August 26, 2023

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 August 21, 2023 post declaration of Financial Results (Standalone & Consolidated) for the quarter ended June 30, 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**

Ritesh Mishra
Digitally signed by Ritesh Mishra
Date: 2023.08.26 20:13:59 +05'30'

Ritesh Mishra
Company Secretary & Compliance Officer

“Yatharth Hospital and Trauma Care Services Ltd
Q1 FY2024 Earnings Conference Call”

August 21, 2023

MANAGEMENT: MR. YATHARTH TYAGI – WHOLE TIME DIRECTOR
MR. DEEPAK KUMAR TYAGI – PRESIDENT, STRATEGY & FINANCE
MR. AMIT KUMAR SINGH – GROUP CEO
CA PANKAJ PRABHAKAR – CFO

MODERATOR: MR. PRASHANT NAIR – AMBIT CAPITAL

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY2024 earnings conference call of Yatharth Hospitals, hosted by Ambit Capital. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prashant Nair from Ambit Capital. Thank you and over to you Mr Nair!

Prashant Nair: Thank you Michelle and good afternoon, everyone. I am Prashant Nair from Ambit Capital. I welcome you to the Q1 FY2024 earnings conference call of Yatharth Hospital and Trauma Care Services Limited. From the management, we have with us today, Mr. Yatharth Tyagi, Whole Time Director, Mr. Deepak Kumar Tyagi, President - Strategy and Finance, Mr. Amit Kumar Singh, Group CEO and Mr. CA Pankaj Prabhakar, CFO. I now hand over the call to Yatharth for his opening comments and to take it forward. Over to you Yatharth.

Yatharth Tyagi: Good afternoon, Yatharth Tyagi this side and a very warm welcome to all of you for the first earnings call of Yatharth Hospital and Trauma Care Services Limited, to discuss the business and financial performance of the quarter ended June 30, 2023. I have with me, Mr. Amit Kumar Singh, our Group CEO, Mr. Pankaj Prabhakar, our Group CFO and Mr. Deepak Kumar Tyagi, our President - Strategy and Finance. I hope you would have had an opportunity to go through the quarterly presentation uploaded on stock exchange websites.

We are delighted to report that our listing had an overwhelming response from investors and the overall financial community. This achievement reflects the confidence and the trust that you, our shareholders have placed in our vision and potential. We are committed to maintain the highest standards of transparency, accountability, and communication as we navigate this exciting journey together. As we move forward, we will continue to leverage our strengths, innovate relentlessly, and work collaboratively to capitalize on emerging trends and industry dynamics.

Let me take our first earnings call as an opportunity to give you a brief overview about the company and the business model before we move to the quarter's performance and the Q&A. Yatharth Hospitals operate super specialty hospitals in the National Capital Region of Delhi and Jhansi Orchha region of Madhya Pradesh. We are among the top 10 largest private hospitals in Delhi NCR region, in terms of number of beds as of March 2023. We started our journey in 2008 with the first hospital in Greater Noida and since then, expanded our presence with hospitals in Noida and Noida Extension. In May 2022, we acquired our fourth Hospital in Jhansi Orchha in Madhya Pradesh, adding 305 beds to our capacity, aimed to expand into new geographies and improve our presence in the regional healthcare market. With this acquisition, our total bed capacity presently stands at 1,405 beds, including 394 critical care beds. Our hospital strength lies in our strong team of 600 plus doctors, clinical excellence spanning across 30 specialties and super specialties, including our 10 Centers of Excellence.

We have achieved FY2021 to FY2023 compounded annual growth rate of 51% in revenues to become a Rs. 5,203 million revenue company. Our profitability has grown at a CAGR of 90% during this period. We are optimistic about our strong growth potential as we build upon our key strengths of diversified specialties, our advanced medical equipment and technology, strong team of medical professionals and our ongoing expansion initiatives, both organic and inorganic. We have been steadfast in our commitment to expanding our portfolio of high-value specialties. Our journey has been marked by a significant increase in the share of high-value specialties, a testament to our commitment of providing the highest quality of care and addressing the evolving healthcare needs of our patients. I am happy to declare that our New Jhansi Orchha unit, which started operations in April 2022, has become operationally breakeven in this quarter. We are committed towards ramping up occupancy at our Jhansi Orchha unit, while continuing to grow all our hospitals through strategic initiatives and investments. We ventured into organ transplant operations, which began in December 2022 and had already yielded remarkable outcomes. The successful completion of 50 kidney transplant surgeries since the inception of the program showcases the dedication of our medical team and the state-of-the-art infra that supports them. We have received necessary approvals for liver transplant operations and expect the same to start very soon. Our oncology services will consistently push boundaries of research, treatment, and patient centric care. Our Noida Extension Hospital is taking lead by offering a full suite of oncology treatments, including radiation and PET lines for oncology treatments to start in the coming quarters. Our performance lays the groundwork for future expansion including the potential for organic and inorganic growth opportunities through strategic partnerships and acquisitions. We understand that inorganic growth is not merely about expansion, but also about identifying synergistic opportunities that amplify our strength, extend our reach, and ultimately enable us to serve more patients with exceptional care.

Our recent quarter's performance is a testament of a balanced growth approach. We have delivered a strong revenue growth of 39% Y-o-Y to Rs. 1,545 million during Q1. Our inpatient volumes improved by 14% year-on-year and our ARPOB has increased to Rs. 28,140, up 6.4% year-on-year, while Noida Extension Hospital recorded the highest ARPOB of around Rs. 34,000. The OPD consultation tariffs for all of three hospitals in Delhi NCR have been revised recently by approximately 12%. In terms of key specialties, Nephrology and Urology (Renal Sciences) registered a growth of 56% year-on-year, Cardiology grew 35% year-on-year and Oncology revenues almost tripled year-on-year during the quarter. Our occupancy was 51%, against 40% in Q1 FY2023 and 49% in Q4 FY2023, with the Noida Hospital reporting highest occupancy level at 92%. Our EBITDA was Rs. 414 million, up 61% year-on-year and EBITDA margin at 26.8%, expanding by 368bps year-on-year, while our PAT was Rs. 190 million, up 73% year-on-year. While we are focused to grow our revenue and EBITDA, with deleveraging of our balance sheet in this quarter with the proceeds of the IPO, our net profitability and overall balance sheet will emerge significantly strong in the upcoming quarters.

With this, I would now like to hand over to our moderator for question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We will take the first question from the line of Ankit Jaiswal from Futuregrow Spectrum. Please go ahead.

Ankit Jaiswal: Thank you for your opening statement and congratulations on gaining good percentages of Y-o-Y and Q-o-Q. I have a couple of questions to ask. As I have gone through the presentation that you have shared, I have found that at present there is no international customers in the payor mix right, so what are the company plans to acquire the international payor mix, because I guess those are one of the important drivers of getting the revenues. The second question is like in the revenue segment, I have seen that 33% revenue is coming from the medicines and others is 26%, so can you please elaborate about those two segments and one more question like the occupancy on a consolidated basis, I can see that occupancy is around 51% so what are your future plans to increase the occupancy on a consolidated basis?

Amit Kumar Singh: This is Amit Singh, Group CEO, so I would like to take your first question about the international patients. If you look at that in our previous presentation as well all these super specialties, be it transplant program or oncology or even a cardiac and even a highest neurosurgery, which we started, and the international patients started coming in our hospital. We have a very solid program for our next two years that how these international patients we will be entering into it, and we have identified the market. Our team is relentlessly working on those areas. We have identified the pockets in various countries. We are signing up with the various agreements with the government and a good number of patients flow has started coming. In fact, I will tell you the number of surgeries of kidney transplant is an example I gave you. Whatever number of 50 kidney transplant we have done it, more than 95% of these patients are international. We have done very good surgeries. We have done very good numbers in neurosurgery and other specialties. So, it is on a growing side. Yes, our commitment is the next two years to get to grow the unit, which is very closely coming up with the Jewar Airport, which is Asia's largest airport. A 200-bed facility is going to be completely inclined for our international patients, so our strategies are very much clear, and I am sure when we have our next call for the next quarter, we will give much better numbers and for next questions, I will hand over Yatharth.

Yatharth Tyagi: As far as your second and third question, you asked about the percentage of medicine, so just to clarify here this medicine represents the department of internal medicine. It is not Pharma drugs, so the Department of Internal Medicine what it means is the treatment of lifestyle diseases like diabetes, cough, cold, fever, and dengue. This is what the department comprises, which has physician doctors so the share is roughly around 33% for this quarter and as far as your question on what others as you would have seen, what others mean, so if you look at the Q1 FY2023 and Q1 FY2024 breakup of the pie chart that we have also provided in the presentation, others signify few departments and these includes pediatrics, gynecology, gastroenterology, pulmonology, oncology and organ transplant so if I want to break up for the latest quarter, pediatrics it is roughly around 4%, gynae is around 4%, gastro is around 2%, pulmo is around 4%, onco is around 3% and organ transplant is around 1%, so this is the breakup of the others. Now coming to your second question on the occupancy so occupancy, yes in the overall group level it seems 51%, but that is because two of our hospitals have recently started. The Jhansi Orchha that started complete operations in last fiscal year, it was its first year of operation and that is why the occupancy is less in the first year. Now in the latest quarter, compared on year-on-year basis, we have almost doubled our occupancy for Jhansi Orchha Hospital, and I am sure in the coming quarters both Jhansi Orchha Hospital as well as Noida Extension Hospital mature much more in occupancy and at a group level and at a consolidated level, I think we will be able to see their impact in the coming quarters on how the overall occupancy increases in that.

Ankit Jaiswal: Thank you for answering all the questions. One last question from me; is there any doctor equity participation method that you follow or what is the plan to retain the doctors?

Yatharth Tyagi: Right now, we do not have any equity that is held by our doctors. As far as retention of our doctors that is something we will consider in the coming quarters, but as of now the attrition in senior doctors that is super specialty doctors is anyways quite less in our hospital and going forward the retention would continue to be strong because of the DNB Courses that are also coming up in our hospital as well as the departments increasing, it gives doctors a good clientage and that is why they are able to stick with us for a long time but yes as far as doctor equity concerned that is something we will consider in the coming time.

Ankit Jaiswal: Thank you.

Moderator: Thank you. We will take the next question from the line of Reshab Sisodiya from Sameeksha Capital. Please go ahead.

Reshab Sisodiya: Thank you for the opportunity and congrats on a good set of numbers. I have a few questions so if I look at your ARPP like average revenue per patient so it has gone up almost 20% to 23% on a Y-o-Y basis, so how much of this would be due to change in case mix versus any price hike that we have taken?

Yatharth Tyagi: The price hike that has happened recently is more on the OPD front, so as far as the IPDs are concerned, at an overall level not much has been there to significantly contribute to the ARPOB, so it is happening because of the case mix. As you see now, we are doing high share our Oncology Department has grown on a year-on-year basis. In fact, our organ Transplant Department has recently started plus other high-end super specialties which we are able to do. In fact, neurosurgery, is another department that in terms of volume has grown as far as the Nephrology, so this is what is contributing to the increase in the ARPOB and not just the price hike.

Reshab Sisodiya: Okay understood. Because for higher transplant patients and onco and other specialties that is one of the reasons for your increase in ARPP as well?

Yatharth Tyagi: Yes.

Reshab Sisodiya: Currently, we are 50% to 51% occupancy as you mentioned and almost four-and-a-half days of ALOS, so there at what point do you see like after reaching let us say 60% occupancies, your ALOS should start reducing?

Yatharth Tyagi: Your question on the occupancy of 30% I did not understand that. Which hospital are you taking about or are you talking about the group?

Reshab Sisodiya: I am looking at a group basis 51% and the ALOS is almost 4.6 so at what level of occupancy do you think your ALOS can start reducing after reaching 60% and 65% so post that you can have better volume as well as margins?

Amit Kumar Singh: I think see if you look at it as long as we are maintaining this ALOS 4 to 4.5 it is absolutely fine. We are with it, and we are not intending to reduce it absolutely. If you look at it, we are much into midline. Even increasing the super specialty, we will be into this because the other specialties will slightly reduce. So, anything between 4, 4.5 to 4.6 still is a very good ALOS and the management has no intent to reduce further. If we maintain this, I think it is absolutely fine with us with the higher occupancy as well.

Reshab Sisodiya: Okay sure that is helpful and one last book-keeping question, so if you could just share the census bed on each hospital basis and also the volumes for each hospital for the quarter?

Deepak Kumar Tyagi: This is Deepak Tyagi. You should see our slide that we have already provided, but if you want the occupancy, the Noida is around 90%, Greater Noida is around 66% if I am not mistaken, Noida Extension is around 36% and Jhansi is around 17%. We are already providing the detailed number of our IP volumes and OP volumes and the revenue respectively by the hospital and I request if you can have it on the presentation we have provided.

Reshab Sisodiya: Okay sure. One last thing; any capex guidance for the year and our debt repayment that we have done in the quarter, or we will be doing next?

Yatharth Tyagi: Capex, we have already stated our intentions and plans in the IPO statement. We will be doing around Rs.132 Crores of capex out of the IPO proceeds. We are working very fast to deploy this amount, so that it can fruitfully be invested back into the business; we will be doing that. What was your next question? On question on the loan repayment, yes, we have repaid our existing bank debt, so our long-term and short-term borrowings have already been done, so you will see the results probably from the coming quarters.

Reshab Sisodiya: Okay sure. Thank you. That's it from my side.

Moderator: Thank you. We will take the next question from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Thank you for taking my question. My first question is on Greater Noida is the oldest facility, but it has lower utilization in terms of 65% so any thoughts on why it is lower than our Noida facility and any thoughts on improving that?

Yatharth Tyagi: If you look at its Greater Noida seems older, however you can do the account that in 2018 is where we expanded this hospital from 100 bedded to a 400 bedded hospital. So, the story of Greater Noida actually starts from 2018, so then that makes Noida Hospital because that started in 2013 with 250 beds and that what it is right now, so Noida in that aspect is an older hospital and Greater Noida started in 2018 and it is moving towards the maturity now.

Ankur Kumar: Got it and on CNBC, you were giving an interview, you are expecting 60% occupancies also and now you are also talking of possibility of 60% so do you think we can achieve that 60% in this year?

Yatharth Tyagi: The management is hands on to work towards it. Maybe it achievable at the end of this fiscal, it is to be seen. Our plan is quite strong and as you can see, we have also had a decent occupancy jump both year-on-year and quarter-on-quarter basis, so let us see how that goes for the fiscal year when this ends.

Ankur Kumar: Got it and any thoughts on new acquisition? Any target area that we are looking at and in terms of bed also anything we are specifically looking at?

Yatharth Tyagi: We are looking to expand both organic and inorganic. As far as organic expansion is concerned both our Greater Noida Hospital, we have acquired the adjacent land parcel and we are expanding that hospital from 400 bedded to around 600 bedded and Noida Extension Hospital also which is a 450 bedded, we were recently the highest bidder for the adjacent land parcel behind this hospital and we also look to expand this hospital by around 250 beds more so around 700 beds so that is the organic expansion. As far as inorganic expansion is concerned, we are actively looking out for opportunities and very soon we will be able to finalize a few opportunities. We want to and right now look in the areas that are North India so not just restrict ourselves to Delhi Market. We are looking for opportunities across Uttar Pradesh, Haryana, Punjab, and Madhya Pradesh, so that is where the acquisition should come in the coming time.

Ankur Kumar: Got it and in PBT, we are talking about our material and consumers are lesser than peers, so can you comment why is that so and on margin is the current 27% odd sustainable?

Management: Material and consumption have traditionally been lower because be it ours while the management provides deep insight into and one of our directors is very, very focused on the effusion, be it capital acquisition, or be it the operational expenditure, and that we continue that is around 18% to 19% we remain normally of our topline. We expect that same to continue in the future years to come as well. Also along with the material your question on how that contributes to higher profitability also you have to look at the fact that our manpower cost, that is both if you add the doctors and the non-doctors that is admin, is lesser that also contributes to our profitability because we have not outsourced a lot of our support services, so whether it be housekeeping, GB and all these specialty management we keep in house so we save on the service charge to the vendors as well as the service tax, so that is also contributing to our probability answering question how we are able to achieve a higher profitability.

Ankur Kumar: Got it. Thank you and I will join back in the queue.

Moderator: Thank you. We will take the next question from the line of Dhara Patwa from SMIFS Limited. Please go ahead.

Dhara Patwa: Thank you and congratulations on a good set of numbers. I have two questions. First is since 37% of our revenue comes from government business, which is quite higher as compared to the peers, so I believe there is limited scope for price hike so what could be the growth drivers to grow the ARPOB further from 30,000 and year on and second question is Noida as a location has usually command higher ARPOB to the tune of 45,000 to 50,000, but we have 50% ARPOB than our peers, so can you explain this and how can we improve this product?

Yatharth Tyagi: Our ARPOB will grow and that will happen both from pricing as well as the case mix, so regardless of the percentage of the government business our cash rate as well as health insurance's rates that is the TPA, they undergo a yearly revision and that will contribute to the ARPOB, however the bigger growth will come from the case mix that you have seen on year-on-year basis. So as soon as we offer the complete spectrum of oncology services, this

ARPOB is bound to increase. Right now, we are only doing medical and surgical oncology. Our radiation oncology is about to start in the coming quarters, so once that starts only then you become complete oncology centre and patients prefer to coming to one stop solution for all oncology, so oncology coming up will definitely increase our ARPOB as well as when the contribution of international patients will rise, ARPOB will also increase from that. Already our CEO is mentioning that we are closest to the Asia's largest international airport that is about to start in Greater Noida somewhere around next year. So, we are quite strong on international operations numbers in the coming time and that will be a huge contributor to our ARPOB. Second is your question and the territory of Noida and why our ARPOB been traditionally lesser that is again if I reverse these points I said, two reasons: First when we started our chain all those years back, we intentionally kept our pricing lesser so we were around a 15% to 20% cheaper from the likes of other hospitals who were in Noida, the super specialty or big chain, and second reason for ARPOB being lesser was the case mix because we do not have robotic surgery, because we do not have oncology in high proportion and international share that is why the ARPOB was lesser, but actually if you look now and especially if you look at the case of the Noida Extension Hospital which is doing around 34,000 of ARPOB that is because the mix of super specialty services is higher in this hospital leading to a higher ARPOB and over the coming quarter when the share of inventory in medicine will come down and these super specialty services increases that will contribute largely to an increase in ARPOB.

Dhara Patwa: Okay understood. One last question, there a lot of peers which are expending in Delhi NCR Region like one such example is with Medanta coming up with 550 bed capacity in Noida and even even Max Healthcare is expanding their operations in Delhi NCR region so how do you see this competition? Do you think that ARPOB levels and occupancy levels will still be maintained post this competition?

Yatharth Tyagi: Yes, in fact we are also expanding in our existing hospitals. So, by the time as you mentioned Medanta or other hospitals that they enter Noida, two of our hospitals Greater Noida or extension are already among the top 10 largest private hospitals of Delhi NCR in terms of number of beds. With these expansion of around 600 beds and around 700 bedded hospital in Noida Extension, we will be among probably top five or top four largest hospitals in terms of more beds, so we have had this strategy of using economies of scale and we believe in the territories where we operate to be the biggest hospital in terms of number of beds and so far we are able to do that and going forward we will continue to maintain that and at the same rate of time even if more competition come these cities are growing cities. The likes of Greater Noida and Noida population is growing year-on-year specifically with the coming up of the airport. These are still far from being saturated, so we feel our occupancy will continue to rise no matter how much the competition comes.

Dhara Patwa: So that is it from my side. That is helpful.

Moderator: Thank you. We will take the next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much for the opportunity. First up I just wanted to understand now in terms of acquisition you mentioned, what is the ticket size we are looking at in terms of acquisition target?

Yatharth Tyagi: We are looking on both levels. We are also going in for O&M model as well as we are looking to complete a 100% equity purchase and as far as the number of the size of these hospitals are concerned, we will be looking to acquire hospitals which are at least 300 to 400 bedded in size so we are not going for small hospitals because all our hospitals are considered big super specialty hospitals and that is what we will continue to grow further. We already have a decent amount from the primary IPO reserve for acquisition funding, so that is where the attrition will come from, and 300 to 400 bed size hospital is what we will be willing to acquire, both on O&M as well as 100% equity purchase.

Deepak Poddar: In terms of rupees growth so what is the range that we are looking to spend in the acquisition?

Deepak Kumar Tyagi: See, it all depends as Yatharth just mentioned that what is the bed size and it depends on the location so it would be difficult without having complete deed in our hand to scribe to any amount, so it is better to go by the size and then we see that what the geographical location and what kind of facility are we providing so the price range can you can imagine the real estate present so it would not be proper on our part to provide any price commitment at this point of time.

Deepak Poddar: No. What I was trying to understand more on the front what is the maximum amount that we are willing to spend on the acquisition trend?

Deepak Kumar Tyagi: If you ask the per bed cost, all to all it would be anywhere between Rs. 60 lakhs to Rs. 75 lakh or Rs. 80 lakh kind of pricing we are expecting but that is a very wide range I am providing as I said that it all depends on the size, the location, the facility, and all this.

Deepak Poddar: Understood so may be about Rs. 200 Crores to Rs. 300 Crores is the maximum that we might look at in terms of acquisition side?

Yatharth Tyagi: Yes if it is a 100% equity purchase.

Deepak Poddar: On 100% equity understood fair enough. We have paid this Rs.250 Crores to Rs.260 Crore's debt right that we had on our balance sheet out of the IPO proceeds of Rs.500 Crores?

Deepak Kumar Tyagi: Yes, we have already done that.

Deepak Poddar: So, the Rs.6 Crore's interest cost that used to come will not come now henceforth?

Deepak Kumar Tyagi: Yes. It will not.

Deepak Poddar: Okay fair enough and I was going through your presentation as well as your remarks, we are focusing towards more high-value specialties right and even the full suite of oncology treatment and we do expect a higher occupancy in Noida extension as well as in Jhansi Hospital, so that effectively means a better fixed cost absorption? Ideally what is the margin aspiration we would have right because currently only we are doing around 26% to 27% kind of an EBITDA margin. Now all these three things happening so our EBITDA margin aspiration of potential should be much higher right?

Deepak Kumar Tyagi: You are so right, but I am not giving any guidance to you because what our EBITDA margin in the future were to come. We are 26% in this quarter. We expect because we already mentioned that Jhansi has become operational EBITDA positive in this quarter, though marginally. With the better revenue line coming on in Jhansi and contribution coming from all the hospitals, this EBITDA margin would go up decently in the recent quarters to come and I would say that by March 2024 you would see better results than what we are showing now.

Deepak Poddar: But I mean aspirationally 30% is that something we can target?

Deepak Kumar Tyagi: I would not scribe to that way forward. We have our plans. We believe in growing steadfast, so I am not getting any 30% or any percentage to you right now.

Deepak Poddar: Understood. Fair enough. In terms of terms of expansion, you mentioned in a couple of expansion in Noida as well as Noida Extension and by when we are looking to complete that?

Yatharth Tyagi: That is in Greater Noida Hospital and not the Extension Hospital. So, I think very soon we are about to start the construction and roughly it would take three years for the complete hospital to start. Two to three years roughly we will see in that. Greater Noida will start much faster and Noida Extension will start few months later after that.

Deepak Poddar: Right and then my final query is on your revenue. Last three years we have seen a very good CAGR in terms of more than 50% so any sort of CAGR we might look at for the next two to three years; any outlook that you would look to provide?

Yatharth Tyagi: Again, we will not be providing any specific guidance on the exact number, but I think as we would have seen from the Q1 results, we will continue to grow in a very good fashion and that is what all the targets are.

Deepak Poddar: That is great. Okay that is very helpful. That is about it from my side. All the very best. Thank you.

Moderator: Thank you. We will take the next question from the line of Hiten Boricha from Sequent Investments. Please go ahead.

Hiten Boricha: Thank you for the opportunity. Actually, you gave some numbers related to capex of Rs.132 Crores, which we are going to spend on to acquire hospitals. Can you please repeat it, I just missed the number what is the exact number of beds we are adding?

Yatharth Tyagi: This capex that we have mentioned of around Rs.130 Crores. this is the capex that will go into buying of medical equipments for all of four hospitals. This is not the capex that will be utilized for the expansion of the bed capacity of Greater Noida and Noida Extension, so around Rs.133 Crores is what we have raised from the IPO, which will be used to buy new medical equipments for example we are adding oncology machines like PET scans, we are buying surgical robots, we are also buying orthopedic robots, so that is what this capex comprises of.

Hiten Boricha: Okay thanks for that and you also mentioned related to additions of our beds into hospitals, so what are we spending there?

Deepak Kumar Tyagi: We are expanding at Greater Noida from 400 bed to 600 bed that is our plan. At Noida Extension, we have been declared highest bidder we will be expanding our capacity from 450 to 700 beds, but the cost of these expansion is not there in the IPO money. This we will be making out of our internal accruals and the money we are going to save from the debt service, which otherwise would have gone, now we are saving because of the repayment of debts.

Hiten Boricha: This is eventually going to be spending over the period of three years, right?

Yatharth Tyagi: Yes, that will be, so that we will be accumulating our cash and spending it accordingly.

Hiten Boricha: Okay sir and one quickly bookkeeping keeping question. What is our current cash and debt as of today because I heard you have repaid all the debt so there is no debt so what is the cash in the book now?

Deepak Kumar Tyagi: Cash if you ask me immediately, I need to check but roughly in the range of today sitting here, it will be the range around Rs.5 Crores after paying and I am not including the IPO money, which we have otherwise lying in our bank; all I am talking about the current account of the company out of which Rs.255 Crores debt we had in June, so out of that Rs.245 Crores we have paid so there is hardly any debt left very small amounts of debt would have been left now. The IPO money for the inner acquisition like general corporate purpose and unidentified acquisition all these money is lying separate. We have not touched them as of now.

Hiten Boricha: Can you quantify that?

Yatharth Tyagi: It could be around Rs. 65 Crores of identified and unidentified acquisition around Rs. 140 Crores to Rs. 145 Crores of GC lying there and then some amount lying for the expense account to the tune of around Rs. 15 Crores to Rs. 20 Crores, which we will be utilizing post meeting our all-IPO expenses, which we are making as of now.

Hiten Boricha: Thank you.

Moderator: Thank you. We will take the next question from the line of Amit Jeswani from Stallion Asset. Please go ahead.

Amit Jeswani: Good afternoon. I just want to understand what would be the ROIC, or the payback period on the Rs. 132 Crores capex that we are doing that is my first question?

Deepak Kumar Tyagi: Did you ask about ROC.

Amit Jeswani: Yes, it is, okay? You can say anything?

Deepak Kumar Tyagi: Okay, see we are looking it would be difficult to make out the separate ROI for it. I would be better call it that what is going to be payback of these thing. I expect the payback for this investment should be in the range of around two to three years because this is one thing it is not maintenance capex, it is enhanced capex, but major most of it is going on to the oncology or around the Rs.60 Crores to Rs.65 Crores of the amount going into oncology and robotic surgery and all these things so I expect that overall investment of Rs.132 Crores will be paid back in two to three years' time.

Amit Jeswani: Got it so that would mean about Rs.40 Crores to Rs.50 Crores a year? Just trying to understand, our profits were about Rs.66 Crores last year. The debt we paid Rs.24 Crores as interest so that would mean that our pretax profit was Rs.88 Crores last year and now you will not have to pay any interest of course. We might get some other income so we will have Rs.24 Crores added to the PBT level, and you are saying we will make about extra Rs.45 Crores to Rs.50 Crores extra per year on the Rs. 132 Crores equipment investment did I guess that right?

Deepak Kumar Tyagi: You are right on the analysis part, but I mentioned that it would be payback period, so it may not materialize anything, and everything is 2024. It could come in 2025 and 2026 in a phased manner as well, so it would come in the form of higher ARPOB, higher EBITDA, higher revenue billings coming in, and yes resulting into the better PAT, which at this point of time we are at around 12%, so I am not giving any guidance, but you can make out that these things coming in better PAT is expected.

Amit Jeswani: Got it and this does not include the new capex for the existing hospitals that we are increasing our bed capacity, so what kind of capex should we expect there and so that we are already at very high-capacity utilization in one of our hospitals at 80% to 90% so should we expect that capex to start this year itself?

Deepak Kumar Tyagi: Yes, capex is two facets Amit. One is that what do capex we have sort in the IPO so that is around Rs. 132 Crores. A good lot of portions would be utilized in this fiscal itself and there are some portions, basically Jhansi, the radiation set will be utilized in the coming year. The second set of capex, which will be in the seeded kind of things which Yatharth just mentioned that it would be in the form of expansion at our current hospital so that would be coming and as far as the ticket size of the new capacity, which we are adding I had already indicated that it would be in the range of Rs. 60 lakhs to Rs. 75 lakh per bed.

Amit Jeswani: You said you have increased the prices of surgeries and operations by 12% and that was done after this quarter?

Yatharth Tyagi: No just to correct you there. The 12% increase was the OPD prices that is the consultation, outpatient department consultation and that was somewhere at the start of this quarter.

Amit Jeswani: Got it. Our goal as I am understanding would be whatever cash we generate we would keep reinvesting across a cluster-based approach in North India and with every passing year our average revenue per occupied bed should keep increasing from assuming we are at 26,000 last year? That number do you have a target in mind that in the next two to three years this number should be 35,000 to 40,000 something like that?

Yatharth Tyagi: You will see our ARPOB will increase, but we have not taken a specific target as to how much. That is something I cannot share. However, in Noida Extension Hospital if you see the ARPOB is already 34,000, so we expect the ARPOB here to increase sharply post the Oncology Services and yes that will overall group our ARPOB tend to rise in the coming years.

Amit Jeswani: I know you are not giving future-looking statements, but this 27% EBITDA margin is a sustainable number and there will not be any large deviations to that? It probably will go higher, but at least this number is a sustainable number, right?

Yatharth Tyagi: Yes, see and we increased it to go a bit higher and it will continue to sustain because our growth is coming from also from our organically that is the existing hospitals will grow in occupancy so EBITDA margin will be sustainable.

Amit Jeswani: Got it and how do you retain doctors? What is that thing that works best for Yatharth to retain doctors?

Yatharth Tyagi: The promoters Dr Ajay Kumar and Dr Kapil Kumar; they themselves are medical professional from so this understanding and thought process of a medical profession is really embedded in our management and doctors relate to a management a lot. We are not a corporate that give targets and specific numbers of doctors that this is how much is expected from you. We let them practice in a medical, ethical and a very transparent way and also if you see the growth in terms of our IPD growth volumes that have happened over the course of last two to three years, the doctors who join their hospitals they have also grown a lot in terms of their patient clientage because of the clients that came to Yatharth, so they are able to be with us for a long time because our doctors are also growing not just the hospitals and that is why they are with us for a long time and we also engage them in a lot of internal programs like various conferences as well as patient engagement so that is why the doctors are involved in every decision making. If not that they are just involved in the patient care, then if some medical equipment is to be finalized, if a new department infra has to be change, we really involve the doctor, so we really empower them and that is why they have a bigger say at Yatharth Hospital and that is why they are with us for a long time.

Amit Jeswani: My best wishes to you, Yatharth and the team. Thank you so much. I will be in touch.

Moderator: Thank you. We will take the next question from the line of Aashil Shah from CJ Shah. Please go ahead.

Aashil Shah: Good morning a couple of questions here. What would be the margins that we hit in the Noida Hospital?

Deepak Kumar Tyagi: We are not giving any specific guidance hospital wise.

Aashil Shah: The existing margins at Noida Hospital?

Deepak Kumar Tyagi: Noida and Greater Noida put together you can say I am not giving any specific number, but that would be the range of around 28% so this answer I am giving. Does this answer you?

Aashil Shah: Yes, that definitely helps, and this Noida and Greater Noida does not include Noida Extension?

Deepak Kumar Tyagi: No Noida Extension is a different hospital.

Aashil Shah: Okay. Do we feel that the other hospitals, which are your Jhansi and Noida extension can come on a standalone basis come closer to these margins or is there some difference in payer mix and case mix, which is why they might be inherently lower margin even after?

Deepak Kumar Tyagi: The payer mix is not different, but definitely there would be a case mix so the margins at the respective hospital would be different. We expect Noida Extension being niche on robotic, oncology and organ transplant, we will be doing far better in the coming years to come and so is the Greater Noida. Noida traditionally had been doing and it would contribute to do that. Jhansi is a different price segment. It is a new hospital, so marginally on a margin side, it will come to its side, so that is the case basically.

Aashil Shah: Got it so as on today without giving specific numbers, would Noida extension be a higher margin than Greater Noida already or that is eventually?

Deepak Kumar Tyagi: At this point of time, our Noida Region Hospital is almost at par. In the future we expect that Noida extension will contribute better.

Aashil Shah: Got it. Fair enough and compared to our Medanta, Max and the other guys who are expanding there, our ARPOB is lower just wanted to know for the similar kind of treatment let us say for some oncology-related treatment or some surgical treatment our cost of treatment is similar to theirs or is it lower in general?

Yatharth Tyagi: It is a bit lower. If I put a rough estimation, it would be around 15% to 20% cheaper from the likes of the hospital that you just mentioned.

Aashil Shah: Got it and do we expect to keep like let us say that their pricing goes down? Do we expect to keep matching it or by continuing to be 15% to 20% lower or how do we look at that?

Yatharth Tyagi: Regardless of what our competitive prices are, our existing prices will see a yearly increment of a few BPS or percentages and that is what we will be focusing on.

Aashil Shah: Got it and last question on the Jhansi as well as Noida Extension part as we go up in occupancy are we also looking to have more doctors and nurses and the variable costs will increase or have you already done that employee how many, however we need we have them ready already?

Yatharth Tyagi: Majority of the cost has already been incurred and it is already there. When the occupancy increases some only a few handful of nurses are required and just in doctors if I talk about so mostly the resident medical officers that are required. The specialists and the super specialist doctors are already there and already hired, so we do not see much incurrence of cost when the occupancy increases in these hospitals.

Aashil Shah: One question I missed. Any reason for the margin to be going down before IPO; it went down by a couple of basis points each year? What was the reason for that?

Yatharth Tyagi: Those were the COVID years. In COVID, the margins were higher because of we had a lot of fixed cost was less and they were high patient volumes, so that is the reason for the margins high at that time but even post that just 1% or 2% post COVID it did and it has been maintained now so these we consider a good healthy margins and that is what has been typically the case with the company for very long and since the inception of the company we have always been EBITDA positive. We have always maintained healthy margins and that is what the case is.

Aashil Shah: Understood. Thanks a lot for taking out the time. This is very helpful.

Moderator: Thank you. We will take the next question from the line of Hussain Bharuchwala from Carnelian Asset Management. Please go ahead.

Hussain Bharuchwala: Good set of numbers and congratulations for that. Just one question, I wanted to understand, this Jhansi Orchha where we have 8% occupancy currently do you plan to ramp up so how you expect the ramp up to happen. Eventually expect the utilization to be at higher 50% utilization and how are you planning to do? Is there something that we have some thoughts on that?

Yatharth Tyagi: Jhansi Orchha is a very important hospital for us. The reason it will not take that much time for occupancy to ramp up. You said three to four years. We expect that to be much, much faster than that. Typically, when a hospital starts, its first year of operation it goes into getting all the licenses including the legal licenses and then when that happens and then that is where you get all the empanelment including the healthcare insurances including the government empanelment. So that is where the first year went for this hospital and now, I think a lot of these empanelment are already there and yet we are awaiting to tweak the empanelment, so as soon as this empanelment happen, we expect that a major contribution should come as far as the occupancy is concerned. Also, another reason for we expect the occupancy to ramp up soon there. It is now all the departments are completed and all the doctors so in the first year especially in the hospital, which is around 450 kilometers away from Delhi NCR region, it takes time to get all the super specialty doctors, but as of today now most of the departments are complete with all the doctors so that will also contribute in the coming quarters for a good occupancy contribution, so the occupancy should wrap up very soon because of these two key factors.

Hussain Bharuchwala: Okay got it. Two more question you have already answered. Thank you.

Moderator: Thank you. We will take the next question from the line of Manoj Shroff from Kivha Advisors. Please go ahead.

Manoj Shroff: I want to know about the attrition. Can you update us on the fewer doctor attrition and the overall doctor's attrition and the other staff attrition as well and can you give us comparison? I think it was there in the prospectus. Can you share what is it now and in plans how will we bring it down?

Deepak Kumar Tyagi: On efficient part Manoj, the most important thing is that our key doctors, the doctors who basically drive our volumes and business, that attrition has already come down below 9%, that is one part. With this DNB program coming in, we expect that our other junior doctor's attrition will also come down because that will be providing them long-term engagement. The other important attrition, which worries us is the nursing attrition. Nursing industry wide it is a problem, but now we have with the engagement coming so this number is also coming down steadfast. These are the important numbers which really affects our business. As far as other attrition in the terms of our core employees is high, but because they are not that we are not recognizing their contribution. They are important but this over a period of time will come down with the better brand equity and better job prospects we are going to create.

Manoj Shroff: If I can get just go on this project in January 2022 in the July prospectus 2022, we said that our overall doctor attrition was 65.7%. Can we share how much is it now?

Deepak Kumar Tyagi: As I just mentioned that how our key doctors are retiring so that is below 10%. As far as other doctors, the 65% of what we had stated in our DrHP was inclusive of both our key doctors and junior doctors, so junior doctor's attrition as I mentioned that with the DNB program coming in, which we have already started at Noida Extension and Greater Noida and soon it will start at Noida as well for which the formalities are on the way. This attrition will also come down. I am hoping, not putting any figure because that is not in my hand, but that will come substantially lower than what we had stated in the DrHP at that point of time because that was the time when COVID was also stopping us and doctors and other medical and other medical professionals were in demand so this year that is basically fiscal 2024, we are normal year from that attrition point of view and that will come down substantially.

Manoj Shroff: So mostly right now say Q1 or say the last couple of quarters it is yet at 65%?

Deepak Kumar Tyagi: I am not putting any figures because we had not computed that way, so I am not putting any ticket because the figures are not with me as of now. We might publish it in the Q2 earnings, but not for Q1 at this point in time.

Manoj Shroff: Got it and one thing in the Medanta and Max Hospital, as you said our pricing was 15% to 20% lower, but there ARPOB is a 60,000 and 70,000 and our ARPOB in Noida is 34,000, so the gap seems much higher for any other reason again?

Yatharth Tyagi: Yes, that is because of a change mix and now we are maturing towards the hospital, which in the coming time will contribute more from super specialty and we do not have international clientage so far in the tunes of what they have yet we are starting to grow now on our international clientage as well as robotic surgeries. So, these three things combined a big reason for our ARPOB being lesser but in coming years once we start all these three aspects and they contribute into bigger volumes in overall and our ARPOB will be somewhere closer.

Manoj Shroff: Got it. That is fantastic. The margins you mentioned even at such a low ARPOB comparatively our margins are in fact much better or equal to them? You mentioned one of the reasons was I think support staff, etc., anything other strong reasons which you can share?

Deepak Kumar Tyagi: The margins are basically some total of how we effectively use our manpower, that is basically our doctors, because that goes into the specialty charges and then it comes to employee cost and then if you see our low consumption of material also, so they are also lower as comparatively, so these are the factors basically we are very hands on, on anything and everything. Mr. Amit is saying or for that matter Dr Ajay and Dr Kapil. Anybody and everybody put his effort to see that every cent what we are spending is utilized better and that contributes to our margins and that is the reason that our ARPOB, which is a bit lower, I would say substantially lower when we see as to the likes of the top notches, are still better than what the industry peer shows.

Manoj Shroff: One last question, the nearest hospital to our catchment area in the branded national brand I believe is Fortis if I am not wrong, is that right?

Yatharth Tyagi: Yes, that is right. Fortis is there is Noida. Fortis is also there in Greater Noida.

Manoj Shroff: Right and how much is our pricing lower to that Fortis there? Will it be in the same 15% to 20%?

Yatharth Tyagi: Yes, roughly in that tune what we have mentioned.

Manoj Shroff: The Fortis margins are also significantly lower than ours, so I was just wondering how do we win and do much better than them in occupancy there?

Yatharth Tyagi: Can you repeat your first part of the question. Your voice was a bit lesser.

Manoj Shroff: My question was how did you manage to get more occupancy versus Fortis in that particular area? Anything basically how is the brand better?

Yatharth Tyagi: Two to three key factors on why patients in our locality are choosing us over the national brand. First the key factor is infrastructure. Two of our hospitals that are the greater Noida which we renovated in 2018 and Noida Extension but that started in 2019, these are pretty brand new hospitals, which are at par with any India's health infra is concerned, whether it be a room or whether it be the patient waiting area, so the patients get that a price which is 15% to 20% cheaper so that is A. B is in the territories for example Greater Noida and for example in Noida Extension, we really had an early mover advantage, so our brand is very strong in these areas and also if you look at the overall Noida and Greater Noida territory, people perceive Yatharth as a brand with around 1,000 beds in this territory. So, we are the sort of the biggest players and that is why we are able to cater to lot of large volume. Our key doctors are the ones that have really become brands in this area and people are coming and choosing us and another big thing happened with us is during COVID, ours was one of the biggest private COVID players in the region. The patient experience that the patients had during COVID plus word of mouth that spread, post-COVID it has really, really helped us and it has really helped in the post COVID numbers that you see now people have seen our latest infrastructure, they have seen a really good patient care experience. The word of mouth has really spread across this region, which is helping us to attract even higher volumes of patients.

Manoj Shroff: Thank you so much for patiently answering. Thank you so much and all the best.

Moderator: Thank you. Ladies and gentlemen; this will be the last question for today which is from the line of Ankit Jaiswal from Futuregrow Spectrum. Please go ahead.

Ankit Jaiswal: Thank you for taking my question again. I have one major question regarding the hiring process of key doctors? Like other hospitals have a plan of hiring the doctors from their attached or medical colleges so what is the exact hiring process or your thought process?

Yatharth Tyagi: Well, we have had this strategy that we do get doctors from the likes of Max, Fortis, Apollo who have recently joined us and we have intentionally not targeted their head of departments. We have targeted their number twos that is the subheads that means the associate directors, who get a chance to become HODs and directors at our hospital and they are equally skilled, and they are equally experienced, and they are actually much more hungry and they are the ones who are actually driving the volumes in those hospitals. So, they join us because here they get the chance to become the head of the departments where in their older hospitals that will take them much longer time and that is why they are able to join us and be with us for a long time. Now we are getting a lot of leading doctors from all these hospitals and that is where we get our doctors and also our own doctors who have been with us for a long, long time, they have also grown into a big brand now, they have also become senior and leading doctors of the city. That is where our doctor's pool is coming from.

Ankit Jaiswal: One more last question; will this call transcript will be available on the company's website?

Yatharth Tyagi: Sorry, what is available on the company's website?

Ankit Jaiswal: This call transcript?

Yatharth Tyagi: Yes, it will be available on our website.

Ankit Jaiswal: Okay thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. With that we conclude today's conference call. On behalf of Ambit Capital, we thank you for joining us and you may now disconnect your lines. Thank you.

Management: Thank you very much from the company side as well. Thank you very much.

Moderator: Thank you members of the management.

(This document has been edited for readability purpose)

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