February 19, 2024

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1
G Block, Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051

Symbol: YATHARTH

Dept. of Listing Operations
BSE Limited,
P J Towers, Dalal Street,
Mumbai -400001, India

Scrip Code: 543950

Sub: Earnings Call Transcripts

Dear Sir/Madam,

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Investors' conference call organized on February 12, 2024 post declaration of Financial Results (Standalone & Consolidated) for the quarter/nine months ended December 31, 2023.

The transcript is also available on the website of the Company:
https://www.yatharthhospitals.com/investors in the section of Corporate Announcements.

Kindly take the same on record.

Your faithfully,
For **Yatharth Hospital and Trauma Care Services Limited**

Yatharth Hospital & Trauma Care Services Ltd.

Ritesh Mishra
Company Secretary & Compliance Officer
Mem. No. A51166
Enclosed as above.

"Yatharth Hospitals and Trauma Care Services Limited 3QFY24 Earnings Conference Call"

February 12, 2024

MANAGEMENT:	**MR. YATHARTH TYAGI – WHOLE-TIME DIRECTOR – YATHARTH HOSPITALS AND TRAUMA CARE SERVICES LIMITED** **MR. AMIT KUMAR SINGH – GROUP CHIEF EXECUTIVE OFFICER – YATHARTH HOSPITALS AND TRAUMA CARE SERVICES LIMITED** **MR. PANKAJ PRABHAKAR – CHIEF FINANCIAL OFFICER – YATHARTH HOSPITALS AND TRAUMA CARE SERVICES LIMITED** **MR. DEEPAK TYAGI – PRESIDENT STRATEGY AND FINANCE – YATHARTH HOSPITALS AND TRAUMA CARE SERVICES LIMITED**
MODERATOR:	**MR. PRASHANT NAIR - AMBIT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Yatharth Hospital's 3QFY24 Earnings Conference Call hosted by Ambit Capital. As a reminder all participants line will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference has been recorded.

I now hand the conference over to Mr. Prashant Nair from Ambit Capital. Thank you and over to you sir.

Prashant Nair: Thank you Manuja. Good morning and welcome to the 3QFY24 earnings call of Yatharth Hospital and Trauma Care Services. Today we have with us from management: Mr. Yatharth Tyagi, Whole-Time Director: Mr. Amit Kumar Singh, Group CEO; Mr. Pankaj Prabhakar, CFO; and Mr. Deepak Tyagi, President Strategy and Finance.

I would now like to hand the call over to Mr. Yatharth Tyagi for his opening remarks. Over to you Yatharth.

Yatharth Tyagi: Good morning and a very warm welcome to Yatharth Hospital's and Trauma Care Services Limited Earnings Conference Call for the quarter and nine months ended 31st December 2023. Let me draw your attention to the fact that on this call our discussions will include certain forward-looking statements which are predictions, projections or other estimates about future events. These estimates reflect management's current expectations about future performance of the company.

Please note that these estimates involve several risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied. We have uploaded our presentation on the exchange and the company website and I hope you all might have received and have had an opportunity to go through it. This quarter was full of dynamism and yet I'm happy to announce that we have ended this quarter with a stellar performance.

Our revenue has experienced a 21% year-on-year growth reaching INR1,670 million while a profit after tax has surged by 39% compared to the same period last year. As part of our ongoing commitment to diversifying and expanding our range of medical specialties across all our hospitals I am delighted to share some noteworthy achievements from quarter 3. Our company introduced robotic surgeries marked by the installation of Da Vinci X surgical robot and Stryker's Mako orthopaedic robot at our Noida extension hospital.

We have indeed taken the lead in conducting greater Noida regions first robotic surgery ever. Furthermore during the quarter we expanded our transplant services to include liver transplants. These initiatives underscore our dedication to delivering cutting-edge healthcare solutions and improving patient outcomes.

In summary the quarter has been marked by impressive double-digit growth across most of our specialties. Our gastroenterology and pulmonology revenues surged by 50% plus year-on-year while our nephrology and urology and cardiology grew 30% year-on-year. Additionally our oncology revenues surged by more than tenfold on a year-on-year basis.

As a result of these strategic initiatives, the share of internal medicine in our revenue mix has decreased to 26% down from 33% previously, and thus our overall ARPOB reached INR29,367 up by 14% year-on-year and 7% quarter-on-quarter. Among all our hospitals, Noida extension registered the highest share of revenue coming from super specialties at around 60% and thus highest ARPOB levels of INR34,287 during the quarter. Our commitment remains to enhancing our specialty mix, expanding our suite of oncology services and creating a comprehensive one-stop destination for all cancer related treatments.

The radiation oncology line has already arrived in our Noida extension hospital, and we are expected and set to commence operations in March 2024, seamlessly integrating it with a oncology center. As we advance, our focus remains on expanding our medical tourism business anticipated to fuel significant growth and enhance the average revenue per occupied bed ARPOB in the coming quarters.

Ladies and gentlemen as outlined in our IPO plans we express our intent to vigorously explore opportunities including both organic and inorganic and strategic partnerships to bolster our bed capacity in the forthcoming years. Today I am delighted to announce that we have signed a definitive agreement to acquire Asian Fidelis Hospital, a 200 bedded super specialty hospital located in Faridabad Delhi NCR. This hospital was built three years ago on a 1.25 acre land. It is equipped with all the latest facilities and currently operates with a bed capacity of 175 beds expandable to 200 to 225 beds. The acquisition involves the 100% equity purchase of Pristine Infracon Private Limited at a consideration of INR1,160 million.

The transaction is expected to be completed by March 2024. The hospital is ready to be operationalized immediately as all necessary approvals, accreditations and empanelment with all major health care insurance companies and TPAs are in place and hence we are confident that this hospital will commence generating revenue from day one. We understand that inorganic growth is not merely about expansion but also about identifying synergistic opportunities that amplify our strengths, extend our reach and ultimately enable us to serve more patients with exceptional care.

And thus this acquisition fits well with the company's stated approach of expanding its presence in North India region and further enhances Yatharth's positioning in Delhi NCR market.

At our current capacities, Noida and Greater Noida Hospital reported highest occupancy levels of 90% and 68% respectively during the nine-month period. Our other hospital at Noida Extension has achieved an occupancy level of 42% during the same period in line with our Noida and Greater Noida Hospital. We expect our Noida Extension Hospital to reach optimum utilization levels by financial year 2025.

Thus we have already acquired a land parcel adjacent to our Greater Noida Hospital and have also been allotted land adjacent to our Noida Extension Hospital in the last quarter. With this land we aim to take ground field expansion towards increasing our Greater Noida bed capacity to 600 from 400 presently and Noida Extension bed capacity to 700 from 450 presently. Overall we remain committed in our aim to double our bed capacity over around next three years via a mix of both green field and brown field expansion.

Further our focus remains on continuing our growth trajectory, creating value for our shareholders and advancing our strategic initiatives all while maintaining the highest ethical standards. Your trust and support throughout this period have been invaluable and we are more determined than ever to propel our company towards success and sustainable growth.

I would now like to hand over the call to our Chief Financial Officer Mr. Pankaj Prabhakar for the financial updates for the quarter.

Pankaj Prabhakar: Thank you Yatharth. Good morning everyone. I am happy to announce another robust set of results for the quarter ended 31st December 2023. Our quarterly revenue stood at INR1668 million recording a robust growth of 21% year over year with improvement witnessed across all our specialties.

Our in-patient revenue were up by 22% Y-o-Y during the quarter. Our company reported an EBITDA of INR464 million for the quarter up 29% year over year and 2% quarter over quarter. We are pleased to report a significant increase in our margins for the quarter.

Our EBITDA margin expanded by 160 basis points year over year and 123 basis points quarter over quarter to 27.8% reflecting our continued focus on operational efficiency and adaptability of our business model in navigating market challenges and capitalizing on opportunities. Our profits grow by 39% year over year and 7% quarter over quarter to INR295 million primarily attributable to lower finance cost during the reporting period. As mentioned earlier the full impact of debt reduction is starting to kick in with our finance cost reduced by 97% year over year and 94% quarter over quarter during the quarter.

This significant reduction in finance cost underscores our prudent financial management strategies which have effectively optimized our capital structure and reduced our borrowing expenses. As a result of this and flow through of improved EBITDA, our tax margin expanded by 220 basis point year over year and 154 basis point quarter over quarter to 17.7%. Our revenue per operating base for the quarter improved to 29,309 up by 14% and 6% quarter over quarter. The improvement was driven by a consistent shift towards higher complexity procedures and was witnessed across specialties with nephrology and urology, pediatrics and oncology being key drivers. Bed occupancy for the quarter has stood at 52%.

Let me also briefly touch on the consolidated nine months FY24 result numbers of the company. Our revenue grew by 31% year-over-year to INR4,926 million. Our EBITDA for nine months was INR1,334 million up by 40% year-over-year while our EBITDA margin expanded by a solid 177 points to arrive at 27.1%. Our profit after tax went up by 57% year-over-year to 761 million and tax margin came in at 15.5% expanding by 259 basis points.

Our average revenue per operating beds for the nine months is INR28,316 up 8% year-over-year. The improvement was witnessed across specialties with gastroenterology and pulmonary growing by over 50% plus, nephrology and urology, cardiology by 30% plus and oncology revenue growing over 10x on a year-on-year basis.

Bed occupancy has stood at 53% versus 44% in the corresponding previous nine months. Our balance sheet continues to be a strong with net cap position up to 2,814 million which we strive to invest towards our ongoing and planned organic and inorganic expansion as stipulated in our IPO objects. In essence our earning momentum remains robust and we anticipate this trend to persist in the future.

I express this with confidence as our growth drivers are clearly outlined in our strategic plans. With this I would like to hand it over to the moderator for question-and-answer. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Hussain Bharuchwala from Carnelian Asset Management. Please go ahead.

Hussain Bharuchwala: My first question I just wanted to understand in regards to the acquisition. So this acquisition that we have done so can you give us some details as to is it a pre-revenue acquisition or the hospital is completely ready and basically all the approvals as you said are in place.

So is it currently running with all the staff and everything or we have to set up staff, we have to do the marketing and the ramp up will happen gradually. Also tell us, wanted to update as to what are the other hospitals in the region as to which are the peer competition and whose market share that we were able to grab. So if you can give us some details on that front we will be very grateful. Thank you.

Yatharth Tyagi: So this hospital was built you know three years back. It was operational earlier. It was being run by the previous promoter and then for last two three months this hospital has been paused. But as I said that all the empanelments and all the licenses are available.

So the ramp up will happen very quick in this hospital. Yes the revenue will start from zero onward but we expect it to catch faster given the fact that all the healthcare insurances and some of the government empanelments are already in place. This hospital is in Faridabad and if you look at the micro market in Faridabad this hospital is actually located in Greater Faridabad and there are, Faridabad is a big healthcare market.

The drainage is not just from Faridabad but also from the nearby cities including you know the likes of Mathura, lot of patients come there and that whole belt of Haryana which is catering and draining into the Faridabad. So yes there are other hospitals also.

I wouldn't like to take names of that but yes there are big hospitals in the vicinity of around beds of 400 beds, 300 beds, 200 beds as well and this is already a very fertile and well-established healthcare market of Faridabad and we hope to reap the benefits of the same.

Hussain Bharuchwala: So just a follow-up question on the same. So any reason why the previous promoter exited and they actually sold and the hospital got closed down? If you can just give us some details on that front?

Yatharth Tyagi: So the chain, so this was earlier owned by a corporate chain of hospitals that also have a private equity investor with them. This hospital was actually in, this specific hospital was 50% owned by them roughly and 50% by another real estate person.

So I think there was some dispute amongst both of them and this is why the hospital was paused and it is a great locality. There are a lot of societies, urban societies coming up and already in that area with lot of high population and that is why we expect the same to ramp up.

Amit Kumar Singh: But I think our meeting with all those, both the promoters are very amicably well done. So there is no further any disputes will come into our picture.

Deepak Tyagi: So, okay, whatever their differences, though they have been settled and you know we are going to get a very clean, you know 100% equity.

Hussain Bharuchwala: Okay and so when by when we'll be able to start ramping up and when we start seeing the revenue from which quarter we can see this happening?

Yatharth Tyagi: I think we are planning to launch the hospital from April 2024. So from the first day of the new financial year, we should be hoping to get the revenue from this hospital.

Hussain Bharuchwala: Got it. And just secondly, on the quarter-on-quarter revenue when we see there is a slight dip in the revenue, I understand that there was a dengue event which happened in the last quarter. So I think as a result there was higher occupancy. But any specific reason that due to the revenue quarter-on-quarter there was a slight dip, if you can explain that front?

Yatharth Tyagi: So I think see that is an, I mean if you look at the health hospital industry, that is industry-wise trend, that is nothing specific to us. But yes, being in North India, specific to three reasons that we did see was, you know, this quarter had lot of festivals and holidays. Diwali was there, Chhat Pooja was there. So that does, lot of people in the nearby areas, they go back to their hometown.

So the OPDs usually dip in this quarter. The second reason was, you know, by late November and December, winter comes in North India, lot of fog is there and due to lower visibility, usually traditionally also we have seen lesser OPD volumes in this quarter. And I think that's in line with the industry.

Hussain Bharuchwala: Got it, got it. That was the only question. I will get back in the queue. Thank you.

Moderator: Thank you very much. The next question is from the line of Nirvana Laha from Badrinath Family Office. Please go ahead.

Nirvana Laha: Thanks for the opportunity and congratulations on a strong set of results. So I have a few questions, basic questions around your hospital. So can you tell us if there are any government commitments across your hospital to provide free of cost outpatient or inpatient services? Because these typically happen when you are allotted land, etcetera? So if you can talk a little bit about that.

Amit Kumar Singh: No, absolutely not. So there is no any, you know, we are bound from the government side to provide any free these things. All four properties of ours is absolutely owned by us. So there is no compulsion whatsoever.

Yatharth Tyagi: Yes, the lands that we have our hospitals on, we have purchased these lands from the local authorities. And it has not been allotted from the government at any subsidy rates. We have paid the market rates.

And this is why, at least in the region that we operate our hospitals in, we don't have any liability to treat any government patients at a reduced price.

Nirvana Laha: Got it. And that's true also for the new land that you are expanding in Noida, right?

Yatharth Tyagi: Yes, yes, yes.

Nirvana Laha: Okay, thanks. So coming to your receivables and payer mix, so I think right now you are at 27% insurance and 37% government selling payments. So in terms of your internal benchmarks, how is this looking like? Where would you like to be in terms of government insurance and cash? And how does it compare with competition?

Yatharth Tyagi: So I think we are roughly one third, one third, one third in across all three segments, that is cash, insurances and corporates as well as government. One or the other quarter, one is 5% up and down. And that that happens. But overall, I think we are on the similar line.

And that is something you know, right now, we have capacity to utilize. So you know, we do that. There's no specific discussion that you know, one share should be bigger than the other. But yes, we do feel that over the course of a few years, when you know, the share of both cash and insurance and corporate patients should increase up given the fact of the increasing, you know, identity of a brand and the infrastructure coming up. And I think that will happen over the course of period.

Nirvana Laha: Okay, any number or aspirational target three years out that you would like to have?

Yatharth Tyagi: No, there's no specific or internal targets also that we have kept for that.

Nirvana Laha: Okay, got it. And can you tell us what out of your receivables right now, how much is government linked in terms of a number right now?

Deepak Tyagi: Say again.

Nirvana Laha: Out of your receivables, can you tell us how much is government linked to the number on total receivables? And out of that, how much is the government linked to the house? And what's the average revenue for the government payment?

Deepak Tyagi: You know, you know, whatever the debts we have, as Mr. Tyagi just mentioned, that we have around 33%-35% of the revenue coming in from the government. Yes. But you know, if you see the debtor inventory, you've taken a very potent question.

Around 70% of our total debt is from the, in spite of the fact that it's around 35% of the total business, around 75% of the debt remains with the government authorities. So we are working on that. You know, we have systems in place, but government debt is high and it's nothing to ask. It's basically, you know, people who are working with the government in the market. This is the same story with them.

Nirvana Laha: Right. We are aware. That's why the question. Thanks for sharing the presentation. So coming to your medical tourism, you know, you said that one of the hospitals you want to make it a center for medical tourism. So can you tell us which geographies you're targeting and what kind of marketing or patient acquisition strategies you're already doing? And do you already have a team? How big is it? What's the focus right now?

Amit Kumar Singh: So, then in the last two quarters, earning call, what we had mentioned earlier, so we have set up altogether different complete separate international marketing team. And the team is progressing very well. In fact, to be very honest, I'll not take a number, but I'll tell you first quarter versus this quarter number has gone significantly.

But yes, not that which you can tell you that this is a percentage in percentage. But yes, internally, this number has probably doubled in terms of the revenue. The couple of areas which we have focused deliberately, because one is that if you look at the many patients come from the Bangladesh region, which is another, you know, very easier market for us.

So we are targeting that market. We have a kind of agreement with the CIS countries. Fiji, there was another country recently we are focusing on the Iraq because lots of as we have started transplant program.

So good number of transplant patients come from the Iraq government. And we are doing a significant progress on our African market. So these are the four or five markets, which we are working on.

And I think I'm very happy to see the progress and probably next couple of quarters, you will see a significant numbers, which you would able to tell you in a contribution. Plus, airport next year is going to come probably by the end of this year probably. So that is where we are also hopeful. So our planning accordingly and that is what this 200 beds, the greater Noida and Noida extension, we are planning on the similar line of it.

Nirvana Laha: Got it. And in terms of margin, do you think medical tourism offers the same kind of EBITDA that you are currently delivering or will it be EBITDA accretive?

Amit Kumar Singh: So, yes, I mean, the international market is always give you much better, you know, the ARPOB that we have, you know, impact on the EBITDA margin. So there is well known fact, but it varies, which country, which where you're working, what kind of deal you are there. But yes, it is it has a significant increase in ARPOB in a procedure wise.

Nirvana Laha: Okay, I have one more question. Can I ask now? Should I come back in the queue?

Amit Kumar Singh: Please go ahead.

Nirvana Laha: So, from our conversation, we have understood that, you know, right now, ortho, cardio, these departments are sort of becoming, you know, basic necessity for any good hospital. They are no longer differentiators. That's what we have understood.

So, do you think that is true? And if that is true, then which department are you focusing on as centers of excellence to sort of differentiate yourself? Because Delhi NTR is a pretty crowded, you know, market. So your hospitals will be known by which centers of excellence? How is your thinking there?

Yatharth Tyagi: So I think we are, going towards a share now where our super specialties is increasing. So definitely, as the brand grows, the more high-end treatments and more life-saving treatments and, life-saving risky surgery patients opt for that is always a good benchmark of, how hospital reputation and brand is growing. And that is the similar of how our cases of super specialities mix is growing. In fact, as I mentioned in my commentary about the Noida Extension Hospital, our share is already coming from 60% from the super specialities and this is increasing in the latest months also.

And I think as far as creating a different and a sort of a niche in the market where we present and what we are doing in terms of different specialties is, you know, that is in terms of robotic surgeries. So during the quarter, we started our robotic surgeries, we installed the Da Vinci X and we installed the Mako Orthopedic Robot.

So even if, you know, ortho and general surgeries are important for any basic and good hospital, but even in then what infrastructure and technologies you have also plays a role. So that's why our having these robots in these specialties is really, you know, differentiating us in the markets we are present and that is the route we have taken.

Nirvana Laha: Got it. Apart from robotics, do you think any other department you are trying to develop based on which the reputation of which you think patients will get attracted to your path?

Yatharth Tyagi: Yes, so our whole transplant program, if I say, so, you know, bone marrow transplant, kidney transplant and liver transplant, you know, these, if you can see if these transplants are happening at any hospital, they require the highest most standards of, you know, infection control in terms of quality, in terms of the medical expertise present.

So patients do understand that if these level of high end transplants are happening, then that means all the other specialties have to be up to the mark in order to support these transplants, whether it be the lab services, radiology services, blood bank services. So developing high end transplant program is what, you know, we are developing as well. And oncology definitely, you know, starting radiation oncology very soon will be, you know, completing this whole suite of services.

Nirvana Laha: Got it. Got it. Thank you so much. I'll get back to you.

Moderator: Thank you very much. The next question is from the line of Dhara Patwa from SMIFS Limited. Please go ahead.

Dhara Patwa: Thank you for the opportunity and congratulations on a good set of numbers. So I just had one question regarding acquisition of Fidelis. Since currently it's a zero revenue hospital, so by when can we expect a bigger breakeven for this hospital? And will we be having radiation in oncology unit from day one or we would be adding it later in the year?

Yatharth Tyagi: So Fidelis hospital, we are not planning a radiation oncology unit as of now, because we are quite content with the other specialties and we feel the other specialties would be a much key attractor for this hospital rather than just radiation oncology.

So we will be having medical oncology, we will be having surgical oncology there, but not radiation oncology there. And traditionally, if you talk about EBITDA breakeven, all our hospitals tend to break even around in two years' time. So I think this hospital being in Delhi NCR market should also be no different to that.

Dhara Patwa: So two years -- within two years, I guess we could see EBITDA breakeven and thereafter a positive growth trajectory, right?

Yatharth Tyagi: Yes, I think that's correct.

Dhara Patwa: Yes. That's it from my side.

Moderator: Thank you very much. The next question is from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Hello, sir. Thank you for taking my question. So my first question is, in terms of if I look at our IPD and OPD volumes, they're down in nine months as well as in 3Q year-on-year, while our revenues have grown. So basically, the length of stay has increased, but volumes have been going down. So any comment on that, please?

Yatharth Tyagi: See, if you look at it, two things, a, in terms of revenue, we have grown, but yes, the volume, it's a degrowth, marginally. The reason being, and this is a scenario of probably all hospitals in Delhi, NCR, or Northern India, particularly, if you see it, because this time, I think winter has extended.

Earlier, you know, the end of January, the winter gets over, but this time, even in February, we are sitting. So I think it's a good healthy month has increased probably one more month as extended. So that's the reason we would say. Otherwise, there's no other specific reason.

Ankur Kumar: Sorry, sir, nine months, also, it's degrown.

Yatharth Tyagi: Yes, that's what we're coming to now. And also, see, last year, in this specific region we are in, there was a flu season. So there were a lot of -- not just Dengue was definitely higher last year, but even other flus, like there were a lot of pediatric patients with flu and other flu symptoms are there. So that was the seasonal thing. But even then, our revenue has grown because of the increase in the ARPOB leading to higher revenue. And it is bound to grow much further ahead.

Amit Kumar Singh: It's not cause of worry, absolutely.

Ankur Kumar: Got it, sir. And sir, on Faridabad Hospital side, you said EBITDA breakeven in two years. So for next year, what kind of losses at EBITDA level we will have to bear on for that?

Deepak Tyagi: Good question. The thing is that the two years we have said, now, first of all, you will see that the overall size, this is a 116 total deal, where the capitalization is not that heavy, in spite of the fact that all the specialties we will be running. So we will not -- we are not going to have a debt finance out of it.

So it's a complete -- because we do have 650 million staying with us for the acquisition and rest we will be doing from the general corporate reserve. So there will not be a net debt, I'm talking, because we still have around INR284 crores of cash lying with us. It could be a temporary arrangement, you know, we do something.

Now, second thing come on the depreciation side. So depreciation is not that heavy. We are expecting, because it's a mature market, the revenue will be coming very quickly. I'll not be able to give, because that's still with a discussion with the management that what kind of revenue are we expecting in '24 and '25?

My expectation I'm saying that in the second year, we will be having a sizable turnover. That's a starting '25-'26, we will be having a sizable turnover. In '24-'25 also, we will not be having much losses coming out of it. So EBITDA, it will be -- EBITDA loss we are talking, it would not be much of drag on the overall financials.

And with the momentum we are getting from the established hospital, our EBITDA margins will remain solid, the way we are presenting as of now.

Amit Kumar Singh: And one thing important, we'll have to see. This hospital, it's already doing good revenue. It's just that three months pause. So that's advantage we will definitely going to get it.

Ankur Kumar: Got it, sir. And last question is on that IT raid that happened, anything came out on that front?

Yatharth Tyagi: No, I think, as we already stated earlier, there's been no finding as of now in that, and we are complying with the authorities to settle that case very soon. And as and when there's any update on that, even more, we will exchange -- we will inform the exchanges.

Ankur Kumar: Got it. Thank you and all the best.

Moderator: Thank you very much. The next question is from the line of Aashil Shah from CJ Investment Group. Please go ahead.

Aashil Shah: Good morning, sir. Congrats on a good set of numbers. I had a couple of questions. One was, what is the current level of doctor attrition? And what are we doing to control that? Because I believe that was a little bit difficult point earlier on.

Amit Kumar Singh: The doctor attrition is, again, as we have said earlier, very much controlled, lesser than a 10% of the consultant level. And in the last quarter what we talked about that we started a couple of in-house programs like a DNB and diploma courses. So there is no attrition on even an RMO, which we call it as a floating doctor. So it is very much under control.

Yatharth Tyagi: 10% attrition is, as we said, in the superficiality doctors. But overall attrition also in terms of doctors has also significantly come down, as mentioned at the start of the DNB programs.

Aashil Shah: Got it. And so what is the importance of having super speciality doctors in terms of drawing the patients in for surgery? How would you view it in terms of importance as compared to other hooks to draw in the patient?

Amit Kumar Singh: So I think the super speciality is like -- general superficiality is like you're doing -- you're getting admitted for anything, it's like internal medicine; cold, cough, fever, surgery, the gynecology problem, but super speciality is when you have cardiac, neuro, transplant program or something. So very high end procedures.

You need to have a super speciality because -- and then superficiality will add -- in business perspective, you'll see this -- all this super speciality procedure has a high pricing and then they'll have a good ARPOB and finally it will add in EBITDA. So I think this has to be a good combination because, and this is all interlinked. If a patient who comes in for any speciality he will be going to the physicians, and physicians feel that you have a problem with some kind of cardiac. So you will have to go to the cardiology department which are very specialized and there are lots of you know very specialized test for that. So super speciality has a significant listing and any good set of hospital having 300, 400 beds have to have a good super speciality.

Aashil Shah: Okay. And sir -- sorry, go ahead.

Amit Kumar Singh: No, I hope it answers your query.

Aashil Shah: Sure. Yes, it does. Second question I had was on the receivable side. What is our current amount of receivables?

Deepak Tyagi: Well, receivables, as I said that, it was answered in the previous question also because we have sizable business coming from government side. So, receivables have really gone up. It's around 100 days as of now, because government is a little sluggish in payment. The good fact is that the government has created their information system where we can see that our debts are with sovereign guarantee. So, debt has slightly gone up in this quarter.

Aashil Shah: Got it. So it's 100 days on the government revenue part.

Deepak Tyagi: I'm talking about the overall, sir.

Aashil Shah: Okay. 100 days.

Deepak Tyagi: I'm talking about the overall.

Aashil Shah: Understood. And Jhansi quarter-on-quarter, the occupancy has not increased considerably. It's only a 1% increase, although we are barely 20% occupancy. So just wanted to understand, was there any one-off and what are our plans to ramp, how are our plans to ramp that up faster?

Yatharth Tyagi: So Jhansi is doing pretty well in terms of both ARPOB. It has also increased there. And occupancy, as I said, overall, in the quarter was down for the whole group. So, nothing specific to Jhansi. As we mentioned about the seasonal dip in this quarter across healthcare industry. So that was also the impact on Jhansi.

But other than the seasonal dip, the overall other KPIs at Jhansi are really improving and we are quite happy with the progress there. In fact, we have, you know, placed a new management team there, including the marketing head, and we are quite happy of the working of the latest quarter from there.

Aashil Shah: Got it. Thank you, sir.

Moderator: Thank you very much. The next question is from the line of Prerana Amanna from Pnars Partnership. Please go ahead.

Prerana Amanna: Yes. Hello. Can you guys hear me?

Yatharth Tyagi: Yes.

Prerana Amanna: Yes. So, first of all, congratulations on a good set of numbers. So, last quarter we spoke about empanelment. We are looking for empanelment from railways and insurance for Jhansi hospital. What has been an update on that? And also, the land case. I understand for the land case, we have got a stay order, but could you throw some more light on that?

And I think our receivable also last quarter was up and we were talking about how the -- there was a shift in the payment structure. So I believe from the previous, I think the query you answered for one of the analysts, I believe that hasn't changed much.

Yatharth Tyagi: So, about the Jhansi hospital government panels, we have received now more empanelments in the latest quarter and we have recently received ECHS, which is the the ex-army people empanelment and Jhansi area is a hub for Army Cantt. So we have received this empanelment in the latest quarter. We have also received more healthcare insurances in Jhansi and this is the result why there, you know, we are seeing a good increase there as well.

And about the fact that on the receivables, I think Mr. Deepak can take that one.

Deepak Tyagi: I think I answered it twice, Ms. Prerana. And I reiterate that debtors have slightly gone up in this quarter, all because of the government thing coming in, government setup. But our receivables from others, that is the corporates and insurance, that's pretty much under control and coming down over a period of time.

Yatharth Tyagi: And just lastly, taking your question on the Jhansi land case. So as we have already mentioned earlier, we have received the official stay on that letter from the Jabalpur High Court of Madhya Pradesh. And the hospital is working as normal. There is no impact, both at the operational or the financial front, because of that. And as we said, we have received the letter from the High Court for the stay of that order, of that earlier order.

Prerana Amanna: Okay, sir. Okay, thank you. So, my last question is, if you look at the tax rate, I think in December '22, we paid around INR4 crores and now we are paying INR14 crores. Although I understand the tax rate is somewhere around 30 percentage. So, did we -- that 12% tax we paid last year, was it like a one-off only for that year, last year, December '22?

Deepak Tyagi: First of all, correction. What the tax cost you were saying, ma'am, it's the ultimate tax cost coming in. It's not an outflow completely. First of all, what P&L you were saying is the tax cost, not the payout. Because what happens, ma'am, that when we receive money with insurance or government, they usually deduct our 10%. So, our deduction of tax is sufficient. So, it doesn't go cash out of our bank.

Now, second question is about the impact. Now, impact is basically that the, three operational companies we have, that is Yatharth, AKS Medical Resource Center and RamRaja. So RamRaja, there is no tax, because we have tons of accumulated losses coming in, and we will be not paying any tax, except out of that.

Rest of the two companies, this is the conservative approach we have taken up that this would be the next kind of thing. I expect that with the unfolding of things, we will see little reduction in the next quarter on the tax cost coming in. Very conservatively, we have posted these figures.

Prerana Amanna: Okay, sir. Thank you so much for the detailed reply. Just one last question is, I don't know if I heard it right from the previous questions you answered. You told that it will take two years for the new hospital, that is the Asian Fidelis, to break even the EBITDA margin, but our current EBITDA margin will be solid, like it won't affect. Did I hear that right?

Deepak Tyagi: You heard it very absolutely and very right, ma'am. Because, see, you have to see the scale of operations. Now, scale of operations, as I mentioned, and as Mr. Yatharth Tyagi mentioned, that our flagship on ARPOB and on EBITDA side is being overtaken by Noida Extension hospital where we are having around 35,000 of ARPOB and very close to 30% of EBITDA coming in.

There the volume and the revenue ramp-up is coming in, and so is from Greater Noida, and so is from Noida. So, this EBITDA, what we are seeing as of now, will be driven by these hospitals. Where the new hospital, even if making slightly -- slight losses on EBITDA side, would be compensated by these hospitals, and we will be maintaining these EBITDA margins, expected to maintain these margins in future.

Prerana Amanna: Okay, sir. Thank you so much for answering all the questions, and wish you a great luck again for the next quarter. Thank you.

Moderator: Thank you very much. The next question is from the line of Siddharth Agarwal from Aasn Capital. Please go ahead.

Siddharth Agarwal: Hi. Good afternoon, everyone, and thank you for giving me the opportunity, and congratulations for a great set of numbers in what is seemingly a weak quarter. So, my first question is around a process of Faridabad acquisition. Could you please elaborate a little bit what kind of ARPOB can we expect in this particular micro-market where we have this hospital? Will it be similar to our Noida hospital?

Yatharth Tyagi: So, yes, I mean, in fact, I would say the ARPOB in that region is definitely because it's part of Delhi NCR. So, the ARPOB would be similar to what the greater Noida regions have. But also, I do feel that it will be more than our facility to talk about at Noida hospital, because in Faridabad, especially in Fidelis Hospital, we will have a good portion coming from a superficiality is there, which will be starting very soon.

So, somewhere between, I would say, between our Noida Extension and Greater Noida hospital should be roughly the ARPOB for the Faridabad hospital.

Siddharth Agarwal: And you also mentioned that we expect close to optimum utilization for our Noida Extension hospital in 2025. So, do you think current occupancy is closer to 42%? And where can we reach there in the next two years? If you can give some trajectory of expected utilization in both greater Noida and Noida for the next two to three years.

Yatharth Tyagi: Yes. So, as I said that with the radiation oncology coming up from the March, so we do feel that the occupancy will shoot up there. And also if you look at the existing occupancy of the coming month, existing month, so it is already higher than the last quarter average. And we do feel that we are well on our path towards optimal utilization in that.

And similarly, on the greater Noida. Greater Noida will, we feel that which will reach the optimization bit faster than there. And that is why we have bought the adjacent land passes in both of these two hospitals where the capacity will be utilized.

Siddharth Agarwal: So, when do we plan to kick-start the downfield expansion here? And any estimate of the capex that will be required to expand to 700 and 600 beds?

Yatharth Tyagi: Yes. So, I mean, the capex amount we have already mentioned in our previous calls. We do expect both greater Noida hospital and Noida extension expansion, the capex per bed should be around, you know 70 lakhs for that, roughly. And with the expansion plans, we are going to start very soon now.

As I mentioned that this time was very cold winters here in Delhi NCR. So, I think now with the weather improving, the construction will kick-start very soon.

Siddharth Agarwal: Great. And today between Greater Noida and Noida Extension, both of them have ability to create, treat or support critical diseases and tertiary diseases. So, where do you see, I mean, the difference between their ARPOB convert at some point or especially with ongoing investments in the Greater Noida as well? So, how does this trajectory look like to you?

Yatharth Tyagi: I think both greater Noida and Noida extension are seeing good increase in the ARPOB. And this is to credit to the fact of the increase in the super specialties. In fact, if you look at it from quarter-on-quarter also, our ARPOB has significantly increased. Yes, year-on-year we have increased very high, but even quarter-on-quarter, there was significant increase in the ARPOB. This is in line with our approach to build much more on the super specialty front.

And, of course, in the radiation oncology starting in Noida extension, the ARPOB will increase much more further in Noida extension and in greater Noida, because greater Noida hospital is very close to the Jewar airport which is going to start at the end of this year. So, international patient share will be quite high in greater Noida hospital. So, I think that will be a big driver for the ARPOB increase in greater Noida also in the coming years.

Siddharth Agarwal: Great. Thanks a lot, Yatharth and wish you all the best to the entire team. Thank you.

Moderator: Thank you very much. The next question is from the line of Priyank Parekh from Abakkus Asset Managers LLP. Please go ahead.

Priyank Parekh: Yes. So, I have a very basic question on our business. So, sizable revenue of our business comes from the internal medicine. Can you throw light on what exactly this specialty is and what are the growth drivers?

Yatharth Tyagi: So, internal medicine consists of the department of internal medicine, which comprises of communicative and non-communicative infectious diseases and general lifestyle diseases like cough, cold, fever, even dengue and hypertension. This is what is treated in this branch. And it is the physicians, the physician doctors who are part of the department of internal medicine.

And it was high earlier in our brand and now, as I also mentioned earlier, it is decreasing in our revenue share because our other case mix of super specialties are increasing. So, I think the department of internal medicine is a basic necessity for any hospital to have. And initially, when patients come, it is usually it's where the patient is identified.

Okay, if they have a cardiac problem, if they have a gastro problem, and then they are referred to different departments. This is how internal medicine functions. And with the course of as already I mentioned, our reduction in the revenue -- our percentage term is going down and our percentage of other super specialties are increasing.

Priyank Parekh: Okay, got it. So, in terms of competition, we must be competing with local dispensaries and secondary care hospitals for this internal medicine rather than the large teams. Is it the right way to see it?

Amit Kumar Singh: You need to understand one thing, even a patient is coming in internal medicine department, but internal medicine department should be supported with a very high end other department radiology, high end pathology, and then other super specialties in the same. So, patient's preferences will always be to the place where all those super specialties, apart from specialties, super specialties are there.

So, that is what as such there is no competition from the local nursing homes and other but yes, when a patient chooses -- they prefer to go to the specialty first. And then from there, there is a, diverting to the super specialty depends on their issues. So, there is as such, there is no competition with this smaller unit.

Yatharth Tyagi: Even in this department, our competition would be from other corporate teams that are listed and present in our geography.

Priyank Parekh: Okay. It's just they are not specifically classifying this department separately. That's what we are…Okay. Okay. Got it. Thank you.

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

Amit Thawani: My first question is, can you tell me what kind of, we did about 52% occupancy in December quarter. Can you tell me what was the occupancy in January, February?

Yatharth Tyagi: No, I mean, the January, February occupancy will reveal in the results of the coming quarters. But definitely, I mean, the occupancy is bound to increase in this latest quarter as compared to the December quarter.

Amit Thawani: Correct. I understand that. But it is materially higher. I mean, is it?

Amit Kumar Singh: Yes, Amit. It's materially higher. As I said, it was a winter effect. So, as winter is slowly going off, I think the occupancy is bound to increase.

Amit Thawani: Okay. Okay. And any guidance if you can give on margins? Are the current margins sustainable or are the margins also going to go higher?

Deepak Tyagi: So, Amit, as I mentioned that definitely for this year we are almost on close. Just one and a half months left. So, expect that the similar kind of margin we would be, we should be ending as well. In the future years also, I don't want to get into and give any guidance on the future years. But knowing the trends and the way we are increasing, we are very, we are very hopeful and we are very much certain that the current margins what we are putting up should be sustainable in the future as well.

Amit Thawani: Got it. Got it. And my last question is, are we breakeven yet on Jhansi Orchha or can you tell us what the margins on Jhansi Orchha are right now?

Deepak Tyagi: Jhansi Orchha the operation is very small and it's not much significant, but Jhansi is very significant in our overall strategy. We are EBITDA positive there. I think we are around 6% to 7% EBITDA positive there, Y-T-D basis.

Amit Thawani: Excellent. Excellent. Excellent. Thank you, very much.

Moderator: Thank you very much. The next question is from the line of Naman from Perpetuity Ventures, LLP. Please go ahead.

Naman: Thank you. Thank you for the opportunity, sir. Just one question. When we see our operational beds versus bed capacity, we have 1,405 beds capacity which we report. So what could be the operational bed number in it? Because I think one of the issues is the 90% efficiency, which you do on one of the Noida hospitals is on operational beds. So what would be the operational bed versus the bed capacity number?

Yatharth Tyagi: All our 1,405 beds are operational beds so that's, that. And even at Noida, the operational bed is 250 beds, out of which the census bed would be around 210 and 215 approximately. And on that we have 90% occupancy.

Naman: Okay. And for the remaining hospital, what would be the census bed?

Deepak Tyagi: I think that is information we can share with you. I think it's already, it's a detailed information and available on the website also. If you want it can be answered specifically, but otherwise it's available in public.

Naman: Got it. Thank you.

Moderator: Thank you very much. The next question is from the line of Nirvana Laha from Badrinath Family Office. Please go ahead.

Nirvana Laha: Thanks for giving me another opportunity, I wanted to understand how the decision for Jhansi was taken and what factors were considered before you decided to open up in Jhansi. Because even Western UP, I think is a very big market, right? It is like Agra, Bareilly, Moradabad, etcetera, Pathari. And how did we decide on Jhansi?

Yatharth Tyagi: I mean, Western UP is also something which excites us and we will also consider any opportunity that comes up in Western UP. And when it comes to Jhansi Orchha, which is technically in Madhya Pradesh, Orchha is a town in Madhya Pradesh. When we inquired about the property that was available to acquire there and the nearby area and the demographics, we felt that there's a huge catchment that was coming all the way to Delhi NCR because there are not big hospitals around that area.

In fact, our Jhansi Orchha Hospital would be probably the biggest super-speciality hospital even up till the kilometer radius of even up to Gwalior and the whole Bundelkhand area. And there's a huge potential there and this is why we went there and we are well in line with the strategy to expand across North Indian Delhi NCR markets.

Nirvana Laha: Okay. So, in terms of ramp-up in another one year, where do you see the ramp-up being for Jhansi Orchha and maybe what kind of EBITDA margins that you already are projecting?

Amit Kumar Singh: I'm not going to give you a specific number, but if you see them quarter-on-quarter, these two and all those KPIs are increasing. It's even a quarter two to quarter three, it has increased.

Yatharth Tyagi: Yes, and at Jhansi, we do feel that current occupancy when in the coming quarter and the coming year would be much and would be materialistically higher and we do feel even the margins there will improve over time.

Nirvana Laha: Right. Because, correct me if I'm wrong, in like tier two, tier three, maybe I'm not sure what Orchha is, but in those kind of towns, when a known name goes in, typically, isn't it the case that the hospital is able to do 50% kind of capacity utilization within like two years?

Yatharth Tyagi: Yes, I mean, that's probably a right estimation, but I think we would be reaching that capacity utilization, probably from now until maybe a year and a half, for sure, will be roughly around that occupancy level. Much earlier, I think, roughly a year, yes.

Nirvana Laha: Okay. And one more question, overall across your hospitals, what is the OPD to IPD conversion rate?

Amit Kumar Singh: So, typically, if you look at it, in any hospitals, OPD versus IPD, anything between 5% to 7%, 8% is a good conversion rate. So, this is what I think is there in our setup as well.

Nirvana Laha: Okay. In Delhi NCR, isn't it, isn't the number like much higher, like 15% and 15% in other hospitals?

Amit Kumar Singh: Answering in a very one sentence would be difficult. It totally depends on where you are, what all the services you are offering. If it's more of the super-specialty, this percentage definitely increases.

So, any hospital is doing much more super- specialty business, this OPD to IPD conversion is always higher. So, there is no specific answer to it, but yes, this is what the range, what I told you is about the range it goes. But if you do more super- specialty, this percentage increases.

Nirvana Laha: Got it. So, in your Noida Extension, I think you do the most super- specialty, right? And that's why you're planning medical tourism and organ transplant, etc.

So, can you give us the figure for that hospital?

Amit Kumar Singh: Yes, in Noida Extension Hospital, yes, we do maximum super- specialty business. So, there the percentage would be much better. But similarly, I mean, in the near future, if you see other hospitals also, if you see the numbers are much better in greater Noida and particularly now, what are expectations for Faridabad as well.

Yatharth Tyagi: In Noida Extension, we are doing roughly around 60% of the business from super-specialties and this is increasing significantly even in the coming quarter and we are well in line for that.

Nirvana Laha: Right. So, is it possible to give the OPD-IPD conversion rate for that particular hospital?

Amit Kumar Singh: We'll let you know. I mean, I think we'll request our team to forward it to you.

Nirvana Laha: Okay. All right. Thanks and all the best.

Moderator: Thank you very much. The next question is from the line of Ashil Shah from CJ Investment Group. Please go ahead.

Ashil Shah: Hi, thanks again for the questions. Wanted to know what is the eventual occupancy, ARPOB and EBITDA margins we can get to in Jhansi and how long we feel we'll take to get to that?

Yatharth Tyagi: So, I think difficult to exact state of figure, but I just mentioned just two questions earlier. We do feel that more than 50% of the capacity utilization in Jhansi can be reached roughly around one year. And there have been multiple strategies that we are doing there. When it comes to ARPOB, yes, ARPOB will be definitely much lesser than the Delhi-NCR market there.

But even if we look at the ARPOB that is there currently, we are increasing that quarter-on-quarter basis and that ARPOB is also bound to increase further as we go forward.

Ashil Shah: And EBITDA margin? Asking because it's a little bit of a different market compared to all the other hospitals we have, including Faridabad. So, just wanted to understand where we can get that.

Deepak Tyagi: Ashish, I mentioned that for this quarter line, Jhansi is already EBITDA positive proposition. So, at this level, we have EBITDA positive. Yes, ramp up will come because our cost structure is very variable there. So, with the top line coming in, the margins are expected to increase.

Ashil Shah: Got it. And the last question is on the overall, currently we're at around 52%-55% occupancy across all the hospitals. So, just wanted to know at, we have this plan to double bed capacity.

Wanted to know the thoughts behind why we are choosing to expand the beds so much?

Yatharth Tyagi: So, the occupancy that you mentioned is at the group level and individual hospitals have a different occupancy. So, when we talk about the greater Noida hospital, the occupancy there is, closer to 65%-70% in between.

Yes, Q3 was a dip in occupancy overall, but I'm talking just in general. So, I think we do feel that, in a couple of years' time, this hospital will reach optimized utilization there. Similar to, like we've proven with the Noida Hospital in the past.

So, that's where the capacity, the reason to expand, brownfield expansion in this hospital exists. And also in Noida Extension Hospital, as we mentioned that, with the radiation oncology coming up, in March, we do feel that, probably in two and a half years, this hospital will also reach optimization, capacity optimization, and that is why we are adding beds. And also, it is not just in line with the, the occupancy and the bed capacity.

When we add any new infrastructure to a hospital, we get it up to date with the latest infra possible. And it is very important to constantly upgrade your infrastructure, your rooms, your patient waiting areas, your OPD areas. So, and we have so far been a very, high bed capacity hospitals in the region we operate in.

And in the future also, with the competition coming in, we would like to continue this highest bed capacity in the region, and this is why also we are, upgrading our hospitals.

Ashil Shah: Okay. Got it. Thank you.

Moderator: Thank you very much. In the interest of time, that will be the last question. I now hand the conference over to management for closing comments.

Amit Kumar Singh: Thank you very much. Thanks for your faith and trust on us. I think we'll keep on delivering good results. Q4, we expect it will be much better as, every hospital. We are also doing great next one and a half months. I'm sure let's meet up after Q4 results out.

Thank you very much.

Yatharth Tyagi: Thank you, everyone.

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