February 03, 2025

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 Q3FY25

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 January 28, 2025 post declaration of Financial Results (Standalone & Consolidated) for the quarter ended December 31, 2024.

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

Kindly take the same on record.

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

Yatharth Hospital & Trauma Care Services Ltd.

RITESH MISHRA
Digitally signed by RITESH MISHRA
Date: 2025.02.03 18:44:26 +05'30'

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

"Yatharth Hospitals and Trauma Care Services Limited Q3 FY'25 Earnings Conference Call"

January 28, 2025

MANAGEMENT: **MR. YATHARTH TYAGI – WHOLE-TIME DIRECTOR**
MR. AMIT KUMAR SINGH, GROUP CHIEF EXECUTIVE OFFICER
MR. NITIN GUPTA – CHIEF OPERATING OFFICER & PRESIDENT (FINANCE)
MR. PANKAJ PRABHAKAR – CHIEF FINANCIAL OFFICER
MR. NEERAJ VINAYAK – HEAD, STRATEGY & INVESTOR RELATIONS
MR. SONU GOYAL – GROUP FINANCIAL CONTROLLER

MODERATOR: **MS. AASHITA JAIN – NUVAMA WEALTH MANAGEMENT LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Q3 FY'25 Earnings Conference Call of Yatharth Hospitals and Trauma Care Services Limited hosted by Nuvama Wealth Management Limited.

As a reminder, all participants' line will be in listen-only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

Let me draw your attention to the fact that on this call, the Company's discussion will include certain forward-looking statements which are predictions, projections or other estimates about future events. These estimates reflect management's current expectation about the future performance of the company. Please note that these estimates involve several risks and uncertainties that could cause company's actual results to differ materially from what is expressed or implied.

I now hand the conference over to Ms. Aashita Jain from Nuvama Wealth Management Limited. Thank you. And over to you.

Aashita Jain: Thank you, Steve, and good day everyone. I am Aashita Jain from Nuvama Wealth Management. Welcome you all to Q3 FY'25 Earnings Conference Call of Yatharth Hospitals & Trauma Care Services.

From the management we have with us today, Mr. Yatharth Tyagi – Whole-Time Director, Mr. Amit Kumar Singh – Group Chief Executive Officer, Mr. Nitin Gupta – Chief Operating Officer and President, Finance, Mr. Pankaj Prabhakar – Chief Financial Officer, Mr. Neeraj Vinayak – Head, Strategy & Investor Relations and Mr. Sonu Goyal – Group Financial Controller.

I now hand over the conference call to Mr. Yatharth Tyagi for his Opening Remarks, and we will then open the floor for Question and Answer Session. Over to you, Mr. Tyagi. Thank you.

Yatharth Tyagi: Good afternoon and a very warm welcome to Yatharth Hospitals & Trauma Care Services Limited Earnings Conference Call for the Quarter ended December 31, 2024. We've uploaded our presentation on the exchange and the company website, and we hope you all might have received and have had an opportunity to go through it.

I am pleased to report that Yatharth Hospitals has achieved robust growth in revenue, surpassing 30% year-on-year and EBITDA surpassing 20% year-on-year growth for the nine months ended FY'25. Our expanding network of super specialty services alongside the successful integration of the Greater Faridabad Hospital has been instrumental in driving this momentum.

I am glad to share that we have completed payments for two newly acquired hospitals in New Delhi and Faridabad, adding approximately 300 and 400 beds respectively. Our focus now remains on operationalizing these hospitals by the next quarter. We are intensifying our efforts towards the procurement of state-of-the-art, medical equipment's and advanced robotics systems. This strategic initiative is designed to elevate the quality of care provided and to ensure that our facilities remain at the forefront of medical innovation. In tandem with these advancements and with the addition of new beds, Yatharth brand is now attracting leading doctors and specialists across NCR region, reinforcing our position as a trusted healthcare provider.

A key notable achievement this quarter with our hospitals was a successful kidney transplant facilitated through one-of-its-kind transfer of a kidney from Faridabad to our hospital in Greater Noida in just 20 minutes and 40 seconds by creation of a 46-kilometer green corridor.

Our commitment to clinical excellence is demonstrated by several other noteworthy cases.

1. We performed the first Cochlear Implant Surgery on a 5.5-year-old girl, with a case of bilateral congenital hearing loss from Turkmenistan.
2. A female patient from Africa with complex heart conditions, including severe mitral stenosis, severe tricuspid regurgitation, a sinus venosus atrial septal defect, and a partial anomalous pulmonary venous connection, where severe pulmonary artery hypertension and a right heart failure. After intense medical operation, she successfully underwent surgery which involved replacing the mitral valve, repairing the valve as well as closing the atrial septal defect, and rerouting the whole right pulmonary vein, through the expertise of surgeons.
3. In another scenario, our team conducted a Coronary Artery Bypass Grafting Procedure, where three bypasses were put on the heart targeting LAD, PDA and the ramus intermedius in case of a Dressler Syndrome.

These cases reflect the high standard of care and the hospital's advanced capabilities in handling intricate medical cases at Yatharth Hospitals.

In line with our vision to continuously introduce the most cutting-edge technology for our hospitals, we have this quarter added Interlaminar Spinal Endoscopy in Noida Extension and started Therapeutic Nuclear Medicine and Radiotheranostics – Lutetium Therapy at Yatharth Hospitals. This cutting-edge therapy integrates diagnostic imaging and targets therapeutic solutions, providing a highly effective treatment for certain cancers such as neuroendocrine tumors and prostate cancer, where all therapy fails. These therapies will enable Yatharth Hospital's oncology department to offer high end oncology specialization services.

I am happy to share that our focus on patient-centric, high-quality healthcare combined with strategic acquisitions and investments have helped us achieve an ARPOB of Rs.30,614 in nine months financial year '25, with Noida Extension Hospital registering the highest ARPOB at Rs.37,608, up 12% YoY, while Greater Noida Hospital's Rs. 34,584, up 21% YoY.

Our newest Greater Faridabad Hospital has ramped up very well and has been successfully integrated. In just seven months of being operationalized, it has the revenue growth contribution to 5% of our overall group's revenue and has an ARPOB Rs. 34,365 for Q3 FY'25 in the initial days of hospital's commensuration.

Finally, I would like to take this opportunity to provide an update on the Income Tax matter and addressing the recent market rumors. IT department had conducted a search operation in 2023, and as part of their standard procedure, a certain amount was provisionally blocked by the department. Till last quarter, a majority of those funds, which were provisionally blocked, have been released and have been unblocked. In the recent development, a new Assistant Commissioner assumed responsibility of the case, which was pending for 2-3 months in between and has in the similar line provisionally attached some of company's assets. The issue was informed to the stock exchanges after receiving notice from the authorities. Further to our intimation, during the QIP, an amount of Rs. 6.23 crores from the attached FDs were indeed allowed to be utilized by the company from the Income Tax authorities. We are actively cooperating with the authorities to expedite the resolution of this matter and do not anticipate any significant material, financial or operational liabilities arising from these proceedings.

Furthermore, Deloitte has already been appointed as an internal auditor since last quarter and our teams have been actively working towards their suggestions for strengthening our financial systems and risk controls. Moreover, in line with the previous communication regarding the appointment of a leading auditing firm as statutory auditor, I am pleased to inform you that we are on track to finalize the top six auditing firm from the upcoming new financial year and the company will be having the new top six auditors.

We believe that Yatharth Hospitals is well poised and a focus on patient-centric, high-quality healthcare, combined with strategic acquisitions and investments in medical field will drive long-term value for our stakeholders. The company remains on track into fulfilling all the parameters and targets that is set for itself in the field of delivering high-end patient care in the regions that we operate.

I will now hand over the call to our CFO, Mr. Pankaj, for Financial Updates.

Pankaj Prabhakar: Good afternoon, everyone.

Yatharth Hospitals has delivered growth in both revenues and profitability for the quarter and nine months ended December 31st, 2024. Let me first take you all through the results for the quarter. During the quarter, Yatharth Hospitals achieved a revenue of Rs. 2,192 million, reflecting a substantial growth of 31% year-over-year and a growth of 1% quarter-over-quarter, driven by growth in our occupancy and ARPOB. Notably, our Noida Extension Hospital registered highest growth with a remarkable 43% YoY increase in revenue, now contributing 36% to our top line. Our in-patient volumes were up by 36%, while our out-patient volumes were up by 12% YoY in the quarter.

We have also made significant strides in advancing our tertiary and quaternary care services. Earlier this year, we introduced a New Radiation PET Line at our Noida Extension Hospital and robotics across our Noida Extension, Greater Noida and Greater Faridabad Hospital. These investments have significantly boosted our oncology revenue, with oncology now contributing to 21% to Noida Extension's revenue and 10% to group's overall revenue, a 150% increase from last year. The shift towards high value super specialty services have driven a 4% YoY increase in our ARPOB which now stands at Rs. 30,652 for Q3 FY'25. Notably, Noida Extension achieved an ARPOB of Rs. 37,886, driven by its 70% contribution from our Super Specialty Services, reflecting our focus on high-end healthcare solutions. We remain optimistic about our Greater Faridabad facility, which now contributes about 5% to our top line and it's ARPOB contribution evidenced from Q3 ARPOB number of 34,365.

Our EBITDA for the quarter improved by 18% YoY to Rs. 549 million; however, our EBITDA margin this quarter were at 25.1% compared to 27.8% last year. The reduction in EBITDA margin for the quarter was on account of operational losses at our Greater Faridabad unit, which become operational in mid-May. Adjusting for Faridabad losses, our EBITDA margin would have been in the range of 26%-27% this quarter. Overall, our profits grew by 3% YoY at Rs. 305 million, a relatively slower profit growth recorded due to an increase in depreciation expense in the quarter in line with our ambitious bed capacity expansion plan, and addition of state-of-the-art medical equipment at our leading hospitals.

Coming to Nine Months number, our revenue grew by 32% YoY to Rs. 6,487 million. Our in-patient volume were up by 32%, while our out-patient volume were up by 12% YoY in nine months. Our overall group occupancy also increased to 61% in nine months FY'25, compared to 53% in the same period last year. Notably, our Noida Extension and Jhansi-Orchha have shown impressive occupancy growth, reaching 60% and 50% respectively, compared to 42% and 20% in the same period last year.

Our EBITDA for the nine months period stood at Rs. 1,632 million, up 22% YoY, while EBITDA margin stood at 25.2%. Our profit for nine months period stood at Rs. 911 million, up 21% YoY.

Our balance sheet continues to remain strong with the net cash position of Rs. 5,605 million with the fund infusion from the QIP. We remain confident to not only sustain the growth momentum in revenue and profitability, but also towards capitalizing opportunities ahead to achieve operational excellence and expanding our presence in North India.

Thank you. With this, I would like to hand it over to the moderator for questions-and-answers.

Moderator: We will now begin the question-and-answer session. First question is from the line of Ritika from Perpetuity Ventures. Please go ahead.

Ritika: Sir, I had majorly two questions. One was that the ARPOB was 4% YoY this quarter. So, how is this projected to grow? And even in Noida cluster I've seen a drop in revenue. So, what is the major reason for this? And around the income tax thing, my understanding is that if you have a provisional attachment, you can release it through bank guarantees. So, is there any plans of that and what is your maximum valuation of your provisional attachment?

Yatharth Tyagi: Right. So, the first question is on the ARPOB. As the company has demonstrated good ARPOB growth, year-on-year, similarly, this nine months have shown good ARPOB growth. This is primarily due to increase in our super specialty business and specifically oncology is now contributing to a larger share driving this good ARPOB growth and also reduction in our government business which we have selectively chosen which is leading to a good ARPOB growth, and we feel the 10% ARPOB growth that the company has seen YoY for last year should be sustainable for the years to come ahead.

Similarly, your second question is on the Noida cluster. So, the Noida Extension Hospital actually has shown good growth and continues to show good growth. Similarly, Noida, Great Noida have been increasing. If you look at Q2 compared to Q3, Q3 has always been a leaner season for us in the past across the industry. So, it is in line with that, but even then, we have sustained and in fact increased a bit in revenue, that is due to the addition of our newer hospital that is in Greater Faridabad as well as growth in some of our existing hospitals is concerned.

Coming to your third question on the Income Tax matter, so the provisional attachment of the assets, we do not require to submit any amount to get them released. We have been assured by the Income Tax department that they will be anyways being released very soon and we are in constant conversation with them regarding this provisionally unblock of the assets. Just like our provisioning block of the amount a year ago had been released, we have been assured by the department that this provisional blocking of assets will also be released and we do expect a very positive outcome very soon from the department and there are no plans to give any FDs in exchange of this.

Ritika: So, what is the lien amount currently?

Yatharth Tyagi: Sorry, what is the ?

Ritika: Lien amount with the income tax department.

Yatharth Tyagi: It is close to 60 crores.

Moderator: The next question is from the line of Parth Kotak from Plus91 Asset Management. Please go ahead.

Parth Kotak: I have a couple of questions. The first is regarding recent acquisition model from Delhi and Faridabad. Could you elaborate on the projected timelines for achieving breakeven and payback for these hospitals and how do you plan to ensure operational efficiency given the significant CAPEX outlay of about 220 crores for Delhi and about more than 150 crores of Faridabad?

Yatharth Tyagi: So, this is in line with our strategy of expanding in our areas where we have a strong presence. The decision for acquiring another hospital in Faridabad was the fact that this is the area that we have studied very well, we have already started a hospital in Greater Faridabad last quarter. So, we understand the market and just trying to replicate that, we have already done in Noida, we expand from one part to another within the same city and become a leading player in that region. So, that's why the Faridabad upcoming hospital, which is a 400-bed hospital which will have cancer treatment, something a Greater Faridabad Hospital couldn't have. So, we will be leveraging the brand completely in that area. Similarly, the Delhi hospital also, which is located strategically very well in Model Town. Both these two hospitals are planning to start from the 1st April, that is the 1st April of the new financial year and in the past, our hospitals have been able to break even somewhere around 18 months to two years' time and I think these two hospitals will also be in a similar timeline as far as that is concerned. And as far as the payback is concerned, usually takes four to five years for our hospitals in the past to have that payback. So, we would assume that both these two hospitals will be similarly on those lines.

Parth Kotak: Sir, just one follow up on the steps being taken to address the initial operating losses at Greater Faridabad Hospital and when can we expect that to turn profitable?

Yatharth Tyagi: So, I think Greater Faridabad Hospital should be able to turn profitable in the next financial year, somewhere between nine months ending of next financial year. In fact, we're quite happy with the progress of that hospital. Already, not just in Q3, but as we speak in Q4, that hospital is looking very promising because now we have all the empanelment that are required. We have recently received certain government empanelments in that hospital within the last few weeks, which are even adding a more occupancy growth to it, and even the NABH inspection has been completed in the past few weeks, which will empanel us to tie up with more government empanels. So, I am quite happy with the progress of the Greater Faridabad Hospital. and it should be able to break even close to nine months of next financial year.

Parth Kotak: Sir, last question rather a basic one. First of all, thank you for giving the beds capacity and census beds in the current presentation. If you could just help us understand the difference between the two, that would be really helpful?

Amit Kumar Singh: In a hospital, we call it day care beds, it's like all emergency beds, all dialysis where patients comes and have a short stay or probably only a day stay. So, those beds are not considered in a census beds. So, census beds are those beds in a midnight occupancy, you take where patients are admitted is completely IPD. So, any hospital takes a midnight occupancy, that patient is staying overnight, right. So, that is a difference between the total beds and census beds.

Moderator: The next question is from the line of Hiten Boricha from Sequent Investments. Please go ahead.

Hiten Boricha: I have a couple questions related to this income tax matter. So, the first question is what was the total amount blocked and you mentioned key majority of this fund has been blocked. If you can quantify what was the total amount blocked? Second question is can you also share the subsidiaries attached, so what is the value of the asset?

Yatharth Tyagi: So, at the time when the income tax audit started, this is around 12 to 13 months back, because the company had recently raised funds from the IPO, there was amount with the company at that time in the form of FDs, so there was an amount, that's why provisionally blocked. Even after repaying of the bank loan at that time, the company's book had an amount very close to 250 crores. Because it was the amount that the company has raised on the books at that time in the forms of FDs, so there were provisional attachment on that and slowly that all amount has been released and only a matter of 50 to 60 crores right now it's provisionally blocked. And second, as far as the blocking of assets is concerned, right now, again because. when the new officer took over our case and reopened a file, at that time, there was no FDs with the company in the tune of what it was a year back. So, that's why they provisionally blocked the assets and I think the assets valuation is to see and can be seen from the NSE and the BSE websites depending upon the number of shares, because we have earlier disclosed also the exact number of shares that are being attached, so the valuation can be taken from that.

Hiten Boricha: So, now only 60 crores is blocked, right?

Yatharth Tyagi: Yes.

Hiten Boricha: And what was actual number? Actually, you are not audible properly sir. What was the initial number when it was actually blocked?

Yatharth Tyagi: Close to 250 crores, because that amount were available on the company's balance sheet at that time as the FDs, so the whole amount was provisionally blocked at that time. It was not that there was a certain measure of this is what they want to block. There was no thought process that they would block this based on certain calculations, nothing. It was just whatever FDs was there at that time at the company's balance sheet was blocked and we had that FD because we just came out from the IPO fund raise. It was all provisionally attached, it was not frozen or seized.

Hiten Boricha: So, sir, can you quantify what is the total monetary demand or money which is demanded by the authority, just to understand this matter clearly?

Yatharth Tyagi: There is no demand of any money or authority so far. See, for a company, it would have been the easiest thing for us to do. We would have just paid that penalty; it would have been a minute penalty and closed this matter as early as possible. But because the case is going on and usually in any income tax matter in India, takes two years of time. We are 13-14 months into it and we are quite hopeful and this is what we have been told that before the end of this calendar year our matter will also be will be closed. But before that, even the provisional attachment of the property, we are expecting that to be revoked very soon. We are not waiting for that for many months. What we have been assured is by the department that it would be released very soon. So, we don't need to wait for that for the end of the calendar year.

Hiten Boricha: And just last question is around this matter. So, you mentioned something about QIP money. They have allowed us to utilize some crores something from QIP money. So, just for the sake of a clarification, is our QIP money also freezed by the authority or we can utilize that money at any point of time?

Yatharth Tyagi: It is not at all freeze or provisionally block. In fact, when the company went to QIP, we even discussed with the IT department that we are planning a QIP route because we are acquiring new hospitals, we want to expand and the IT department is completely okay with that; they gave ahead the permission to you go ahead, raise QIP and utilize it as per the objective of the company. If there was any issue from that side, they would have not allowed the company to take the QIP route, or when the money was raised from the QIP, they could have also provisionally blocked it, but they have not blocked it. In fact, from the QIP amount that the company has raised, company has already utilized maximum of that amount. The bank loan has been repaid, the acquisition cost has been paid for both the two hospitals from the QIP money and we still have that money free to be utilized.

Hiten Boricha: No, sir, the reason I ask this question is you clearly mentioned something that 6 crores was allowed to be used by authorities, so that was -

Yatharth Tyagi: That is from the 60 crores amount that was earlier been blocked. So, post QIP, even certain amount of that 60 million has also been released.

Moderator: The next question is from the line of Ranvir Singh from Nuvama Wealth. Please go ahead.

Ranvir Singh: My question was related to IT related issues. I think mostly has been clarified. Another question is during this quarter, the EBITDA includes anything related to acquisition cost or in one-off cost in this quarter?

Yatharth Tyagi: No.

Ranvir Singh: And secondly, that 50 crores tax liability which currently is as per their assessment, so how confident you are, whether ultimately you have to pay it or you are fighting it to reduce it to minimum level or how is your confidence level there?

Yatharth Tyagi: So, just a clarification. The 50 to 60 crores that is provisionally blocked is not the type liability that has been asked from the company, it is provisionally blocked as early stated, but we do expect this also and the assets to be released very soon. The ultimate amount would be much, much less, which would be insignificant for the company's operational performance and the financial aspect, and this amount is not the liability that the tax has asked for the company to pay.

Ranvir Singh: Secondly, currently we have a fairly good level of cash, 560 crores something. So, how we are going to utilize it because two acquisitions we have already done, so within a year do you have any timeline in your mind when you are looking for an acquisition and what kind of acquisition you are looking up?

Yatharth Tyagi: So, certain of this amount is already marked to the medical equipment's that we will be putting into the two newer hospitals. So, even though the acquisition costing of both two hospitals has been paid, but new medical equipment's will be deployed in both two hospitals in a matter of next few months as we are planning to launch them very soon. So, oncology machines, robots, so a lot of amount will go into those medical equipment's, and the remaining amount is for the company to utilize general corporate expenses which we could utilize if there's an upcoming acquisition of another hospital or if there's a Greenfield land acquisition that we want to do. But we have already marked all objects of the money that we will be utilizing from the amount raised in the QIP.

Nitin Gupta: As on December, we have an earmarked amount out of QIP fund proceeds as reflecting in the balance sheet; which has been subsequently utilized for the objects as defined in the QIP prospectus.

Ranvir Singh: So, even after paying all amount because after the QIP also your balance sheet has been very strong, so after utilizing all what you have planned still, I think you will have some cash surplus. Now, here the question is that if we acquire a running hospital, obviously, the cost would be much, much higher. And if we acquire the hospital like Faridabad we have acquired, then it will take time to actually reach a breakeven or to optimize this. If you just acquire just a building, then a lot of investment of that also is required. There are some uncertainties are there in our mind. Now what we understand is that after Q1 FY'26, when we will be integrating with these acquired hospitals, what would be the EBITDA look like to your assessment?

Yatharth Tyagi: See, as far as your previous questions are concerned, the cash is also being utilized to fund our Brownfield expansion, right. So, our Noida Extension Hospital, the Greater Noida Hospital are also undergoing capacity increase, the Greater Noida Hospital work has just recently started also. So, the company also do from the money that the company already has in the books, we will not be requiring any new funding or debt for that. And second, yes, when the newer hospital starts, there would be certain EBITDA dip that the hospitals would be making. But then we do expect our existing running hospitals, especially of Noida Extension, Greater Noida to increase as far as EBITDA is concerned. So, at the group level, you know, we feel somewhere what we have delivered, right now in this quarter of EBITDA margins should be sustainable in the coming years also.

Moderator: The next question is from the line of Mohit Mehra from Guardian Capital. Please go ahead.

Mohit Mehra: First question is what are the number of operational beds of Fidelis?

Yatharth Tyagi: It is a 200-bedded hospital and we have operationalized close to 170 beds, that is the census bed in that.

Mohit Mehra: So, the census beds are fully operational, right, almost?

Yatharth Tyagi: Yes.

Mohit Mehra: And the second thing is on this income tax matter, in 2Q note said the amount attached was 33-odd crores and now it's almost double and also the assets have also been attached. So, what's going on there?

Yatharth Tyagi: No. So, 33 and 50, these amounts refer to separate FDs. So, when we earlier mentioned that it was close to 250 at the time of the IPO, that has come down and it has come down since then. Similarly, as we earlier mentioned that now, because the case was pending for a few months, there was no officer to preside over our case. And when the new officer came, he reopened a file and had provisionally blocked the assets. See, what's more important is that as we earlier mentioned that the company is free to utilize the money that we have on our books, whether it's through QIP or the internal accruals and we earlier stated we are quite hopeful that within a few weeks this attachment of the assets will also be released. This is by our constant communication to the income tax department. They are well aligned with the company, they have supported our QIP growth strategy and we are quite hopeful that this matter of attachment will be finished within a few weeks, but even the whole income tax matter will be closed before the end of this calendar year.

Mohit Mehra: I don't understand this sir. The money that was initially attached was the 250 crores or 70 crores, because in the 4Q results I think you mentioned was 70-odd crores.

Yatharth Tyagi: Yes, but that 70 was already after the release from the initial amount. See, again, at the time of the income tax audit, it was not that it was frozen or seized. When that audit happened, whatever amount was in the balance sheet was provisionally blocked, it was not calculated, it was not measured. So, with time, as the investigation goes on, as the paperwork happens, they keep on releasing a certain amount, which has been reflected by them in the last few quarters. And a more important aspect that I mentioned that whatever provisional blocking is there, whether on the amount or on the asset will be provisionally unblocked within a matter of few weeks.

Moderator: The next question is from the line of Sumit Gupta from Centrum. Please go ahead.

Sumit Gupta: Just one thing on the other expenses. So, if I look at this nine-month data, so it was close to around 80 crores in nine months FY'25 versus around 60 crores in nine months FY'24. So, what has led to that increase?

Amit Kumar Singh: So, basically this includes a major increase in the doctor payout. So, we have added several doctors. As already mentioned by Mr. Yatharth, we have added a new facility in Faridabad. So, doctor share also increases in Faridabad also. Overall, we have added specialty and doctors in all our hospitals. That is the major impact. If you see in quarter-on-quarter, it's 178 crores for last year and now coming to 234 crores, majorly due to the doctors.

Sumit Gupta: So, going forward also we can expect considering we are adding new beds?

Yatharth Tyagi: Your voice is not very clear. Can you please repeat the question?

Sumit Gupta: Going forward also we can expect this to increase considering we are -?

Amit Kumar Singh: Not at all. No, no. Even at the Faridabad Hospital and all this, initially the important is about acquiring new doctors, right. So, that homework has already been done. We started the Faridabad Hospital in the month of May. So, suddenly in that one month all doctors have joined. So, all the doctor's recruitment is completed. Yes, the new hospitals definitely for the new another Faridabad and Delhi one, we will start recruitments very soon, but as far as existing is concerned, I think this is I think optimally we are doing it.

Sumit Gupta: No, I am talking from a new hospital which is for Delhi and Faridabad only. So, from that point of view I was asking that there might be some.

Amit Kumar Singh: Faridabad and Delhi, the doctor recruitment will start but at the same time see, our existing one is also growing right. The Greater Faridabad will start giving us the income and probably whatever the investment in terms of doctor's recruitment, which we have done at 2-3 months back, that will start giving us results, right. But yes, overall, I would say, so we understand what has to be the percentage in terms of the doctor's payout and other this thing. So, it's going to be in line with that. Since we are a growing organization 1% or 2% here and there, but I think it will be very much in line with what industry practices are.

Sumit Gupta: Sir, what is the doctor strategy for the Delhi hospital just want to understand because it's a high growth market and a lot of competition in that particular market?

Amit Kumar Singh: The Delhi one, as we had mentioned in the last earning call as well, this hospital is a 300-bed facility going to be absolutely tertiary or quaternary care facility we are going to provide. So, definitely we will have those skill sets doctors in our facility, because we believe that this area where we are in that's very high-end societies, it's a very old area of the Delhi and around 10-15 kilometers, yes, there are other big players are there. So, we will have to be definitely in line with that and we are going ahead accordingly.

Sumit Gupta: So, like for the empanelment point of view, so how do you see that panning out over the next one year or two years?

Amit Kumar Singh: Initially the empanelment is going to take time, initially it's like six months we spend on that empanelment, but there's a process. See, this hospital was temporarily shut for 3-4 months only, right. So, we don't have to do much of it. So, all the paperwork has been done and then the respective wherever the empanelment, we have to get it done, the processes are being done now. So, as Yatharth mentioned it from the April onwards, our OPD and IPD going to start from this hospital.

Moderator: The next question is from the line of Runit Kapoor from Elara Capital. Please go ahead.

Runit Kapoor: So, I had two questions. So, your top line growth has been quite strong, but I think the bottom line has been muted relatively because I think depreciation has more than doubled on a year-on-year basis. So, can you give guidance on the future depreciation as I think a significant CAPEX is still expected in your medical equipment and you are using the written down value depreciation, right, so lot of depreciation will go ahead in the initial years, can you give guidance on that?

Yatharth Tyagi: The reason why this quarter the bottom line shows not that much of a growth, but then going forward yes, even though there would be new medical equipment's that are being planned, but the depreciation increase will not be that much significant as it was specially this quarter.

Sonu Goyal: Further, basically our existing hospital has been stabilized with the capital expansion for the medical equipment. So, yes, for the future expansion, there is an increase in depreciation, but not that too much and also the current depreciation if you see there is an increase by 2.5% on a counter depreciation that leads to a decline in the PBT percentage by 3%.

Runit Kapoor: So, what would be like a quarterly depreciation run rate like if I say like it's 17, 18 crores or significantly higher like from the current levels like?

Sonu Goyal: Quarterly depreciation will be something around 17 crores.

Runit Kapoor: And another question was like, what's your payor mix for this quarter? And another thing is your ARPOB gap is significant as compared to your peers. So, that gives us a strong growth potential in ARPOB. I understand there would be a discount compared to your peers who are much more established. But can you give guidance on how much ARPOB can grow year-on-year so the gap can be narrowed to large extent?

Amit Kumar Singh: As we had mentioned last time also, so there is a certain strategic call which we have taken in reducing our government business. And that's what you should see and the result of it particularly Noida and Greater Noida Hospital those occupancy will see a bit lesser because of that, but you see both the hospitals have done really good in terms of ARPOB and also reducing the LOS. That's a result of it, right. And coming to the second question, as we had mentioned that 10% growth, that's what we are expecting in a couple of years, year-on-year we will be maintaining 10% growth in ARPOB. And see, the group barring the Ram Raja Hospital, our ARPOB in all these hospitals is close to 34000, 35000. So, this is quite remarkable.

Yatharth Tyagi: As far as your first question on the payor mix percentage, so we feel that in 2.5-years' time our government payer mix should be close to not more than 25%. That's what we are targeting and moving towards and even ARPOB growth as Mr. Amit mentioned should continue to be 10% yearly of at least three to four years and bridge the gap between some of our peers. Another reason was certain new therapeutic areas which are high ARPOB booster were not having much volumes for us earlier. So, oncology, we started recently, liver transplant program, bone marrow transplant, these are high ARPOB therapeutic areas. So, as their volume mature, our ARPOB is bound to increase much more and that gap will be bridged in the years to come.

Runit Kapoor: So, your current government exposure is how much like?

Yatharth Tyagi: It was close to 40% last year, for the nine months I think it should be close to 35% and that's where we hope to end this year.

Moderator: The next question is from the line of Arpit Shah from Stallion Asset. Please go ahead.

Arpit Shah: I wanted to congratulate the management team on a 31% growth, highest in the space. Excluding internal medicine, it would be a 47% growth which is superb execution from the management team. I just had a couple of questions. What has been our receivables number for the end of '24 December if you can share that absolute number?

Sonu Goyal: We are at around 270 crores and with days around 110.

Arpit Shah: Has the government revenue in this quarter declined on a YoY basis if you can share any insights on that?

Amit Kumar Singh: Yes, so as I said, this was our strategic call, which we've taken it. So, that is what particularly in Noida and Greater Noida Hospitals we had reduced a bit of dependency on government. So, definitely it has been reduced which you can figure it out with our occupancy as well.

Yatharth Tyagi: Also, just to add here, the newer hospitals that we have started, government business is not even 15% in those hospitals and that's how at the overall group level is how we will achieve 25% in next two and half years, because now all these new hospitals that we are starting, so Greater Faridabad Hospital or the new hospital in Delhi and Faridabad from day one because we have super specialties now, we will be having star doctors. The requirement or dependence on the government business, which is sometimes good to have in the beginning is very less for us now. We can go all out and do the expenses from day one unlike a few years back. So, that's why the government business is even very less in the new hospital that we have started or we will be starting.

Arpit Shah: If you can give any kind of guidance for FY'26, because you're going to be operationalizing almost 50% more capacity in FY'26, going from almost 1,600 beds to 2,300 beds, what kind of revenue numbers you're targeting by FY'26?

Yatharth Tyagi: I mean as we said that we have delivered in the past few quarters industry-leading growth as far as YoY is concerned, I think I think it should be on track for that and the company is on track, has always delivered upwards of 30% YoY growth for the last few quarters and we are quite hopeful for sustaining it and increasing it also in the future.

Arpit Shah: Do you expect any change in seasonality in your business given you're adding a lot of capacity in newer areas?

Amit Kumar Singh: As we said, the Northern India particularly, you see the Q1 and Q3 the leanest quarter, Q2 is better, particularly Q4 is the strongest quarter. So, this was a seasonality impact. That's all.

Arpit Shah: That's a good thing, right, because Q3 sequentially has been higher for us like Q2 was lower?

Amit Kumar Singh: Yes, the weakest Q3, still we had maintain our numbers which is quite significant for us and definitely we are quite hopeful for the last quarter.

Moderator: The next question is from the line of Prolin from Edelweiss Public Alternatives. Please go ahead.

Prolin: So, few questions, right? On this census bed, so when you calculate the denominator for utilization, is it fair to assume that census bed is the denominator number that you take? And is there any regulation which you have to follow as to how much day care and non-day care beds you have to keep?

Yatharth Tyagi: Yes, the denominator is always on the census bed as far as occupancy is concerned across the hospital industry.

Amit Kumar Singh: There's no such legal norms, but that's when you start a hospital you do understand, you plan your beds accordingly, you understand these many beds you needed for a day care and these are for IPD and these many beds for your critical care. So, this all goes with the business sense. You do the excel and mathematics and depends on which area you are, what type of population you'd be catering. So, that's a bit of percentage change here and there, but generally, these are the norms in the hospital industry everyone practices.

Yatharth Tyagi: Occupancy is always calculated on the census.

Prolin: And now coming to the acquisitions that you made in Delhi and Faridabad, you mentioned that 300 and 400 beds in Delhi and Faridabad will become operational from Q1 FY'26. So, in this, how would be the mix between census, non-census and also how will the cash flow happens, right, would it be similar to how it happened in Greater Faridabad and what could be the average ARPOB that one can expect in Delhi and Faridabad?

Yatharth Tyagi: So, for both those two hospitals, the 400 beds and the 300 beds, census beds would be close to 90% of both those two hospitals beds are concerned. And as far as the ramp up is concerned, we are quite hopeful that what we have replicated in Greater Faridabad, we can also replicate in Faridabad, because we understand that market is better now, we are able to attract more star doctors, with this being bigger hospitals, now there are a lot of doctors who want to join us and become heads for both the Greater Faridabad and the Faridabad Hospital; because they would be somewhere around 15 kilometers away from each other. So, very different markets of Faridabad region catering to the nearby villages and cities connecting the Faridabad highway from both the side as well as allied. So, the ramp up that we have seen in the Greater Faridabad, we expect it to be even better in both these two hospitals because these two are bigger hospitals having radiation oncology, the Delhi Hospital also have liver transplant, something the Greater Faridabad Hospital was not having. So, we do expect even a better ramp up in these two hospitals than the Greater Faridabad Hospital. And also, the ARPOB for both these two hospitals is also expected to even be better than the Greater Faridabad hospital because the Delhi area pricing as well as their focus on much more super specialties and low government business, so ARPOB will also be even quite good for both these two hospitals.

Prolin: So, then it will be upwards of at least 31000, 32000, that you're reporting for Greater Faridabad for both these hospitals?

Yatharth Tyagi: No, for both these hospitals, it could be even upwards of 35,000.

Prolin: When we look at the nine months margin, right, you mentioned that had there not been the ramp up of Greater Faridabad, the margins could have been between 26% and 27%, which means that there is a 120-bps odd drag due to Greater Faridabad ramping up. Now, when we enter next year, while this drag not will not be there, but there would be a ramp up drag of the acquisitions that we have made, right? So, should the margins from let's say where you end this year FY'25 be higher in FY'26 or this drag will probably pull the margin lower, how should one think about margin?

Yatharth Tyagi: It will not be lower because what also happens then the Noida Extension Hospital and the Greater Noida hospital will also be contributing next year to a larger margins, because the expenses will also ramp up here much more given the increase in the oncology volume, given the increase in the international patients in Greater Noida as well as transplant program. So, the drag will not be lower and the EBITDA margins will be sustainable next year from where we end this financial year.

Moderator: The next question is from the line of Abhishek Maheshwari from SkyRidge. Please go ahead.

Abhishek Maheshwari: Almost all questions are answered. Just one thing. What has January been like considering that you're coming out of a lean season?

Yatharth Tyagi: So, January has been very promising. In fact, December is one of the most leanest months as far as North India and Delhi NCR is concerned. There was a lot of fog visibility, OPD volumes were quite less in December. And as soon as January starts, school reopens there, patients come back from outstations and we do have seen increase in the OPD volumes and this is why in the past also we have seen Q4 has been the strongest quarter in company's history and we have every reason to believe that same would be the scenario this financial year.

Moderator: The next question is from the line of Devang Patel from Sameeksha Capital. Please go ahead.

Devang Patel: What is the target for receivable days although it has been inching down, the absolute amount keeps rising quarter-on-quarter? And what are we doing to reduce receivable days other than reduce government share?

Yatharth Tyagi: So, I think somewhere at the end of this financial year, if we close it, close to 110 days, that's what I think would be a good reduction from the start of the year even though we know we are quarter-on-quarter increasing the revenue, so government business is also increasing. So, on a larger scale, the receivable days is being reduced is what we are expecting, so close to 110 days. And it's just not that government business reduction is the only way we are able to do it, quarter-on-quarter we have done it this year, there are other aspects also. So, last year was anyways an exception. This year we were anyways expecting a larger receivable from the government and we have been receiving. There have been certain recovery teams that have been established headed by the group CEO himself who's constantly being engaged in recovery of these amounts as well as we have outsourced certain of the recovery channels to certain specialized agencies deal with recovery from not just even the government but even the private insurances. That's what the company has been deployed and we are hopeful of closing this year close to 110 days.

Devang Patel: A quick follow up. What is the receivable days you're targeting on a steady state basis? And for Jhansi, what is the share of government business?

Yatharth Tyagi: The share in government business in Jhansi because of Ayushman Card having there is higher than the group average. So, it is upwards of 36% there. But as far as your first question was concerned, as far as the steady state, I think see, in 2.5 years' time, we expect our receivable days to be somewhere close to 75 to 80 days. And this is what we're working on. And quarter-on-quarter, we are seeing a decline in our receivable days and we're quite hopeful with the reduction of government business, this is where we should be in 2.5 years' time.

Moderator: Ladies and gentlemen, due to time constraints, this was the last question. I now hand the conference over to the management for the closing comments.

Yatharth Tyagi: Thank you, everyone for taking out your time and joining our earnings call. As discussed, we hope that our team is able to answer and clarify all your queries and thank you, Nuvama, for hosting this call.

Moderator: On behalf of Nuvama Wealth Management Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

(This document has been edited for readability purpose)

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