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Mumbai 400 051.

Scrip Code : SHALBY

Through : <https://neaps.nseindia.com/NEWLISTINGCORP/>

Corporate Service Department

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Mumbai 400 001.

Scrip Code: 540797

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Sub.: Transcript of Earning Conference Call for Q3 FY2025-26

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

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith transcript of earning conference call held on February 12, 2026, wherein Unaudited Standalone & Consolidated Financial Results for the quarter ended December 31, 2025 (Q3 FY26) were discussed. The said transcript is also available in the Investors Section of our website.

We request to take the same on your records.

Thanking You,

Yours faithfully,
For **Shalby Limited**

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

Encl.: Earnings' call Transcript



“Shalby Limited
Q3 FY '26 Earnings Conference Call”
February 12, 2026



MANAGEMENT: **DR. VIKRAM SHAH, CHAIRMAN AND MANAGING DIRECTOR**
MR. SHANAY VIKRAM SHAH – PRESIDENT
DR. NISHITA SHUKLA – COO - SHALBY HOSPITALS
MR. AMIT KUMAR – CFO
MR. DEEPAK ANAND – CEO - SHALBY MEDTECH LIMITED
MR. BABU THOMAS – CHRO

MODERATOR: **MR. KASHISH THAKUR – ELARA SECURITIES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Shalby Limited Q3 FY '26 Earnings Conference Call, hosted by Elara Securities Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kashish Thakur. Thank you, and over to you, sir.

Kashish Thakur: Thank you, Anurag. Good afternoon, everyone. We welcome all the participants to Shalby Limited Q3 and 9 Months FY '26 Earnings Conference Call, hosted by Elara Securities. Today, we have with us senior management representative from Shalby. We will start with the performance highlights from Group CFO of Shalby Limited, Mr. Amit Kumar; and Mr. Deepak Anand, Chief Executive Officer of Shalby MedTech. After that, we will open the floor for question-and-answers for all the participants.

I will now hand over the call to Mr. Jigar Todi for important disclaimers regarding any forward-looking statements that may be made in today's call. Over to you, Jigar.

Jigar Todi: Thanks, Kashish. Good afternoon, everyone. Our investor presentation is uploaded on the stock exchange website and our company website, shalby.org. We do hope you have already had the opportunity to go through the presentation. Please note that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. Kindly refer to Slide number 2 of the investor presentation for a detailed disclaimer.

Now, I would like to hand over the call to Group CFO, Mr. Amit Kumar, for his opening remarks. Thank you, and over to you, Amit.

Amit Kumar: Yes. Thanks, Jigar. Good evening, everyone. I'm pleased to welcome you all in Shalby Limited quarter 3 earnings call. I'll walk you through the consolidated financials and stand-alone financial performance of the Shalby Group in the quarter 3 FY '26. In order to start with, I'll first walk you through the consolidated performance for the Q3 with a comparison on year-on-year basis.

For the consolidated revenue in the quarter 3, it has been INR279.4 crores versus INR281.1 crores in the quarter 3 last year. This is marginally down by 0.6% on a year-on-year basis. Our consolidated EBITDA has been INR37.5 crores in quarter 3 versus INR39.3 crores in the quarter 3 last year with a margin of 13.4% in quarter 3 versus 14% in the quarter 3 last year. This is marginally down by 0.6% year-on-year basis.

Consolidated PBT of INR9.2 crores in quarter 3 FY '26 versus INR12.4 crores in quarter 3 FY '25 with a margin of 3.3% in quarter 3 FY '26 and 4.4% in quarter 3 FY '25. This is down by 1.1% year-on-year basis. Our consolidated PAT has been INR1.3 crores at a margin of 0.5% in quarter 3 FY '26 versus negative PAT of INR3 crores with a negative margin of 1.1% in quarter

3 FY '25. This shows an improvement of 1.6% on a year-on-year basis in the PAT margins. The group continues to maintain a very strong balance sheet with a low gearing ratio of 0.41x with a net debt of INR408 crores.

Now, I'll be running you through the stand-alone performance of the hospital business with a year-on-year comparison. Our stand-alone revenue has been INR221 crores in quarter 3 FY '26 versus INR226.9 crores in quarter 3 FY '25, which is down by 2.6% on year-on-year basis. Our stand-alone EBITDA has been INR35.4 crores in quarter 3 '26 versus INR48.8 crores in quarter 3 FY '25 with a margin of 16% in quarter 3 FY '26 against 21.5% in quarter 3 FY '25, which is down by 5.5% year-on-year basis.

Our stand-alone profit before tax has been INR21.9 crores in quarter 3 FY '26 versus INR35.8 crores in quarter 3 FY '25 with a margin of 9.9% in quarter 3 versus 15.8% in quarter 3 last year, which is down by 5.9% on year-on-year basis. Our stand-alone profit after tax has been INR13.8 crores in quarter 3 FY '26 versus INR20.9 crores in quarter 3 FY '25 with a margin of 6.2% in quarter 3 FY '26 and 9.2% in quarter 3 of FY '25, which is down by 3% year-on-year basis.

At a stand-alone level, we have a net debt of about INR54.5 crores. Our stand-alone ROCE stands at 11.1% in quarter 3 of FY '26. Our ARPOB has been INR43,171, which is up by 1.1% as compared to similar quarter last year, which had an ARPOB of INR42,704. Similarly, our ALOS has been 3.62 in the quarter 3 of the FY '25 as against 3.9 ALOS in the quarter 3 of FY '26.

On to the occupancy. Our occupancy rate has been 44% in quarter 3 FY '26 versus 46% in the similar quarter last year. If we talk excluding the Shalby International, which is PK Healthcare in Gurgaon, our group level occupancy rate stands at 47% in quarter 3 of FY '26 and 48% in the quarter 3 of FY '25.

On to the payer mix of our hospital business, this stands at 35% for the self-pay, 35% for the insurance and TPA and 30% for the government business. The revenue of Shalby International, the PK Healthcare stands at INR23.9 crores as against similar number of INR24.1 crores in the same quarter last year. This has just marginally declined by 1% year-on-year basis.

The ARPOB on operating revenue and ALOS of Shalby International Hospital is INR87,526 and 3.26, respectively, in the quarter 3 of FY '26. In the current quarter, our operating revenue has a contribution of 51% coming from international patients in Shalby International at Gurgaon.

At a group level, talking about the international business, this stands at about INR13.7 crores, majorly coming through the Shalby International Hospital with a value of approx INR10 crores and the balance INR4 crores is the other multi-specialty hospitals and surgeries into the other units of Shalby Group.

At Shalby, our undivided focus has been on demonstrating our clinical excellence through successful execution of many diverse clinical surgeries in several hospital units. We also take

pride in sharing that we have successfully completed 32 transplants, including 29 kidney transplants and 3 liver transplant in the current quarter.

Shalby also take a pride in nurturing young talent through our Shalby Academy with 320 students registered in the current quarter into the various disciplines, like physiotherapy, nursing lab, nutrition and clinical paramedics. This includes also hospital management, AHA workshop as part of their academic outreach and clinical exposure through internships.

In the similar quarter, we had 130 new physiotherapists interns enrolled at Shalby Hospitals to comply with their internship in the December 2025. Further, Shalby Academy has also successfully completed 17 batch of AHA certified with various certificate workshop at Academy in Naroda.

Now I hand over the call to Mr. Deepak Anand to share insights on our medical implant business vertical, Shalby MedTech. Over to you, Deepak.

Deepak Anand:

Thank you, Amit. Good afternoon, everyone. Thank you for joining us today. I'm pleased to present the performance of Shalby MedTech for quarter 3 as well as the 9-month financial year '26. So we'll start with the quarter 3 financial year '26 performance overview.

During this quarter of quarter 3, our consolidated MedTech revenue stood at INR303.8 million, registering a 29% year-on-year growth compared to INR234.9 million in the last year quarter 3. This growth was primarily driven by Shalby MedTech India. Revenue grew 77% year-on-year to INR189.6 million, reflecting strong domestic execution, improved distribution reach and enhanced surgeon engagement.

Shalby Global Technologies, which covers the Southeast Asia business, revenues increased significantly to INR17.2 million, up by 378% year-on-year as we continue to scale our international distribution footprint. Shalby Advanced Technologies in U.S.A. revenue remained stable at INR264.6 million, reflecting resilience in the North American market despite competitive intensity.

On the profitability front, consolidated EBITDA turned positive at INR0.7 million compared to a loss of INR69 million in quarter 3 financial year '25. This marks a significant turnaround by operating leverage, cost optimization and improved product mix. At the entity level, Shalby Advanced Technologies delivered EBITDA of INR16 million, up 115% year-on-year.

Shalby MedTech reported positive EBITDA of INR5.5 million versus a loss of INR75.2 million in the quarter 3 financial year '25. Shalby Global Technologies also delivered EBITDA of INR1.9 million versus a loss of INR1.4 million in the quarter 3 financial year '25.

Quarter-on-quarter perspective, while consolidated revenue moderated sequentially in quarter 3 due to year-end and normalization in Shalby Advanced Technologies, the underlying fundamentals remain intact. Importantly, Shalby MedTech Limited delivered strong sequential

growth of 18%, reinforcing the strength of India franchise. We remain focused on improving consistency in profitability while investing prudently in growth markets.

Let's now move to the 9 months' financial year '26 performance. For the first 9 months, consolidated revenue reached INR949 million, up 47% year-on-year. Shalby Advanced Technologies revenue grew 5% to INR842 million. Shalby MedTech more than doubled revenue, growing 127% year-on-year to INR532 million. Shalby Global Technologies grew 35% year-on-year to INR50 million.

Importantly, consolidated EBITDA improved to INR29.9 million compared to a loss of INR98.3 million in 9 months' financial year '25 with 130% improvement. This reflects structural improvements in our cost base, manufacturing efficiencies and disciplined commercial expansion.

Strategic focus areas, our growth continues to be anchored around the 5 strategic pillars: people, strengthening recruitment, retention and continuous training of our sales team, healthcare professionals and channel partners. We're investing in leadership development and succession planning to build a scalable organization, portfolio and innovation, expanding our implant portfolio and improving product differentiation to drive better realization and market penetration.

Customer segment focus, sharpening our segmentation strategy across geographies to enhance surgeon loyalty and channel productivity. COGS reduction, driving material optimization, vendor consolidation and manufacturing efficiencies to improve gross margins. The fifth one, supply chain excellence, building a more responsive and resilient supply chain to support our growing global footprint.

Our global expansion road map, our implant business now operates across key existing markets, including North America, Japan, India and Indonesia. We have received approvals in Malaysia for our Unicodylar product and Argentina. We have submitted regulatory dossiers in South Korea, Vietnam and Iran, and we have ongoing active discussions in Ethiopia, Paraguay, Sri Lanka and Russia.

This structured expansion road map positions us well for accelerated international growth over the next 12 to 14 months. Looking ahead, we expect continued momentum in the India business. The U.S. business will focus on margin improvement and deeper customer penetration. International markets meaningfully as approvals convert into commercial traction.

EBITDA improvement remains a key priority through operating leverage and cost discipline. Our MedTech platform is transitioning from a turnaround phase to a structured growth phase. We believe the investments made over the last 18 months are now beginning to reflect in both revenue acceleration and margin recovery. Thank you, everyone. I'm handing it over back to any questions.

- Jigar Todi:** We look forward to your questions. We can start Q&A now.
- Moderator:** Thank you very much, now we will begin the Question-Answer session. Anyone who wishes to ask question, may press * and 1 on their touchtone telephone. If you wish to remove from the question queue, you may press * & 2. Participants are requested to use their handset for asking the question. Ladies and Gentlemen, we will wait for a moment while the question queue assembles. Participants who wish to ask questions may press * & 1 at this time.
- Moderator:** The first question is from the line of Shubham Harne from Purnartha Investment Advisors. Please go ahead.
- Shubham Harne:** Hello Sir, thanks for the opportunity, I just want to ask about hospital business. What's happening there? Why our inpatient or outpatient volumes are decreasing continuously, while surgical counts are also decreasing? That was my first question.
- Shanay Vikram Shah:** Hi. This is Shanay. So see, I think if you look at the numbers, what has happened in this quarter is, the insurance work particularly has come down because we had been negotiating with some of the insurance companies. So we had to stop doing some of the work with some of these insurance companies, the two or three major insurance companies.
- And so for 2 to 2.5 months, we had to stop working. Then eventually, the positive is that in the month of November, we have signed -- in the month of November end, we have signed the contracts again. Basically, the flow in Jan and so far in this quarter has been good, and it's positive. So this was one of the reasons.
- The other reason was that you can see that the government business has gone up. Again, this is also because the government volume has gone up only by 8% or 10%, but the overall realization per patient in the government business is much higher because the rates have been revised, they are more favourable, more accretive. That is the other area where the revenue has been kind of been compensated by some of that business.
- The other one is that we also lost two doctors in two of our units, two different units. And, often what happens is, there is a lot of new infrastructure that keeps coming up in some of these cities. And often, they are prepared to pay any price to get that business. We may not be able to match that because we believe that profitability also is equally important. Hence, at times, we have to take some decisions -- take such decisions at these points, where we have to let one or two of these doctors leave.
- Apart from that, I think the quarter has been quite positive in terms of doctor recruitment, etcetera, because we've added 40 doctors in this quarter, whereas we've lost about 18 doctors. Overall, we've added doctors for the quarter, and that will -- we are seeing and we will see that play out for us.

Besides that, we have already made investments in the last 120 days to 180 days in the bunkers, the linear accelerator bunkers, the radiation oncology therapy. This is across two regions. We already operate this in three regions right now. We operate it in Jaipur, Indore and Ahmedabad so far. Now we've also added two more, one in another part of Ahmedabad and one in Surat. That is likely to play out.

The one in Ahmedabad will play out throughout the quarter 4. We are likely to receive the AERB approval very soon for the Krishna Hospital in Ahmedabad. I mean, for the Surat Hospital, we will receive it very soon. Once that is up and about, I think, in the month of March, we should start seeing those numbers.

Besides that, I would say that apart from that, the quarter has largely been flat for us. However, having said that, we see a lot of positivity in the current quarter, and we'll start seeing the numbers flow in. I would say, it's a one-off.

Shubham Harne: Okay. But in last 6 to 9 months, we have hired new doctors. What's happening there? Is revenue coming from new doctors substantially?

Shanay Vikram Shah: Yes. We are putting in marketing efforts for some of these doctors. I think Dr. Nishita is with me. I think she can discuss a little bit about the marketing initiatives for such doctors. Also, besides that, the doctors where we are not able to -- we are seeing that we are not able to derive the right results, eventually, we are also taking the right strategic decisions on those as well. So that's why you also see that 18 or 19 doctors have kind of -- we managed to part ways with them. I think Dr. Nishita can throw some light on the marketing activities.

Nishita Shukla: Good afternoon. As per hiring doctors, we are taking a mix of doctors. A few doctors we are hiring and they are having their own practice. We are buying out practice to be stable against the doctors left. As well as for the marketing, we are doing a lot of marketing activities, awareness programs and all. Again, supporting all these doctors with high-end technologies.

We have placed robots at five of the places, orthopedic robots. We have placed other than orthopedic surgery robots at two or three of our units. That is how to help them with technology as well as to bring in high-end surgery revenue as well as ARPOB. And for all of this, we do constant digital marketing, awareness programs, in-house camps, free camps activities and all. So as they have joined...

Shubham Harne: Are we getting positive results to this?

Nishita Shukla: Yes. We are getting, but it's a slow process. Once they join here, we start slowly. It takes 1 or 2 months for them to have the old base again.

Shubham Harne: Yes. But I think so it's approx 9 to 6 months already passed since we have hired new doctors. For that bunch of doctors, are we getting positive result?

Nishita Shukla: Yes, we are getting, because if you see insurance was a big hit, even doctors coming in, we have to have our all empanelment online. Since quarter 2, the insurance was stopped because of rate negotiation, not giving us revising rate for last 3 or 4 years. Now, they are in place. They will be getting that. Even self-paying patients, the new doctors have done good, but as we lost old doctors, the two high-end doctors, that is how there is a drop.

Shanay Vikram Shah: So, we've lost -- as we mentioned earlier, the insurance business for some -- for 3 of these large insurance companies was stopped. Overall, had that been in place, we would have definitely seen a growth. Your question to whether these doctors, which have been hired over the last 6 to 9 months, whether they are performing, yes, some of them are performing.

At the same time, if the hospital takes a call of not doing the insurance business, it will affect their practice. As I mentioned earlier, it is a one-off where we have seen the hit in the insurance patients. It was a one-off, as I did mention earlier.

Shubham Harne: Got it. And second, on government business, since you have told right now that the government business rates are getting revised and now it is better. Are we planning to increase that government business in near future? Or earlier, we have said that we will decrease the same. That would be our strategy?

Shanay Vikram Shah: There are specialties and there are different areas within the government business, which are accretive to the overall scheme of things. So we will continue to pursue those.

Shubham Harne: Okay. So wherever we are getting good amount, we will pursue that?

Shanay Vikram Shah: Yes, that's right.

Shubham Harne: And can you tell me what's happening in PK Healthcare because I think so insurance companies are there right now in PK. Now also, if you see occupancy, it's reducing quarter-on-quarter. Can you throw a little bit light on PK?

Nishita Shukla: Yes. For PK, we are doing a specialty stabilization and with bringing in other specialty doctors. PK was usually much working on liver transplant, BMT and say, oncology work. As 2 doctors, the BMT and liver transplant doctors have left, so we are compensating that we are into recruitment with liver team.

Again, we are going with a mix of cardiology, ENT, orthopedics, and again, as I told you, giving them a good specialty, good high-end equipment. We have just hired a very senior pulmonologist. We are going with a specialty mix instead of only working on liver and BMT, which Sanar used to do earlier.

For the insurance companies, majority of insurance companies are getting closed, and we are waiting for NABH to come on board, which we are expecting by this week. Once NABH coming in, we will be also doing a lot of tie-ups for, say, Haryana government, CGHS, ECHS and all.

Shanay Vikram Shah: Also, I think what has happened is that we've lost these key doctors due to the earlier management, and we've earlier as the Head of the Hospital, we've asked him -- I mean, we had to part ways with him because of some of the damage that was done. Hence, we had lost some doctors. Yes, we are in the process of recruitment.

We've recruited some of the specialties. Some of the high-end, high-performing specialties, we are under talks with a couple of these top specialists in the city. We will update you as and when we recruit for the liver transplant and for the bone marrow transplants.

However, orthopedics is already doing really well in the Delhi Hospital in Sanar. Also, we have installed robots for not only orthopedics, but also for some of the other specialties, like euro, GI, neuro, ultimately, we are expecting that some of these specialties will cover up significantly for some of the lost business.

Shubham Harne: This year, occupancy rate would be subdued. I can see that your doctors are leaving, new doctors are joining. What is the occupancy rate which you are projecting for '27?

Shanay Vikram Shah: Look, the occupancy at this point of time, we are ranging at about 20 beds in the Sanar Hospital. In the next year, for the average, we are looking at, at least, 40 as an average for the full-year.

Shubham Harne: And then what would be the occupancy rate for hospitals?

Shanay Vikram Shah: Of course, ending the year at a much higher number than that.

Shubham Harne: Okay. And then what would be the overall occupancy rate for the Shalby, next year?

Shanay Vikram Shah: So, overall occupancy rate, we are not giving forward-looking numbers, but the way we see it is that we definitely see a double-digit volume growth in the next year. Then, of course, there is an ARPOB growth of 5% to 6% additionally on top of that.

Shubham Harne: Got it, thanks for update

Moderator: Thank you, before we take the next question we would like to remind the participants that you may press * & 1 to ask your question. The next question is from the line of Mr. Kashish Thakur from Elara Capital, please go ahead.

Kashish Thakur: Thank you for the opportunity. One question I want to ask pertaining to our tax rate. Our tax rate has been quite volatile since a bit long. So just wanted to understand why it is so and, like, what kind of average tax rate we should work in going ahead?

Amit Kumar: Yes, this is Amit. To answer you, our tax rate has been at a group level had been about 35%. The ETR rate, what you see since currently, we are investing on to the MedTech and PK side. As soon they are becoming profitable, the tax rate and the ETR rate you would see on the consistent side.

One significant change as also in the budget, the MAT changes have come. We are evaluating it out. Probably, our evaluation is indicating that we would move to a lower tax rate of 25% into the Shalby Limited. That would reduce our tax expense significantly into the coming quarter. If we do that adjustment, then the annual impact would come in the next quarter.

Kashish Thakur: Perfect. The second question is more on our expansion strategy. Any light on how bed addition we should look like -- it should look like in FY '27?

Shanay Vikram Shah: So, the thing is we have additional capacity that where we can grow for the next 2 years or so. At this point of time, if you notice, in this fiscal, we have significantly invested heavily on infrastructure upgradation as well as into high-end robotics and some of the high-end diagnostics. We have installed a new PET CT scan in -- which will now be operational soon.

We have invested in bunkers in 2 of the cities. Now we have 5 bunkers as a group. We are adding -- we are planning to add 2 more bunkers. If you ask me, the next investment over the next couple of months will be in the -- in 2 additional bunkers in Mohali and in the Delhi NCR region. That is planned over the next 12 to 18 months' kind of range.

Robots, we have installed 5 robots across our hospitals for orthopedics and 2 robots for other specialties across our units. Again, we'll be adding more robots for other specialties as well across the board. Some of the investments in technology is likely to happen on a more strategic basis.

With regards to bed addition, we have another 50-odd beds, which can be added in the Delhi NCR region, which at the appropriate time, we will take up that project. Besides that, we don't see any significant capex. Even some of the capex that I did mention is likely to come in the 12- to 24-month range. Not much capex is planned over the next 12 months on the hospital business.

Kashish Thakur: Understood. One question on ALOS. Our ALOS is somewhere around 4-ish days. Why this higher? I think in industry standards, it's been reducing somewhere around 3.5, 3.4 days. Why this -- for us, it is around 4 days?

Nishita Shukla: Yes. The ALOS is a little bit on higher side due to more medical cases. We have developed critical care unit at 2-3 units and had done some expansion in current beds also. That is how due to medical cases and critical cases, ALOS is on higher side.

Kashish Thakur: Should we build in a similar ALOS going ahead as well?

Shanay Vikram Shah: Yes, it would be in the range of -- it will be in this range. It will fluctuate a little bit based on the specialty mix, but yes.

Kashish Thakur: Understood. One last question. Our 0 to 5 years' hospitals are operating somewhere around that 6.6% EBITDA margins. When can we see a ramp-up from these hospitals probably reaching somewhere around 10 percent or 15% EBITDA margin levels?

Shanay Vikram Shah: Yes. We will see this happen as the units ramp up. We are adding -- we are doing two things, right? We are adding super specialists in some of these important specialties, and we are also investing heavily in diagnostics and robotics. All of this put together will definitely increase the work for us.

Ultimately, that will translate to the EBITDA margins. As I said, we are aiming for an average occupancy through the year of about 40 beds for FY '27 for the Delhi unit. If that happens, we will definitely be at that level, in fact, even better than that.

Kashish Thakur: Understood, Thank you. That's all from my side.

Moderator: Thank you. The next question is from the line of Omprakash, an Individual Investor. Please go ahead.

Omprakash: **Hi Sir,** I have actually been an investor over the past 4 years. Back then, there were a lot of functionalities for the business in terms of franchisee and implant business, even acquisitions, etcetera., but considering a lot of things have not worked out for us, I just want to understand what management is thinking at the moment and what is the plan for the future?

Shanay Vikram Shah: Yes. I think we'll start with the implant business. I think Deepak can kind of lay the foundation for the implant business, and then I can move to the hospital.

Deepak Anand: Thank you, Shanay. From a future standpoint, I think we are in a great space after you just heard what we've done in quarter-on-quarter as well as on 9 months' time. If you have to ask me, we are continuously working around the 5 pillars that we just met, right? If you speak about it, every day, every week, every month, we see an improvement in our gross margins through COGS getting reduced.

We see our sales growing. We've already had a growth last year at about 65%, a similar growth this year, and we continue to keep that momentum going. The market is large. We're also opening up multiple countries, multiple geographies along with that. We are also launching new products, right? In the last 12 months, we've launched close to 5 or 6 products across different geographies, which has contributed to both top as well as bottom line.

We continue to innovate. We continue to get top-notch talent across. This is a large global market. We are not here to play for a single market. It's a globally \$35 billion market that we are speaking about where we are looking at. We are building the base. We are building our processes systems in such a manner that we are scaling up in a systematic way for us to win the larger space. That's what is the...

Omprakash: When can we see a turnaround? I mean I'm hearing this for a while. I'm just trying to understand when are we going to breakeven and start generating profits from the MedTech division?

Deepak Anand: So the results do have a breakeven right now that we've spoken already. Breakeven has already happened. What I just spoke, the breakeven has already happened.

Omprakash: Got it. And sir, about the core hospital business, I would like to understand what is the management plan in terms of expansion? I understand there are a lot of under construction hospitals and also franchisee business, which we have wound down in a couple of places?

If management can lay it down like broad reasons why we are winding down and why we are not able to do better compared to the market where hospitals in general are posting great numbers. Is there a specific concern with Shalby or it's something to do with internal reasons?

Shanay Vikram Shah: Yes, sure. I'll just conclude the implant segment. The implant segment has been growing at 40% to 60% depending on the year for us. We see it growing at that level even going forward. You will see the operating leverage play out significantly over the next couple of quarters, more so because the availability problem, until Q3, so far, we have had the availability problem for the implants.

I can tell you that more than 70% to 80% of the implants used in the month of Jan -- from the month of Jan this year have been our implants. So that is a big positive for us, which until now, so far until Q3 used to be around 15% to 20%. That leverage we will start getting now, the availability problem is sorted out. The cost of goods manufactured at our implant business at the factory is now down to almost 50% of what we used to manufacture it at about 4 and half years ago. A lot of positive signs there.

As you see the volume ramp up, we'll start seeing the profitability and the cash flows play out, and it will be visible over the next couple of quarters. So you will see significant changes over the next couple of quarters. Since we are not giving any forward-looking statement, I'm not able to give you a guidance on that.

In terms of the hospitals business, we already are adding the right clinical talent across the board. As I did mention earlier, quarter 3 was a one-off. Apart from that, if you see the earlier quarters, there has been a growth on the other quarters. Delhi, I told you there were management issues, which are partially resolved. With the new clinical talent coming in, we'll start seeing the ramp-up of some of these units.

Investing in some of the -- upgrading some of these facilities investing in robotics, investing in diagnostics is going to play out. Over INR80 crores has been invested in some of these areas over the last 8 to 9 months, which have not started adding to the top line significantly because they have just been commissioned. You will start seeing the impact of all of these robotics, diagnostics and upgradations in the coming quarters.

Besides that, as you can see in our results, the overall cost of doctors has gone up significantly. Ultimately, it is very important to get the right clinical talent on board. Then it does take some time to play out. So we are seeing the impact. You will see the results. We are expecting double-

digit volume growth and a 5% to 6% ARPOB growth. You can imagine the kind of growth that we will be seeing in the quarters to come.

Omprakash: Okay. Sir, if I can squeeze one more question. The question is regarding occupancy rates. Occupancy rates for us have been almost in a similar range for the last 3 years. I understand we are also expanding by opening new hospitals, especially with Nashik, etcetera. Would like to hear the commentary how management is thinking to improve this occupancy rates, at least on the older hospitals where we have been operating for a while now?

Shanay Vikram Shah: Yes. I think one is that we should not just look at occupancy percentage because what happens is that as you -- over the last 3 years, we have added beds, and we look at the percentage, it's not fair. We should look at the average occupied beds or we should look at the average inpatient count, average outpatient count because these are the numbers that would really matter.

We know the areas where we have not grown or kind of degrown, but then there are a lot of positives as well. We need to work on some of these areas, which we continuously will end up working on. But I would say, overall, the outpatient, inpatient counts would be a much better way to judge where the business is going.

Omprakash: Thanks.

Moderator: Thank you. Participants who wish to ask questions may press * & 1 at this time. The next question is from the line of Kashish Thakur from Elara Capital. Please go ahead

Kashish Thakur: Thank you again for the opportunity. Just one question on ARPOB. How do we see our ARPOB growing in FY '27?

Shanay Vikram Shah: ARPOB traditionally has grown 5% to 6% for us. Now depending on how the robotics play out, etcetera., over the next couple of quarters, we'll be able to be in a much better position to tell you in a couple of quarters because that 5% to 6% is something that we definitely see it growing because of the SOCE rate revisions, even some of the government insurance companies like CGHS, etcetera, have increased their rates. All of that, we have already seen and some of that is already playing out. Apart from that, robotics will add significantly to some of these ARPOB.

Kashish Thakur: Just following back on the same, we just mentioned on robotics. Just wanted to highlight, we have already done around 32 transplant patients during this Q3. How are the margins different for the robotic patients/transplant vis-a-vis the normal surgeries? Should I repeat or clarify my question?

Jigar Todi: Yes. Please repeat, Kashish.

Kashish Thakur: Sure. I just wanted to know the difference like when our traditional surgeries perform vis-a-vis when a robotic surgeries performed, which is more profitable for us. And we have already done

somewhere around 32 transplants in Q3 is what is mentioned in our presentation. What is our aspiration for the same in FY '27?

Shanay Vikram Shah: I will just answer your question, but before that, I want to tell you the key specialties for us, the 5 key specialties which we continue to play a lot of emphasis on is orthopedics, where we are globally the number 1 player. The second one is oncology, which is growing for us significantly well.

The third is cardiology because the volume of business in the cardiac segment is large. Apart from that, the fourth one is intensive care and emergencies because, again, ICU beds are high ARPOB generating and ultimately, it does drain lot of patients from the 10- to 15-kilometer radius. The fifth one is neurology and the sixth one is, of course, the transplant.

The transplants, the volumes are always lower compared to some of the other specialties, but ultimately, you are seen as a center for higher tertiary quaternary care, right? To answer some of your questions, I think the transplants are generally not done by robotics. Okay. That is one. The typical length of stay is longer for these transplant patients. We usually end up staying for between 15 to 20 days.

Kashish Thakur: Understood.

Shanay Vikram Shah: Have I answered your question or...?

Kashish Thakur: Yes. That's fine. By chance, I had skipped, have we mentioned any time line on EBITDA positive or EBITDA breakeven for our Shalby International Hospital?

Shanay Vikram Shah: Yes. If you ask me, we were likely to be EBITDA positive over there about 2 quarters ago. There has been a delay on that front. As we mentioned, because of some management issues. There are 2 things happening, which give us a lot of confidence. One is the new clinical talent that we are onboarding.

Second and more importantly, the NABH is expected to come in very, very soon. Once that comes in, you will see a step kind of an increase in the work that we'll be doing. We are very positive for the next 1 or 2 quarters that we will be able to see the numbers change very drastically.

Kashish Thakur: Understood, Thank you.

Moderator: Thank you. The next question is from the line of Viresh Sangwan, an Individual Investor.

Viresh Sangwan: I got most of the questions answered. I just want to know about the Mumbai Hospital in the expansion and everywhere you did not mention about that. So what's happening on that front?

Amit Kumar: Yes, on to that, our partner, the trust is reviewing certain terms in the agreement, and there is a close discussion happening with them. Once the terms are reviewed by them, then only we'll be able to update you out that -- any development on that front.

Viresh Sangwan: Okay. Lastly, where do we see our debt trajectory in maybe the next couple of years?

Shanay Vikram Shah: Sorry can you repeat your question?

Viresh Sangwan: Our net debt, where is that going? What's the trajectory for that in the next couple of years?

Shanay Vikram Shah: Yes. So as I did mention earlier that we are not expecting any significant capex in the hospital business or for that matter, in the implant business for the next 12 months. Besides that, our ramp-up because of the consumption. I did mention earlier that the consumption of the implant in our own hospitals as well as the sales of these implants in some of the geographies, like India has ramped up significantly and is likely to ramp up significantly.

So with the higher profitability -- higher sales revenue coming in from the U.S. for the implant business, the funding requirement there will be much smaller over the next few quarters. The hospital business will definitely generate a significant EBITDA. I think the way we see it is that the net debt 12 months from now should be a little lower than where we are at the moment.

The way we see it is that the funding requirement of the implant business will be, say, 30% to 40% of the EBITDA that we'll generate. We are hoping for a turnaround there and the debt should go down.

Viresh Sangwan: Thanks Sir.

Moderator: Thank you. The next question is from the line of Omprakash, an Individual Investor. Please go ahead.

Omprakash: Thanks a lot for the opportunity again sir. First question is considering the experience with the recent acquisition in Gurgaon, I just want to understand how management is looking at growth in terms of hospital business, especially on franchisee acquisition versus organic? If management can just lay out how their thought process is, it would be really helpful?

Shanay Vikram Shah: Yes. I think for the hospitals, as I did mention, the growth plan is really that we can practically kind of from the current levels, do 60% to 70% more work in the existing hospitals with the new investments that have come into robotics as well as the infrastructure upgrade and some of the diagnostics. With all of this and the bed capacity, we should be able to do between 60% to 70% more work than what we are currently doing. That is one ramp-up that we see. The Mumbai facility is something that will definitely come into play.

The other thing is that there are also some opportunities where we can add capacity, like I mentioned earlier, in Delhi, etcetera, we are able to add because of the additional FSI that we

have, we are able to add beds and increase the capacity as well. There are a couple of inorganic opportunities that come by, small and big. We continue to assess them, but there's nothing concrete that we have in our plans as of now.

Omprakash: In terms of franchisee, I'm assuming you're not looking at it aggressively. Is that right?

Shanay Vikram Shah: Yes. For the franchisee, we are not looking at it. In fact, we have closed down the Rajkot as well as the Lucknow facilities. We have started doing OPDs from there. We did realize that a lot of patients did end up traveling and prefer to travel to some of our larger units for treatment. It was a strategic decision taken, and we are not planning to add significant franchisees.

The good thing is that the capital investment and the capital outlay in some of these franchisees was very minimal. Overall, we see that it's a positive for us. The flow of patients coming in from these cities has remained the same. As such, the impact is only -- there's no negative impact. The impact is only positive.

Omprakash: Is it fair to assume then that we might not be investing heavily on the franchisee route anymore in future?

Shanay Vikram Shah: Sorry can you repeat that question?

Omprakash: I meant to ask if recent experiences about wind down, etcetera, can we safely assume that franchisees might not be able to double down? It's more to do with just running on the back burner. Is that a fair statement?

Shanay Vikram Shah: Yes. I'm not sure if I heard you correctly, but if you're asking me about the franchisees, yes, we are not looking to add franchisees as of now.

Om Prakash: Got it. Sir, my second question is actually on the doctor mix, the new hires that we are doing. Right now, we are heavily reliant on arthroplasty. Are we looking at increasing better mix with new hires? Or in future also, it will continue to be more focused on arthroplasty as a primary revenue driver?

Shanay Vikram Shah: Yes. If you look at the data for this quarter, about 33% of the work is arthroplasty, okay? Exactly, if you ask me 10 years ago, we were at about 70% arthroplasty. 15 years ago, we were at 95% arthroplasty. We have consciously worked on -- one, obviously, to increase the arthroplasty business because the volume growth in India is significant.

We are globally the largest player. But at the same time, we have focused on some of these other specialty areas where each of these specialties, like oncology, cardiology, intensive care, these are all between 10% to 15% of our revenue today, and they are growing higher double digits. We do believe that there is a lot of potential in some of these other specialties, and hence, we have reached this level.

Now whether arthroplasty will come to 10% to 15%, very honestly, is a tough question because we do the highest volumes. We do believe that we will always be between the 20% to 30% range for arthroplasty going forward. We would want to be there. It's a high ARPOB generating business with high profitability. It does make sense for us while we continue to build on some of these other specialties.

Omprakash: Yes. But if you look at new hires, are we doing more on the arthroplasty or it's like a distributed model?

Shanay Vikram Shah: No, it's absolutely distributed. It's distributed and as I did mention earlier, arthroplasty, oncology, cardiology, neurology, transplant and intensive care. These specialties are key specialties for us. Essentially, we continue to invest in clinical talent, in the infrastructure, technology across these and also, of course, some of these other specialties, but the higher volumes are these specialties.

Omprakash: Got it. I meant to ask because generally, the high-margin categories are oncology, nephrology and cardiology. Just wanted to know if management has any inclination towards growing these aspects in the overall pie. That's where the question was.

Shanay Vikram Shah: Yes. Out of all three, we also do a lot of work, like transplants. We also do dental work everywhere. We also do work across nephrology, etcetera, so we have 30 to 40 specialties. I mentioned the 6 specialties, which are of key focus to us.

Omprakash: Got it, sir. And sir, if I can squeeze in one more. It's regarding the implants business. I understand we are actually growing healthily and the breakeven is also very near. I mean, you've already reached, but can we get a split of how much is actually consumed by Shalby versus sold to external clients? Is that possible?

Deepak Anand: So I can give you a ballpark idea. So till about quarter 3 of this year, I would say, Shalby consumption would have been in the range of 20% to 25% in total. That scenario, what Shanay said a little bit earlier, changed in January because of the supply issues getting resolved. From this quarter onwards, you will start seeing a large consumption happening at Shalby.

Omprakash: And if I may ask, where is the consumption majorly happening? Is it in North America? I understand we are in 4 geographies now, but where is the high demand? Is the margin, I'm assuming it's better in the U.S.A. compared to other geographies. Is that right?

Deepak Anand: Absolutely.

Omprakash: Is it okay if you can share like a rough split of the geos, where we sell, how much and all?

Deepak Anand: So we're currently doing about -- if I have to take on a consol level, we'll be about 60%-40% by the end of the year. 60% of the business would be OUS. When I mean OUS, it includes India, Indonesia, Japan as of now, and it could be multiple countries in time to come. The rest 40% is U.S.

- Omprakash:** Okay, thanks a lot sir. That's it from my side.
- Deepak Anand:** Thank you.
- Moderator:** The next question is from the line of Saket from Sagari Capital.
- Sanket:** Thanks for the opportunity. A couple of years ago, we had outlined a \$100 million aspiration for the implant business. Can you kindly update has there been any change on that aspiration? Or what's the typical time line now we are looking at vis-a-vis this \$100 million aspiration for implant?
- Deepak Anand:** So I'll give you a little bit of idea, but we are not speaking any future guidance or anything here, but the aspiration obviously remains the same, and it doesn't end at \$100 million. Actually, it's beyond that as we look at it. So the reasons, if you look at it, why we could not reach to where we had to reach was fundamentally around two reasons. One was around the regulatory policies and the second was around capacity, right?
- So these were two large reasons for us, which held us from getting to where we had to get to. Out of that, we've solved the capacity issues to a very large extent. That is a good solution that has happened. On the regulatory front, it will continue to be an uncontrollable thing because it is driven by multiple things, including geopolitics and things.
- But, we know where to put our bets, which country, what has been, where do we have to enter, so that mapping is done. We are quite clear about where we want to go from that standpoint and what are the regulatory challenges and roadblocks and solutions that we need to be in.
- From a capacity standpoint, I think it's 80%, 85% resolved. These are the two large reasons because of which we couldn't get to the aspiration that we had planned for. Now with both hurdles almost coming to an end, I think we should be on a good track.
- Sanket:** I think are we PAT breakeven right now, or only EBITDA breakeven as far as implant business goes?
- Deepak Anand:** We have not PAT breakeven right now, but our PAT has significantly gone up from negative almost 50% to about negative 25% at a PAT level. This is primarily happening because of 2 large reasons. One is capex from a standpoint of instruments and other things.
- We need capex. Without capex, it is difficult for us to do business. That is done. But to a large extent, that capex is already incurred. We will not continue to have the similar kind of capex for the next 2 to 3 years because that capex is incurred.
- The second is new product development, right. I mean that is still something that we will continue to put behind R&D and research and other things, which will -- is important from a company's future and growth standpoint. We cannot halt that. Outside that, I think we are in a

good position. We've broken even on EBITDA, but even at a PAT level, if I'm right, it's increased by a good amount.

Sanket: When is the, say, a likelihood of PAT breakeven? Is it like FY '27 or '28, we are looking at as far as PAT breakeven is concerned?

Deepak Anand: I mean we're not doing any guidance at this juncture.

Sanket: Sir, another problem that, again, I've looked at this industry as a consultant as well. One challenge has always been to one supply chain and other is inventory planning because for a particular implant, you need different sizes, right? Depending on that how confident are we on these fronts as well, that our supply chain is now in top shape?

And also because despite our size, we are already present in multiple geographies. Then that further complicates things because again, multiple geography means multiple, height and weight of people because Russian or American would be very different from what an Indian would be. So are we on top of things as far as that supply chain aspect is concerned, including inventory planning now?

Deepak Anand: No, I cannot agree more with you. Planning is the number 1 thing over here because whether it is to do with lead times, regulatory, everything is completely dependent on your planning. We have some really solid top-notch talent in the company who could do planning. That's one of the reasons why we have been able to fix this at a short duration. If you look at it, the capacity challenges that we've been able to identify and fix it in the last few quarters have been significant. So that is one thing.

Second thing is the inventory is a function of two things. Inventory is a function of planning and inventory will also be a function of new products. There will be some inventory, but we will be able to cognitantly balance between what we need to liquidate, at the same time, what we need to build from a new product launch standpoint. That is the first thing on the -- that you spoke about supply chain and the second one is about inventory.

Sanket: Okay. Now coming back to the stand-alone business. Again, one of the challenge that Shalby has faced is on the profitability front. Even if you look at, say, today, maturity-wise, and thanks, first of all, for sharing this data, the granularity that you have shared this time. So 10-plus years, we are in the 20s, but even hospitals that are, say, 5 to 10 years old now are still hovering around 14% to 15% EBITDA, and that's why unlike other hospitals where I think Shalby has been slightly left behind us, our operating leverage hasn't really kicked in?

We have become a chain now. Our top line growth and bottom-line growth are almost identical. The 5-year trend that we have talked about, so it's 12% CAGR for top line and bottom line also 13%. What really is the challenge right now?

Why even our 5 to 10 years' hospitals are still hovering around 15%? Have you been able to diagnose the problem? Or you think that that's the normal rate because, again, you are more ortho or say, that kind of focus. Is there something that we can expect, say, a proper or say, a solid improvement on the EBITDA front, especially for the stand-alone business?

Shanay Vikram Shah:

See, I would say, we should not, like you look at it from that perspective that because it is in the 5- to 10-year bucket. I'll tell you, I think it's a fair point, what you're mentioning. It's a good question. What happens is every unit has a specific reason. For example, the Jaipur unit as we speak, has done well in this quarter despite us having lost one of the key doctors there.

At the same time, what happens is maybe a unit like Naroda, which is again in the 6- to 10-year bucket. Now for example, we do a lot of government work there. If we want to take up cardiology, the government changed the rule suddenly where we need to have a full-time cardiac surgeon. We had to start recruiting one because earlier, we used to have visiting cardiac surgeons to do these procedures. There are often changes that happen.

For example, I did mention about the insurance tie-ups, where we stopped doing work with some of the insurance companies temporarily. There are multiple things like this that happen where, again, when you hire a doctor, again, it takes a couple of months. It is part and parcel of being in this space, but no, these are not the normalized margins. The normalized margins are in the range of 20%. We do -- we are positive that we are inching towards getting there for some of these units.

Sanket:

So sir, would there be, like there is some sort of -- for this inflection point of, say, stable, say, 18% to 20% group level margin to kick in. Is there, say, a critical mass that we are looking at? Because right now, we are saying more in the 2,500, 2,300 to 2,400 bed size. On top of that, there is some geographical concentration as well, so which leads to 1 or 2 state regulatory changes or 1 or 2 major facilities ends up impacting our group as well?

The benefit of having a corporate setup, where these things cancel out and that diversification is yet to kick in, in our case. Is it like, so maybe once we are at 3,000 or 3,500 bed setup, then we should expect this 18% to 20% start that the margin becomes much more stable or less volatile or exposed to volatility as far as some of the developments that you just highlighted. Is that a realistic expectation? Or do you think we are well placed already that critical mass is already there. It was just that we were on the wrong end of the stick for a couple of quarters?

Shanay Vikram Shah:

Yes. So you're right. As you add units, as you add beds, then you have some of the units where if 1 or 2 units have operational issues, the others cover up. We are already in a sweet space because we already run more than 10 units, more than 2,300 beds. We are already in a good space.

And I can definitely tell you that with ramp-up and the bed capacity that we have, the growth that we'll see in terms of occupancies as well as in terms of the inpatient outpatient counts, we

can definitely not only stabilize at a 20% margin, 20%, I said, for a typical unit. But at a group level, we definitely -- as we see the ramp-up, we definitely can go up to 23% to 25% also at a 50% higher occupancy than what it is right now.

So we will have to wait, as I said, for a couple of quarters. We see it happening. We see the numbers. As I said, we have invested heavily in technology. So it will be visible in the quarters to come.

Sanket: Thank you sir, really appreciate your responses and best of luck for future endeavours.

Shanay Vikram Shah: Thank you

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

Jigar Todi: Thank you, everybody, for joining the call. We will connect again into the next quarter. Apart from that, if you have any questions, you can reach out to our investor e-mail ID. Thank you.

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