20th February, 2023

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The General Manager
Dept. of Corporate Services
BSE Limited,
P J Towers, Dalal Street,
Mumbai - 400 001

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051

Scrip Code: 543654

Symbol: MEDANTA

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Earnings Conference Call Transcript

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find the below link of transcript of Earnings Conference Call held on Tuesday, February 14, 2023 hosted by JM Financials, for the Quarter III & Nine Months ended December 31, 2022 Results of the Company.

https://www.medanta.org/investor_relations/quarterly-financial-results/conference-call-transcript

The Transcript is also attached herewith for your reference.

This is for your information and record.

For Global Health Limited

RAHUL RANJAN
Digitally signed by RAHUL RANJAN
Date: 2023.02.20 15:58:49 +05'30'

Rahul Ranjan
Company Secretary & Compliance Officer
M. No. A17035

Encl: a/a

Global Health Limited – Medanta

Q3 FY 23 Earnings Conference Call

February 14, 2023

MANAGEMENT: **DR. DR. NARESH TREHAN – CHAIRMAN AND MANAGING DIRECTOR – GLOBAL HEALTH LIMITED – MEDANTA**

MR. PANKAJ SAHNI – GROUP CHIEF EXECUTIVE OFFICER AND DIRECTOR – GLOBAL HEALTH LIMITED – MEDANTA

MR. SANJEEV KUMAR – GROUP CHIEF FINANCIAL OFFICER – GLOBAL HEALTH LIMITED – MEDANTA

MR. RAVI GOTHWAL – HEAD INVESTOR RELATIONS – GLOBAL HEALTH LIMITED – MEDANTA

MODERATOR: **MS. CYNDRELLA CARVALHO – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Global Health Limited "Medanta" Q3 FY2022-23 Earnings Conference Call hosted by JM Financial. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star than zero, on your touchtone phone. Please note that this conference is being recorded. Some of the statements made in today's call will be forward-looking in nature and may involve risks and uncertainties. Please refer page number two, of the investor presentation for full disclaimer.

I now hand the conference over to Ms. Cyndrella Carvalho from JM Financial. Thank you, and over to you, ma'am.

Cyndrella Carvalho: Thanks Faizan. Good evening, everyone. I welcome you all today, on behalf of JM Financials, I Cyndrella Carvalho, we are hosting the first call of Global Health Limited Medanta. We will be discussing quarter 3 for FY '23 earnings, insight with the management today. At the outset, I thank the management of Global Health for giving us this opportunity to host this call. From the management team today, we have with us Dr. Dr. Naresh Trehan, Chairman and Managing Director; Mr. Pankaj Sahni, Group CEO and Director; Mr. Sanjeev Kumar, Group CFO; Mr. Ravi Gothwal, Head Investor Relations.

I will now hand over the call to Dr. Trehan for his opening remarks. Thank you, and over to you, Dr.

Dr. Naresh Trehan: Thank you Cyndrella. And good evening to all of you, and welcome to Medanta' s first ever earnings call as the public listed entity. As you all know, the company got listed on 16 of November '22, and I'd like to take this opportunity to thank all our patients, our doctors, our employees, our partners and now our shareholders, who have joined us in this journey. For the benefit of all participants, I would like to quickly share the reasons for creating Medanta, that is why Medanta.

If you step back in history, I graduated from King George Medical College Lucknow, and on completion of my internship, I left for the United States. I joined New York University in New York, where Dr. Frank Spencer, who was considered the greatest teacher of heart surgery, was heading the whole program. I was lucky enough to get the job, for which I interviewed for and after finishing my training at NYU for general surgery and, then cardiac surgery,the University asks me to stay on, as faculty. So I joined the faculty of NYU and was teaching and practicing cardiac surgery as well as doing research in cardiac surgery.

Soon after I went into practice, a large number of Indian patients would come to New York for me to do their coronary bypass surgery because we were the first generation of coronary bypass surgeons. It became quite clear to me that for everyone, who could come to the US for their surgery, there were hundreds or even thousands, who were in India who needed bypass surgery, but could not afford to come to the United States. So that is how my journey back to India started. First with the establishment of Escorts Heart Institute, which was a collaboration between Mr. H P Nanda, Chairman of Escorts, the tractor company, and myself. On completion of the Escort

Heart Institute, I returned to India, and I ran it for the next 20 years. While I was at Escort Heart Institute, it was very clear that although we had made it into the largest Heart Institute in the world, that there was still big deficiencies in other specialties. When a patient needed, say, neurosurgery or gastroenterology or urology the standard of medicine was not the same as it was at the heart level. This difference between the standards at Escorts Heart Institute and the other non cardiac specialties was quite stark.

So the patients were not getting the best of treatment across all specialties. Hence, the thought came to me that we needed to build an institution, which would be like Mayo Clinic or Cleveland Clinic, where all super specialists of world class could practice on the same platform and provide patients the finest medicine that is available anywhere in the world, at a fraction of the cost. Thus began the planning and execution of Medanta, the Medicity, which is built on a 43-acre campus in Gurgaon.

We have built the hospitals, which is 1,400 beds with all super specialties. We opened at the end of 2009, actually to early 2010 and since then, the journey has been quite exciting, quite fulfilling and quite successful. The whole idea being that we were able to execute the best treatment for any patients that came to us, in the most difficult of circumstances, our outcomes would be equal to or better than those of anybody in the world. So having started with this objectivewe rapidly achieved success and in the first 15 months, we broke even.

Our patients and their families embraced the idea of Medanta. It was by nature designed to be the, Cleveland Clinic or Mayo Clinic of the East. So then we felt that since this standard had been set and the acceptance was so huge, that other people also needed this kind of care in different locations. After we knew that we had robust protocols and that we have system, which was strongly rooted, we did our second greenfield facility in Lucknow, which is approximately a 1,000 beds and this became operational a little over two years ago. Soon after we began it has become very successful.

With the success of Lucknow, it became clear to us that the idea of transporting the Medanta standard to other locations was possible. We wanted to maintain the same standards we have in Gurgaon in Lucknow and now in Patna. On the side, we picked up smaller facilities in Ranchi and Indore. Now we have our sixth facility coming out of the ground in Noida. We are carrying on the same ethics, the same philosophy, the same quality of care that we had established in Gurgaon, to all our patients whether they may be at Lucknow, Patna, Ranchi or Indore. So the movement is going on and has been very satisfying and successful.

All the facilities are doing well but our essential belief is that if you deliver the highest quality of care, with compassion and at an affordable cost so that more and more people can benefit of this kind of system then you will always have success. I have often said that good medicine will make good business, but good business does not make good medicine.

With this focus, we have traveled to other parts of the country. We serve over 400 million Indians in the heartland of India and this story will go on and on. I will now hand over to our Group

CEO, Mr. Pankaj Sahni to walk you through the numbers and results and the future plans. Thank you.

Pankaj Sahni: Thank you, Dr. Trehan.

I will share with you some of the highlights that Dr. Trehan had mentioned have got us still today. As Dr. Trehan mentioned, we started our hospital at the end of 2009 in Gurgaon, that was a 43-acre campus and from there, over the course of the last -12 years, we have grown to five operating hospitals. We have hospitals in Lucknow, Patna, Indore and Ranchi, in addition to Gurgaon and we are building our sixth hospital in Noida. Our Lucknow Hospital started in 2019 and currently has about 475 beds, with the capacity to scale up to 950 beds. We are already adding beds in that facility as we speak.

Our Patna hospital, which started in January 2022, has a capacity of 650 beds and is currently operating with 330 beds. We are adding capacity and adding operating rooms in both Lucknow and Patna. The two of smaller facilities are in Indore and Ranchi. Indore is at 175 beds and Ranchi at 200 beds. Those hospitals were launched in 2014 and 2015. Our latest hospital, which is our Noida hospital, will be 550 beds, and is expected to come on board in financial year 2025.

As you can see, and as Dr. Trehan mentioned, we currently have about 400 million people living in the states where Medanta hospitals are present, and we really cover a large part of the population heartland of the country. In addition to this, if you look at our presence, we have diversified out of Medanta Gurgaon across almost five or six different cities, thereby ensuring that we have a good diverse mix of hospitals across different areas.

The most important thing is the way in which Medanta delivers its healthcare. We have a unique model of delivery, which focuses on ensuring that we operate at the highest end of care. We have been rewarded for delivering exceptional clinical care. This comes with having exceptional clinical talent, and cutting-edge infrastructure and technology. In fact, our infrastructure is comparable to some of the leading institutions in the world. We have built a very strong value system around delivering high-end and high integrity care and also having very robust processes.

If you look at the way in which we deliver care, we really operate at a very complex level. Our facilities across the 2,500 beds that are currently operational, have almost 70 operating rooms. About 30% of our bed capacity is critical care or ICU beds. This shows that we are really focused on providing care at a very high end and of avery complex nature. We employ our doctors on a full time basis. We have over 1,400 doctors. We have been fortunate to get some of the best talent in the country to work for us across our units and that is why a lot of the care we deliver is really ‘destination care’.

Our patients do not only come to us from the community or the neighborhood where our hospitals are located, but they also come to us from around the country and indeed from around the world. That is why we have come to be known as the last stop in Indian health care. Thus, the way we are set up and the way we think is to ensure the delivery of complex care at the highest end.

I will now share with you some of the performance parameters over the course of the last nine months, that is, the nine-month ending 31st December 2022.

If you look at our performance, we have been able to deliver robust performance across all of the key performance indicators. Our consolidated total income was about INR 20,273 million, and that grew by 21% year-on-year. This growth has been driven by a variety of factors, including growth in patient volumes, growth in our bed occupied days as well as changes in specialty and payor mix. Our EBITDA was INR 4,856 million, and that hasa growth of 22%, with very strong EBITDA margins at 24%. Our profit after tax showing even greater growth at 26% has come in at INR 2,250 million and our PAT margins have improved to 11.1%.

During this period, we have been able to add about 167 new beds. This includes 65 beds in Lucknow and 102 beds in our Patna hospital. As I mentioned earlier, this bed addition continues as we speak. We continue to add capacity, not only in our existing hospitals, but we also will be adding capacity in our upcoming hospitals. We will talk a little bit more about that shortly. One important point to mention is that, as we continue to add bed capacity, the appropriate metric to look at for us is bed occupied days, which have actually increased year-on-year in nine-month period by about 11%.

Also our ARPOB has grown by 8.5% to INR 58,494 in the 9M FY23. This growth is driven by increased contribution from higher complex specialties as well as the lowering of the contribution from internal medicine. As COVID recedes, we see the revenue from internal medicine as a percentage of the total revenue reducing and a greater share shifting towards the complex specialties that we are known for.

When I look at our inpatient count, it increased by 32%. Our outpatient count has increased by 12% during this period. International revenue also sees an increase of 83% to INR 1,197 million, and that is driven by increased volume in international patient admissions. You would be aware that there was a dip in international admissions because of the COVID pandemic. That seems to be coming back as we speak and we see improvements in the international volumes quarter on quarter.

And lastly, our in-house pharmacy business has been doing very well. That continues to register strong growth. Our outpatient pharmacy revenue has increased by 58% from INR 396 million in the 9M FY22 to INR 625 million in the 9M FY23. This concludes the summary of the high-level financial metrics for the 9-month period ended December 31, 2022.

Important to point out that we continue to strengthen our core business, continue to build out a sustainable business model. A few important facts for you to be aware of, during the 9 months, we have added over 130 super specialist doctors across the various units. We continue to maintain ourselves as one of the most preferred destinations for senior doctors.

We have added some exceptional clinical talent across the units. Some of the recent senior doctor additions include Dr. Randeep Guleria, the former Director of AIIMS Delhi, who joined us as Chairman in our Internal Medicine and Respiratory Department,. Dr. Praveen Khilnani, joined

us as our Chairman of Pediatrics in our Gurgaon facility. Dr. Gagan Gautam, joined us as our Vice Chairman in Uro Oncology and Robotic surgery. Dr. Preeti Rastogi joined us as our Head of Obstetrics in Gurgaon, and Dr. Neelam Vinay has joined us as our Director of Obstetrics and Gynecology in our Lucknow facility. These are just a few of the illustrious faculty that we have across the Medanta system.

When you look at the new specialties that we have added, in Gurgaon we started our Lung Transplant program. We have started our Mother and Child services in both Lucknow as well as in Gurgaon. In Patna, we have also started gastroenterology, surgical oncology services and we are also building out our radiation oncology services in Lucknow as well as in Patna.

In line with our plans to deliver the Medanta model of care, we continue to focus on being able to deliver the highest end of care with the highest clinical specialties and the best clinicians. We also look at delivering care across the continuum and extending this care outside the hospital. We launched our Medanta Labs business in January of this year, and we have already started out home care services and our outpatient pharmacy, as I mentioned earlier.

When I look at all of the services that we have, we are now able to deliver care closer to the patient's home, deliver care at the high end and ensure that we are always focused on delivering the highest standard to our patients.

Looking forward, we are confident of maintaining our growth trajectory. We believe some key levers for this growth will be, of course, first, our ramp-up of the developing hospitals in Lucknow and Patna. The second will be our strengthening of the core by adding new specialties, new doctors and we also have new hospitals coming on board. The first of those is the addition of our Noida facility, which will be about 550 beds that should commence operations by FY 2025. We have also added a new hospital in our ecosystem, which was announced yesterday. That is a new asset-light O&M partnership model for a 300-plus-bed hospital in Indore that will have about 100 critical care beds over 15 operating theaters and this will help us to fortify our presence in Central India.

Finally, we will be adding about 700 beds at the existing facilities, and that will allow us to deliver the beds at a slightly lower capex per bed because a lot of the primary capex by putting up the building and putting up the facility has actually already happened and we already have these hospitals operating. This concludes our overview over the course of the 9 months and the brief summary of our future plans. I will now hand over to our CFO, Sanjeev Kumar to walk us through some of the quarterly performance numbers.

Sanjeev Kumar: Thank you, Pankaj. I will now share the key highlights of Quarter 3 FY 2023 results that we have announced yesterday. We have delivered the highest ever quarterly total income of INR 7,062 million, seeing a growth of 19%. In terms of EBITDA, it was INR 1,719 million, a growth of 17.9% with healthy EBITDA margin of 24.3%. Our profit after tax was also INR 806 million, that is a growth of 15.3%. In terms of some of the operational parameters, that you look at, our occupied beds during this quarter increased by 13.5%, and our inpatient volumes grew by 23.1% to 35,000. Outpatient volumes grew 16% to over 5.5 lakhs. ARPOB grew 4.3% year-on-year.

This is about our quarter 3 performance and now we are happy to take questions from the participants.

Moderator: The first question is from the line of Amit Kadam from Canara Robeco Mutual Fund.

Amit Kadam: Question is, mature hospital growth was flat for the nine months in terms of EBITDA and there was actually a decline in occupied beds. Can you just throw some light on it?

Pankaj Sahni: Sure. You want us to address that or you want us to take both the questions together.

Amit Kadam: So second question is on other expenses. Other expenses in this quarter has gone up by 38%. So, how do we look at this particular line item going forward?

Pankaj Sahni: Let me take the first question, and Sanjeev will walk us through the question on the other expenses. When you look at the performance in the mature hospitals, keep in mind that this is our Gurgaon, Indore as well as our Ranchi facility; all the three are grouped together in our mature hospitals.

If you look at our occupied bed days in the nine-month period of December 2021 versus the nine month period December 2022 it is important to take you back to what was happening last year. Typically, as you would be aware, the quarter 3 is a slightly lower quarter in terms of the volumes because of the festival season that happens around Diwali, Dussehra, etc. However, last year, because of the COVID impact in the first quarter of the year, we did see a very strong bounce back in some of the numbers post covid that saw exceptionally high numbers in the nine-month period ending December 2021 versus the nine month period ending December 2022. When you look at the occupied bed days in the mature facilities, the dip is really related to the fact that last year was an exceptionally high volume growth because there was a lot of pent-up demand, which got addressed as we move forward into the subsequent quarters.

When you look at our EBITDA performance over the group over that period, we continue to see very strong EBITDA margins across the group. You see that we are already delivering about 24% EBITDA margins. Some amount of growth in other expenses, which Sanjeev will walk us through some of that, linked to our repairs and maintenance costs or some of our facilitation charges. So Sanjeev, over to you to walk us through some of the other costs.

Sanjeev Kumar: Yes, sure, thanks. When we look at the other expenses, you are right that in these nine months, it has gone up. Some of the expenses which have gone up are like repair and maintenance expenses which have gone up specifically because some of the assets had to undertake some kind of repair activity. The second one is some of the facilitation charges increased because of the increase in international business. The third one is that some of the professional charges increase because of an assignment that we had undertaken for optimization of our material cost and as you can see that the impact of that has been that material costs have come down as well.

The fourth reason was the increase in sales and marketing cost, which if you actually recall that during the last two and half years, during the COVID as well as the very next year after the COVID, we were very limited in terms of our sales and marketing. This year now, again, we

have incurred sales and marketing costs. Other expenses also include conference expenses, which actually increased because of the activity of conferences that we started in these nine months once the normal activity has resumed. These are some of the reasons why other expenses went up.

Moderator: The next question is from the line of Dheeresh Pathak from White Oak Capital.

Dheeresh Pathak: Congratulations, Dr. Trehan and team for the successful listing. Just continuing with the same question on Slide 31. So as I understand that revenue for the mature hospitals, revenues increased by 8%, but EBITDA is flat because of higher sales and marketing and higher facilitation fees for international patients. Is that the main reason, sir?

Sanjeev Kumar: Yes, that is one of the main reasons. I have also mentioned that there were some other expenses like repairs and maintenance as well

Dheeresh Pathak: The margin that you are seeing for nine months in FY 2023 is 22.3%, is this understated, or do you think this is more of a normalized margin. Is FY 2023 nine months more effective of a normalized period or is there scope for the margin to improve?

Pankaj Sahni: Let me answer that question in two parts. First, let me answer the question on what are the scopes for improving efficiency. As you may be aware in the presentation you would have seen that we undertook our JCI audit in our Gurgaon facility this year. Typically, as that audit happens every three years, you do have some amount of repairs and maintenance costs that happens over the period. That may not happen every single year, but it happens maybe every two or three years. So I wouldn't say it's a one-off cost, but at the same time, it may or may not come in at every single year. That is one aspect.

The second aspect, as Sanjeev had alluded to is that we have already taken some kinds of activities towards trying to bring greater efficiencies into the cost structure, specifically with material costs, you can see some of the improvements play out in terms of the overall numbers. We continue to look at opportunities to add efficiencies in material costs as well as in manpower costs and across all the line items of other expenses. So to answer your question, are there opportunities for efficiencies? Absolutely, there are opportunities.

The other thing that you will see is that over the course of the last couple of years, we have not really taken any tariff increase partially because of COVID. That activity has started now step-by-step so you may see some amount of tariff increases and that could add to potential margin uplifts as we move forward.

The third aspect, of course, is that we have new clinicians coming on board. We have some new services that I had mentioned earlier, being added, including complex work. So as you look at the sales mix improving towards more complex work, you do expect to see an ARPOB growth and the corresponding revenue growth as you move forward. These are some of the opportunities for improvement. While we do feel that there are margin growth opportunities to be captured we don't really give any firm guidance for the next quarter.

It is important for you to understand that in our industry and in our business and based on our belief in the way healthcare is supposed to be delivered we do not really think quarter-to-quarter, but actually, focus more on the longer term by looking at the right aspects of delivery of care. As you think about how margins will stabilize over this period, we have always maintained that any performance which is anywhere in the range of 20% to 25% EBITDA margins is really very good performance. We don't see any reason why Medanta would not be able to deliver that kind of strong performance.

Dheeresh Pathak: So this slide is very interesting because your developing hospitals are showing KPIs, margins and occupancy just similar to the mature hospital, in fact, better. So on the developing hospital side, I am assuming these KPIs are because in the one of this later slides, you mentioned Patna turned EBITDA positive in the last quarter itself. So a lot of the EBITDA margin, EBITDA here on this slide, INR 153 crores for nine months is attributed, I would assume to Lucknow asset, right?

Pankaj Sahni: Just to give you the very quick history, our Lucknow hospitals, which we started towards the end of 2019, really January 2020 was able to deliver EBITDA breakeven in its first full year of operations. In fact, it delivered about a 15% EBITDA margin in that year. If I recall this was also disclosed in our RHP and some of our IPO documents. As we look at the Lucknow margin, that margin has continued to stay strong, in fact, continue to grow not only in percentage terms, but also in absolute amounts. You are correct a large part of the margin that you are describing does definitely come from our Lucknow facility, which is now about 500 beds. While we still consider it as a developing hospital it is important to keep in mind that the 500-bed facility in Lucknow is one of the larger facilities in Indian health care. We continue to see growth coming out of Lucknow.

Our Patna facility, although it is very new, only started in January 2022 has also done exceptionally well, in a very short period of time. We continue to add beds. We continue to add doctors and clinical teams there. We are building 10 more operating rooms.

We do not yet say that Patna has reached a stable state, however, we did deliver a positive EBITDA both in Quarter 2 and Quarter 3. We believe that Patna also is on its way to a strong performance. One word of caution or also just clarification, is that today, our Lucknow facility is 100% cash plus TPA. We have zero schemes there and we don't have much corporate or PSU business either. So a lot of the realizations and the ARPOB which you are seeing, as you say, comparable to some of the mature facilities are driven by a very high percentage of cash business. That is in a little bit different from what you may be familiar to seeing in the industry in general.

Dheeresh Pathak: So as the newer beds at capacity gets added, it would be fair to say that you might take some scheme patients. So maybe the absolute amount will increase, but the EBITDA margin and ARPOB might go lower than what we are currently seeing, right?

Pankaj Sahni: When you look at the bed growth, we are about 470 beds, so you can say about 500 beds right now. If you look at our last quarter occupancies and availability of beds in Lucknow, it has

actually been tight, which is why we have been trying to add beds. So at present, we have not really taken on any schemes in our Lucknow facility. As we move towards 1,000 beds, there is a possibility that we may look at augmenting the patient mix, not only in terms of schemes, but there are also corporates, there are also public sector undertakings and we would like to be able to service those profile of patients as well. So yes, you may see that there may be some change in the payer mix. However, just to reflect on our overall payer mix across the group, including all the mature hospitals. If you look at our payor mix, which has been consistent year-on-year for last several years, upwards of 80% of our payor mix is cash plus insurance. So while we may have some scheme, it would possibly be on the similar lines as what you are seeing across the group.

Absolute margins will increase depending on the cost to serve the incremental patients and even your margin percentages may or may not change, it really depends on how you think about it. Another important point, which I did mention in the opening section, was that our doctors are all full timers. So unlike many of the other hospitals, where the doctors are more on a visiting or fee for service model, our doctors are all full timers so we benefit, from a lower marginal cost for every incremental patient.

Moderator: The next question is from the line of Nikhil Mathur from HDFC Mutual Funds

Nikhil Mathur: I will be harping on the same slide number 31. If I look at the EBITDA in nine months FY '23, I mean, it is flattish. This includes Gurgaon, right? And I also remember that most of the overhead for the new facilities sit in the Gurgaon facility. Is that the right to understand that you are showing here some of the overhead associated with your newer facilities as well?

Pankaj Sahni: That is absolutely right, Nikhil. So as you may recall, and as I think we may have also mentioned in our prospectus all our group costs, including the costs which are there for some of the newer business units, are all currently part of the mature hospital costs. So all of that cost, including the corporate overheads, the shared services in terms of IT costs, etcetera all of these costs sit in the mature facilities and are recorded as part of our Gurgaon cost. We don't actually split out the corporate overheads from the Gurgaon unit. Of course, if we did that, you would see a slightly different kind of a margin profile in the mature hospitals.

Nikhil Mathur: So if I strip out the overhead associated other facilities, would the base Gurgaon, Indore, Ranchi combined would have grown EBITDA on a Y-o-Y basis?

Pankaj Sahni: Like I said, we haven't split out the costs specifically on each of those aspects. I can, however, tell you that those costs have increased over the nine-month period with additions of variety of manpower, including some of the newer services, whether it is pharmacy or labs. So, my assumption would be definitely, yes, there would be margin growth, which would be better than what you're seeing today if you did split out those costs. However, we have not reported that so I cannot give you a definitive number.

Nikhil Mathur: My second question is on, if I understand correctly, also your Gurgaon facilities caters a lot of upcountry footfalls from Eastern UP and Bihar region and all. Now that you have a full service facility in Lucknow and in Patna, wouldn’t that result in some bit of cannibalization in your

Gurgaon unit? And why I asked this question is because in the vicinity, you have many upcoming bed additions from your competitors. So just trying to understand if there is going to be any cannibalization, any competitive pressures in the Gurgaon because of all this?

Pankaj Sahni: Let me address that in two parts. The first part around our patient mix in our Gurgaon facility over the years. You are right, upwards of 50% of our patients in our Gurgaon facility over the years have come from outside of Gurgaon. That includes Haryana, UP, Bihar, Rajasthan, Punjab, as well as, of course, the international business. Interestingly, as we opened our Lucknow facility, we did actually see that with the awareness of our brand in UP, in the first year of opening itself, some of our patients from Lucknow actually increased in our Gurgaon facility. So, we didn't really see too much cannibalization because of that the new hospital opening.

Our thought is that for every patient that travels all the way from up country to Gurgaon or from UP or Bihar to Gurgaon, there are thousands of other patients that are already in UP and Bihar, who are unable to make the trip. We believe that with increasing presence in these territories, you also have increasing brand awareness for Medanta as a whole. Sowe are not overly concerned with the cannibalization. That being said, we did experience during the COVID pandemic, some increased demand from our local community here in Gurgaon.

We had people who were reaching out to us saying, please do look at serving the community closer to you in a greater way. So, we have put in effort to expand our connect into the local Gurgaon community. We have opened about 30-plus clinics in various residential colonies. In the last nine months, we have opened a new larger clinic facility in Gurgaon, in Subhash Chowk. This now gives us two clinics running in Gurgaon itself with a third one in South Delhi. There is some movement to increase the servicing and connect to the community in Gurgaon and in the greater NCR region as well.

As far as your question around capacity, see, if you look at Delhi NCR as a whole, and that includes Noida, Delhi, Gurgaon, there is still a fair amount of demand in the city. When you look at the absolute population as well as the population growth that is likely to come versus the beds that are available, especially the high-quality beds. We do not have a huge amount of concern around too much saturation of supply.. Also, keep in mind; it is somewhat easier to put up a bed, you still need a doctor to treat the patient. Therefore, that supply is not increasing just because the beds are increasing.

Moderator: The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services.

Tushar Manudhane: Sir, just on this asset-light hospital to be set up in Indore, while the partner is going to give the warm shell. What kind of investment is going to be there from our side?

Pankaj Sahni: If you look at the Indore facility, the model, which is there, which is I think is now reasonably well known in the industry is that the real estate partner would actually own the land and would put up the complete warm shell. Our investment will be only to the extent of the medical equipment, the partner will give the rest of the entire facility equipment investment, capex, etcetera, interiors.

Our investment will range anywhere from INR 130 crores to INR 160 crores over the course of the first cycle of all the equipment that we need to put in. We have very long and deep relationships with our equipment partners so the payments to be made for this equipment will actually staggered. Therefore, we do not see this as something where there would be a huge cash outflow in any one particular year.

Tushar Manudhane: And in the matured category, would current Indore hospital would be at a similar EBITDA margin as is the matured segment or is it lower or more? If you could just explain that?

Pankaj Sahni: Indore is a little bit of an interesting scenario. I think Sanjeev mentioned we do not report out Indore separately but our current facility is significantly smaller than some of our larger established facilities. It is only about 170 beds and we have got the majority of the work in Indore coming in from just maybe two or three specialties. We have cardiac and neuro, which are the lead specialties in that unit. We do also have gastroenterology, digestive services as well as kidney and urology institute. We do kidney transplants there as well. However, when you look at the entire range of oncology services, these services are not available there because we do not have the space to be able to deliver these services. We also do not have the space to be able to put the kind of critical care capacity, that is demanded of us and that we are well known for in our other units.

So definitely, the EBITDA margins in Indore are lower than the ones, which you see across the mature groups. It is also significantly smaller in terms of absolute contribution, both on the top line and the bottom line. However, it is not really fully equipped to deliver the comprehensive range of clinical specialties, that we can offer and that there is a demand for.

Tushar Manudhane: Secondly, on labs as a business. While we have seen over last 12 months to 15 months, there has been significant amount of competition entering, be it online or other corporates and given that the existing guys are facing challenges in terms of volume growth, and which gets reflected in pricing. So, what from a capital allocation and from our effort allocation for this part of the business will the next three years to five years look like and what is your thought process for getting into this business? What kind of return ratios do you expect from this business?

Pankaj Sahni: Let me take the three different aspects. First, in terms of the capital allocation, you would be aware that the lab business has really very limited capital requirements because the model for most of the equipment is on what they call a reagent rental basis. It is a 'pay per use' or a 'pay-as-you-go' type of model. Therefore, you do not actually spend a huge amount of money in capex for the lab. In addition, we already have existing capacity in our hospital labs.

When you look at the cities where we started out, it is really the cities, where we already have hospitals. We have large laboratory services in each of those hospitals. Therefore, the incremental sample load that comes in, can actually be well serviced by the labs that we have right now. We may do some selective lab additions, but that is really more to manage the logistics than to manage any kind of capacity constraints that we have in our existing labs. So that is one point, we do not see a huge amount of capex, in this businesses.

You are right, there has been, I would say, a COVID induced enthusiasm for some of these services like labs. Our approach is very different. One, unlike some of the stand-alone labs, we do not really have the same kind of customer acquisition costs that would be there in newer age stand-alone lab businesses because we already have the patient population from our hospitals.

Most importantly, what we found is that many of our patients are actually demanding of us the ability to help service them a little bit closer to home. Our thought is that this allows us to service the patients across the life cycle. It allows us to deliver care to the patient closer to home and is really something that COVID showed us is something that our patients are demanding. We look at these new businesses as a comprehensive continuity of care model rather than a purely as a stand-alone separate business.

Therefore, our move into this segment, whether it is outpatient pharmacy, or our labs business is actually very deliberate and is linked to the communities which we already serve and the extended communities where our patients are demanding the services.

Tushar Manudhane: That is simple.

Moderator: The next question is from the line of Cyndrella Carvalho from JM Financial.

Cyndrella Carvalho: I just wanted to understand, we were contemplating some price increases. Have we taken those or are we still thinking about it? If we have taken, have we taken them across the facilities? Any thoughts will be helpful.

Pankaj Sahni: Sure. Our price increases, as I may have mentioned in the opening section, are oriented towards making sure that we remain as affordable as possible for the communities that we serve. We actively try not to be the most expensive in the city where we operate, but try to be a little bit more reasonable, maybe benchmark as the third or fourth most expensive in that particular city or community. This has been the broad philosophy that we started with and the philosophy that we currently maintain.

Our tariff increases are all done in line with our clinical leadership, each department actually decides what is the appropriate tariff for the kind of complexity of work, which they are doing as well as, the nature of the costs associated with servicing that kind of complex work. That has been our approach. Because of COVID for almost three years, as you mentioned rightly, we had not taken any tariff increase across the network. We have now started to take that tariff increase. We take it systematically over the various specialties.

I would say the majority of that tariff increase would be in Gurgaon because Lucknow and Patna are still new, although we are seeing some selective tariff increases in Lucknow as well. That process is underway. Some of that tariff increases have already been done. Some is currently in process and some will be done later. We will do this over the course of the next several months. We will maintain our positioning and will not be the most expensive, but as the industry tariff grows, you will also see that our tariffs move in line with that growth.

Cyndrella Carvalho: That is very helpful. I am just going to try this. Any luck you will be able to help us with Gurgaon, Lucknow, and Patna, ARPOB's, ALOS and the occupancy levels. Any color will be helpful any of it.

Pankaj Sahni: I am sure that many people are trying to fill out their excel models, and I do empathize. However, I also must defer to the guidance that I get from our CFO and our compliance team to make sure that whatever we are disclosing are numbers which are appropriately audited and appropriately displayed. The only thing that I can say is, as you can probably guess, our mature facilities are still fairly heavily weighted towards Gurgaon. You can just get a sense that if you take the total number of beds that are there in those facilities. If I say it probably it is about 1,700 beds would be in the mature facilities, almost 1,300 of those are in Gurgaon itself.

In addition, obviously, Gurgaon would have a slightly higher tariffs and ARPOB profile than Indore and Ranchi. This may give you an indication how the numbers are weighted in favor of Gurgaon.

Moderator: The next question is from the line of Anubhav Sahu from McPro.

Anubhav Sahu: Sir, to my understanding some of the capacity additions will happen in phases. For example, for Noida facilities, though we aspire to be reaching 550 bed facility it would take 300 beds to reach this stage. And so for Patna say around, it will reach 500 beds facility by fiscal year 25. So if we take it as fiscal year 25 as the time line, would it be fair to assume that around 1,000 beds you would be adding? And if so, what would be capex for that?

Pankaj Sahni: Let me just quickly touch on the bed additions and then Sanjeev can shed some light on the capex. You are right, we add our beds in phases. Important point as I think I mentioned earlier is that although the bed additions happened in phases, the bulk of the capex, because we build the superstructure, the shell, the complete facade of our buildings in one shot, has already gone into the building. On day one, about 70% of the capex has already gone into the building, thus the incremental beds will be at a significantly lower capex.

If you look at our Gurgaon facility that is mature, we may add some beds there. We are actually revisiting a lot of movement towards daycare, we see a lot of trends of patients shifting to daycare and you will see that reflected in a significant reduction in our average length of stay. We expect that this trend will continue. Therefore, we are adding some amount of capacity in our cancer services in our Gurgaon facility as daycare. Of course, the bulk of the bed addition will come in Lucknow, Patna and Noida.

Lucknow will scale up over the course of the next couple of years from the 500 beds that it is today, probably at least scaling up another 200beds-300 beds depending on as the demand rolls out. That hospital is constructed as two towers. One tower is now completely full and the second tower, which can house another 300 beds- 400 beds will be built out. We have, post December, already activated some beds there in our critical care units. We have already added ICU beds between December and March 31 and you will see some bed additions in that period as well.

Patna, as I said, is 330 beds now. Those beds will also scale up. We will probably scale from 331 beds to 400 beds and then to 500 beds before we move to the 650 beds. Noida, while it has a capacity of 550 beds will likely open with the bed number of 300 beds. That will be the way in which the beds build out. Sanjeev, over to you on the capex.

Sanjeev Kumar: As Pankaj has just explained most of the beds would be actually coming in Lucknow, Patna and Noida. In these three facilities, we would be adding almost 1,100 beds. In case of Lucknow we will go from 475 beds at present to actually 950 beds. In case of Patna from almost 330 beds to 650 beds and in case of Noida, we will be starting with almost 300 beds, which will eventually go up to 550 beds. So we will be adding approximately 1,100 beds and we will be incurring almost INR 1,100 crores for putting up the beds.

Most of this, more than 60%, would be towards the Noida hospital because that is the active project that we have. We will be implementing the entire warm-shell, the entire structure. So our total capex would be approximately INR 1,100 crores, out of which more than 60% would be for Noida. This is for the next three to four years in terms of the specific projects identified till date.

Moderator: We will take the next question from the line of Gagan Thareja from ASK Investment Managers.

Gagan Thareja: Sir, the first question is on -- in your P&L, is there any one-off expense related to the IPO in this quarter? And what's the gross debt position on the balance sheet post the IPO?

Sanjeev Kumar: In terms of \one-off expenses, there are very minor expenses, let us say, almost INR 2 crores in terms of the advertisement expenses to be precise INR 1.5 crores incurred during the IPO process. There are also some one-off expense in terms of the travelling, etcetera. Nothing more than that.

Sanjeev Kumar: What was your second question?

Gagan Thareja: On the gross debt on the balance sheet, what is the position?

Sanjeev Kumar: In terms of the gross debt, we actually have three loans. One is the loan in case of MHPL, which is approximately INR 420 crores, then we have a loan in case of Patna, which is another INR 250 crores and then we have some debt in GHL which is our holding company from Asian Development Bank, which is at INR 66 crores. These are the three loans that we have today.

Gagan Thareja: And related to the capex one, how will you be funding it? I mean what would be the debt equity mix for that? And two, while you'll get efficiencies in Patna going as utilization or occupancy ramps up there, will that be offset by the new bids that come in at Lucknow and Patna and also the Greenfield at Noida. So I mean, if you could address these two aspects. The funding of the debt and the margin impact of new capacities?

Sanjeev Kumar: I think let me first talk about the funding aspect. As you are aware that we have a good liquidity position in terms of our balance sheet. So, the funding required for our capex would be done out of the internal accruals as well as the debt that we will take against each project, which would

be there in case of Noida., You have seen that our net debt to EBITDA is in a very good position. We will maintain a very comfortable debt-to-equity ratio.. That is what we expect to have for funding our future capacities.

Pankaj Sahni: Just quickly, you asked about the ramp-up as we get Noida mobilized. Definitely, there are some challenges in getting a new hospital up in running -- and if we look at our trajectory over Lucknow and Patna, we have been able to deliver positive EBITDA in a reasonably short period. We do not keep that as our standard operating model but we have now shown short break even in all three of our green fields Gurgaon, Lucknow as well as in Patna. The only advantage, I would say, Noida has versus the others is that because it's in the NCR region, we already have talent across clinical and non-clinical areas in our Gurgaon facility, that are being groomed or are ready to move across to our Noida facility. We may have some opportunities for ensuring that we can optimize talent across the NCR facilities as we operationalize Noida.

Moderator: The next question is from the line of Dhara Patwa from SMIFS ltd

Dhara Patwa: Since you are expanding in non-metro cities, do you think attracting talent would be a challenge in those cities?

Pankaj Sahni: If you look at our performance and if you look at the profile of clinical names that we have been able to attract across the cities where we operate, whether that is Lucknow, Patna or Indore, we have not experienced this as a challenge yet. Now obviously, we do keep in mind the availability of talent when we look at the cities where we move to -- we are fortunate that the Medanta brand and our operating model, which is really clinician-friendly and doctor-led and doctor first type of model has allowed us to become a preferred destination for really high-quality clinical talent. We have also been fortunate that we have been able to cross-pollinate some of these units.

If you look at some of the clinical leaders in our, Indore facility, both the head of cardiac surgery as well as neurosurgery were doctors that were in our Gurgaon unit before we moved them to Indore. Our Head of Cardiac Surgery in Patna worked here in Gurgaon with Dr. Trehan, before he moved to Patna. We have had doctors move into Lucknow facility as well from here. In Patna, we even had clinicians come from the UK and move back to India to come and work in our Patna facility.

Now one important point to note is that the nature of the facilities that Medanta is able to put up in these cities has never been seen before. When you look at the kind of facility that we have in Lucknow or in Patna, there is really no facility of this caliber, either in terms of size or in terms of just the quality of infrastructure and technology in pretty much the entire state, at least not in the private space.

When we are looking at clinicians, we are able to give them a really exceptional platform for where they can practice their craft. We are able to do things like give them huge amounts of operating rooms, additional space, really give them all the tools and technologies that allow them to deliver the highest standard of medicine. That is one of the reasons why they feel Medanta is the right platform for them to join.

We have not had too many challenges with respect to hiring clinicians in any of these areas. We are, however, very selective, and we are very determined to maintain our full-time model. We do not allow the visiting model where a doctor would work in one hospital on one day of the week and in another hospital on another day of the week. Any restrictions on bringing in talent are really more from our side than from a supply side.

Moderator: The next question is from the line of Anubhav Sahu from McPro.

Anubhav Sahu: So, my question is from the asset light model, which we are trying to execute in Indore. I wanted to understand, is it a change in business model in some way or is it a one-off thing? Is something which we may like to follow up for other cases?

Pankaj Sahni: The way I would answer that is to say that neither is it a change in business model, nor is it a one-off or a first time. If you look at our facilities, we have different types of models in each. Our Gurgaon and our Lucknow facilities, we own and Noida as well. We have owned the land and we built up those facilities. Patna is a PPP project with the government of Bihar. So that's a slightly different model. Our Ranchi facility is also in O&M. So there as well, we did not invest in the infrastructure. , There was an existing hospital that we took over and turned around. The Indore model will be the one where our partner will be building up the warm shell and then we will be putting in the medical equipment and running it.

We are open to all types of models, whether it is O&M, whether it is greenfield, whether it is brownfield or even whether it is M&A or taking over any existing facilities. The key aspect though, in our model is that we must be able to ensure that these facilities deliver the highest quality and standard of care that we have come to be known for. What that means is that in each city, there are certain requirements for what it takes to deliver this kind of high standard of care that may be different in Indore and in Lucknow or Gurgaon.

Each city has its own unique characteristics and our approach into those cities is in line with that, but always making sure that we are able to deliver very high end, high quality of care. We do not want to go into cities or enter into partnerships just for the sake of showing bed additions; they have to be able to deliver the quality and standard of care with the values that we stand for.

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

Pankaj Sahni: Thank you very much to all of you who joined the call as well as for everybody who asked questions to try to understand our approach to healthcare delivery a little bit better. We remain aligned towards delivering and focusing on high end of care. We remain aligned to ensuring that we are managing our institution with the values that we believe are the right values for healthcare delivery. We remain committed to delivering growth for all of our stakeholders - the kind of growth that you can be proud of. Thank you very much for taking the time and for participating in this journey along with us, and we look forward to speaking with you all soon.

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

Notes:

1. This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings
2.