what percentage share it will constitute going forward, it will be hard for us because with the newer hospitals, the case mix may skew slightly differently. So, cardiac at a third will continue to remain our largest department. Our oncology could go up possibly another 20% depending on the years going forward.

Nishant Singh: Question on the vision objective, Viren, what do you want to be in the next five years?

Viren Shetty: We will take that last. ARPOB in oncology, we do not break out department-wise ARPOB.

Nishant Singh: Yeah. Vinay, do you have any questions India specific?

Vinay: Yeah. Just wanted to know, your gross return premium has really gone up quite significantly this quarter. Is there any, I mean, how many new policies have we done or what exactly has led to this expansion?

Ravi Vishwanath: It is a combination of things. I mean, so, our retail business where we started, that is the productivity there and the acceptance of that in the market has been increasing. As we told you last time, we also started offering business outside of Bangalore. So, we have got Kolkata and Raipur and Mysore also available. We have also entered the SME market where we are looking at small and medium enterprises and providing them with an

integrated approach for not just hospitalization but also comprehensive care which also includes outpatient care, consultation, medicines, etc. And that has been appreciated quite well by our customers. And those are some of the things that have been driving our performance this quarter. And yeah, we continue to work hard to keep that trajectory going.

Vinay: Any numbers that you could share if you have plans for FY27 in insurance?

Ravi Vishwanath: No, we are working through those things now. But we continue to be optimistic about the pace of growth in insurance. And we think there is quite a large market for it, especially for an integrated approach which combines hospitalization and primary care at our clinics as well as at our hospitals. We think that is a proposition that is, [a] unique and, [b] that is relevant and resonating with the market. So, we are quite excited about the future growth. We do not wish to comment right now on next year's numbers.

Vinay: Okay. You are now looking at delinking it from the NHIC. So, therefore, going forward, NHL will be reported as independent of the business of the care, correct?

Sandhya J: Yes, correct. The insurance business even otherwise we are reporting out separately only in our investor deck. And integrated care we are reporting separately. Integrated care will merge into NHL. The insurance business we will continue to report out separately.

Vinay: Would we get some color on the profitability of that business, the insurance business, or is it too early to comment on that?

Sandhya J: Yeah, we have given the integrated care losses. At the moment, we are giving that out as part of our investor deck. Once the merger happens, we will report out the profitability of the insurance business separately.

Vinay: Okay. Thank you very much.

Sandhya J.: It is not very substantial right now.

Vinay: I understand. Yeah, that is understood.Yeah. Thanks a lot.

Viren Shetty: While we wait for analysts to populate for the India questions:

Any plans of diluting stakes to offset debt? No. Our view on Gurgaon and Delhi Hospital profitably aspects an ability to fill the beds from a competition viewpoint, giving multiple

large players are expanding already and have an existing presence. That has been our biggest challenge. Gurgaon, there are much larger hospitals that our existing Gurgaon Hospital . It has been quite challenging for us, as no doubt all of you have been aware. We have done a lot of things to improve profitability. We have done a lot of cost optimization and we run a lot of efficiencies within the overall network to make the hospital break even and run in a sustainable manner that delivers very high quality of clinical care. Its path going forward could not get more challenging if more hospitals come in. It would continue on its current path. But yes, this is something that is a challenge faced even by the largest hospital in Gurgaon, which is every incremental bed does have a short-term dilutive impact. But over the long enough time frame, there is still sufficient demand to fill up these beds.

There was a question on a reason for such a high increase in salaries and doctor fees. I'm guessing the person who brought this question up would have been looking at the consolidated numbers, which adds the UK to that. But from India mix, we've actually improved the doctor cost as a percentage of the overall payouts.

The question on sharing occupancy rate for the current quarter. This is a number we are moving away from. We are not in the hotel business and occupancy matters less to us as the overall patient volumes that come in.

Nishant Singh: One more on the insurance. Just wanted to know whether we opted only in Bangalore and Mysore markets for insurance segment. Which other markets do we look to tap for insurance segment?

Viren Shetty: We have expanded to Kolkata and we will be slowly expanding to Raipur as well. Over time, we want to operate our insurance plan in all the markets where we have a significant physical presence. But we will be opening it up phase wise.

Question is, are we looking at growing the pharmacy business? The pharmacy is an integral part of the NHIC clinics. So, pharmacy as a proportion of business within NHIC is quite high and that's how we will be growing it. Would not be running a standalone pharmacy business in a big way.

Nishant Singh: I think we should come back on the online questions. Prithvi, can we please have your question?

Prithvi: Yeah, thanks. Before getting into Cayman, I just have one question on India business. Given that you mentioned you will implement the similar template even in Kolkata cluster, how many years it will take for Kolkata cluster ARPP to reach closer to Bangalore? Just to get a sense, you know, how many years it will take for you to implement all these measures?

Viren Shetty: Yeah, Prithvi, I can answer that very quickly. The hospitals in Kolkata, given the payor mix and sort of patient-led after, will always be at a discount to the Bangalore hospitals.

Prithvi: I mean, yeah, I understand there will be a discount, but I'm just trying to understand the extent of discount because the way the Bangalore ARPP has risen in the last few years. We expect similar trend to happen even in Kolkata.

Viren Shetty: Not in the near term. The Rajarhat hospital, which we are planning as a flagship health city, built along the same lines as the health city in Bangalore with modern construction and the best equipment and getting very good infrastructure, should serve to fill up that gap a little bit, but it will still be diluted a lot by the impact of our older hospitals there.

Prithvi: Understood. Viren, just one final question on India business. You think before the new hospitals get commissioned, can you sustain this double-digit revenue growth momentum, or you think the growth rates might moderate by FY29 before you commission a new hospital?

Viren Shetty: The like-to-like hospital growth, we believe definitely should be able to sustain. There will be quarterly variations, barring any kind of major adverse events. Say, for example, should a hospital poach an entire clinical department or anything of that nature, there's no reason that the same hospital growth should not be sustainable till the new hospitals come online.

Prithvi: Okay, thanks. Can I move to Cayman now?

Nishant Singh: Just a couple of more questions on the chat, Prithvi, and then we can start with Cayman.

Viren Shetty: Yeah, so there's a very quick question on INR 1000 crore capex to be funded. It will be internal accruals and debt. The number is actually closer to INR 3000 crore, but the answer is still the same. Any other chat questions?

Nishant Singh: One more on the expansion plan, the question was there.

Viren Shetty: All right, Prithvi, we move on to Cayman.

Prithvi: Anesh, on the Cayman revenue, I mean, especially for the hospitals right now, we are at $45 million. I know occupancy is not a right metric to look at it, but can you give some data or some number that will help us to understand how are we with respect to the percentage of full potential for Cayman hospital business?

Anesh Shetty: There are two aspects to that, Prithvi. One is the local market; one is the international market. The international market, obviously, we have no way of quantifying how big it is. We just know the progress we are making. Locally in Cayman, we know that the government hospital is still larger than us in terms of revenue. So, of course, there are certain structural reasons for that. They have an exclusive right over the entire payor class that we don't have. There is another private hospital that also does well. So, we know that there is room to grow. A bit tricky to put an exact number to it, but there is still market share to be had.

Prithvi: Got it. And on the insurance side, I mean, despite having higher revenue for Cayman insurance this quarter, we saw even losses widening on sequential basis. I mean, what explains that? And also, I think last quarter or a quarter back, you mentioned by Q4 or Q1, you might reach break-even for the Cayman insurance. Can you update on that?

Anesh Shetty: Sure. I think even when we spoke last quarter, like we said, it is quite challenging to have a quarter-on-quarter predictability in insurance loss ratio. There will be large claims and things like that. There'll be quite a bit of volatility. If we take a rolling couple of quarters that should give a better picture.

Having said that, up until now, our focus has been on aggressively expanding the size of the book, which we have been successfully able to do. From the coming quarter onwards, the focus will be more on improving our underwriting performance and improving the underlying processes, as well as the clinical decision-making better. But we achieved where we wanted to get fairly quickly ahead of schedule in terms of the size of the book that we have. We have most of the marquee clients. Now the focus will be on optimizing the book that we do have.

Prithvi: Is it possible to give market share number for the insurance business?

Anesh Shetty: It's actually publicly available on the Monetary Authority website. One can derive it with a lag of a few quarters because it's not up-to-date. So even we wouldn't have the most

up-to-date figures, but with a couple of quarters' lag, one can understand the size of the market.

Prithvi: Okay, fine. I'll take from that. I have one more question on UK. I'll join back in the queue.

Viren Shetty: Okay, so there was a question on, this is more Group level. There are some previous questions in the chat. Are there targets for net debt to equity? Nishant, if you can take that.

Nishant Singh: We track the ratio of net debt to EBITDA on the consol basis. And our endeavor is to maintain a number below 2.5.

Viren Shetty: Another point that came up is I mentioned poaching of entire departments. This is anecdotal. It has not happened to us. There are doctors who leave for various reasons, such as relocating to cities where they would like to move to be with their families. I was just using this to illustrate. But our doctor attrition at the senior level is high single digits. It's quite low.

Okay, this question has come up. Vision, objective, goal in Narayana. What do you want to be in the next five years? And where you'd like to be?

The vision is, as Dr. Shetty had always defined for us, which is building a world-class healthcare institution that provides accessible, affordable care for everyone who comes in. The objectives are to build a healthcare institution that's able to deliver on that. The goals are how we achieve those objectives. The goals used to be bed driven, which is chasing after having the largest presence and the largest number of beds all over the country. We found out that using that as a route to getting to our objective was diluting it a lot because we entered into markets where we had very little presence and recognition and we were not able to execute well. As of today, what we are working on is consolidating our presence in our core markets, starting with Bangalore and Delhi. And from there, the other markets where we have success, such as Raipur, Ahmedabad, Jaipur, Delhi, Mumbai, etc. We are growing there with a combination of hospitals, clinics, and insurers. And we will also be offering our integrated care offerings to patients so that we can offer health care services to them throughout the year rather than them coming in for cancer and cardiac services.

What we would like to be in 5 years in our core markets? As a significant operator with a presence so that wherever you are at least in Bangalore or Calcutta you are never more than 25 minutes away from an NH Centre, be it a hospital or a clinic. With those points of

presence we would then work towards earning the trust of our patients, increasing our market share and total overall health spend which is money spent in clinics, pharmacy at procedure level and health insurance. The steps we will take to do it would be the combination of all the offerings that we have invested in.

Nishant Singh: I think Damayanti has a question. Damayanti, please go ahead.

Damayanti: Hi, I have a question on the UK operations. Shall I go ahead?

Nishant Singh: Yes, please.

Damayanti: So, we have some data available in the presentation for the UK operations. And, when we look at the profitability, that obviously is significantly below your India or Cayman operations; and we understand the market is different there. But from your perspective or strategies, what are the key points which you will focus on to improve margins from here on, and reducing the gap between what UK operation has in terms of margins versus the console numbers?

Anesh Shetty: Yeah, thanks Damayanti. So, as you identified in the beginning, you know, every market will have its potential, we don't think that the profitability of what the operation in the UK will ever reach where we are in Cayman because they're very different markets, very different risk profile.

Secondly, in terms of what are we going to do? So it's been about a little over a few months since we acquired the company and there are quite a few opportunities to implement essentially our entire technology platform and what we've done with Cayman from India, which is a lot of operational process level efficiencies related to both clinical and non-clinical functions, as well as the company has a very, very small revenue composition from non-NHS sources i.e. private insurance and self-pay. Those tend to yield higher realizations from a like-to-like basis compared to NHS. There are some initiatives related to growing that market share, the private market share. Those will also help meaningfully contribute to the margins along with revenue growth.

But in a summary, the broad idea would be a much larger scaled version of what we've been able to do in Cayman, which is essentially implement our technology platform and other operational efficiencies, but at a larger scale.

Damayanti: Sure. And these majors will take, say, how much time before we start seeing some notable changes happening in the UK numbers? You do have avenues, but in general, shall we assume 2-3 years or even higher timeline to see these initiatives to bring fruits?

Anesh Shetty: Yeah, I don't think we'll have to wait two to three years to start seeing results, but obviously, to do a lot of what we can do will take some time. But we should start seeing early results trickle in. No guidance on exactly how long that will take, but I don't think we will be waiting 2-3 years to see benefits start flowing in.

Damayanti: Okay, and my last question is, in these UK setups, it's all local teams, right? In terms of doctors as well as non-medical teams, it's the local?

Anesh Shetty: Yeah, absolutely.

Damayanti: Yeah. Okay. Thank you.

Nishant Singh: Yes, Vinay. Please go ahead.

Vinay Nadkarni: Yeah, I just wanted to check out, you have been mentioning this Birmingham unit of the UK operations. How big is it and how long will it take to come out of the losses there? How long will it take to get completed and completely operational?

Anesh Shetty: Sure. So, the hospital is operational, but recently so. It is a hospital that the erstwhile owners had acquired from another health system as part of a divestment. So, it has been a hospital for decades, but it was largely neglected for a long time. So, under our ownership… sorry, under practice plus ownership, it's been about a year, year and a half, and NH for the past few months. So, the hospital is fully operational.

To your question about how long it will take to come out of our losses, we've always hoped that such an operation would take about four quarters or one year. It's been half that time. We will continue to monitor it. There are some positive changes on the ground, but it is still a new market for us and a new asset for the company that we are still getting our hands around.

Vinay Nadkarni: In size, is it bigger than the average PPG hospital?

Anesh Shetty: No. No, all the hospitals are more or less the same in terms of template. There are minor variations here and there, but in terms of number of square feet or number of operation theatres or beds, etc., they are very little variation between them. Yeah.

Vinay Nadkarni: Okay. And lastly, would you be required to put in some money on CapEx in Birmingham or is that all done already?

Anesh Shetty: No, that's done. There are some minor equipment that will be coming online in the next few weeks, but the bulk of the investment was made before. Nothing, nothing major. There are some sterilization units, etc., but nothing that was left for us.

Vinay Nadkarni: Okay. Just one last question on the total. It is net 183 million GBP, right? How much of it is equity and how much of it debt? You may have mentioned that in the past. Maybe if you can just repeat it.

Sandhya J: I'll take this. We have taken debt GBP 150 million on this. I also want to take another question here, which is on the repayment of the debt. We have a 2 + 5 years repayment schedule over the period of which we aspire to repay this debt.

Vinay Nadkarni: So, it is GBP 33 million equity and GBP 150 million debt, is it?

Sandhya J: We had put in GBP 45 million equity because there were also deal costs which we had to spend on. So, GBP 150 million debt and GBP 45 million equity is what we have put in. But what we paid was GBP 183 million net, after the netting of the cash, which was there in the entity.

Vinay Nadkarni: Yeah. Thank you. Thank you.

Nishant Singh: Prithvi, do you have any follow-on questions on UK?

Prithvi Raj Earle: Yeah, I just have one question. Anesh, this is again on UK. Setting it would have been a couple of months for you taking over the business. Are there any shocks that you're facing because it's a new geography, etc., or is it fairly, I mean, or relatively easy for you to implement whatever you wanted to implement it?

Anesh Shetty: It's still too early to say, Prithvi. So, fortunately, no bad shocks. But it's been about three months. We have a good idea of… essentially, we've scoped out a lot of the process changes we're going to be making; a lot of the digital applications and the rollout of certain transformations that we're going to be doing. In terms of how hard it is to roll these out, we'll know in a few quarters. But so far, we're fairly optimistic. I don't think there's any negative surprise, thankfully, yet.

Prithvi Raj Earle: And you think there are many low-hanging fruits for you to implement in the first few quarters?

Anesh Shetty: We definitely will get started. There are obviously some initiatives that are easier than others, some that will be quicker, some that will take a longer time. But I think, in a few quarters, we will get a better sense of the timelines as well as a better quantification of these things. We have a broad sense of where we're going. And internally, obviously, we do have a roadmap for what we'll do when and when we expect these synergies to start kicking in. But nothing to share as of now.

Prithvi Raj Earle: Okay. Thanks, Anesh. All the best.

Anesh Shetty: Thank you. Vinay, I think you have your hand up.

Vinay Nadkarni: Yeah. Just one more question on UK. You mentioned about there being 4 to 6 weeks waiting time for surgeries in UK. Was that because of operational constraints, or is that just the sheer number of people and the capacity to occupy them? Is there a chance of reducing this backlog?

Anesh Shetty: Vinay, when you say 4 to 6 weeks, I assume, are you referring to our waiting time within our hospital or in the NHS?

Vinay Nadkarni: I mean, I'm looking at your deck that you had circulated in November, where it says latent demand 4 to 6 weeks waiting time for surgeries. So, I was just trying to see how quickly can we increase our EBITDA there. So, is that one of the options to go about? Is it a problem or is it an opportunity?

Anesh Shetty: Sure. I'll try and answer the question because I'm not very sure. I'll look back at the slide you're referring to later.

Viren Shetty: Sorry. Anesh, that was the background information. 4 to 6 weeks is NHS waiting list.

Vinay Nadkarni: Yes.

Anesh Shetty: Yeah. So that's much larger. So, it's not 4 to 6. It's actually… I mean, the national waiting time for… depending on which elective procedures, more than 18 weeks to 20 weeks. And there are some that are quicker. But essentially, the concept that we shared was that there is a waiting time for elective surgeries, which is more than ideal in the public health system. That's the opportunity that exists for all private operators. So, the motivation for

patients to pay out of pocket rather than get good healthcare free is the waiting time and the quicker access in the private sector. So, this is something that all private operators are looking to capitalize on. And this is particularly related to certain procedures such as joint replacements, cataract, you know, other orthopedic procedures, general surgery, etc.

Vinay Nadkarni: Okay. So, it makes sense to keep with that long waiting list.

Anesh Shetty: No, it's not up to us. That's the restriction that the government… the public NHS hospitals have with regards to their resources available. And that's been a multi-decade problem and it doesn't appear that it's going to go away anytime, anytime soon.

Vinay Nadkarni: Okay. Thanks a lot.

Nishant Singh: Rajit, do you have any questions?

Rajit Aggarwal: Yes. On the UK financials, just wanted a few clarifications on the numbers. So, the depreciation for UK as per the Slide 14, comes to around INR 40 crores. Now, the balance sheet of the Annual Report of Practice Plus gives a very different number. So how do we understand this? And is this the number which we should take going forward as well, INR 40 crores for two months kind of a number?

Sandhya J: Yes, you should take this number going forward. So, the Practice Plus balance sheet was three legal entities which were there, and this is now after the carve out. There is also the… most of the depreciation is also coming from the leases. And as we consolidated, there was a re-accounting that we did with the statutory auditors in terms of some of the lease charges. So that's why you're seeing a slight… it's not a very material deviation from the number. So, this number you can take going forward.

I would just recommend that you wait for Q4, where we get the full effect of all the numbers in our P&L. I think that's a good… Q4 or Q2 of Practice Plus. That will be a good representative of a full quarter number for us.

Rajit Aggarwal: Okay. Okay. Understood. Okay. So similar would be the case for interest costs as well, I guess.

Sandhya J: Yes, interest cost has gone up because we have borrowed. So, that entire borrowing has come on the… And I think we've given a small schedule on that for clarity.

Rajit Aggarwal: Yeah, yeah. Yeah, that's fine. And just a subjective question on the doctor's expenses and other employee expenses compared to the rest of your… I mean, ex-UK. UK obviously has these expenses, much higher expenses, as percentage of sales. So, is there anything which can be done or which you think can be done to bring them lower by any margin?

Sandhya J: You would see our doctor costs, doctor and employee costs, whether you take it year-on-year versus last quarter, or you take it quarter-on-quarter. Quarter-on-quarter is almost flat. Slight increase is there mainly because of the lower revenue in Q3, and it has improved year-on-year.

Rajit Aggarwal: No, what I meant is as a percentage of sales, it's much higher compared to ex-UK.

Sandhya J: Including UK will be higher, yes, because UK or doctor cost profile is very different. I think for India, you could look at the India slides where we call out the doctor costs separately. There is a table that we give.

Rajit Aggarwal: Which is fine. So, my question is, do you think that these expenses in UK can be brought down to a certain extent?

Sandhya J: Oh, in UK, okay.

Anesh Shetty: No, Rajit. So, I mean, essentially, anything we do around improving the payor profile, will lead to a reduction in the doctor's cost as a percentage of revenue. And of course, any other savings we have with regards to clinical efficiency, would also help. That is definitely in the bucket of what we are targeting, but it's more a mid to long term ambition.

Rajit Aggarwal: Okay. And other employee expenses as well will be similar.

Anesh Shetty: Other employees, there is definitely much more scope. To put it in perspective, compared to peers, the doctor cost as a percentage of revenue is by far the lowest compared to peers. But in the non-doctor bucket, there are a lot of operational efficiencies as our software is implemented, that we hope to realize.

Rajit Aggarwal: Okay, thank you. Thanks a lot.

Anesh Shetty: Should we take some questions from the chat, Nishant?

Viren Shetty: Yeah, Anesh. On UK hospitals, are there expected timelines around payor mix improvements away from NHS?

Anesh Shetty: Yeah, I'll read these through and answer them as we go. Again, you know, that's an ongoing… I mean, directionally, we obviously want to improve the private payor mix. No expected timelines to quantify that, but hopefully in one direction, which is upwards.

The next question is, in over five years, would NH significantly scale up international presence, blah, blah, blah? Are you open for another international acquisition opportunity? Definitely not for the foreseeable future. I think we have our hands full with this large operation in the UK and what we already have happening in Cayman. And as we've said several times before, the right of first refusal, so to say, for our capital will always be at home country in India, where we are most familiar and where we have the most opportunities to grow and where we are deploying the bulk of our capital presently and over the next five years as well.

The next question is, from an ROCE perspective, why UK? Isn't this ROCE dilutive move in case there is a cap on profitability compared to your Indian operation as NHS share can't reduce substantially? The entire private sector compared to the NHS is a very, very, very tiny percentage of the market, far lower than it is in surrounding European countries or other first world countries as well. Our thesis wasn't counting on the NHS share reducing materially. There is far more than enough to go around for the size of where Practice Plus fits in the private market hierarchy as well. And even a tiny, tiny shift from the massive elephant that is the NHS, has very, very significant positive ramifications for all private players. So, we aren't counting on any drastic moves in the NHS market share.

The next question is for adjusted EBITDA numbers for UK, should we look at post-IFRS or pre-IFRS as the one that gets into the console EBITDA in NH books?

Sandhya J: Anesh, I can take that.

Anesh Shetty: Yeah, yeah.

Sandhya J: Yeah, correct Anesh. It will be post-IFRS only. The reason we are calling out pre-IFRS, at least for some time we will call out is because it's a substantial number, the lease charges. So just to give that transparency, we are calling it out separately.

Nishant Singh: There's a question Anesh on revenue seasonality of UK hospitals across each quarter.

Anesh Shetty: Yeah, no, not much seasonality because ours is elective work. There is seasonality depending on contracting with the NHS Trust, but that's subjective for each location and each hospital because the work we do is different from India. We are not a full spectrum

hospital; we only do elective secondary care surgeries. So, there isn't much seasonality here. The variation quarter-on-quarter would depend on contracting relationships with the Trust.

Okay, the next one. *Could you… early observations on how the disease burden there differs from India across key specialties, evolving UK demographics, age, migration, etc.* No, I don't think this is the correct way to think about it because our UK hospitals and all private hospitals in the UK are not general tertiary or secondary care hospitals like you see in India. The NHS is the primary place where people would go to for what this question seems to be asking about. Private sector providers only do a very narrow spectrum of elective cold surgeries. So, we don't have any specific insights about the question that the gentleman is asking.

The next one. *We mentioned last quarter that the UK acquisition is expected to be EPS neutral to slightly positive, even in the near term. Based on the disclosed pro forma financials after the interest and amortization costs, it seems that we will have losses for full year.* There are elements of one-timers, but Sandhya, you want to take that question?

Sandhya J: Yeah, so this quarter has been slightly distorted because we had the one-timer of the deal cost also coming in into the UK P&L. We do expect that the path will be flat or mildly positive, like we had indicated earlier. So therefore, we do continue to hold our position that this acquisition will be EPS neutral for the group. Because we're just two months into the business, we are still getting our hands around it. And you have to give us some time to be able to give a more confirmed view on this.

Anesh Shetty: I think, Vinay, your hand is up.

Vinay Nadkarni: No, no. You have answered my question. Thank you.

Anesh Shetty: Okay. Thank you.

Viren Shetty: So, the other question from the chat, *on the direction of the doctor related costs over the next couple of years.* Dr. Rupert, if you could just address.

Dr. Emmanuel Rupert: It is on track. We don't see a major change in what is happening. And even with the new hospitals, I think there will be some minor fluctuations here and there, but we have it covered as far as that is concerned.

Viren Shetty: Your question is, *what is the core competency of NH compared to its peers?* I think that we do a lot of work on improving the in-hospital efficiencies both, by using operational expertise, by doing streamlining, cost cutting and using digitization to be able to provide a like-for-like experience and world class clinical service at a price that few institutions can match without compromising on the clinical quality. It's not core competency, every hospital is supposed to do that, but we'd like to believe that we do it far better than most. And how it manifests itself is in the almost close to what the industry is able to get on the India levels of EBITDA at a realization that… average realization that is far, far lower.

The expansion plans for Inia, that's another question in the chat, are, as we have mentioned earlier, it's in the slide in the investor presentation. The core focus is in Bangalore and Kolkata. That's where the bulk of our spend is going to be. There is some expansion happening in Raipur as well with an expansion to the existing hospital. And we will be adding a lot of medical equipment next year. We plan for four Davinci robots so that all our hospitals become robotic surgery equipped. We'll be adding a lot more oncology services in all the hospitals. So, these are minor investments.

Anesh, *how does PPG compare on average revenue for a patient compared with peers in the UK?*

Anesh Shetty: Yeah, so private peers in the UK have anywhere from 30 to 50 / 60% of NHS work, whereas we are almost 90% or more NHS work. So, an average revenue per patient, those numbers would be quite, quite different given the pay of exchange.

The next question is around what kind of PAT growth should we expect in next financial year? Sandhya can take it, but we usually don't give guidance.

Sandhya J: Yeah, I think we have given a reasonable view of where we are looking at India, Cayman. India will grow, Cayman will sustain, and UK we are looking to grow. So that gives you a direction of where our EBITDA is headed. PAT will follow the same direction. We will have interest costs coming on and we have given our CapEx plan for India. There is no significant CapEx in Cayman that we anticipate. And UK, it will be largely the borrowing costs that we will service for the acquisition. So this will give you a fair idea of how you could calculate our PAT for the next financial year.

Anesh Shetty: Gaurav has his hands up. Sorry, go ahead Nishant.

Nishant Singh: No, no, we can come back on the chat questions. We'll take Gaurav's question first. Yeah, Gaurav, please go ahead.

Gaurav Tinani: Yeah, hi. Thank you and good evening. So firstly, on Practice Plus's margins, if I recall correctly, this business was at a EBITDA margin of 12% ex of the Birmingham asset. And this quarter we've done close to 10%. So, anything that's changed in the business post-acquisition, where costs have gone up? And do we expect this 10% to stay here or improve again back to 12% going forward?

Sandhya J: The business was always in that 8.5 to 9% range and it continues to be in that range. Over a period of time, Birmingham losses will come down. It has come down also. It will come down further as well. And as far as the base core business is concerned, I think it's just too early for us. We're still getting a handle of the business. So, we'll need some time to comment on it. But broadly, we have not seen any dilution in the performance, in the two months that we have seen or we have taken over the business.

Viren Shetty: If the number was from the Practice Plus disclosures, just know that it accounts for three separate businesses with corporate costs allocated across three different business units. So, there would be a distortion. Once you set up the hospital, then we are fully responsible for that.

Gaurav Tinani: Yeah, we have done that. But you're saying that 8.5 to 9% is the normalized EBITDA ex of Birmingham for now, that this business is…?

Anesh Shetty: That was always what it was, Gaurav. I'm actually not sure where you got that.

Gaurav Tinani: Got it. Got it. And, you know, you've taken £150 million of debt. And if you've spelt out the interest costs, if I back calculated the cost of debt, is it 4.5%? Is that assumption, correct? Is the cost of debt for us at 4.5%?

Sandhya J: It’s not a number that we've kind of made available public. But broadly, we have taken SOFR plus 200 bps is the broad range we have taken. Obviously, there are a lot of plus-minus in that number and that's the reason you're not able to see it clearly.

Gaurav Tinani: But it's 200 bps plus. Okay, got it.

Sandhya J: SONIA plus 200.

Gaurav Tinani: Yeah. And what was the 2 + 5? If you can just help me understand that 2 + 5 a little better in terms of tenure?

Sandhya J: We have a two year of moratorium in which we are only servicing the interest for the debt. And then we have a principal and interest servicing for the next five years.

Gaurav Tinani: And is that equally over the next five years or is it, you know, again skewed towards the end of the five years?

Sandhya J: It is equally over the next five years, after the first two years is finished.

Gaurav Tinani: Got it. Got it. Separately on your joint venture where you're looking at health care centers for the treatment of cancer patients and specifically provide chemo services, which geographies would that be, and how many centers you plan to come through with this JV? Any colour on this?

Viren Shetty: This is an investment we made in Everhope Oncology, where focus areas are creating chemo centers in Delhi. The first center has come up in Gurgaon. They're scouting for more partners to open up more centers with. The next investment they made is in SSO Oncology, Surgical Service Oncology in Mumbai. And they have three centers and they're looking to expand more.

Gaurav Tinani: So, any investment that we've earmarked for this particular venture over the next three years?

Viren Shetty: No, we've just made the investment. The rest will take a call once we see the trajectory of the existing business and how they're able to scale.

Gaurav Tinani: Perfect. Thank you. All the best.

Viren Shetty: Thanks, Gaurav. Srinath, we can go to your question, please.

Srinath Saravanan: Yeah. Sir, in Bangalore market, as we've seen in the presentation, for the next four years, you're doing an additional bid of around 900 beds. Also, if you see other peers, they're also doing aggressive tappets towards the Bangalore market. Do you think there would be enough room for growth in this market?

Viren Shetty: Yes.

Srinath Saravanan: Any colour on that, sir?

Viren Shetty: There is room for growth in these markets.

Srinath Saravanan: Okay.

Sandhya J: There was a question in the chat on the ROCE dilution impact because of UK. What we'd like to say is that initially, because of the size and scale, I think we are seeing that dilution. But a), it's a leveraged buyout. b) it's an asset light model. So, we do believe that the UK acquisition will deliver reasonably strong ROCEs for us.

Our current ROCE is very high because of the assets in India coming up long back, and therefore, the cost of acquisition is lower. There is a normalization that is happening on ROCE at the excluding UK also at a group level. We will still be healthy. We won't be at that very high level we were till last year. And UK will, in the medium term, not be dilutive to the group ROCE.

Nishant Singh: There is a question on *the expansion plans for Cayman and UK. Over five years, would NH would significantly scale up international presence based on Cayman UK experience?*

Viren Shetty: We have our hands full right now. Until we are able to improve the performance of the UK, there is no scope for a span internationally. We've already spelled out what our expansion plans are.

The question is, *when you look at the payor profile, our government schemes are the highest in the industry.* This has always been the case for NH. We cater to the mass market and the government payers are a very large portion of that. We try to balance out our commitments to society, maintaining a healthy mix of different patient base against our cash flow requirements. So the government numbers will be effective.

The question is, *are there plans to raise equity capital?* Not right now. We don't see a need for it.

Anesh, there's a question on *sourcing elective treatment from the NHS board.* Would you be able to answer that in the chat?

Anesh Shetty: *When you refer to sourcing elective treatments, could you clarify the types of disease and procedure involved?* For the most part, orthopedics would be joint replacement, arthroscopy, some amount of general surgery, gastroenterology and ophthalmology as well. So this is the bulk of what we source from the NHS pool, which is elective secondary care surgeries. That's also the answer to the treatment mix.

The last part of the question, *are you primarily focusing on building cardiology in the UK or are you opening to scaling other specialties as well?* We will not be building… starting cardiology services immediately. There are very, very few private cardiology services in the country and especially outside of London. So this isn't a first step forward. There are diversification and enhancements of the existing specialties that we will be doing, such as getting into back and spine surgery, more complex orthopedics, etc. So those would be the first topics we'll be taking up… the first new services we'll be starting with.

Sandhya, I think the next question is, *why does NH come out with its results towards the end of the period? Is there any particular reason?*

Sandhya J: Yeah, so I think this is something that we'll have to work on. This quarter especially was because we had to go through the consolidation with UK and we are still getting the systems in place. But even otherwise in general, I think we come out a little late in terms of how we are able to release our results. This is work-in-progress for us and we may take your feedback and we'll work on this.

Viren Shetty: The next question on the chat was on India business. *What is the impact of the increase in CGHS rates?* I think we had given this number last quarter. Nishant, do you recall what the impact of enhanced CGHS rates would be? It was a non-material amount for us given our limited presence in Delhi and that we have limited export to CGHS. But the exact number, we can come back to you on later.

All right. If there are no other questions…

Sandhya J: There was just one small clarification I wanted to give. See, I'm not sure who it was. You pointed out this 12% versus 8.5 to 9%. I think one small thing is, we were tracking the pre-IFRS number, which is 8.5 to 9%, you're right. Post-IFRS is 12%. So that has, you've seen a slight moderation in Q3 because Q3 is also like a partial quarter for us and we are still getting complete handle of how the numbers are rolling up. We do aspire to be at that 8.5 to 9% pre-IFRS. Next time onwards, we will start giving the same ambition post-IFRS. I think that will clear the confusion which got created in that answer.

Gaurav Tinani: Sure. Thank you.

Nishant Singh: There are no raise of hands. So, with this, we'll like to conclude the session. And, thank you everyone for the active participation as usual. Thank you.

END OF TRANSCRIPT