GPT Healthcare Limited
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GPTHEALTH/CS/SE/2024-25 **February 14, 2025**

The Department of Corporate Services BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street Mumbai – 400001 **Scrip Code: 544131**	**National Stock Exchange of India Limited** Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 **Scrip Symbol: GPTHEALTH**

Dear Sir/Madam

Subject: Update on Conference Call held on February 12, 2025 – Call Transcript

In compliance with Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of Conference Call held on **Wednesday, February 12, 2025.**

Kindly take the aforesaid information on record and oblige.

For GPT Healthcare Limited

ANKUR SHARMA Digitally signed by ANKUR SHARMA Date: 2025.02.14 17:01:00 +05'30'

Ankur Sharma
Company Secretary and Compliance Officer
M. No A31833

Encl: A/a

“GPT Healthcare Limited

Q3 and 9 Months FY '25 Earnings Conference Call”

February 12, 2025

MANAGEMENT: **MR. ATUL TANTIA – GROUP CHIEF FINANCIAL OFFICER – GPT HEALTHCARE LIMITED**
MR. ANURAG TANTIA – EXECUTIVE DIRECTOR – GPT HEALTHCARE LIMITED
MRS. KRITI TANTIA – CHIEF FINANCIAL OFFICER -- GPT HEALTHCARE LIMITED

MODERATOR: **MR. AKHILESH GANDHI – STELLAR IR ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to GPT Healthcare Limited Q3 and 9 Months FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Akhilesh Gandhi from Stellar IR Advisors. Thank you, and over to you, Mr. Gandhi.

Akhilesh Gandhi: Thank you, Nirav. Good morning, everyone. I, Akhilesh Gandhi, on behalf of Stellar Investor Relations, welcome you all to GPT Healthcare's quarter 3 and 9 months earnings conference call. We shall be sharing the key operating and financial highlights for the third quarter and nine months ended on December 31, 2024. Today, we have with us management team of GPT Healthcare Limited. We have Mr. Anurag Tantia, Executive Director; Ms. Kriti Tantia, Chief Financial Officer; and Mr. Atul Tantia, Group Chief Financial Officer, GPT Group.

And before we begin, I would like to state that this call may contain some of the forward-looking statements, which are completely based upon the company's beliefs, opinions and expectations as of today. The statements made in today's call are not a guarantee of future performance and also involve unforeseen risks and uncertainties.

The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made. Documents relating to company's financial performance, including investor presentation and press release have already been uploaded on the stock exchange and the company's website.

And now I invite Mr. Anurag Tantia to state his opening remarks on the company's performance for the third quarter and nine months. Thank you, and over to you, sir.

Anurag Tantia: Thank you, Akhilesh. Good morning, everyone, and welcome to GPT Healthcare Limited's earnings conference call for the third quarter and nine months ended December 31, 2024. Today, we also have on call with us our Investor Relations Advisors, Stellar IR. GPT Healthcare Limited is the healthcare arm of GPT Group. We are driven by the ethos to provide quality healthcare, particularly in the underserved regions like Eastern part of the country through our neighbourhood tertiary care hospitals.

Coming to the financial highlights. The revenue from operations stood for the third quarter at INR102 crores, up 6% Y-o-Y basis. The PAT for Q3 has increased by 6% also on a Y-o-Y basis to INR12 crores. The ALOS has reduced from 3.98 in 9 months last year to 3.54 in 9 months FY '25. The same is on account of our continuous efforts towards changing the case mix.

Revenues for Q3 FY '25 stood at INR102 crores with EBITDA at INR23 crores and EBITDA margin at INR22.7 crores. Profit after tax for nine months stood at INR37 crores with a PAT margin of 12% and the first 9 months witnessed a 5.7% year-on-year growth. EBITDA margin stood at 22% with a slight increase of 2% in EBITDA for the 9 months to INR69.6 crores.

Finance costs have come down by 55% on account of reduction of debt. The existing 4 hospitals in Salt Lake, Agartala, Dum Dum and Howrah are improving in all financial and operational metrics. Notably, our ARPOB stands at INR36,700, aligning with our commitment to serving the aspiring population of the society with higher disposable income in the middle to high income segment.

Moreover, due to our neighbourhood model, approximately 94% of the business continues to be from cash and insurance patients. The company level bed occupancy currently stands at around 54%, primarily on account of reduction of the length of stay.

Coming to the hospital-wise performance. ILS Hospital Salt Lake is an 85-bed with surgical excellence hospital. The ARPOB for this hospital has risen by 16.6% from INR33,600 to INR39,200 in nine months FY '25. In our pursuit of optimizing services, we have been able to reduce the length of stay to 2.82 from 3.22 on a year-on-year basis.

The Agartala Hospital has a presence of 66 critical care beds across all bed categories and has commenced its journey towards providing full-fledged oncology services as well. As guided earlier, the radiation oncology components are under installation and will be commissioned in Q4. The ARPOB has increased by 28% on a Y-o-Y basis to INR33,500 for Q3 FY '25, combined with the length of stay reduction to 3.58 from 4.0 in Q3 FY '24.

The Dum Dum Hospital has recorded an ARPOB of approximately INR41,200 for the quarter. In line with our intent to reduce the length of stay of this hospital, the length of stay has reduced to 4.57 days compared to 5.29 days in the same quarter last year. This has correspondingly led to a slight dip in occupancy as well as despite overall inpatient volumes increasing.

The company intends to commence a full-fledged cardiothoracic setup and revamp its other clinical offerings in this hospital to further strengthen its scope of services.

The Howrah Hospital continues to grow from a revenue and patient volume basis. We have also commenced robotic knee surgeries in this hospital. The inpatient volume has seen a slight increase by 4.4%, while the outpatient volumes increased by 19% on a Y-o-Y basis for the same quarter last year.

ARPOB for 9 months FY '25 has increased by 21% on a Y-o-Y basis to INR31,850 with the length of stay coming down to 3.4 days compared to 3.8 days 9 months ended FY '24. As previously announced, we are steadfast to become a 1,000-bed hospital chain within the next 2 to 3 years.

ILS Hospital Raipur, a 152-bed facility is expected to commence operations in early April. With a INR55 crore investment and an asset-light rental-based model, the hospital features ICUs, HDUs, OTs and specializes in oncology care as well. Equipped with advanced technologies like a 3 Tesla MRI, a Dual Source CT, it is designed for quaternary care and complex treatments, supported by a highly skilled team.

Additionally, we have signed an MOU for our third hospital in Jamshedpur, which will have a capacity of 150 beds and an estimated outlay of approximately INR65 crores. This target underscores our commitment to scaling our operations and reaching more communities in need of quality healthcare services.

By expanding our footprint and enhancing our capabilities, we aim to make a meaningful impact on healthcare accessibility and patient outcomes across the Eastern Indian region. This vision drives us forward, guiding our strategic decisions and ensuring that we continue to lead the way in delivering excellence in healthcare.

Thank you for your attention, and I look forward to addressing any queries you may have.

Moderator: The first question is from the line of Aman from Phillip Capital.

Aman: I had a question on your ARPOBs. So, if you look at your ARPOBs, they have grown pretty well between 10%, 20% across hospitals, right? So if you could just give us a breakup of what exactly has led to this growth? So will that be the case mix that has changed over the years of -- because we do not really actively give out the case mix also. So some color on that would be great.

Anurag Tantia: Aman, thank you for the query. Yes, the growth in ARPOB has been a culmination of various factors. It is definitely an impact of case mix. Across all our hospitals, we are focusing on more complex treatments, including transplants, including robotic knee surgeries and other higher tertiary care treatment.

So that has definitely impacted the ARPOB. That combined with insurance rate renewals, which have happened in the past year have led to the increase in ARPOB.

Aman: Okay. And if -- and do we do any amount of international patient business currently?

Anurag Tantia: So our Agartala Hospital did have a certain percentage of patients coming in through Bangladesh, which was -- because the Bangladesh border is only half an hour away from our Agartala Hospital. So almost 10% of our volumes were from Bangladesh, but this has had an impact in Q3 on account of the dispute in Bangladesh. That has been a problem for us.

Aman: Okay. Got it. And secondly, the question would be on the Raipur expansion that we are undertaking. So if you could just give us some idea of what the micro market is like for Raipur, because one of your other, I think, peers has also expanded in the similar region, right? So what gives us the confidence of going into a T2 city and setting up a quaternary care sort of infrastructure. So some color on that would be great too.

Anurag Tantia: So if you look at the market of Chhattisgarh at this point, there are only 2 national players present, which is in the form of Care and Narayana Hrudayalaya. Apart from that, there are smaller hospitals or homegrown Chhattisgarh hospitals. The overall bed to population ratio at Raipur is -- at Chhattisgarh overall is dismally low at just 11 to 12 beds per 10,000 population, which is much lesser compared to what is actually required.

There is enough scope in this market for another quaternary care player to come in, and there are enough options available from a real estate perspective also. Having done our market survey and having understood the market, we realized that the potential was pretty high, and that's why we expanded to this location.

Aman: Okay. And just lastly, what is our strategy...

Moderator: Aman, sorry to interrupt you. You're not audible at all.

Aman: Yes. So lastly, my question would be on the strategy that we have. So will we be more of a mass market player here? Or will we stick specific to premium care and all that stuff?

Anurag Tantia: We will be catering to the entire state of Chhattisgarh as well as Odisha, but our attempt will be to continue the ethos of focusing more on cash and insurance patients and not going for the scheme patients.

Moderator: Next question is from the line of Naman Bhansali from Nine Rivers Capital.

Naman Bhansali: First question is on the total patient volume. Can you give the number for 9 months FY '25 versus the last year 9 months?

Anurag Tantia: Sure. So thank you for your question, Naman. In terms of our inpatient volume, FY '25, we've had 23,500 patients compared to 23,100 patients in the last 9 months. There has been an increase of around 400-odd patients on a total basis.

Naman Bhansali: Got it. Second question is, I mean, in the initial calls, we used to guide for a growth rate above 15% and a PAT CAGR of around 20%, 25%. So today, FY '25 seems to be completely flat in terms of growth. So how are we going forward viewing our business from here? And where do we see EBITDA margin stabilizing for us?

Anurag Tantia: So we are still steadfast on our estimates of growing at 15% per annum. But this year, there were some factors which were beyond our control, which impacted the overall productivity of our hospitals. We are concentrated largely in Eastern India. And there were quite a few factors which are beyond our control, which impacted the overall productivity factors, which include the RG Kar incident, which includes the Bangladesh incident, which includes floods in Tripura.

So there were multiple factors which -- in our geographic area, which impacted productivity overall. There is enough capacity in our hospitals because we've been actively focusing on reducing the length of stay. So bed occupancy perspective is not a problem. And we are very confident that we'll get back to the growth parameters sooner than later.

Naman Bhansali: Got it. Got it. And lastly, given that we are commercializing Raipur in April, so how much costs are already loaded up for Raipur in maybe Q3 or 9 months, I mean to just understand the profitability on the core business?

Anurag Tantia: This is something we can give you offline. Overall, the project cost is around INR55 crores, and we are at the juncture of almost closing out -- inaugurating the hospitals soon. We can give you this answer offline.

Moderator: Naman, do you have any follow-up question?

Naman Bhansali: No, that's it from my end.

Moderator: Next question is from the line of Rishab from Finnovate Financial Service.

Rishabh: Just wanted to ask regarding the bed capacity. So the company's plan is to double this capacity by FY '27. So are you on track to achieve this? While 150 additional beds are expected to be added in the end of this financial year, the next 300 might take a little longer because of Jamshedpur MOU was recently signed and Ranchi is also facing delays. So given these factors, do you see FY '27 target achievable to double its capacity?

Anurag Tantia: Thank you for your query. So we are still steadfast on the 1,000 bed challenge by FY '27, and we have taken significant steps to end up achieving that target. As disclosed earlier, the Raipur Hospital will be commencing, which will add around 160-odd beds to our already 550 beds, taking a total almost 710 beds. The additional 300 beds, the Jamshedpur facility, which we are talking about is already an under-construction facility.

So that's a building which is being under constructed. So the time to market for that hospital should be much lesser. We are hopeful of commissioning that hospital by October of 2026. Apart from that, we are also evaluating certain acquisition opportunities for ongoing hospitals, which when they click, will definitely add to the bed capacity much faster than that.

Rishabh: Can you just tell us more about the acquisition, which you are planning to do?

Anurag Tantia: See, there are multiple opportunities which do come to us and we evaluate each of them to its merit. We have been evaluating opportunities in Guwahati. There are a couple of opportunities at play even right now in a couple of cities like Bhubaneswar or even Patna, but we are evaluating them. We can disclose them later on once we are at a position of finalization.

Rishabh: Okay. All right. My second question is on the line of revenue growth and margin stability over the next few years. So I think Raipur Hospital is expected to be putting pressure on the margin. So once that stabilizes, Jamshedpur expect to launch around FY '27, probably which will take 15 to 18 months to breakeven. So according to you, what guidance can you provide for the margin and revenue for the next 2, 3 years?

Anurag Tantia: See, definitely in terms of -- yes, please go ahead.

Atul Tantia: Yes. So for the revenue, we -- like we said earlier, we expect a 15% kind of CAGR growth over the next 2 to 3 years, which includes the new hospitals also coming and also existing hospitals productivity improving. At the margin level, at EBITDA level, we would be around the 22% to

23% mark. Given the size of the existing hospitals and the improvement in productivity there, we should be able to absorb the initial losses from the new hospitals.

Moderator: Next question is from the line of Sunil Jain from Nirmal Bang.

Sunil Jain: Yes. Sir, Dum Dum Hospital has seen some year-on-year revenue decline. Am I correct, sir?

Anurag Tantia: No, that is not the case. There has been no decline in revenue as of now.

Sunil Jain: Because if I calculate based on your capacity utilization and ARPOB, that was...

Moderator: Sunil, sorry to interrupt you. Can you speak louder, please?

Sunil Jain: Yes, yes. So about this utilization of existing hospitals, we are seeing more of a stagnant or bit declining. When do you expect them to improve? Any specific hospital, if you can talk about?

Anurag Tantia: Sure. So if you see that in terms of our volumes, we have not decreased in our volumes at any hospital. Volumes have been increasing at every hospital. You are seeing a decline in the occupancy level because of our focus on reduction of length of stay. We have adopted various technologies, digital and otherwise to help reduce our length of stay at the hospitals so that more beds open up for more admissions.

This is something we have been successful at. Our Dum Dum length of stay has gone down from 5.4 days to 4.5 days in the past 1 year. And therefore, we have more beds available to take on new patients. We are in the process of mobilizing new patients and opening up those beds for more occupancy. At this point, there has been no decrease in the number of inpatients. In fact, that has increased.

Across all our hospitals, our number of inpatients has increased. But because of the overall decrease in the length of stay, which is a conscious effort by the management, we may be seeing a overall dip in the occupancy percentage.

Sunil Jain: So this length of stay, which you are intentionally bringing it down. So is there any more scope in any of the hospitals or they had come off to the level where you were expecting?

Anurag Tantia: It has more or less come to the level we were expecting. Dum Dum, we are looking at another maybe 0.25 reduction in the length of stay. But apart from that, we are very comfortable with the current length of stay patterns across all our hospitals.

Sunil Jain: Okay. Okay. And the ARPOB increase, anything you are targeting for coming period?

Anurag Tantia: The ARPOB has increased at a healthy rate across all our hospitals. We are looking at stabilizing the ARPOB increase in the next -- to around the 7%, 8% mark on a annual basis. This will be through newer treatments and through the rate differentiation of the insurance companies.

Sunil Jain: Sir, a small request, this ALOS data for the individual hospital, if you can share in the presentation itself, that will be great.

Anurag Tantia: Sure.

Moderator: Next question is from the line of Anuj Kashyap from A3 Capital.

Anuj Kashyap: Sir, this year budget, the central government has announced that they will actively consider to make a strategy for the medical tourism that the Visa request will be proceeded fast. Sir, is there any strategy from our side that where not only Bangladesh, but other countries that GPT Group as a whole, ILS Hospital is actively looking to improve its medical tourism. Is there any strategy from ourselves?

Anurag Tantia: See, we are largely based in the Eastern part of the country with very close proximity to Bangladesh. Definitely, Bangladesh has been a focus area for us from a medical tourism perspective. Apart from that, it has always been historically very difficult for us to attract patients from the Western part of the world. Western part generally flows into Central India to Delhi, et cetera. They generally don't come to the Eastern part of the country.

For us, our focus area has always been Bangladesh. We will continue to focus on Bangladesh with the addition of also increasing our focus to areas like Bhutan. Bhutan has also seen an increase in the number of medical tourists coming to Calcutta, and that is one area we will be focusing on.

Anuj Kashyap: Bhutan and Nepal, Nepal also has good connectivity with...

Anurag Tantia: Nepal has better connectivity with Delhi and other places that does not have a very good connectivity with Calcutta.

Anuj Kashyap: Okay, sir. And sir, the other question I want to know is, yesterday, there was a news article regarding the accreditation of hospital by the Quality Council of India. So sir, is there any update on it?

Anurag Tantia: We would appreciate something like this to come on board. It would add value to the already quality care being given by us. We feel what we are offering is at a very superior level, and it would perhaps add value to the overall assessment of healthcare quality across the country.

Moderator: Next question is from the line of Aman from Phillip Capital.

Aman: Yes. So if I look at -- in your previous answer, you mentioned that the ARPOB growth was majorly due to the robotic surgery. So would you be able to give us a split on what percentage of revenue would be from that therapy?

Anurag Tantia: My answer -- robotic surgery was an example. We have undertaken across all our hospitals, various focus on complex cases, which is increasing the overall ARPOB. For example, in Salt Lake, we are doing robotic GI surgeries. We are also focusing a lot on gastroenterology In Howrah, we have started orthopedic robotic surgeries for replacements.

So like that, we have taken the initiative to start complex treatments across all our hospitals, tertiary care, quaternary care treatments across all our hospitals, which is overall impacting the ARPOB.

Aman: Okay. Got it. And sir, secondly would be on the acquisitions. So we are, of course, potentially eying expansion in Bhubaneswar and Patna. So how are we planning to manage the cash flows because we are currently at INR70 crores, INR80 crores of cash flow run rate. And even if you acquire 200 bed hospitals, you're expecting to spend somewhere around INR60 crores, INR70 crores again per hospital.

So how do we plan on managing that cash flow? Because cash on balance sheet is again, what, INR30 crores, INR40 crores for the year, right? So if you could just give us some sense on that? Are we planning to take on more debt because now that we are net debt free, any plans of that?

Atul Tantia: We have about INR45 crores cash on the balance sheet and cash flow to EBITDA conversion is also quite decent, like we said. So obviously, debt we will take very judiciously to ensure that our debt numbers are not reached beyond comfort zone. We have enough headroom of debt, like you said, we are net debt free. So that's not going to be a challenge.

Aman: Okay. So are we expecting any equity dilution then?

Atul Tantia: We're trying to take debt, right? No equity dilution.

Aman: I mean if not debt, any equity dilution otherwise.

Atul Tantia: No, no, no. No plans as of now.

Moderator: Next question is from the line of Raghav from JM Financial.

Raghav: So 2 quick questions from my end. Is there any update on the Ranchi facility? You had mentioned, I think there was some debate from the government side in the last call.

Anurag Tantia: Yes, Raghav, thank you for the query. So the Ranchi project is still something which is under -- we are still awaiting approvals from the government and the developer is following up. But as -- as we are still pursuing that project, it is not like we've given it up. But as a second safeguard, we have onboarded the Jamshedpur project in the state of Jharkhand, which should be operational by FY '26 because it is already an under construction building.

We are still awaiting the clearances for Ranchi. And because of the delay, we've onboarded Jamshedpur.

Raghav: Understood. Second question is regarding international patients. So what proportion would international patients be contributing now and like in last year at the same time, what could be the difference?

Anurag Tantia: So most of our international patient focus is on the Agartala Hospital. Last year around this time, almost 10% of our patient volume was from Bangladesh. At this point, we are not having any patients from Bangladesh. There has been a severe restriction on the number of medical tourism patients coming in. So at this point, we don't have any international patients from Bangladesh, but last year, it was 10% of our Agartala volume.

Moderator: Next question is from the line of Naman Bhansali from Nine Rivers Capital.

Naman Bhansali: Yes. So I was just asking any update on the Ranchi Hospital because we have not been seeing about it in the last 2 presentations. So any clarity on the project?

Anurag Tantia: Naman, thank you. So Raghav had just asked that question in the previous question itself. So the Ranchi project is seeing some exceptional delays from the developer and on account of certain government approvals, we have been awaiting those government approvals for quite some time, which the developer is pursuing and trying to get done. We are still hopeful that it should happen soon.

But at the same time, to expand our presence in Jharkhand, we have already signed the MOU for the under-construction hospital in Jamshedpur, and we are going ahead with that plan, which should be operational by October 2026. Ranchi, we are still pursuing, but because on account of the delay in approvals, we have opted for the second project.

Naman Bhansali: Got it. Thank you. Thanks for repeating. There was a network issue on my end.

Anurag Tantia: No problem.

Moderator: As there are no further questions, I will now hand the conference over to Mr. Tantia for closing comments.

Anurag Tantia: Thank you for your questions, which I hope we have suitably addressed. In case you have any further queries, please get in touch with us or through our IR Advisors. Thank you for your continued support and trust in our company's vision and capabilities. Together, we look forward to achieving new milestones and creating lasting value. Thank you, and have a good day ahead.

Moderator: Thank you very much. On behalf of GPT Healthcare, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.