GPTHEALTH/CS/SE/2024-25 **August 16, 2024**

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 August 14, 2024 - 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, August 14, 2024.

Kindly take the aforesaid information on record and oblige.

For GPT Healthcare Limited

ANKUR SHARMA Digitally signed by ANKUR SHARMA Date: 2024.08.16 15:59:27 +05'30'

Ankur Sharma
Company Secretary and Compliance Officer
M. No A31833

Encl: A/a

"GPT Healthcare Limited
Q1 FY25 Results Conference Call"
August 14, 2024

MANAGEMENT: MR. ATUL TANTIA – GROUP CHIEF FINANCIAL OFFICER – GPT HEALTHCARE LIMITED
MR. ANURAG TANTIA – CHIEF OPERATING OFFICER AND EXECUTIVE DIRECTOR – GPT HEALTHCARE LIMITED
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MODERATOR: MR. RAGHAV VEDANARAYANAN – JM FINANCIAL

Moderator: Ladies and gentlemen, good day and a very warm welcome to the Q1 FY 2025 Results Conference Call of GPT Healthcare Limited. Before we begin, I would like to state that this call may contain some of the forward-looking statements that are completely based upon the company's belief, opinion and expectation as of today. These statements are not a guarantee of company's future performance and involve unforeseen risks and uncertainties.

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

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. Raghav Vedanarayanan from JM Financial. Thank you and over to you, sir.

Raghav Vaidya: Thank you, Siddhant. Good morning, everyone and welcome to the Q1 FY 2025 results conference call of GPT Healthcare Limited. Joining us today on the call are Mr. Atul Tantia, Group CFO, Mr. Anurag Tantia, COO and Executive Director, GPT Healthcare, Mrs. Kriti Tantia, CFO, GPT Healthcare. I would now like to hand over the call to the management for their opening remarks. Thank you and over to you.

Anurag Tantia: Thank you, Raghav. Good morning, everyone and welcome to the GPT Healthcare Limited's earnings conference call for the first quarter ended June 30, 2024. We extend our appreciation to JM Financial for hosting this call. We also have with us on call our Investor Relations Advisors, Stellar IR. I'm thrilled to connect with our esteemed shareholders today and reflect on our journey over the past year.

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.

During this quarter -- despite this quarter being a seasonally weak quarter, which was further heightened due to the overhang of the general elections in the eastern part of the country, our financial performance reflects our commitment to continued operations excellence. Revenues for Q1 FY25 witnessed a 1.7% year-on-year growth, totalling to INR97.8 crores with total income of INR100.1 crores, up by 2.5% year-on-year.

EBITDA for the year amounted to INR20.2 crores, with an EBITDA margin of 20.2%. Profit after tax for the quarter stood at INR10 crores with a 10% PAT margin. Finance costs have come down by 57% on account of reduction in debt, reflecting our efficient financial management. The existing four hospitals in Salt Lake, Agartala, Dum Dum and Howrah continue to perform well and are improving on all financial and operational metrics and increasing occupancy.

Notably, our ARPOB stands at 36,500, 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 95% of the patient business is from cash and insurance. The company-level bed occupancy currently stands at around 53%, with an ALOS of 3.62 days compared to 4.0 on a YoY basis.

Coming to the hospital-wise performance, the 85-bed Surgical Excellence Hospital, ILS Hospital, Salt Lake has revamped its Gastroenterology Department infrastructure to attract more patients and thereby diversify the speciality mix. The ARPOB for this hospital has risen from 33,000 to approximately 40,000, while the ALOS has fallen sharply to 2.78 days compared to 3.32 days of the previous quarter 1.

The Agartala Hospital has the presence of 66 critical care beds across all bed categories and has commenced the installation of the radiology oncology equipment as well. Dum Dum Hospital has recorded an ARPOB of approximately INR.40,000 for the quarter. In line with our intent to reduce the average length of stay of this hospital, the ALOS has reduced to 4.74 days compared to 5.19 days of the previous year. This has correspondingly led to a slight dip in the occupancy as well. The company intends to commence a state-of-the-art diabetic clinic in this hospital to further strengthen its medical offerings.

The Howrah Hospital has seen a sharp revival, with hospital revenue and patient volume rising. The ARPOB of this hospital has increased from around INR26,000 mark in Q1 FY24 to approximately INR.33,000 in Q1 FY25.

In addition to our ongoing expansion efforts in Ranchi and Raipur, I am excited to share our ambitious goal of becoming a 1,000-bed hospital chain within the next 2-3 years. This target underscores our commitment to scaling our operations and reaching more communities in need for 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 questions you may have. With this, I conclude my opening remarks and look forward to addressing any questions that you might have regarding our financial performance and our future prospects. I will request the moderator to kindly open the floor to questions and answers.

Moderator: The first question is from the line of Aman Vishwakarma from PhillipCapital, PCG. Please go ahead.

Aman Vishwakarma: Hello, thank you for the opportunity and congrats on a good quarter. I broadly had a question on your expansion plans. I am not sure if you have highlighted them earlier in earlier calls. So, I was wondering if you could give us a broad idea of how we are planning to expand because I believe the North Eastern region and stuff is fairly underserved. So, I mean, what are your plans there?

Anurag Tantia: Sure. Thank you for the question, Aman. So, as highlighted earlier as well, we are coming up with our fifth hospital in Raipur. This should be commissioned by February of 2025. With this, we will be adding another 155 odd beds to our portfolio. We have also signed the lease agreement for a hospital in Rachi.

That is under the construction phase and should be added in the next three years. Apart from that, we are on the lookout for acquisition opportunities in the larger eastern India, including northeast India, as highlighted by you. Northeast India is deficient and we are obviously looking for good opportunities in that part of the country.

Aman Vishwakarma: And just as a follow-up on the northeast, do you see a fair amount of your traffic today that you have for traffic coming from northeast or do you see them coming from central India or something? I mean, if you could just give a breakdown of that. I mean, where do you see your patients coming in from mostly?

Anurag Tantia: See, one of our largest hospitals of Agartala is in the northeast. Obviously, that hospital has a fair bit of its patients from Tripura, which is a part of the northeast market. The Calcutta hospitals tend to cater to patients from all geographies of eastern India. So, northeast and the rest of the Calcutta city as well.

Aman Vishwakarma: And just quickly on the ARPOB, I think we are fairly in the mid-range of ARPOB when we compare it to the industry level. I mean, where are we? So, how do we see the growth coming in there?

Anurag Tantia: There's too much background noise. If there can be, we can just repeat the question also, please.

Aman Vishwakarma: So, my question…

Anurag Tantia: Background noise, Raghav.

Aman Vishwakarma: I'll join back in queue.

Moderator: Sure, sir. The next question is from the line of Sunil Jain from Nirma Bang Securities. Please go ahead.

Sunil Jain: Yes, good afternoon, sir. And thank you for this opportunity. So, my question relates to the excellent improvement in ARPOB, So, are these sustainable even at normal capacity utilisation?

Anurag Tantia: Yes, definitely the ARPOB is sustainable. These are ARPOB which have increased due to an effect of the case mix as well as increase in prices of both TPAs and our cash prices. Apart from that, the starting of speciality cases like robotic or replacements, even to an extent the oncology services which we started. So, all this is happening and giving an impact on the ARPOB increase. So, yes, it is sustainable and we are going to see that improving also down the line.

Sunil Jain: See, we saw ARPOB increasing in all the hospitals. So, is there any price action also or just a mix of the patient and all?

Anurag Tantia: There was a slight price correction in the beginning of the financial year for cash patients, but that was a very small component. Apart from that, insurance companies as and when the term or their term of contract expires and renews, there is a price correction there as well, which is generally set for two or three years. So, that is a process which is continuously happening.

More importantly, the ARPOB has increased due to the change in case mix across all hospitals. You can see that in our operating numbers as well. The length of stay going down, patient volume increasing. So, TNF that is having an impact on the ARPOB as well.

Sunil Jain: Yes, great. So, last time you had guided for around 14, 15% revenue growth. So, is that on track and you are likely to achieve because if we exclude first quarter, then rest of the nine months, you have to grow by almost around 18%?

Anurag Tantia: So, in terms of the guidance, we are still, I would say, on track to do a $12%-14% kind of growth number. We did guide for, did not guide for 15%, we guided for 12-14%. We are still on track. So, just to give an anecdotal number, means the Q2 is better, like we said earlier, that April and May due to elections was slightly subdued. We are right now on a monthly run rate of almost INR 36-37 crores in terms of revenues in Q2. So, we should be, Q2 would be slightly, would be better than the Q1, obviously. And then taking it forward from there.

Sunil Jain: Yes. So, this Q2 you had last year achieved almost around INR108 crores of revenue. So, with this, we will start seeing whatever the growth we are targeting 12%, 15% in the Q2 itself.

Anurag Tantia: Q2 we should see about, we should see a growth. I cannot comment on number because we are still in the middle of the quarter. So, I cannot comment on a specific number, but Q2 we should see a growth to achieve the overall number for the year.

Sunil Jain: Okay. And the occupancies, what we are seeing a dip was mainly on account of election period. But what we see from the other hospitals, the occupancy impact is not so large, what we had seen in our case?

Anurag Tantia: See, every region differs in its functioning or reaction to elections. Eastern India has a more pronounced effect of elections, maybe compared to other regions which you are talking about. Apart from that, the occupancy dip which you see on an overall basis is also on account of reduction of length of stay.

We had committed to reducing the length of stay of our Dumdum and our Salt Lake hospitals, our mature hospitals, and we managed to do that. Our length of stay has come down to 2.78 in Salt Lake and almost 4.6 in Dumdum from 5.3. So, the occupancy dip is an effect of that also which is allowing us to take more patients now.

Sunil Jain: Okay, sir. Thanks for answering. I have got more questions. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Harsh from Bandhan AMC. Please go ahead.

Harsh: Just one, two quick questions. One, in terms of the Howrah occupancy, now, again, there is some possibly seasonal impact as well as the election impact. But the guidance for the occupancy to ramp-up to more than 50% would still hold true because the first quarter has seen 37% occupancy. So, how should we think about the annual run rate, annualised run rate for this hospital in particular?

Anurag Tantia: So, yes, the hospital is ramping up well. The quarter one average was at 37%, which was primarily in effect of the elections or pronounced effect of the elections. At this point also in quarter 2 we are tracking a figure of more than 50%. So we are fairly confident that on an overall year-ending basis we will be tracking a guidance figure on this.

Harsh: Yes. In terms of clarifying one, two metrics over here, let's say for Dum Dum Hospital as well as Howrah Hospital my understanding would be inaccurate, but the occupancy coming down and your ARPOB moving up for both these hospitals is a function of your ALOS also coming down or is there something else that is happening?

Anurag Tantia: No, it's a function of the length of stay coming down. As the length of stay comes down from almost 5.3 to 4.7 the beds do open up and the occupancy will come down which is purely a function of the length of stay coming down.

Harsh: And the length of stay coming down continues to be again a function of our efficiency as well as the case mix?

Anurag Tantia: Yes, it is as we have been - we have made it amply clear in all our previous calls also that our intention is to reduce the length of stay of the Dum Dum Hospital and the Salt Lake Hospital to free up more beds so that we can take more patients. It is an intentional strategy which is now playing out. We are focussing on short stay treatments and surgeries which is now starting to give its results.

Harsh: And lastly in terms of guidance I think if I refer to the previous transcript it's 14% to 15% guidance for the core assets the existing assets. So is there a chance, is there a downgrade to that 14-15% because you mentioned 12-14% for FY25 or should we still consider 14-15%?

Anurag Tantia: See 12% to 14% is a good guidance and we stand by that guidance.

Harsh: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Dishan Jain from Quasar Capital. Please go ahead.

Dishan Jain: Thank you for the question, sir. I had a question on the occupancy and it is answered. The other question was on the cost structure. So if you look at the cost on the yearly basis, it has increased. Like is there any kind of upfront cost that we are taking or it is just a normal in line with the business?

Anurag Tantia: I'm sorry, Dishan it was not very clear. Can you please repeat the question?

Dishan Jain: So I had a question on the cost structure. So the cost, the few cost employer and other cost have increased. Like is there any upfront cost that we are taking or is it in the line of the business? Can you help us with that?

Anurag Tantia: Yes so the employee cost has gone up due to the annual increase in the salaries for the employees which happens every April. If you see in terms of the cost structure due to the change in case mix, the medicine cost or the cost of material consumed has come down, whereas other expenses have slightly gone up because the doctor expenses has gone up. And also what do you call due to increased use of the robot, the payment to the robot agency has also gone up.

So that all comes as part of the other expenses. So this case, the cost structure depends on the case mix which is in line with the industry as well.

Dishan Jain: Okay. And so how much of that are we carrying as of June 24?

Anurag Tantia: Close to INR8 crores.

Dishan Jain: Thank you for the opportunity.

Moderator: Thank you. The next question is from the line of Nihar Dave who is an individual investor. Please go ahead.

Nihar Dave: Hi, sir. Thank you for the opportunity. So I just had one or two questions. So, the Raipur and the Ranchi hospital, how much of the capex is already reflecting in our gross block of, let's say, about INR270 crores plus totalling up to INR312 crores, including intangible and other assets? How much of it is already reflected?

Anurag Tantia: So it is not a part of the gross block as of now. It is a part of the CWIP. Expenses are still going on in those projects. Ranchi, we've not spent anything apart from the initial security deposit because of the approvals and the initial work is going on by the developers. In Raipur, we have spent almost INR5 to INR7 crores in capital works in progress and the equipment ordering process, the major chunk of our expenses already started.

Nihar Dave: Okay. And so we are expecting about INR55 odd crores per hospital and what are we looking at in the requirements for the new hospital?

Anurag Tantia: It would be around INR5 to INR10 crores in the initial period. For the initial period where we will be likely to sustain cash loss that will be the INR5 to INR7 crores mark. Beyond that, our business is a negative working cycle business. We don't require a lot of working capital for daily functioning.

Nihar Dave: Okay. And so what locations specifically in Ranchi and Raipur are we planning?

Anurag Tantia: So Raipur, the project has already started. It's in its I would say finishing stage. We are looking at starting in February 2025, commissioning in February 2025. It is in Pachpedi Naka. It's in the heart of the city. Similarly, Ranchi is in Line Tank Road. Again, right in the heart of the city. There we are going through the approval process and the builder is going to start construction there.

Nihar Dave: Okay. Thank you so much. Thank you very much.

Moderator: Thank you. Next is a follow-up question from the line of Aman Vishwakarma from PhillipCapital PCG. Please go ahead.

Aman Vishwakarma: Yes, thank you for the opportunity. So I have a rough question. So could you give me a broad idea of what does your capex per bed look like in the North Eastern region as opposed to the Central region?

Anurag Tantia: So capex per bed in the Northeast or Central region really doesn't change that much other than the cost of land per se. Our last hospital in Howrah, we had spent about INR70 lakhs per bed, which is in Calcutta city. In Raipur hospital, the capex per bed looks optically lower because the asset which is the land and the building is on a long-term lease from the developer. So that is why the capex per bed is lower. So capex per bed is a function of the model that we do choose. Industry generally tracks at almost INR1 crores per bed without the cost of land. Whereas Howrah it was INR70 lakhs per bed including the cost of land.

Aman Vishwakarma: I mean, but if I understand it correctly all of our hospitals are Greenfield, right?

Anurag Tantia: Existing four are Greenfield. The fifth one is also Greenfield, but the land and building is on an asset-light model.

Aman Vishwakarma: Okay, got it. And just lastly so I mean, how are we placing ourselves? Are we doing any high-value surgeries or not? So essentially what I'm trying to get to is how do we establish ourselves as a branded player? Because these areas are fairly underserved, right? So I mean if we could get the first-mover sort of advantage with the brand recognition, so I mean how would you go about that?

Anurag Tantia: Sure. So in terms of our Calcutta hospitals, it's a brand which is there in Calcutta since almost last 24 odd years. It's a well-recognised brand in the city. Our model is more of a neighbourhood tertiary care model. So we believe in marketing that 4 km to 5 km radius of that hospital. These hospitals have the most advanced surgeries like robotic surgeries, bariatric surgeries, kidney transplants, neurological surgeries, congenital heart disease and other kinds of surgeries which are the requirement in each and every region. The hospital in Agartala is the only corporate hospital in Agartala. We are very famous for the critical care patients that we do treat and other high-value surgeries that we do operate there.

Aman Vishwakarma: Okay. And sir just a suggestion, I don't think you give out the case-mix data. So I mean, it would be great if you could just provide that?

Anurag Tantia: So we do give case-mix data on an annual basis. We don't give on a quarterly basis. Annually, we will give it out on annual presentations.

Aman Vishwakarma: And sir just last one I think, so if you look at doctors in Mumbai, they're majorly consultants, right? So I mean how does it work in the other regions I mean, in the regions that you operate, how many would be on your payroll and how many would be consultants broadly?

Anurag Tantia: So the doctor engagement is again, a structure of the region where we are operating in. In Calcutta, the trend is more like Bombay where most of the doctors are on a visiting basis, while in Agartala and even to a large extent in Raipur they work more as full-timers. At this point, we have over 90 full-time consultants and almost the association of 500-odd visiting consultants.

Aman Vishwakarma: Okay, got it. And this 90 is spread across all the hospitals, right?

Anurag Tantia: Correct.

Aman Vishwakarma: Okay got it. Thank you.

Moderator: Thank you. Next question is from the line of Anuj Kashyap, who is an individual investor. Please go ahead.

Anuj Kashyap: Good afternoon, sir. Congratulations for the good set of numbers.

Anurag Tantia: Yes, good afternoon.

Anuj Kashyap: Good afternoon. Sir just I wanted to know last financial year, we had a campaign in Bangladesh for international patients. Just I wanted to know, what is the revenue mix or what percentage of revenue comes from international patients and how much Bangladesh issues has affected us this is first set of question?

Anurag Tantia: Sure. So, as highlighted earlier also, we are more of a neighbourhood hospital, tertiary care centre. We focus more on patients in our immediate neighbourhood areas. Bangladesh for us is not a target market in Calcutta hospital. We do get a small percentage roughly around 5% to 7% of our patients from Bangladesh in our Agartala hospital only. That is something which might get impacted for a few months on because of the ongoing crisis, but hopefully should be resolved soon.

Anuj Kashyap: And sir second question is in your DRHP, you mentioned that you'll be looking for the Kanpur cities or cities in Bihar or Guwahati and all. So, whether that will be organic expansion or inorganic?

Anurag Tantia: We are open to both organic and inorganic opportunities. We are scouting for inorganic opportunities in these major cities which you've mentioned. At the same time, we are looking for land parcels also for organic expansion opportunities.

Anuj Kashyap: Thank you, sir.

Moderator: Thank you. The next question is a follow-up question from the line of Dishan Jain from Quasar Capital. Please go ahead.

Dishan Jain: Yes, thanks for the opportunity again, sir. My question sir, as you said that the doctors' fees have increased, is it related to the intense competition or something other than that?

Anurag Tantia: So, it is a mix of some amount of fixed increment to the payments to RMOs and some of the fixed consultants. Apart from that, it is also a function of the case mix changing. As we are doing more complicated cases, the doctor fee component in these cases tends to increase. So, it is a mixture of both of these factors.

Dishan Jain: Okay, thank you.

Moderator: Thank you. The next question is from the line of Bina Shah from B S Investments. Please go ahead.

Bina Shah: Yes, hi. Congratulations with good results. I actually joined a little late. So, my question is regarding the occupancy. So, we see that the occupancy levels for this quarter for most of the hospitals had declined on a Y-o-Y basis. So, could you help me understand the reasons behind this, firstly and second is how we can expect to ramp up the coming on quarters or the years ahead?

Anurag Tantia: So, the occupancy has declined primarily due to two reasons. A is that we have managed to reduce the length of stay in our Salt Lake and our Dum Dum hospital which was an intentional strategy from our part. So that has opened up more beds to be available for newer admissions. Secondly, quarter 1 is a seasonally weak quarter which was further heightened by the general elections. General elections tend to have a higher impact in Eastern India, the disruptions caused. So because of which there was limited movement and that impacted the occupancy as well.

We are already ramping up. July has already ramped up. And we are expecting Q2 to give us that fair amount of growth, which we are looking at.

Bina Shah: Understood. And one more question. So, can you comment on the cost of the surgeries performed by robots and how was that really accepted by the patients like were they comfortable or could you just help me with that?

Anurag Tantia: Sure. So the surgical robot charges are fixed around the INR60,000 to INR70,000 mark. And generally these are either paid for the patient by themselves or in some cases the insurance companies tend to cover it also. Insurance coverage is limited at this point. We are engaging with all insurance companies to make it a standard offering.

Bina Shah: Okay. And if I'm not wrong, the Dum Dum hospital has the highest ARPOB among the four hospitals. So, how does this number look going ahead? Will it stay on the top or any other changes expected?

Anurag Tantia: So, yes, Dum Dum hospital has a higher ARPOB because of the high amount of tertiary care level work which we do in that hospital, including renal transplants. We expect that number to continue with its standard growth path. Other hospitals are also maturing in their service offerings. For example, in Agartala, we are starting oncology services as well. So as newer service offerings start in Agartala and other hospitals they would also glide up or match up to the Dum Dum number.

Bina Shah: Okay. And one last final question. So, why has there been a sudden increase in the other expenses, if you could help?

Anurag Tantia: We already covered that in one of the previous questions. So, the other expenses is primarily increased due to increase in doctor expenses which is a product of the annual increment, as well as the change in speciality. Apart from that payout to vendors like robotics with the increase in robotic surgeries, payout to vendors for robotic cases also. All these are added as factors to the increase in other expenses.

Bina Shah: Okay. Perfect. Thank you. That was very helpful. That's all from my end.

Moderator: Thank you. The next question is from the line of Cinderella from SR Investment. Please go ahead.

Cinderella: Good afternoon. So, I just wanted to know that how are the roles distributed among the family members involved in the business?

Anurag Tantia: So, the roles between the family members are clearly defined. There is minimal overlap between the different family verticals. There are family members involved in the infrastructure piece and in the healthcare piece. I Anurag Tantia, look after the entire healthcare operations and I'm assisted by Mrs. Kriti Tantia, who is a CFO and Dr. Vishal Goyal who is a group CEO of the healthcare division.

Cinderella: Okay. Also, can you please provide the insight to the demographic of a patient base like notable trends in patient age or gender or health conditions like are you observing any of those?

Anurag Tantia: Those data points are there, but they are not available with me at this point. We can provide them later if it's so desired.

Cinderella: And I just wanted to understand that what are the investments we made in technology innovations to improve the operation efficiency of the patient care?

Anurag Tantia: So we do end up making quite a lot of investment in this regard. For example, as highlighted earlier also we've invested in the surgical robot in our Salt Lake Hospital. We've invested in 3D cath facilities in our Dum Dum Hospital. We've digitalised our entire functioning from an HMIS perspective. We are launching a patient app very soon. So, there are constant endeavours both from a medical and a non-medical perspective to improve the overall patient experience.

Cinderella: Okay. And how are you measuring the ROI on these investments?

Anurag Tantia: So there are some investments, for example, the digitalisation of patient records, linking everything to Sales force. These are measurable on account of the higher conversions which we are able to do from leads. Apart from that measuring the satisfaction of patients because they are being able to get their reports on time, on their phone, etc. Some of it is immeasurable. Some of it is measurable. Directly measurable are the returns on the robotic surgeries and the returns from speciality-specific investments which are done. So, those are directly measurable. Some are not measurable as well.

Cinderella: Okay. And also one more thing how can you differentiate between the asset-light model and the normal business model like if someone is paying INR2 crores to INR3 crores per year, how can you differentiate between them?

Anurag Tantia: I'm sorry, the question was not very clear.

Cinderella: I said that if you can explain me the difference between the asset-light model and the normal business model regarding the investment. And I needed clarity on who is paying INR2 crores to INR3 crores per year. So, how can you differentiate between those?

Anurag Tantia: So, I don't know where the number of INR2 to INR3 crores is honestly coming from. But an asset-light model and a normal business model in this case is when the land and the building is on a long-term lease. So, almost 40% of the capex per bed is towards land and building. So, if you carve that out and take it on a long-term lease then we don't need to spend on that. That is why it becomes an asset-light model. The balance 50% to 60% is what we end up spending which is what we are doing in Raipur and also potentially in Ranchi as well so that is difference.

Cinderella: Where in Ranchi?

Anurag Tantia: I think you have joined the call late maybe, madam. Ranchi is in Lion Tank Road, the heart of Ranchi next to MG Road of Ranchi.

Cinderella: Okay because I was asking because I'm basically from Ranchi. No worry. That's all from my side.

Moderator: Thank you. Next is a follow-up question from the line of Aman Vishwakarma from Philip Capital PCG. Please go ahead.

Aman Vishwakarma: Yes, thank you for the opportunity. So, I had a question on your broader occupancy numbers. So, I mean, despite these hospitals being 20, 15 years old I mean our occupancy numbers are still in the range of 60% to 50% sort of range. So, I mean, is this the optimal utilisation or what is causing this stagnation of the occupancy?

Anurag Tantia: So, if you look at the occupancy numbers the older hospitals of Salt Lake and Dum Dum are functioning at good levels. Dum Dum is functioning at almost a 70% occupancy, while Salt Lake is at a slightly muted 56% occupancy. The Salt Lake occupancy is on account of the length of stay coming down. So, as the length of stay has come down for that hospital we have more. It has come down from almost 3.7 a year ago to 2.7.

So, that has been a constant endeavour on our part to reduce it, which is now affecting in the higher number of beds available. We are engaging with more doctors and more departments to make utilise - to utilise the larger number of beds available. If you see our IP numbers, they have not reduced, they have increased, in fact.

The same applies to the Dum Dum hospital also. Our length of stay has come down from almost 5.4 to 4.7 in the past four or five months as an intentional strategy to make more beds available which is what we are now working on filling up. Agartala occupancy has been increasing year-on-year as we see. With the addition of oncology services there we are hopeful it should press towards the optimal 70% mark in the next 1 year or so, 1.5 years. Howrah is on an increasing trend. It's a fairly new hospital post-COVID. It is on an increasing trend and we are seeing good growth year-on-year.

Aman Vishwakarma: Fair enough, but I mean, I might have gotten it wrong, but maybe - so if there are more beds opening up for the patients and despite the IP numbers going up, so shouldn't there be an increase in the occupancy also?

Anurag Tantia: So length of stay has come down. As I said, length of stay has come down. If every patient is staying lesser on that same bed compared to 3.5 days, 2.7 days that opens up beds to be lesser occupied, because of which you're seeing the occupancy to be lower on a visual basis.

Aman Vishwakarma: Okay, and then just lastly, on our robotic surgery, so I mean, who exactly are we partnered with in terms of our equipment? I mean, do we have any major supplier that we buy from?

Anurag Tantia: So at this point, we have one surgical robot in our Salt Lake hospital from a company, a British company called CMR. We are in talks with some more robots for other hospitals as well. That is under negotiation.

Aman Vishwakarma: Okay, got it. Thank you.

Moderator: Thank you. Next question is a follow-up from the line of Sunil Jain from Nirmal Bang Securities. Please go ahead.

Sunil Jain: Yes. Thank you very much for this follow-up opportunity. So you said that currently you are running at INR36 crores revenue per month. So that will again translate to around INR108, INR109 crores revenue and again we will be in the growth range of 1% to 3%. So how we will be able to achieve growth of 12% to 14%? What link we are missing in it?

Anurag Tantia: So like I said, it's INR37 crores for July. We're tracking around INR37 crores odd for July. Obviously, August is slightly better than September is also better. So we are looking at an improvement in the occupancy like we highlighted earlier. For the quarter, we should see a bump up in the growth, not the 1% to 2% that you're kind of pointing towards. So for the year that 12% to 14% mark is what we are quite confident of achieving.

Sunil Jain: And second thing about you had pointed out that some impact will be there on the Agartala about the Bangladesh patient not coming. So again there the utilizations are not likely to improve so much because that impacted because of that. So will that also have impact on the revenue?

Anurag Tantia: So that can we will have a temporary impact on the revenue because Agartala, the Bangladesh patients contribute to almost 5% to 8% of our revenues in Agartala. Having said that, like we've highlighted in the next couple of months, we expect to start the radiation oncology and the PET CT and the LINAC as well in Agartala. So that would again bump up the revenues there.

So that should counter affect each other. The second part is that Bangladesh situation will also get hopefully normalised in the next couple of months. So the patient inflow from there should hopefully come back to normal next couple of months. It cannot stay like this for a long time.

Sunil Jain: How is the utilisation in Agartala in the July month? Is it running well or what?

Anurag Tantia: July month is running well. It is almost tracking around the 50% mark for Agartala right now. We are seeing a bump up in revenues there. A lot of initiatives like this oncology and other departments we are plugging the gaps to ensure that the operations do pick up well. So the first quarter, honestly, like I said, it's not a good benchmark because of the elections and otherwise. You are adding that to say that the first quarter is what will transfer for the full year that's not a good impact.

Sunil Jain: Okay fine. Thanks.

Moderator: Thank you. The next question is from the line of Raghav Vaidya Narayana from JM Financial. Please go ahead.

Raghav Vaidya: Hi, just one question from my side. Anurag you had mentioned that ALOS increasing had led to lower occupancies, but IPO volumes had still gone up. Could you quantify that for 1Q and how it has been on a year-on-year basis?

Anurag Tantia: Sure. So as I have said earlier as well, the length of stay has come down. IP numbers have remained stagnant or have gone up compared to 1Q last year. So if you see the Salt Lake Hospital 1Q last year we had done around 1,380-odd admissions. This year we have done almost 1,560-odd. Agartala, we had done 2,590 last year and we have maintained the same 2,590 this year as well. Howrah was almost at 1,100 against which we have done 1,200 admissions this year. So the numbers have increased or remained stagnant which also is commendable because of the overhang of the elections as mentioned earlier.

Raghav Vaidya: Sure, thank you. And what is the number for Dum Dum?

Anurag Tantia: Dum Dum had done 2,050 admissions in the last year. This year we have done 2,070 admissions.

Raghav Vaidya: Okay great. Thank you.

Moderator: Thank you. The next question is a follow-up from the line of Nihar Dave who is an individual investor. Please go ahead.

Nihar Dave: Hi, sir. Thank you for the opportunity. So my question was on the inorganic acquisitions that we are planning on making. So Raipur and Ranchi we are looking at, let's say, around INR70, INR80 lakhs per bed investment. Are we also for our inorganic acquisitions going to look at an asset-light model or if we get into an inorganic acquisition, we are open to, let's say, a higher cap expense per bed?

Anurag Tantia: So given the nature of an inorganic acquisition, it cannot be asset-light. That is the premise why the existing owners are selling, but if it is available, we will need to take it on a going-concern basis. We cannot comment on a number for an inorganic acquisition. But having said that, the hospital will be operational on day one. We will not need the initial six, eight months dealing issues to start the hospital. That is the advantage of an inorganic hospital because time to market is much faster.

Nihar Dave: Of course. But are we looking, my question if I can rephrase, are we looking specifically for an asset-light model or are we looking are we open to one?

Anurag Tantia: No, we are open to both. We have almost INR45 crores sitting on the balance sheet in terms of available cash and investments which is targeted towards getting such an opportunity and hopefully, we should be able to crack somewhere in the next 12 months, 12 to 15 months.

Nihar Dave: And just a follow up on the Raipur and Ranchi hospital, you mentioned in a previous conference that INR3 crores to INR4 crores would be the lease rental expense for the hospitals. That's per hospital and that's fixed already?

Anurag Tantia: Yes, it's per hospital and it's an agreed-upon amount with an increase every three years.

Nihar Dave: Okay. Understood. Thank you very much.

Moderator: Thank you. The next question is from the line of Harith Ahmad from Avendus Spark. Please go ahead.

Harith Ahmad: Hi, thanks for the opportunity. On the new hospitals at Raipur and Ranchi, what is the kind of ARPOB that we can anticipate for the markets and other kind of assets that you're planning for these facilities?

Anurag Tantia: So, thank you. So, obviously for the new hospitals in the initial phase the ARPOB might be at a 10% to 15% discount compared to our Calcutta hospitals. But as the hospital matures by the third or the fourth year, we hope the ARPOB levels to meet up to our Calcutta standards of around the 36,000-37,000 mark in today's terms.

Harith Ahmad: Okay. And like you mentioned there could be some initial losses in the first few quarters. So, any sense of the break-even timelines that you could share for these assets? And then, what is the timeline for the Ranchi hospital?

Anurag Tantia: Generally, in our Calcutta hospitals, we've broken even on a month-on-month basis and around 10 months in Dumdum, 8 months in Howrah. But we are mindful of the fact that we are going into newer territories. So, we are assuming that we would require around 15 to 18 months to break even on a month-on-month basis in these new territories.

That is something we have factored in our projections as well. And we are fairly confident of making that happen. The Ranchi hospital, as I said earlier is under the approval stage from the government. And we are awaiting the last few approvals to come in, post which the builders will start the construction process.

Harith Ahmad: It's more towards the second half of FY '26 that we can expect.

Anurag Tantia: We are potentially looking at that starting commencing in FY '27.

Harith Ahmad: Understood. Thank you.

Moderator: Next is a follow-up question from the line of Bina Shah from BS Investments. Please go ahead. The line from Ms. Bina seems to be disconnected. Shall we move on to the next question, sir?

Anurag Tantia: Please.

Moderator: Okay. So next question is a follow-up from the line of Anush Kashyap, who is an individual investor. Please go ahead.

Anush Kashyap: My follow-up question is, we are looking for diversification of our revenue stream like oncology, like robotics. So what is the management process behind IVF or diagnostics?

Anurag Tantia: So we are not looking at setting up IVF or diagnostics as a separate business vertical. It is a part of our existing business vertical itself. We are doing diagnostics in-house across all our hospitals at an OPD level and IPD level. And IVF is something which we are starting off in Raipur also as a part of our hospital service offerings. We are not looking at branching them off as separate business verticals.

Anush Kashyap: Right, sir, that is a good strategy. But the margin basis of diagnostics and IVF that is a high margin business, right?

Anurag Tantia: It might be but we have our focus and we want to focus on our hospital business itself. At this point, we do not think it would be the right timing or the choice to branch off into that.

Anush Kashyap: Okay, thank you, sir.

Moderator: Thank you. The next question is from the line of Sakshay, who is an individual investor. Please go ahead.

Sakshay: Many of my questions have been answered earlier. When you said scouting in the state of UP, particularly in the city of Kanpur, are you also scouting any particular city in Bihar?

Anurag Tantia: So we are looking at opportunities across the eastern geography. So we are not just limited to Kanpur and UP. We are also looking at cities like Patna or Banaras even some cities in the eastern periphery of Madhya Pradesh. So it is not just that we are limiting ourselves to Kanpur. We are looking at various cities in the eastern part of the country.

Sakshay: And the second question would be...

Anurag Tantia: Yes, Raghav, can you please look... Moderator, can you please look into the question?

Moderator: Sure. Sakshay sir, can you please repeat your question?

Sakshay: Yes, my question is many of the competitors are setting up their own laboratory. So are our company looking into that sector too?

Anurag Tantia: Okay. So Sakshay, we just answered that question in the previous question itself. We are not looking at setting up a separate diagnostic vertical. Diagnostics is a part of our hospital service offerings and it is a part of our existing hospitals. We are focussing on increasing our hospital business at this point and not looking at setting up a diagnostic vertical separately.

Sakshay: And my last question would be, are there any acquisitions on the table in this particular financial year?

Anurag Tantia: So there are multiple opportunities which do come and we evaluate them based on the strength and weaknesses they give. We are discussing a couple of opportunities. It would not be right to comment on it at this point.

Sakshay: Okay, excellent. Thank you. And best of luck.

Moderator: Ladies and gentlemen that was the last question for the day. I now hand the conference over to the management for closing comments.

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

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