

August 22, 2024

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

Symbol: YATHARTH

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

Scrip Code: 543950

Sub: Earnings Call Transcripts

Dear Sir/Madam,

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Investors' conference call organized on August 14, 2024 post declaration of Financial Results (Standalone & Consolidated) for the quarter ended June 30, 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**



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

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“Yatharth Hospitals and Trauma Care Services Limited
Q1 FY '25 Earnings Conference Call”

August 14, 2024



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

MODERATOR: **MR. KASHISH THAKUR – ELARA SECURITIES PVT LTD**

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Moderator: Ladies and gentlemen, good day and welcome to the Yatharth Hospital Q1 FY25 Earnings Conference call hosted by Elara Securities Pvt Ltd. Let me draw your attention to the fact that on this call our discussion will include certain forward-looking statements which are predictions, projections, or other estimates about future events. These estimates reflect management's current expectations about the future performance of the company.

Please note that these estimates involve several risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Kashish Thakur from Elara Securities Pvt Ltd. Thank you and over to you, sir.

Kashish Thakur: Thank you, Neha. Good morning, everyone. I, Kashish Thakur from Elara Capital, welcome you all to Quarter One Earnings Conference Call of Yatharth Hospitals.

From the management side, we have with us today, Mr. Yatharth Tyagi, Whole-Time Director, Mr. Amit Kumar Singh, the Group CEO, Mr. Pankaj Prabhakar, the CFO, Mr. Nitin Gupta, President, Finance and Chief Operating Officer, Mr. Neeraj Vinayak, Head Strategy and Investor Relations Team, and Mr. Sonu Goyal, Group Finance Controller. I now hand over the call to Mr. Yatharth for his opening comments and to take it forward. Over to you, Mr. Yatharth.

Yatharth Tyagi: Good morning and a very warm welcome to Yatharth Hospitals and Trauma Care Services Limited Earnings Conference Call for the quarter ended June 30, 2024. I have with me Mr. Amit Kumar Singh, our Group CEO, Mr. Pankaj Prabhakar, our CFO, Mr. Nitin Gupta, our President, Finance and Chief Operating Officer, Mr. Neeraj Vinayak, our Head Strategy and Investor Relations, and Mr. Sonu Goyal, Group Finance Controller. We have uploaded our presentation on the exchanges and the company website, and I hope you all might have received and have had an opportunity to go through it.

Well, it gives me immense happiness as we deliver yet another quarter of exceptional medical excellence and high-end super specialty treatments at Yatharth Hospitals. Today also marks a special milestone as we celebrate one year of our public journey. Over the past one year, we have reached new heights, consistently delivering outstanding outcomes for our patients, investors, and all stakeholders. Over this journey, we have observed a shift in our brand positioning, an increase in high-end procedures and super specialty treatments across our hospitals. Each of our facilities is now equipped with state-of-the-art infrastructure, including the latest in robotic technology such as Da Vinci Surgical Robots and Stryker's MAKO Orthopaedic Robots and Cuvix Orthopaedic Robots.

It is with great pleasure that I highlight some of the key clinical achievements by our hospitals this quarter. We have recently performed epilepsy surgery on an Iraqi patient, where we removed part of the right temporal lobe of the brain. This quarter, we also performed EVAAR on a Liberian patient. EVAAR is endovascular aortic aneurysms repair without incision. This was

done endovascularly in our Cath lab. The mortality of such aneurysms is usually very high, but we were able to discharge the patient within seven days of the operation. This quarter was also marked by we removing the biggest Atrial myxoma from left atrium. The size of myxoma was biggest and is yet to be reported in international journals.

The growing Yatharth brand is now able to attract renowned doctors and starlets in their fields across NCR regions. To name a few, this quarter, recently we welcomed Dr. Ajay Bhalla as Director of Department of Gastroenterology, a renowned name in Noida region. Similarly, Dr. Pawan Singh joined us recently as Director of Hematology and Bone Marrow Transplant. He is a very renowned oncologist, who has performed more than 1,000 bone marrow transplants across his career in NCR. Similarly, Dr. Bal Krishna also recently joined us in our new hospital in Faridabad, who is bringing with him a reputation as one of the most esteemed surgeons in the Faridabad region. These doctors, these additions, along with certain new additions in our doctor team, are further enhancing our brand and advancing in our centers of excellence.

We also continue to professionalize our management and foster our finance team with addition of three key management personnels this quarter to strengthen our finance function and steadfast our expansion strategy. Our clear strategy focuses on expansion and expanding our footprints across North India, ensuring we continue to lead and innovate in healthcare sector. We have also recently signed an NDA with a leading big six auditing firm, whose team is now actively working with us to ensure streamlining of our finance operations and have already started performing a management audit in our premises. These measures underscore our commitment to robust governance and sustainable growth, reinforcing our dedication to creating a long-term value for our stakeholders.

Now coming to Q1 FY25 performance, I am glad to announce that Yatharth Hospitals have achieved industry-leading growth in revenue and profitability this quarter. We have delivered stellar results, with our revenue rising by 37% year-on-year, while our profit after tax growing by 60% year-on-year.

A key highlight of this quarter is the seamless integration and commencement of operations at our new acquired Faridabad Hospital, which began in May 2024. The hospital was established three years ago with modern infrastructure and has NABH accreditation and is empaneled with all major insurance providers and TPAs. Henceforth, within the first full month of its operations, the hospital achieved an occupancy of 13% in the month of June 2024 and an ARPOB of INR 28,000. We are actively looking to enhance the hospital's capabilities by introducing state-of-the-art services and cutting-edge robotics to deliver superior healthcare solutions to the residents of Faridabad and its surrounding areas. The strategic foresight behind acquisitions highlights our commitment to integrating and optimizing assets, contributing meaningfully to our financial performance.

The quarter also earmarked a significant improvement in occupancy across all our network of hospitals. The occupancy level of our Noida Extension and Jhansi Orchha Hospital improved significantly to 61% and 45% respectively, compared to 37% and 17% in Q1 last year. Despite the addition of 200 beds at Faridabad, our overall occupancy levels of the group reached 61%,

compared to 51% in Q1 last year. As we advance our operations and expand our service offerings, we expect to see a continual increase in occupancy at all our facilities. As we see optimization of our established hospitals in Greater Noida and Noida Extension hospitals, we are all set to start construction at the land parcels acquired adjacent to these hospitals to further expand our bed capacity in this region in the coming 2-3 years.

Our state-of-the-art Oncology Center has also begun well, and our organ transplant program and robotics at our hospitals are now driving a shift in our specialty mix and increasing our ARPOB, as well as overall occupancy levels. A strategic shift towards super-specialty treatments has now yielded a shift of revenue contribution from internal medicine to other specialties, with Oncology now contributing 10% to groups' revenues and about 17% for Noida Extension Hospital alone. Consequently, our ARPOB has been on an improving trajectory quarter-over-quarter, crossing INR 30,000 mark in Q1. Notably, our Noida Extension Hospital has led the way with its super-specialty contribution of more than 70%, leading to the highest ARPOB in the group of INR 37,325 this quarter.

Finally coming to debtors, I am pleased to inform you that out of INR 227 crores outstanding as of March 2024, we are able to recover INR 80 crores. Given the growing scale of operations and the net outstanding positions, we are even able to see an improvement in the debtor days, by debtor days coming down to roughly by around 5 days. This trend is on an expected line and reducing debtor days of around 5 days in a quarter is a good improvement and we feel confident on continuing this trend for the coming year and we are expecting that by the end of this year, our debtor days will be close to around 100 days if we continue on this trend.

With this, I would now like to hand over the call to Mr. Pankaj Prabhakar, CFO, for the financial update for the quarter.

Pankaj Prabhakar:

Good morning, everyone. I am delighted to say that Yatharth Hospital has once again achieved industry-leading growth in both revenue and profitability for the quarter ending June 30, 2024. During the quarter, Yatharth Hospital achieved a revenue of INR 2,118 million, reflecting a substantial Y-o-Y growth of 37%, driven by an improvement across occupancy as well as ARPOB. Notably, our Noida Extension Hospital registered a stellar 81% Y-o-Y increase in revenue, contributing 38% to our topline. Our inpatient volume was up by 28% to 15,235 this quarter, while our inpatient revenue increased by a healthy 38% Y-o-Y during the quarter. Our growth was accelerated by an improvement in our ARPOB by around 9%, standing at INR 30,551 in quarter 1. In addition to the improvement in our case mix, our focused effort towards optimizing our payor mix, as well as improved price negotiations with the private insurance companies, with enhancement of our brand recall, are all adding to this growth.

With the operating leverage, our EBITDA for the quarter improved by 30% Y-o-Y to INR537 million. However, our EBITDA margin this quarter was at 25.3% compared to 26%-27% last year. The minor blip in EBITDA margin for this quarter was on account of operational losses at our Faridabad unit, which became operational in mid-May. Adjusting for Faridabad hospital, our EBITDA margin would have been in the range of around 27.3% this quarter. As we move in subsequent quarters, we are confident that the pace of operational losses at Faridabad will

come down, and we expect marginal loss at this unit by the end of this fiscal, and hopeful to achieve a breakeven within 18 months from operationalization. Nevertheless, our occupancy and ARPOB level at our Faridabad unit encourages us on the potential contribution this facility can make in the overall group's number.

Our finance costs, though came down Y-o-Y, have increased quarter over quarter due to finance costs link to around INR 800 million raised to facilitate the transfer of pending debt liabilities associated with Faridabad hospital acquisition in our books. This deliberate move, however, allows us to enhance capital efficiency for allocation towards other growth initiatives that may come in future.

In line with operating profit, our profit before tax grew up by 46% Y-o-Y at INR 430 million, despite an increase in depreciation expense this quarter with Faridabad acquisition, while our profit after tax were up by 60% Y-o-Y at INR 304 million. Sequentially, our PAT margin has come down this quarter due to Faridabad losses and the conservative tax provisioning taken during the initial quarter of the year. However, our group average tax rate should settle at around 25% for this fiscal and hence, we expect this to normalize in the coming quarters.

With a more strengthened finance function and strategic initiatives such as close monitoring of our receivables, reconsideration of doctor targets to collections compared to revenue earlier, we have seen a meaningful recovery in our receivables this quarter. We are confident that when we come back next quarter with our mid-year numbers, we would be in a much better position with respect to our receivables and cash flows. Overall, our balance sheet continues to be strong with a cash position of INR 1,826 million. We remain dedicated to deploying these funds strategically to drive further growth and value creation.

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

Moderator:

Thank you very much. The first question is from the line of Pujan Shah from Molecule Ventures. Please go ahead.

Pujan Shah:

So, first question would be on the, as we have mentioned in the PPT, that we are targeting around 2,800 to 3,000 beds in FY '28. So, almost we are doubling our bed capacity. So, can you just mention, as you have already mentioned in the concall, that you have been expanding at your land parcel, which is available near to your hospital. So, could you just help me with how, which is the facility, where the facility has been extended and what number of beds could be accommodated over there? And rest, how we will be targeting the expansion in terms of internal accruals or debt? Can you just give me a broad break up on that part?

Yatharth Tyagi:

Yes. So, you know, as you mentioned, there are two adjacent land parcels available in our Noida Extension and Greater Noida Hospital. The Noida Extension land parcel, which is adjacent to the hospital, which is actually behind the hospital, that's where we are adding 250 beds. And Greater Noida land parcel, which is just on the right side of the hospital building, is where we are adding 200 beds. Both these 200 + 250 beds will be available for us to use in 2.5 years, roughly. And that's how we will be adding at these land parcels. Along with that, as you mentioned that, you know, there is much more bed capacity that we are looking to target in the

next three years. The rest of the additions to the bed capacity will happen by, you know, means of mergers and acquisitions. And we are already in the pipeline for certain acquisitions. If you look at our journey over the last two fiscals, we have acquired two hospitals - one was in Jhansi-Orchha, and one was in Faridabad. And for this fiscal, we already have plans. These expansion plans are primarily located in the market of North India. So, you know, Delhi - NCR, Uttar Pradesh, Punjab, you know, Bihar. And these are the areas that we want to be at least for the next capacity expansion of around 3,000 beds. As far as the funding of these hospitals are concerned, as our CFO was mentioning, there's, you know, cash available with us today on the books also. Plus, there's also, you know, scope for certain debt, if required at all, we can still take. So, third is from the internal accruals, because our finance cost has significantly reduced after the IPO. So, internal accruals position will be strong in the coming years. So, by the means of these three channels is where we will be looking to fund our expansion of the bed capacity.

Pujan Shah:

Okay but continuing with the same portion. So, let's suppose this facility, 450 beds will come in 2.5 years, which is greenfield. And ultimately, we will be acquiring. So, even though, if we look at the cash flow generation versus what we can expand it towards the bed capacity, it seems to be more aggressive on that part. So, are we confident enough to achieve 3,000 bed capacity in FY '28? Because the target seems to be a bit stretched?

Yatharth Tyagi:

So, you know, we have already started on that journey. When we were 1400 beds post IPO, we acquired Faridabad Hospital at 200 beds. And moreover, the acquisitions I was mentioning also includes O&M model, you know, operation and management model, where the outflow in terms of the asset heavy won't be there. So, you know, that will allow us, you know, we are in talks right now for a 400 bed hospital that is available on O&M. And the capital outflow there would be not much. So, I think, yes, we are quite confident. And it's that we have seen certain assets, which are quality assets that we feel will add value to our group. And that's why we feel that this total bed capacity is possible in the coming years.

Pujan Shah:

Okay. And my second question would be on the Faridabad. So, if you look at the payor mix, how the payor mix has been shifted in the earlier when we have acquired the hospital and currently now how we have been looking to change in the mix of payors. So, how we have been looking at the Faridabad hospital and eventually as we also started robotic surgery and specialty surgery over there. What occupancy? Obviously, it would take 18 months to break even and then we will get operating leverage benefits. But how we are looking in this hospital operating ARPOB, occupancy and in terms of payor mix?

Yatharth Tyagi:

You see, Faridabad has shown very promising initial numbers. In the Q1, it has just been operational for one and a half month. But, you know, post that also what we've seen the latest numbers, it has shown very good potential. Again, reason being because that is a huge healthcare market. There are a lot of drainage in the nearby villages and there are a lot of societies that are coming around in and around where this hospital is located. So, you know, the initial numbers that you've seen in this quarter, you've already with the opening of the hospital, we're seeing an ARPOB of INR 28,000 without, you know, even the specialty services yet being matured. So, we are quite confident and good, you know, change that we have seen here and in our brand positioning also is from the day one itself, we are going ahead with star doctors in Faridabad.

You know, as I mentioned in my commentary earlier, there's a leading surgeon in the region who has joined us and much more, you know, other specialties including the critical care head, neurosurgery, you know, physicians. We have gone with starlets of those areas which are helping us drive their own patient clientele that is coming to us. You know, and so far, as we see around 85% of that hospital revenue is purely from private insurance and self-payor. So, there's a very good case mix with a very good ARPOB that we've seen in the initial numbers and going forward, we are, you know, sure because of these, you know, leading clinicians who would be driving their own clientele plus the hospital brand slowly growing with the, you know, coming quarters ahead. This will be showing a very good case mix as well as high ARPOB for us.

Pujan Shah: Okay. Got it. And sir, in our facility, we have shown occupancy of roughly around, I think, 86% in the Noida but we've seen that the average length of stay has been increased by a bit of 5.66. So, how we have been planning to reduce and improve the upper border?

Yatharth Tyagi: See, I think Noida being our old hospital, you know, started operations in 2013. We feel that that hospital with the limited infrastructure and the small scale that is running on and there's no, you know, potential to increase that hospital because there's no adjacent land parcel available there. We feel that the hospital is doing fine. We don't want to trigger and change much in terms of ARPOB or the case mix in that hospital. It is our Greater Noida as well as the Noida extension hospitals that have started in 2018 and 2019 which are big infrastructures, bigger land parcels and even expansion scope available there. This is where we are expecting a huge growth in terms of our, you know, ARPOB and in terms of occupancy. And if you see on that front, Noida Extension Hospital in just last one fiscal has grown over 80% yearly and contributed to now around 38% in terms of our overall group. So, these are the hospitals that we are feeling the increase in our ARPOB as well as the case mix.

Pujan Shah: Got it. And one question, just to clarify, on finance, I just missed out the CFO comment. So, what would be the comment on the finance cost? It has been, like there was some saying that it has been increased and after that I missed out the part.

Pankaj Prabhakar: So, we have debt of approximately INR 80 crores in Faridabad acquisition. So, it would be on around 8.5% per year. So, that would be around INR 6 to INR 7 crores on average in a year that would be loaded during the financial year.

Pujan Shah: Okay. Got it. Thanks for answering my all the questions. Let me get back in the queue.

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

Runit Kapoor: I have two questions. So can you just state what is your current international patient revenue and what is your aspiration regarding that? And also can you give your hospital-wise breakup of the inpatient volumes because as on last quarter you are not disclosing that?

Amit Kumar Singh: So, as far as international patient the number is still, I mean, in the single digit, but I think we are on a very good track. And let me tell you, it's like this quarter probably the highest number of the revenue which is achieved so far from the international patients. And I think we have a

good pipeline for the future. So probably in the coming quarters, you will see a much better numbers as far as international is concerned. What is your next question? What was your next question?

Runit Kapoor: Regarding the inpatient volumes, hello, can you hear me?

Amit Kumar Singh: Yes. So, our IPD and OPD, both numbers have increased significantly. I think that is already there in our presentation. I think IPD has grown from.

Ronit Kapoor: No, I'm asking about the hospital inpatient volumes like you disclosed as on last quarter?

Pankaj Prabhakar: So, during the quarter total IPD numbers is 15,235. That includes for Faridabad, Greater Noida and Noida, all hospitals. Total number is this.

Ronit Kapoor: No, I'm asking you the individual numbers like is it possible to share that?

Pankaj Prabhakar: Yes, we are sharing to you. So for Jhansi we have a total number of 2,785. For Greater Noida, our number is IPD number is 4,555. For Noida, it is 2,967. For Extension I mean, Noida Extension 4,752 and for Faridabad the total number is 176. So only in 40-day operational period Faridabad has kicked off 176 total numbers.

Runit Kapoor: Okay, thank you. That's it from my side.

Moderator: Thank you. The next question is from the line of Nandini Maheshwari from Carnelian Asset Management. Please go ahead.

Nandini Maheshwari: So I have two questions. First is what is the ratio of government business? Is it coming down? And the second question is how is the oncology business shaping up?

Yatharth Tyagi: Yes, so oncology business is shaping up quite well. Oncology is now contributing close to 10% in our overall hospital's revenue. And in Noida Extension alone that is where we have the complete oncology setup. This is where it is contributing to 17% and we feel that 17% contribution in oncology is a very good number. We are even hopeful that this contribution will go up. As I was mentioning, some leading clinicians in oncology have now recently joined us including bone marrow transplant which comes under Hemat oncology. We feel that even in Noida Extension, this number of oncology alone can cross 22% as far as the contribution is concerned.

Coming to your first question about the payor mix. So, government business, yes, it is on the lines of going down, as automatically the self-payor and private insurance and international business increases. This government business will go down. And we feel that we have reached maximum capping in terms of the overall contribution of government business which was 40% last year and we feel that the business will come down as the other segments increase from here in terms of the overall contribution is concerned.

Nandini Maheshwari: Could you give me your number how much was it by the end of this quarter?

- Yatharth Tyagi:** It is close to 37%.
- Nandini Maheshwari:** And could you also just repeat what you said about the auditor's appointment? I missed that part?
- Yatharth Tyagi:** Yes. So we have signed an NDA with the top six audit firms of the world who have been working in our premises throughout this result declaration. And going forward also we are quite confident that certain processes are required for any leading auditor firm and certain timelines are there for them to come on board. So in the coming quarters, we are hopeful that we will be meeting those timelines and will be announcing their appointment in the coming ahead time.
- Nandini Maheshwari:** All right. Thank you.
- Moderator:** Thank you. The next question is from the line of Aman Vishwakarma from Philip Capital. Please go ahead.
- Aman Vishwakarma:** Thank you for the opportunity. I had a question on your Faridabad acquisition, right? So, do we have a number in case of what is the occupancy we are seeing by the end of this year?
- Nitin Gupta:** Presently, we are having occupancy nearly around 13% and we are going with a good pace.
- Yatharth Tyagi:** So as far as Faridabad is concerned, I think at the end of the year is where we are expecting an occupancy of close to 30% and this will be if we feel that if that's the number achievable, then it will be quite good. Right now, the occupancy there is 10% because it has just started. So we feel 30% at the end of this year would be a good occupancy. And see because the good part is that it already has private insurance which are already empanelled from day one. So otherwise, it would have taken a lot of time to get those empanelment. So we feel close to 30% would be a good number at the end of this year.
- Aman Vishwakarma:** And secondly, on your Jhansi-Orchha Hospital, the ARPOBs are on the lower end. So is it due to the seasonality or what exactly is happening there?
- Amit Kumar Singh:** So if you look at it as Jhansi and if you follow the last two, three, four quarters, if you see, I mean, we started ARPOB was better because the high concentration of the cash and insurance patients, mainly the cash. As we have stated earlier, there's more and more empanelment happening from the government and other the PSUs and others. So there ARPOBs are definitely elevated. So I think we believe, but you see that the occupancy has increased significantly and that is what is in the expected line. So initially since we had no empanelment. So the cash percentage has been much more and that is what ARPOB was better, but now they are dragged down just because of the other government and PSU business. So that is as per the expected line.
- Aman Vishwakarma:** And just lastly on your foreign patient business, I'm sorry if this has been answered earlier, but would you be able to give us a share of the revenue from foreign patients?
- Amit Kumar Singh:** Not a significant number. So I would love to give you numbers when we receive a significant mark, but yes this is in a single digit as of now. But as I said it's more important about the processes. Believe me, we have a significant pipeline, and the coming quarters will be fantastic as far as international business is concerned for the Yatharth Group. As the new international

airport is going to come, it's going to be operationalized by the end of this financial year, this year, I believe. So we have that plan and the processes are placed accordingly.

Aman Vishwakarma: And just lastly, a follow up on that I mean what are we doing in terms of marketing ourselves as branded player in the foreign business?

Amit Kumar Singh: So if you look at it, there are the multi-disciplinary approach which one should have. One, you have to focus on the patients who are already floating in this region. That's one part of it. Second, set up your own spokes over those countries where there are more patients coming in Delhi NCR particularly. So, and then third is about another channel is about the overseas insurance companies. So we are working on all those three, four channels and I think we'll be doing good in the coming future.

Aman Vishwakarma: Okay. Thank you. That answers my question.

Moderator: Thank you. The next question is from Prashant Nair from Ambit Capital. Please go ahead.

Prashant Nair: Hi, good morning. Just a couple of questions. Firstly, can you provide an update on by when do you expect the Brownfield addition at Noida Extension and Greater Noida to be available in terms of the beds to be commissioned?

Yatharth Tyagi: Good morning, Prashant. I think the expansion capacity at both Noida Extension and Greater Noida would be available from - Greater Noida Hospital would be available from two years from now. So probably two years down in August is when we expect it. As far as Noida Extension is concerned it would be 2.5 years from now is when it's expected.

Prashant Nair: So around mid-2026 and early-2027. That's the general time frame?

Yatharth Tyagi: Yes.

Prashant Nair: And can you also is the capital cost of the capex for these projects, can you just give us an update on what you intend to invest?

Yatharth Tyagi: So I think this will be done through internal accruals. We expect the capex per bed because these are sort of a Brownfield expansion, the capex per bed in these two expansions would be close to INR 65 lakh. So I think that's where we feel that from internal accruals is something which we can easily do for these two expansions.

Prashant Nair: And just last question from my side. In the past, you have talked about one inorganic deal every year. So is that still an aspiration? And if yes, then which parts of the Delhi NCR region would you largely be targeting?

Yatharth Tyagi: It is definitely a strategy, and this is something which we have already proven in the last two years. So as I said, a couple of years back Jhansi-Orchha was there. Last year, Faridabad was there and this year we are actively in high advanced stages of talks with, in fact, two of the hospitals. So this is primarily as I mentioned earlier, Delhi NCR and Uttar Pradesh is where we are also seeing. Also, Rajasthan is some territory that we have identified a hospital that is

available there for an O&M model. So this is why we feel, of course, in these three regions in the next coming years, including this year, one acquisition should be happening each year.

- Prashant Nair:** Okay. Thank you. That's it from me.
- Moderator:** Thank you. The next question is from the line of Priyank Parekh from Abakkus Asset Management LLP. Please go ahead.
- Priyank Parekh:** So you mentioned about your receivables going - you record some 80cr. So what is your receivable amount as of now?
- Yatharth Tyagi:** Receivable amount, even though with the increased scale of business in the quarter 1, it's closer similarly to the amount that it was at the closing of last fiscal. So even though the business has increased, but we were able to bring debtors down of close by five days. So it is somewhat similar to what it was last year, but as you can see our revenues have increased even with that status.
- Priyank Parekh:** So is it fair to take the number same as last as of March 24?
- Yatharth Tyagi:** It's closer to that.
- Priyank Parekh:** Okay. Got it. Sir, you mentioned that adjusting to the Faridabad loss you would be having higher margin. So what is the percentage loss in Faridabad as of now?
- Yatharth Tyagi:** Say that question again.
- Priyank Parekh:** Faridabad. So I am mentioning what is the EBITDA margin of Faridabad as of now?
- Sonu Goyal:** It is 2% dilution in the current quarter.
If we remove the Faridabad EBITDA loss, there is a dilution of 2% EBITDA in the overall consolidated numbers.
- Priyank Parekh:** Okay, that way I'll work it. And sir, Jhansi ARPOB has been quite volatile. You mentioned the change in the payor mix as a reason, but what is the sustainable ARPOB you are seeing for that hospital?
- Amit Kumar Singh:** You see, I just said earlier that more and more payor mix is the government and PSUs because these are the majority business in that region. So we have to have those business and that is what. So reasonably I think anything has been landing from, I mean, currently, I think it's INR 10,000, but we are expecting a change of the clinical mix because more and more Super Speciality who will be playing the role there. So I think it will be closer to anything between 15 to 18 kind of that will be ideal for a patient in a Jhansi.
- Yatharth Tyagi:** Along with the payor mix, also the rates you have to see are quite less compared to the NCR hospitals. So even the lower pricing there plays a role in the lower ARPOB along with the difference in the pay.

- Amit Kumar Singh:** See, Jhansi is moreover the volume business and that is what you see currently the occupancy is 45% and at present, I think the hospital is fully packed for this. I mean, that's the last couple of days I can tell you. So it's going with an expected line and of course more and more like NABH is there. Then NABL and others licensing going to be there. So we can't say if it is like NABH hospital, you come under 10% additional rate. So I think and then having more and more penetration of the insurance business. So these are the lines which we still expecting close to INR 15,000 to INR 18,000 ARPOB. I think it will be a good.
- Priyank Parekh:** Okay. So with that ARPOB and it being more volume driven, we must be having quite a lower EBITDA there. So what is the broad range of EBITDA we are running there?
- Sonu Goyal:** We are getting EBITDA of 10%. Currently, we are having EBITDA of 10%-10.2% is the current EBITDA.
- Priyank Parekh:** Okay. And at peak maturity, like 70%, what should be the EBITDA?
- Sonu Goyal:** It will definitely go 25% to 26%. Another same trajectory as the consol number outstanding.
- Priyank Parekh:** Okay. Despite having the lower ARPOB.
- Sonu Goyal:** Basically, as we just rightly said, the number of patients has been increased. So the July and August more are trending more than 325 patients in the overall hospital. Although our pricing is low, NABL certification under process. So these all will jack up the overall ARPOB.
- Yatharth Tyagi:** And also see the reason why EBITDA margins would be similar within the occupancy because even the expenses in Jhansi are not that much. So, let's say, the manpower cost is also lesser there compared to NCR. The total cost is a bit lesser there compared to NCR. This is what will help us achieve the EBITDA margins that Sonu was talking about.
- Priyank Parekh:** Okay, sir. And sir, last question on my side.
- Moderator:** Sorry to interrupt sir. I request you to come back for follow-up questions.
- Priyank Parekh:** One last question, please. So what is the development on our 71 Cr seized by IT department? You were saying that we are seeing quite a good sign in last quarter. But what is the development there?
- Yatharth Tyagi:** No amount as of today is seized at all. Every amount has been released already. So that's the status of that.
- Priyank Parekh:** Okay. So now that case is gone, right?
- Yatharth Tyagi:** It takes time. But now there is no amount that is seized, and the report has been sent to the center and all the amount has been released.
- Moderator:** The next question is from the line of Prateek Poddar from Bandhan Mutual Fund. Please go ahead.

- Prateek Poddar:** Yes. One question. Could you just help me understand what was the drag on your P&L because of Faridabad integration this quarter?
- Sonu Goyal:** Like in P&L is around 2%. In the EBITDA, 2% of sales. So around INR3.6 crores is the EBITDA loss in Faridabad. That dilutes the overall 1.8% of EBITDA.
- Prateek Poddar:** And secondly, sir, can you help me understand the entire payor mix? You called out government is 37. Is that it?
- Yatharth Tyagi:** Yes. And the remaining is -- so, the cash, that is the self-payor and private insurance are equally divided among the rest. We are contributing and we are including international sales in self-payor and cash only.
- Moderator:** The next question is from the line of Kashish Thakur from Elara Securities Private Limited. Please go ahead.
- Kashish Thakur:** I have two questions. My first question is on Faridabad facility. Just wanted to know by when can we expect this facility to break even?
- Yatharth Tyagi:** I think within 18 months is the fair assumption for it to be breakeven.
- Kashish Thakur:** Understood. And the second question is on Jhansi facility. Just wanted to know how is the competitive scenario in the area, like how many unorganized players are present in Jhansi and like what kind of major patients or whether it is more kind of insurance patients or cash patients do we witness in this region?
- Yatharth Tyagi:** So there are a lot of unorganized players, but as far as the super specialty hospital of this scale is concerned, I wouldn't say there is a hospital even up till 200-kilometer radius from this hospital, even up till Gwalior, ours would be the largest hospital. As far as the payor mix of that region is concerned, no, there are not many private insurance patients there. Private insurance penetration is still not there much, but self-pay as well as lot of Ayushman card scheme holders are there. That is the government business. As well, you know, that area is a big hub for both army as well as railway. So there are a lot of patients holding these cards which contribute to the government business there.
- Moderator:** The next question is from the line of Prerana Amanna from PNA Ventures. Please go ahead.
- Prerana Amanna:** Congratulations on a good set of numbers, sir. I have two questions. I think you would have already covered it. First one is, what is the debtor days as of Q1 FY '25 and the last Q1?
- Yatharth Tyagi:** Debtor days now are five days lesser than what it was for the full fiscal year last year. And we are quite confident that with the same trend, reducing five debtor days in a quarter is a good effort made by the new finance team that has joined. We feel that if we continue this similar trend for the whole fiscal this year, we will be somewhere close to 100 days.
- Prerana Amanna:** 100 days. Okay. Sir, the other question was regarding this IT raid that had happened. I think it happened almost a year now. And you were talking about it to the previous participant that the

money that was frozen has been released. So can we use this right now, this money for our operations or is it still frozen? And there is also this other additional INR 80 lakhs, right, or 8 million that is there, that has also been seized in operational cash. What about that?

Yatharth Tyagi: So it has been released, but for utilization in the operations, there is still time in that. But these are the normal protocols that happens after every investigation. And these things, they do take time, but there is no seizure of any amount within our banks. And it has not impacted any of the business and the operations or the financial working of the company.

Prerana Amanna: But, sir, what about that 8 million that was there in the footnotes of the income statement? Like, when did this happen? Because if it had happened at the same time, why was it not informed to the exchange or even last quarter when we were discussing about it?

Yatharth Tyagi: It was mentioned there in the notes. And as far as that amount is also concerned, it has been reduced now. And see, these investigations, they are informed to us also at a certain time. It is not that a similar amount is there from the beginning. Each time, there is a different amount that gets there. So I think as far as now is concerned, that amount is significantly reduced, and it has not been seized now.

Moderator: The next question is from the line of Nirali Shah from Ashika Stock Broking. Please go ahead.

Nirali Shah: Most of my questions have already been answered, but a few quick ones. On the margin front, it seems to be a bit on the lower side due to the operational losses at Faridabad unit, as Pankaj sir mentioned in the opening remarks. Is there anything you would like to mention regarding how we should look at it from a two to three years' time span on the margin numbers?

Yatharth Tyagi: Faridabad margins would be, I think, in three years' line, would be somewhere close to -- somewhere above 20% in terms of the margins are concerned. And the good part about this location and this unit would be we are expecting a good ARPOB. Yes, 28,000 is just the initial ARPOB, but we feel even the ARPOB here will be somewhere closer to what our Greater Noida and the Noida Extension are doing. We have already started robotic surgeries there. We are already even doing surgical oncology. In the last month itself, we did more than 100 operations in this hospital. So I think we are quite happy with the progress and the margins should be above 20% in the coming years.

Nirali Shah: And then the whole of the business, not just Faridabad, but the whole consolidated level?

Yatharth Tyagi: Overall business, I think margins would be sustainable. I think similar to what we are having in the overall margins are concerned because even though there would be certain drag until a few years from the new acquisitions, but our existing hospitals, that is the Noida Extension, the Greater Noida will be continued to rise, would be somewhere sustainable, 0.5% up and down, but quite sustainable.

Nirali Shah: Can we take as 25% to be a sustainable margin?

Yatharth Tyagi: A bit close to that.

- Nirali Shah:** Okay, understood. And just one more, while Faridabad Hospital has shown a stellar performance just in the 1.5 month view, and Jhansi-Orchha Unit, so even a previous participant mentioned about the drag of ARPOB, is there any plan that we have to mitigate or maybe to do away with the government and the PSU patients that we have or trying to leave it to the industry?
- Amit Kumar Singh:** See, if you look at it as a totality, if you talk about the group, see, earlier we had that inventory level. So that is what we were taking this government business. But now, as you see the numbers, I think the occupancy is more than 60% at a group level. So we have reached a particular volume where, now we can do the fine-tuning of our mix. So that is what this business, government business, is already, as Yatharth mentioned before, I think we are already clipping those business, the government business. So in the future, you see insurance and cash business will have a significant, numbers than this. So it will automatically reduce. And as you know, these businesses are not compulsory for us to take. I mean, these are all we can choose.
- Nirali Shah:** Right. So aspiration of having an ARPOB of, say, 15,000, 18,000, would this be achievable in our business?
- Yatharth Tyagi:** Yes, it will be achievable in the coming years in Jhansi-Orchha.
- Nirali Shah:** Lastly, just a quick bookkeeping question. So this quarter depreciation was around 114 million. Should this be considered as a new milestone and implemented as we acquire new hospitals?
- Pankaj Prabhakar:** Can you repeat the question, please?
- Nirali Shah:** Yes. Quarterly depreciation was 114 million. And just wanted to know that should this be considered as the new base going forward and as we acquire new hospitals, it keeps on increasing.
- Sonu Goyal:** Yes. So there is an addition of one facility during this quarter, okay, around 14th of May. So because of that, there is a further addition in capex. We are moving towards niche working, niche facilities. That too by adding the robotics in all other hospitals. Overall, capex increased in this quarter around INR 60 crores. That directly correlated with the medical equipment's. Major part comes in the medical equipment's. So that's the now is a trend. We keep on seeing this somewhere else.
- Yatharth Tyagi:** And also, the depreciation and the new medical equipment's did not just happen in the new unit. Even in our existing hospitals, there was a lot of capex spend that was done, along with the robotics and other equipment as far as neurosurgery and certain cardiac surgeries are concerned. So yes, I think that was depreciation was there.
- Nirali Shah:** That's right. Thank you.
- Moderator:** Thank you. The next question is from the line of Sanchit Chawla from Subhkam Ventures. Please go ahead.
- Sanchit Chawla:** The question has already been answered. Thank you.

- Moderator:** Thank you. The next question is from the line of Siddharth from Caprice Investments. Please go ahead.
- Siddharth:** So I've got a couple of questions, sir. So could you tell me, more about the case mix at Jhansi Hospital? Because I see that, the ARPOB is quite low there. So I want to I want to understand, the case mix over there.
- Yatharth Tyagi:** So in Jhansi Hospital, the government share is more than the group average. And yes, that is why the ARPOB is low. But as I mentioned that also the pricing there is low. The case mix is different there. So these are the key factors contributing to lower ARPOB there. But in the coming years, as we mentioned in the call earlier, we expect increase in the ARPOB due to the change in the case mix and increase in the super specialty treatments there. So we are also planning a medical and surgical oncology to start in Jhansi. We are also planning CTVS department, that is the cardiac surgery to start in Jhansi. These are the key factors which will drive ARPOB there in the coming years.
- Siddharth:** And my second question is, sir, at this number, we should be comfortably reaching INR 1000 crores this year in revenue, right? So is it safe to assume?
- Yatharth Tyagi:** Close to that.
- Siddharth:** Okay. So excluding for EBITDA loss at Faridabad hospital, our EBITDA margin should, I mean, given the fact that, our ARPOB is, constantly increasing, so we should have posted, a better EBITDA margin, right?
- Yatharth Tyagi:** Yes. If we remove the EBITDA loss in Faridabad, our EBITDA margins would have for all the existing facility except Faridabad, if there is an improvement or there is a status quo, we will maintain. So there will not be less than 26% or 26.5% EBITDA percentage at the overall level. Subsequent new additions.
- Siddharth:** So thank you and congratulations for the great set of numbers. Yes.
- Moderator:** Thank you. The next question is from the line of Urmi Khania from Robo Capital. Please go ahead.
- Urmi Khania:** Sir, so you mentioned for Greater Noida and Noida extension, 2 to 2.5 years for the capacity addition. So do you see to add 100 beds operational in the first year and the rest in the second year? And how would be the capacity utilization of these additional beds in the first year and how do you expect them to ramp up?
- Yatharth Tyagi:** So in two years, Greater Noida will be at the same time ready with 200 beds and within 2.5 years, Noida extension will be ready with 250 beds at the same time. So this will happen from the go. All capacity would be added simultaneously. When we add these capacities, we feel that it would take on these specific beds that have been added because it's already a running hospital. We are quite confident that within two years post that both these capacity utilization would be above 50% on these beds.

- Urmi Khania:** Okay. And another question is, how do you see the effective tax for full year FY '25 and FY '26?
- Pankaj Prabhakar:** So we are expecting 25.16% at full year taxes.
- Sonu Goyal:** So the tax is coming around 30% because of the losses in Faridabad. If we remove that losses of Faridabad it's actually coming 25.16%. So effective tax rate more or less it's trending to be 25% to 27%.
- Urmi Khania:** Okay. And for the Noida Hospital, do you see any growth there or expected to be flat or in the similar range currently?
- Amit Kumar Singh:** Noida has reached the peak. So yes, whatever the little growth is going to happen only because of the clinical mix. So even if you see the single digit growth that's because of the shift in the clinical mix. So I think it is very much in line.
- Urmi Khania:** Okay. That's it from our side. Thank you.
- Amit Kumar Singh:** And one more thing is about what the natural course of changing the year-round So that is what the rule of charge is when you change. And then there's some negotiation with the insurance company or something. So those will play a role in increasing the ARPOB.
- Urmi Khania:** Okay.
- Moderator:** Thank you. The last question is from the line of Pujan Shah from Molecule Ventures. Please go ahead.
- Pujan Shah:** Hi, sir. On the broader side, I just wanted to ask. There is news that there is a capping going on and there is a discussion on the capping on the price. So is there any active outcome?
- Yatharth Tyagi:** Yes. So I think some quarters back there was a PIL in the court about that healthcare prices should be reserved for all the hospitals and prices should be similar and regulated. I think since then even the center has told that it would be difficult to do certain capping as well as standardization of the rate. So that's the progress on that.
- Amit Kumar Singh:** But whatever the private hospitals the body has already made their representation. So then nothing has come out. And we are very hopeful that nothing should come out on those lines.
- Pujan Shah:** Okay. Got it.
- Amit Kumar Singh:** I mean, we don't want to comment more because the matter is already in the court.
- Pujan Shah:** Okay. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, we'll take this as the last question. I now hand the conference over to the management for closing comments.
- Yatharth Tyagi:** I thank you, Elara Securities for organizing this concall. And thank you for all the participants who have participated. I hope we were able to answer all your queries. Thank you.

Moderator: Thank you. On behalf of Elara Securities Private Limited that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.

(This document has been edited for readability purpose)

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