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The Manager
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Exchange Plaza, C-1, Block G,
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Bandra (E), Mumbai - 400 051

Scrip Code: 543654

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

Dear Sir(s),

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Earnings Conference Call held on Friday, August 08, 2025, for the first quarter ended June 30, 2025 results.

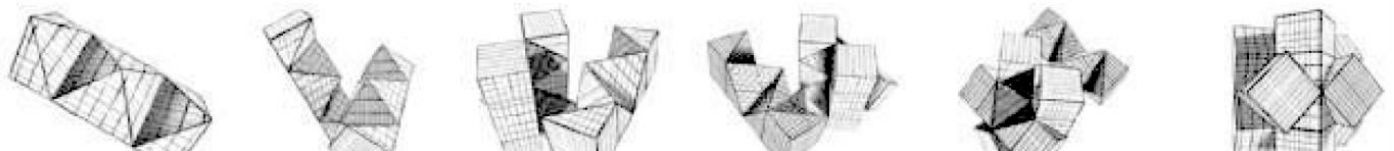
The Transcript is also available at our website: <https://www.medanta.org/investor-relation>

This is for your information and record.

For Global Health Limited

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

Encl: a/a





**“Global Health Limited - Medanta
Q1 FY 2026 Earnings Conference Call”**

August 08, 2025

**MANAGEMENT: 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. YOGESH KUMAR GUPTA – CHIEF FINANCIAL
OFFICER – GLOBAL HEALTH LIMITED – MEDANTA**

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

MODERATOR: MR. AMEY CHALKE – JM FINANCIAL

Moderator: Ladies and gentlemen, good day and welcome to Global Health Limited Q1 FY '26 Earnings Conference Call hosted by JM Financial Institutional Securities Limited. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amey Chalke from JM Financial. Thank you and over to you, sir.

Amey Chalke: Thank you, Avirath. Good afternoon and a warm welcome to all the participants on Global Health Limited 1Q FY '26 earnings call hosted by JM Financial. Joining with us today from the management side, we have Dr. Naresh Trehan, Chairman and Managing Director; Mr. Pankaj Sahni, Group CEO and Director; Mr. Yogesh Kumar Gupta, Chief Financial Officer; and Mr. Ravi Gothwal, Head of Investor Relations. I will now hand over the call to Dr. Trehan for his opening remarks. Thank you and over to you, doctor.

Dr. Naresh Trehan: Thank you. Good afternoon to everybody. Thanks for joining us today for Medanta's Q1 FY 26 earnings conference call. I hope all of you have had the chance to review the results and presentations that were released yesterday.

At Medanta, we continue to build on our vision of delivering world-class, patient-centric and compassionate care. Clinical excellence remains the cornerstone of our identity and during the quarter, we remain focused on strengthening that foundation through consistent and disciplined execution. During the quarter, we have had on-boarded over 150 doctors, including 30 senior clinicians across specialties.

This strengthens our medical department and the depths with which we are able to deliver complex and multidisciplinary care. I am also pleased to share that we have expanded our presence in Ranchi by operationalizing a new 110-bedded hospital in July 2025 under a long-term lease agreement with the owners. This additional unit enhances our ability to serve the underserved region.

Furthermore, we look forward to commissioning of our 550-bed Medanta Noida facility, which is poised to commence operation in the coming weeks. This landmark addition to our network will significantly enhance our capacity, strengthen our presence in the National Capital Region and further our mission of delivering world-class healthcare to a broader community. As a result of our focus on delivering the highest standard of quality care, we have been able to deliver strong financials and operational performances during this quarter.

With that, I will now hand over the call to Mr. Pankaj Sahni, our Group CEO, who will walk you through the quarterly performance.

Pankaj Sahni: Thank you, Pankaj. Thank you, Dr. Trehan. Good afternoon and thank you for joining us today. I am happy to share that Medanta had a strong start to the fiscal year. In Q1 FY26, we have delivered our highest ever quarterly total income and EBITDA while maintaining healthy

margins and driving operational efficiencies. Our performance reflects the strength of our integrated care model, disciplined execution and the growing trust of our patients.

Let me begin with the key financial performance highlights for Q1 FY26.

During the quarter, Medanta delivered total income of INR10,513 million compared to INR8,830 million same quarter last year, registering a strong growth of 19% year-on-year. EBITDA for the quarter was INR2,553 million, an increase of 23% year-on-year, with an improved EBITDA margin of 24.3% year-on-year. Please note that EBITDA is before non-cash ESOP expenses of INR79 million.

Profit after tax for the period was INR1,590 million, year-on-year growth of 50%. PAT margins for the quarter improved to 15.1% compared to 12% in the same quarter last year. In Q1 FY 2026, profit after tax is higher due to a non-recurring exceptional income of INR196 million, arising due to reversal of earlier accrued interest liability on EPCG imports in the Lucknow unit, following the transfer of the EPCG licenses to GHIL pursuant to its merger that was announced last quarter.

Our overall performance was driven by sustained growth in patient volumes across units and improved realisations, especially in Gurugram. Our inpatient volumes during the quarter increased by 14% and the outpatient volumes increased by 13% year-on-year. Our average occupied bed days for the quarter increased by 13% year-on-year, with occupancy of approximately 63% on increased bed capacity.

Average revenue per occupied bed for the quarter was INR66,584 compared to INR64,035 in the same quarter last year, an increase of 4% year-on-year. This increase was largely driven by an increase in realisations in the Gurugram unit and change in specialty mix. During the quarter, revenue from international patients was INR636 million, an increase of 34% year-on-year.

Coming to the matured hospital performance, during the quarter, total income from our matured hospitals was INR7,006 million compared to INR6,328 million in Q1 FY 2025, registering a year-on-year growth of 11%. The EBITDA of mature hospitals stood at INR1,640 million, reflecting a growth of 7% year-on-year, with a margin of 23.4%.

Inpatient volume growth was 6% year-on-year. ALOS declined by approximately 4% year-on-year. These two combined factors resulted in an average occupied bed days increasing by 1%, representing an occupancy of 62%. ARPOB grew by 9% to INR73,256 in Q1 FY 2026, primarily driven by increase in realisation in Gurugram and change in specialty mix.

Now, when it comes to our developing hospitals, developing hospitals comprises Lucknow and Patna. To note, Noida Hospital, which is yet to commence business operations, has now been included in the developing hospital categorisation.

Noida expenses of approximately INR30 million, of which 50% are attributable towards employee cost and the remaining towards other expenses, have been included in Q1 FY 2026

numbers. Our Lucknow and Patna hospitals continue to show strong momentum as they move towards operational maturity.

Total income during the quarter was INR3,219 million, compared to INR2,369 million in the same quarter last year, registering strong growth of 36% year-on-year.

EBITDA was INR942 million, compared to INR589 million in the same quarter of last year, registering a robust growth of 60%, with margins remaining strong at 29.3%. Average occupied bed days increased by 39% year-over-year, representing an occupancy of 64% on increased bed capacity. Lucknow ARPOB's declined by 11% year-on-year due to an increase in ALOS by 17% year-on-year, driven by an increase in share of scheme patients.

Patna hospitals saw an improvement in ARPOB's of 8% year-on-year, driven by a 7% reduction in ALOS as part of our ongoing operational efficiency. The combination of these factors resulted in developing hospital ARPOB declining by 3% to INR56,704.

During the quarter, 20 beds were added on the 9th floor of Tower A at Medanta Patna Hospital, marking the completion of Tower A.

Moving on to our projects update:

We are excited about the upcoming launch of our 550-bed Medanta Noida facility, which is expected to be operational in the coming weeks. We have already onboarded over 230 employees, all of whom are undergoing comprehensive training programs.

In July 2025, we successfully operationalised our 110-bed hospital in Ranchi, further deepening our presence in the eastern region of India and enabling access to high-quality healthcare in an underserved market.

Interior fit-out and commissioning for Tower B in Patna and two floors in Lucknow is in progress, which will add additional capacity in these locations.

Our broader expansion pipeline now includes 2,000 beds over the course of three to four years. These projects are in various stages from design to execution and are aligned with our strategy to scale in high-demand markets. Over the near term, we aim to add 1,000 beds supported by the development of advanced medical technology and expansion of clinical teams. This forms the foundation for sustained, long-term growth across our network.

With this, I request the operator to open the line for questions. Thank you.

Moderator: Thank you. Thank you very much. The first question is from the line of Vishnu, an individual investor. Please go ahead.

Vishnu: Sir, do you have any expansion plan of 500-550 beds in Noida Hospital?

Pankaj Sahni: As of now we have only plan of 550 beds in Medanta Noida. As we have told earlier will start from 300 beds, as and when demand increase will go upto 550.

- Vishnu:** Thank you.
- Moderator:** Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.
- Tushar Manudhane:** Okay, great. Sir, just with respect to the additional operational cost of Noida and Ranchi, if you could call out how much to factor for a full year.
- Pankaj Sahni:** Operational cost for Noida?
- Tushar Manudhane:** And Ranchi, the new hospital.
- Pankaj Sahni:** So, Noida operational cost right now only includes about INR3 crores of cost in Q1 as EBITDA expenses, basically. There's no revenue there. As we move forward, Tushar, it really depends on how we scale up the unit.
- Ranchi, on the other hand, will be mostly supported by the existing unit as far as the administrative and overhead costs go. So most of the costs in the new unit at Ranchi will only really be for the clinical nursing teams. But exact numbers, I can't tell you because I don't know what it will layout in the future.
- But as we scale up, as the doctors come on board, there will of course be some amount of cost which we may incur as and when the doctors and the nurses and everybody comes on board. But exact numbers right now, I can't project out into the future. In any case, we don't really give the future projections.
- So, I'm not sure. But I don't see any real difference why there would be a very significant change in the cost or performance profile of the Noida unit versus any other unit, except of course for the initial startup kind of costs.
- Tushar Manudhane:** Got it, sir. And there's 150 plus doctors onboarded. So, broad breakdown, I presume this is largely for Ranchi and Noida. Or correct me if I'm wrong. And just sort of help us understand where all these...
- Pankaj Sahni:** Yes, so I would say that the majority of the 150 doctors is actually for our existing units. That includes almost all the units, Gurgaon, Lucknow, Patna, even some additions in Indore and Ranchi. The addition for the new unit in Ranchi will be very negligible. And in Noida, it will be hardly about 15 to 20 doctors. So most of the 150 doctors that you see are actually all for the existing units.
- Tushar Manudhane:** Got it. So, we should be expecting a reasonably more number of doctors getting onboarded in the coming quarters for Noida and a new unit of Ranchi, right?
- Pankaj Sahni:** Yes. So, if you recall, Tushar, we have been consistently mentioning over the last several quarters that we actually still have quite a bit of growth to add into the Lucknow and Patna unit, both in terms of the bed build-out as well as in terms of the clinical hiring over there. So, just to give you an example, we are currently building out in Patna, our mother and child floor in Tower

B. And there will, of course, be a complete hiring of the department there. So, it is not like the hiring is only for Noida. It is very much for the other units.

We have also hired in units in Gurgaon. So, to give you an example, we have a complete new department – team for ophthalmology, which we have hired into our Gurgaon unit. We've hired oncologists into our Gurgaon unit. We've hired nephrologists. We've hired cardiac surgeons. So the hiring which you see is very much part of our agreed and announced strategy of, I believe, we called it on focusing on the core. And we will continue to do that in the coming quarters as well. And of course, there will be a complete hiring for Noida.

Tushar Manudhane: All right. Sir, just lastly, on Matured Hospital, there's been a reasonably good increase in ARPOB made the year-over-year, quarter-over-quarter. But at least sequentially, and despite occupancy remaining stable, we've seen a reduction in the margins. So any particular reason to call out here?

Pankaj Sahni: So, I think that the margin reduction is largely the impact of the salary increments which come in typically in quarter one. So, when you look at it on a sequential quarter basis, or even if you look compared to last year, large percentage of this is employee costs, which then gets, you know, kind of across the year gets managed out. And we saw that last year as well. Your second question was ARPOB, if I'm not mistaken, right?

Tushar Manudhane: Yes.

Pankaj Sahni: Yes. So ARPOB has seen actually a good amount of growth. What we've seen is that across many of the specialties in Gurgaon, we've seen some amount of realization growth. And then of course, as with the country and the industry as a whole, a lot of work moving towards oncology in terms of the sales mix. So, that has a natural growth towards ARPOB. Also, certain efforts have been made on ALOS management, which we continue to do.

So, if you see our average length of stay, it's quite low for a complexity of this size at about three days. So, really have those impacts of low ALOS actually also impact the ARPOB growth.

Tushar Manudhane: Just on your comment of ARPOB realization across therapy, so this is like more of a price hike, which we have taken in Gurgaon, is that the same assumption?

Pankaj Sahni: No, actually, when we look at it internally, yes, we have taken some amount of price hike. And, some of it also plays out with respect to, at least maybe with respect to quarter last year, because last year, we took some insurance renegotiations. So, that may not be reflected in Q1-25.

I think that impact probably came in Q2, Q3 and onwards. So, that may be a little bit of it. But I would say that, Yogesh, correct me if I'm wrong, that would be less than 2% of the impact would be tariff. Most of it is just complexity and realization. Daycare procedures are increasing. In many cases, sales mix across because you're looking at it consolidated.

Tushar Manudhane: Reduction in ALOS also -- higher as well.

- Pankaj Sahni:** Yeah. But realization increases largely linked to, within the specialty also, we've seen realizations increase. And some of that is just linked to, more complex work happening. So, I think we had mentioned this last time also, if you do say robotic versus non-robotic, there's a change in the ARPP. In some cases, in neuro and cardiac, we've seen some changes. So, those are the kinds of things.
- Tushar Manudhane:** All right. Thanks. Thanks.
- Moderator:** Thank you. The next question is from the line of Bino Pathiparampil from Elara Capital. Please go ahead.
- Bino Pathiparampil:** Hi. Good evening. Congratulations on a great set of numbers. A couple of quick clarifications. One, I see that the depreciation and amortization cost has come down this quarter compared to last few quarters. Why is that?
- Yogesh Kumar Gupta:** There are certain assets which have completed their life, like computers, etc. When they complete their life, their current depreciation becomes zero. And plus building life, which was taken as 30 years, has been revised now in the industry standard to 60 years, but that impact is very minimal.
- Bino Pathiparampil:** Okay. So, for existing assets, this will be the new level at which there will be D&A. And then as you add assets, it will pick up. Okay. And second, any update on the indoor O&M that you are planning?
- Pankaj Sahni:** On which one, sorry?
- Bino Pathiparampil:** Indoor, there was a planned hospital, right? Any update on that?
- Pankaj Sahni:** Yes. We had announced, I think, maybe one or two quarters ago that that had gone into the back burner and that we were not very confident that that would come back. So, as on date, no update on that.
- Yogesh Kumar Gupta:** So, that was basically a legal case going on between the previous owners and that was not moving. So, we have said that we may not we are not very sure of the progress on that. So, we will be putting it into kind of till we get the clarity, we are not very sure about the project.
- Bino Pathiparampil:** Got it. Thank you. Thank you.
- Moderator:** Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question is from the line of Damayanti Kerai from HSBC. Please go ahead.
- Damayanti Kerai:** Hi, thank you for the opportunity. My question is again on Noida Hospital. So, you mentioned you have hired around 15 to 20 doctors for the unit and initially you will start with 300 beds. So, just want to understand, say, how do you open a bed? So, up to 300 in initial two to three months, how many will be actually operational and then at what occupancy level you generally open up further beds, if you can walk us through this?

Pankaj Sahni: Yeah. So, just to clarify, we have released we have currently, as on today, the number which I mentioned, 15 to 20 doctors are currently on rolls and working for the company. Some of them actually sitting in our clinic in defense colony as well. Of course, offers are out for a far greater number of that upwards of 100. So, they will be coming on board in the next days and weeks actually.

Now, to go to your question as to how do you start? So, for operationalizing any hospital, you need basically three, four of the key areas to be operational. Of course, we need the ward beds, we need the ICU beds, but more importantly than that, we need the operation theatres and the cath labs and the basic support systems beyond beds to be operational. So, we are currently planning to operationalize with approximately five OTs in the next few days and then two cath labs.

And then as and when we get almost all our ICUs are actually complete. And then the ward floors, you know, we keep adding in. So, we had mentioned that we would start out with 300 beds.

I don't think we will wait. Again, in the, I think, the previous earnings call, I had mentioned that since it's a single-tower property, we would not wait for the buildout for the remaining floors. So, we will continue to build that out over the next months.

There will be no pause in the construction buildout. So, we will continue to move to 500 beds. And in this particular case, unlike Lucknow and Patna, we don't need to actually put in fresh services or build out a second tower. It's a single tower building. So, we'll just continue the buildout over the next few months and hopefully complete it as soon as possible. And then it will really depend on how the occupancy grows as and when we'll continue to fill out the beds.

Damayanti Kerai: Sure. So, day one itself, 300 beds across these, you know, different categories will be available. And as and when you scale up, maybe you'll -- your operations will pick up accordingly?

Pankaj Sahni: Yes.

Damayanti Kerai: Okay. That's helpful. And very broadly, right now, 15, 20 doctors that you mentioned, how many, like, further offers have been rolled out? Like, what are the plan on the clinical team size for this unit?

Pankaj Sahni: So, we have more than 100 offers out in the market across various departments and across various levels. I can't tell you exactly how many doctors will finally be working in the hospital. But just to give you some context, if you look at Medanta, Gurugram, which is a 1,500-bed hospital, we have almost 1,000 doctors who work here.

And out of those 1,000 doctors, I would say that probably about 500 to 600, maybe a bit more are what we would consider as the senior category doctors, what we call Associate Consultants' and above. So, you can apply similar ratios for the 500 beds in Noida.

- Damayanti Kerai:** Sure. And on the non-clinical side, your presentation mentioned already you have admin and nurses, etcetera, who have been onboarded. And then, are the costs for those non-clinical staff reflecting in 1Q or some like only some parties right now visible there?
- Pankaj Sahni:** So some parties whoever, obviously, whoever's on rolls before June 30th, their cost is reflected. The total costs in queue one for Noida is about INR3 crores only. And then, as and when people come on board, of course, their cost is getting added. So, you will see, obviously, a scale-up in costs in Q2.
- Damayanti Kerai:** Sure. And if you can explain, sorry, I missed out, in the developing hospital segment, why did we see a decline in ARPOB?
- Pankaj Sahni:** So, the developing hospitals are largely Lucknow and Patna.
- Damayanti Kerai:** Yeah.
- Pankaj Sahni:** If you look at our two facilities, we found that our Patna facility, which I'll take on first, that actually saw an increase in ARPOB of about 8%. And that is largely driven by a reduction in ALOS of about 7%. In Lucknow, we saw a decline in ARPOB by about 11%. And much of that is because of the increase in the scheme business, which has a longer length of stay typically. So, you did find that as the length of stay increases, the ARPOB reduces and, of course, vice versa.
- Damayanti Kerai:** Okay. So, from the current quarter level of around INR56,000; INR56,000; INR57,000, how should we look at the ARPOB trend in this developing hospital vertical?
- Pankaj Sahni:** So, you know, the way in which we think about ARPOBs, and we mentioned this consistently, is that if you look at this on a quarterly basis, it has got a lot of variation in some quarters, you have different diseases and others you have different diseases. So, we don't really study it on a quarterly level. But if you look at this, over the years, we've consistently maintained that typically we think about a ARPOB growth in normal times, which is a little bit more than inflation.
- Of course, this is dependent on certain things like ALOS reduction, etcetera. So, if you notice our ALOS in our facility in Patna, we found quite a significant amount of difference in the ALOS for our PPP patients. So, as we started working on operational efficiency of bringing down the, ALOS of the PPP patients, it reduced.
- Damayanti Kerai:** Okay, that's clear. And my last question is, you have taken Tariff Hike in Gurugram unit, that's what I understood. What about ...
- Pankaj Sahni:** That was last year.
- Damayanti Kerai:** That was last year?
- Pankaj Sahni:** It was in forecast but that was last year.

- Damayanti Kerai:** Okay, so that impact is getting reflected in 1Q number, right? You haven't taken in 1Q?
- Pankaj Sahni:** In the first quarter, we haven't taken any impact, maybe there is some carry forward from the last year, especially when you compare it to Q1 of 2025. And then there may be, you know, some small increases. But even if you consider the tariff increases for I think the whole of last year, it's fairly negligible on the overall realization in this.
- Damayanti Kerai:** Okay. Anyway, like it's a smaller part of your ARPOB will increase, but any plans for any Tariff hike during the current fiscal in any hospital?
- Pankaj Sahni:** Yes, maybe. We will possibly look at some amount of tariff hike in Gurgaon as we come into the two years from our last tariff hike, especially with respect to the insurance companies, etcetera. Those contracts will need to get renewed.
- We've also never taken a tariff increase in Lucknow or Patna. And we may consider a tariff increase there. But these are also maybe not, it is not like it may be blanket, it may be in certain specialties, certain areas. So typically, Medanta has been extremely conservative vis-à-vis the rest of the industry on tariff increases. And we broadly would like to maintain that posture as much as possible.
- Damayanti Kerai:** Okay. Thank you. These are very helpful.
- Pankaj Sahni:** So, if the realizations are increasing without tariff increases, then no real need to take tariff increases.
- Damayanti Kerai:** Okay. Thanks for your response. I'll get back in the queue.
- Moderator:** Thank you. The next question is from the line of Harith Ahamed from Avendus Spark. Please go ahead.
- Harith Ahamed:** Good evening. Thanks for the opportunity. My first question is on the new Ranchi Hospital. Is this hospital going to be operated independently from the existing hospital? And if not, then with 110 beds, how should we think about our ability to offer all the specialties in this unit? Wouldn't we be constrained by the number of beds? Or are we looking to expand this hospital further so that we can have more specialties here?
- Pankaj Sahni:** Yeah. So, I think in one of our earlier investor presentations, we had discussed that this hospital is very near to our existing hospital and we do intend to operate them both as one kind of unified campus. So we will not be looking at them as completely independent. We will operate them as a unified campus. We will also look at, which are the specialties, which will move to the new hospital, which one will remain in the older hospital.
- But more importantly, there are certain specialties that we were not able to add in our Ranchi facility because of space constraints, as well as because of some of the infrastructure challenges, because the infrastructure is actually quite an old building. So this new hospital allows us to do two things. One, it allows us to commence the renovations of the old hospital and put some amount of maintenance into that facility, which was challenging while it was running.

And the second thing that it allows us to do is expand new specialties and hire more clinicians and add-in certain departments that were missing, as well as increase the capacity for very high demand departments. So, to give you a very simple example, we are completely full and overflowing with a waiting list for our dialysis work in Ranchi. So, adding capacity allows us to shift some care to the new facility and then make more space for dialysis. So, examples like that across the existing specialties will also be factor.

Harith Ahamed:

Okay. That's helpful. My second question is on ARPOB, both in the Mature Hospitals cluster, as well as the Developing Hospitals segment. In Mature Hospitals, not sure if you've addressed this before, but the 9% growth that we saw this quarter is above what we've seen in recent quarters, where we saw mid-single-digit ARPOB growth in this segment. So, what's driving the higher ARPOB growth and how should we think about ARPOB growth here going forward?

Pankaj Sahni:

So, I did mention earlier, but you know what much of the growth from the Mature Hospitals has been driven by increased realizations in Gurgaon, as well as some amount of ALOS reduction and operational efficiencies there. As we think about ARPOB growth going forward, again, I wouldn't like to give you a guess on what would happen in this quarter or the next quarter. But when we look at this on an annualized basis, we do see typically anywhere in the range of at least in the Medanta ecosystem, maybe 3% to 7% is our normal.

There are times when you find that the increases are a little bit higher, either because there's been operational efficiencies, or in the case of what we do see this quarter as well, there has been an increase in the complexity of work. So as I mentioned earlier, that sometimes you go from say non-robotic surgery to robotic surgery, so that would increase your realization. You may go into in the cardiology arena into some of the more complex procedures like TAVI, etc.

Those are expensive procedures that increases your realization. Similarly, in neurosurgery, you may have complicated procedures, so that increases your realization. And also as we move into a more precision oncology and immunotherapy type of care in cancer, those drugs tend to be a little bit more expensive, so that also increases your ARPOBs because you have a higher price on maybe a smaller day's day procedure.

Harith Ahamed:

Okay. And similarly on the developing hospital side, we've had a few quarters of our public line, and we've discussed some of the factors for this, like the allocation of beds for PPP patients, etcetera. Where exactly are we on this? Have we reached the 25% level? And when can we expect ARPOB growth returning in this segment?

Pankaj Sahni:

So, just to clarify on the PPP first, our PPP business in Patna is somewhere in the range of about 15% to 17% of our total volumes. So, to answer your question, have we reached the maximum of 25%? The answer is no.

We continue to work very closely with the government to increase that business, actually, because we do find that the realizations are good, as well as, as we mentioned in the past, the payment terms are very good. And of course, it is our obligation as well to work with the government to do that. That work is on quite aggressively.

The good part of what we've been able to do in Patna over the last several months is actually reduce the length of stay of the PPP patients to bring them more in line to the cash and PPA patients for the same specialty. So, we do find that there has been an operational efficiency which has been brought in in Patna and that actually has resulted in a pretty good ALOS reduction of 7% and that gets translated to an ARPOB increase of about 8%. So, that's what's happened in Patna.

I would not say that it's stable because for two reasons. First of all, we have about 100 beds coming on board over the next couple of quarters in Patna, as well as we have new specialties coming on board, as I mentioned, say like mother and child. We also would be very happy and keen to have the PPP business get to that 25% number.

And so, I do see that Patna will continue to have growth and therefore some amount of changes across various metrics that we study. As far as Lucknow goes, Lucknow has in Q1 of last year had almost no business on various schemes because if you remember when we had our last year earnings call in either Q4 or Q1, we talked about the fact that we had only really started and signed up for schemes like Ayushman, CGHS, etcetera in FY'25.

So, Q1 would have very, very little of that. And therefore, the length of stay is significantly optimized because it's purely cash insurance patients. As you get into scheme patients, they tend to have a little bit longer length of stay and that results in an ALOS reduction – ALOS increase – sorry, and therefore an ARPOB reduction.

We will work on optimizing that as we move forward. But again, Lucknow also has beds to get added. So, I would say still various amounts of growth and therefore some amount of changes that may come into the metrics that you look at in Lucknow as well.

Harith Ahamed: Thanks. Thanks for this. That's very helpful.

Pankaj Sahni: Sure.

Moderator: Thank you. The next question is from the line of Anshul Agrawal from Emkay Global. Please go ahead.

Anshul Agrawal: Hi. Thank you for the opportunity. Hope I'm audible?

Pankaj Sahni: Yes.

Anshul Agrawal: Great. So, my first question is on the occupancy in developing hospitals. As per your assessment, is there any element of seasonality here? I believe the occupancy has risen quite sharply and it has even exceeded the same of mature hospitals. So, is there any element of seasonality or any onset of monsoons, earlier monsoons, anything that you could share on this?

Pankaj Sahni: So, I don't think, I mean, I don't have exactly the impact of things like dengue, etc. off the top of my head, but I don't think that really has impacted in Q1. Typically, we see that kind of impact more in Q2 and Q3.

There is definitely a seasonality impact with certain specialties like -- I forget now whether it was FY 2025 or 2024. I think it was FY 2024, we had a very significant growth in volumes because of dengue in our Lucknow unit. We do get seasonality impact, but that's typically Q2, Q3, so not so much in Q1. So, I would assume not much impact of seasonality.

We do have the growth see coming in in terms of our occupancy in our Lucknow unit. And so, when you look at our Lucknow unit, that has seen a significant growth in volumes and therefore a significant growth in occupancy, not just on the scheme business, but on all aspects and across the board as well. So, if you look at the absolute volume growth in the Lucknow unit also, that's increased pretty significantly. And that's why you're probably seeing an increase in the occupancy numbers.

Anshul Agrawal: Great. Would you be able to share the scheme patient mix, revenue mix from schemes in Lucknow?

Pankaj Sahni: So, we don't break up the payer category by each area. But if I look at it, it would be, you know, reasonably negligible. I mean, I would say that across all hospitals, across Lucknow, all the scheme business would probably be somewhere in the 10% or under range.

When you look at our business as a consolidated, I think also it ranges in this area. With the PPP business of Patna, I think adding into that a little bit. So, if you look at our investor presentation, the PPP business is actually categorized in the others category. So, that is not shown in the -- just trying to quickly check which slide it is. But it is not shown in the revenue mix of CGHS, ECHS. I think it's on slide number 11 of the presentation.

Pankaj Sahni: You can see it shows about 11% business as a whole of CGHS. And then there's about 3% in others. That includes the PPP business of Patna, which is at CGHS tariffs, although realizations are still high.

Anshul Agrawal: Got it, sir. Is it 11 plus 3 for the entire portfolio?

Pankaj Sahni: So, not all the 3% is PPP business. Some of that includes business from some of our government contracts. But yes, I think at an overall level, you can say 11 plus 3 would be at a non-hospital tariff rate.

Anshul Agrawal: Got it. Clear. The second question that I had was, what could be peak occupancy levels generally for our hospitals? I see that in our mature portfolio, Gurgaon Hospital has hit about 70%-71% in the past. Is that like the peak occupancy levels? Because I believe midnight occupancies would be higher or we can go higher than that also at current capacity.

Pankaj Sahni: No. So, just to clarify, midnight occupancy is typically lower than peak occupancy during the course of the day because patients get admitted and discharged. And so, therefore, midnight occupancy is always typically lower than what the peak occupancy is during the course of the day, not the other way around.

Now, if you look at the ALOS which we have, for the group, it's about three days, 3.03 days if I'm not mistaken. And if you just increase that ALOS by half a day or one day, you would find that the occupancy would go upwards of 70% to 75%. And the reason I mentioned this is that occupancy on its own is not necessarily a good metric because it means patients are staying in the hospital for a longer period of time.

And that doesn't necessarily make it a good thing. So, if you look at our ALOS, it is amongst the best in the industry and something which we've always maintained. We work on very aggressively because the objective is to get you home, not to make you stay at night.

And so, therefore, occupancy on a standalone basis would not be the right metric in my opinion. And the right way to look at this is to see are we seeing inpatient growth, volume growth, which we have seen consistently across the group and across both mature as well as developing hospitals. But to answer your question, what is the peak occupancy?

I think depending on the kind of complex work which you do, that would range, you know, probably anywhere from 70% to 75% I think would be what a big system like Medanta, which is doing very complex care, would look at. I mean, there are systems around the world that operate on higher occupancy. But some of them are far more institutionalized and organized in various ways.

But the system starts to get choked once you cross that at a midnight occupancy level. But again, occupancy on a standalone basis is not necessarily a good thing. The right way to think about it is more around throughput than who stays at night.

Anshul Agrawal: Noted. Very good. Thank you so much for your answers.

Moderator: Thank you. The next question is from the line of Amey Chalke from JM Financial Institutional Securities Limited. Please go ahead.

Amey Chalke: Yes. So, first question I have on international patient revenue. This quarter, we have seen a good jump of 34% year-on-year on revenue side. I believe the contribution largely is coming from Gurgaon, right? So, how much will be the contribution now for the Gurgaon Hospital for the international patient? And is it the reason why the ARPOBs are also going up?

Pankaj Sahni: So, yes, you're right. International business is almost exclusively Gurgaon. I would not say largely, it's almost exclusively. If you recall over the last few quarters, there has been some amount of reduction and impact of the international business. And that is driven by three factors. One factor would be the Afghanistan change in leadership there.

Second is some of the challenges which we've seen in Iraq. And the third one is the challenges which we've seen in Bangladesh. So, if you look at all of these three things, they have impacted international business over the last several quarters.

Now, a lot of that is one, of course, stabilizing with the exception of Afghanistan, but Iraq is definitely stabilizing. Bangladesh, still some stabilization to continue. But what we've seen is that actually there's been a growth in international business from other areas.

So, Africa is one notable area where we've seen good amount of growth in the Medanta system and I'm sure across the industry. And the second is the CIS countries. So, I guess as we look at some of the challenges, because Bangladesh was definitely one of the largest countries sending medical tourism patients to India, that has been offset to some extent by patients from Africa, CIS and other parts of the world.

We do expect this to continue. And we hope also that Bangladesh will continue to stabilize and then restart, the original stream of business from there. The second important point as far as the Medanta ecosystem is concerned is that we do expect that Noida will have an international patient base, because being part of the NCR region, that is a market which is more likely to attract international patients than say a Lucknow or a Patna. So, that's the second important point.

Then to answer your question that approximately I would say 11% to 12% of our business in Gurgaon comes from international. And while we've seen about 1 percentage or 1.5 percentage uptick in that vis-a-vis the same quarter last year, I don't think that that alone has contributed to the bulk of the realization increase or the growth.

I think our business is very much driven fundamentally on domestic patients with international really more of the icing on the cake. So, much of the growth is really coming from, as I said earlier, the realization increases on domestic patients.

Amey Chalke:

Sure. The second question I have on the expansion beyond Noida, is it possible to give any updated timelines for South Delhi, Mumbai and Pitampura?

Pankaj Sahni:

Well, I don't have really any more timelines as far as dates or anything like that. As you see in the investor presentation, we mentioned various stages of work. So, for example, in our Mumbai project, we have received the additional FSI approval that we were seeking. And that actually allows us to build the kind of beds and get the kind of scale that we are looking for. We have got the building plans being under preparation.

In our Pitampura project, we have submitted the building plans for approval and we are under process for all of that. As far as timelines, I would say that at the overall level, just like with our Noida project, things typically take in the range of three to four years to get built out. So, I don't see any very significant shift in the absolute timelines.

Amey Chalke:

Any one of these units or assets you expect to see in FY 2029 or should we assume the FY 2030 as a time to commission these units?

Pankaj Sahni:

Well I would say that that is a timeline that I don't want to predict out into the future. You know that you can't get a building up in a day. So, it takes a certain amount of time. I don't know whether we should be more confident or less confident of build out in places like Mumbai and

Guwahati than we have been in UP and Bihar. But we are very happy to get it in FY 2029 if we could.

Amey Chalke:

Sure. That comes to the third question basically. So, we have a good amount of cash on books. The capex requirement looks like till we looks very comfortable to generate a good amount of FCF over the next two years. So, what would be the priority going ahead of the users for this capital? So, would you be like willing to do acquisition to fill up any gap in terms of that addition if these three hospitals going to come, let's say, beyond FY 2029 or you would still go with the greenfield approach or not?

Pankaj Sahni:

Sure. So, we are very much open to acquisitions, and I will just qualify that to confirm that acquisitions of every kind of variety, the pure typical M&A which we are maybe more used to in the financial world but also acquisitions in the nature of O&M contracts, asset-light models, etcetera, that we've seen gain popularity in this industry. So, absolutely looking into the appropriate acquisitions.

I think the key word here is appropriate. So, it has to be -- as I said, it has to be the right -- as I said in the past, it has to be the right kind of quality of an asset that fits well with the Medanta ecosystem. It has to be in a geographical area or a market which we believe is appropriate for us where Medanta can come in, make a difference in the quality of care we provide.

And then of course, the valuations and the other financial parameters have to be logical and make sense for us to do. So, if all these three parameters are checked, we will absolutely be looking into the acquisition, O&M and other kind of associated models.

The second use for the cash, which we have on hand, would be to continue to double down on our investments in the latest technology. And also, let's not forget, we do still have a good amount of cash to be spent as we think about the build-out of the existing four hospitals, that's two hospitals in Delhi, Mumbai, as well as then Guwahati. Although that cash requirement is typically back-loaded when we build out hospital, typically the bulk of the spend happens in the last year of the build-up.

So, you're right, we have a very, very strong balance sheet, very happy with the current cash position that we have, but lots of sticks in the fire, so no shortage of growth opportunities in our industry and especially with Medanta. So, we have a lot of exciting growth opportunities in our system to come.

Amey Chalke:

Sir, thank you. Thank you so much. I will join line.

Pankaj Sahni:

Thank you.

Moderator:

Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Pankaj Sahni: Thank you everyone for your questions and for joining us today. As we scale, we continue to focus on what is always defined Medanta, clinical excellence, operational discipline and a commitment to delivering outcomes that matter to our patients.

We're happy that you joined us. Please feel free to reach out to our Investor Relations team in case you have any other questions that remain unanswered. Look forward to meeting you and seeing you also. Thank you.

Moderator: Thank you. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.

Notes:

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