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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(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, July 31, 2026, for the First Quarter ended June 30, 2026 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
Digitally signed by RAHUL RANJAN
Date: 2026.08.05 16:53:34 +05'30'

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

Encl: a/a

“Global Health Limited – Medanta

Q1 FY27 Earnings Conference Call”

July 31, 2026

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. GAURAV CHUGH – HEAD INVESTOR RELATIONS – GLOBAL HEALTH LIMITED – MEDANTA

MODERATOR: **MR. AMEY CHALKE – JM FINANCIAL INSTITUTIONAL SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Medanta Global Health Q1 FY27 Earnings Conference Call hosted by JM Financial Institutional Securities. 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 Institutional Securities. Thank you, and over to you, sir.

Amey Chalke: Thank you. Good afternoon, and warm welcome to all the participants on Global Health Limited 1Q FY27 Earnings Call hosted by JM Financial. Today on this call, we have with us from the management, Dr. Naresh Trehan, Chairman and Managing Director; Mr. Pankaj Sahni, Group CEO and Director; Mr. Yogesh Kumar Gupta, Chief Financial Officer; and Mr. Gaurav Chugh, 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.

Naresh Trehan: Thank you for this opportunity. Good afternoon to all of you. Thank you for joining us today on Medanta's Q1 FY27 Earnings Conference Call. I hope you all 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. The quarter has been encouraging from both a clinical and operational standpoint.

Our network continued to witness healthy growth in patient volumes, driven by increasing demand across key specialties, higher case complexity and sustained trust from patients and referring physicians. We also continue to strengthen our position as a destination for complex care through investments in advanced technologies, multidisciplinary programs and world-class clinical talent.

I would like to highlight that our Medanta Lucknow has done over 1,000 joint replacements using the latest robotic technology. And that comes on top of thousands of robotic surgeries that we have executed across the system in every specialty, including the more complex cardiac and other specialties.

Talent remains core to our delivery model. During the quarter, we onboarded over 70 doctors, including 50-plus senior clinicians across specialties. This strengthens our medical depth and enhances our ability to manage complex multidisciplinary care.

As we grow, we remain focused not just on scale, but on creating meaningful measurable impact by enhancing access to advanced health care, nurturing clinical leadership and continue to lead through innovation. Based on this philosophy, we have scaled up our plans for Guwahati, which will now have 650-bed super specialty hospital.

Our objective is to improve access to advanced tertiary and quaternary health care for patients across the Northeast, where significant demand currently travels outside the region for complex treatment.

With a resilient business model, deep medical expertise and a purpose-driven culture, we believe we have the right building blocks in place to carry this momentum forward to touch more lives, serve more communities and set new benchmarks in quality care. Overall, we are pleased with the progress during the quarter and remain confident in our long-term growth strategy.

With that, let me now hand over the call to Mr. Pankaj Sahni, our Group CEO, who will walk you through the strategic, operational and financial highlights for the quarter. Thank you all of you for your participation. Over to you, Pankaj.

Pankaj Sahni: Thank you, Dr. Trehan. Good afternoon, and thank you for joining us today. FY27 has begun on a strong note for Medanta. In quarter 1 FY27, we delivered robust growth in our total income and EBITDA, reflecting the strength of our operating platform and disciplined execution across the network. The growth was broad-based, driven by robust patient volumes, improved realization, continued scaling of Medanta Noida and sustained momentum across our established hospitals.

Let me first take you through our financial performance highlights for Q1 FY27. Consolidated income for the quarter was INR13,262 million, representing a healthy growth of 26% year-on-year.

EBITDA, excluding Noida, witnessed a growth of 24% year-on-year to INR3,201 million, with margins improving to 25.8%, highlighting the continued strength of our core operating portfolio. Reported EBITDA, including Noida stood at INR3,153 million, registering a healthy 23% year-on-year growth with EBITDA margins of 23.8%.

Below EBITDA, the year-on-year comparison also reflects higher depreciation and finance costs associated with our expanded asset base, particularly following the commissioning and ramping up of Noida.

Profit after tax was INR1,573 million compared to INR1,590 million in Q1 FY26. As highlighted in our results, the year-on-year profit after tax was impacted by a nonrecurring exceptional income of INR196 million recognized in Q1 FY26 relating to the reversal of potential interest liability on EPCG, subsequent to the successful merger of our 100% subsidiary,

MHPL, with GHL. Excluding this onetime item, our underlying earnings trajectory continues to remain very healthy.

Operationally, we continue to witness robust momentum across the network. Inpatient volumes increased by 28% year-on-year, while outpatient volumes grew by 34%, reflecting sustained demand across our specialties and the continued scale-up of our new facilities. Occupied bed days for the quarter increased by 21% with network occupancy remaining healthy at 63% on expanded bed capacity.

Excluding Noida, occupancy across the network stood at approximately 66%, demonstrating the robust utilization levels across our existing hospitals. Average revenue per occupied bed or ARPOB grew by 5% year-on-year to INR70,244, supported by favorable case mix, increasing contribution from high acuity specialties and improvement in operational efficiency.

International patient revenue witnessed a growth of 23% year-on-year to INR782 million, reflecting strong growth despite current geopolitical tensions.

Our OPD pharmacy business also continued its strong growth trajectory with revenue increasing 51% year-on-year to INR609 million, supported by both hospital pharmacies and our expanding retail pharmacy network.

During the quarter, we operationalized 72 additional beds, including 51 beds at Noida and 21 beds at Lucknow, taking our operational bed capacity to 3,737.

Let me now provide you with an update on Medanta Noida, the newest asset in our portfolio. When we formally inaugurated in November 2025, we had indicated that the facility of this scale would require some gestation period before achieving operating breakeven. We are very satisfied with the progress of Medanta Noida over the last 2 quarters.

In Q1 FY27, we have witnessed a strong ramp-up across all categories of patients and have concluded major empanelments and contracts across insurance, PSU and other corporates. In this quarter, Noida has seen a significant reduction in its EBITDA losses.

On the financial performance, Noida generated total income of INR855 million compared to INR525 million in Q4 FY26. More importantly, the EBITDA loss declined sharply from INR236 million in Q4 FY26 to only INR49 million in Q1 FY27. During the quarter, we further expanded our operational capacity with the addition of 51 beds while continuing to strengthen our consultant base and specialty offerings.

Based on the current operating trajectory, we expect Noida to achieve EBITDA breakeven earlier than our previous expectations. While we remain focused on achieving profitability, our larger objective continues to be building another flagship Medanta institution, with strong clinical capabilities, sustainable market leadership and long-term value creation. As our network continues to expand, we are also enhancing the quality and transparency of our disclosures. Beginning this quarter, we have introduced average revenue per patient or ARPP as an additional operating metric.

Unlike ARPOB, which measures revenue generated per occupied bed day, ARPP provides a perspective on revenue generation relative to inpatient volumes. For Q1 FY27, ARPP stood at INR201,891, broadly similar to the number achieved in the corresponding period last year, reflecting stable realization despite the continued ramp-up of newer and existing facilities.

Another change we have made this quarter relates to our hospital cluster reporting. Going forward, what were previously referred to as mature hospitals will now be reported as Cluster 1. Similarly, our earlier developing hospitals will now be referred to as Cluster 2, though the composition of hospitals remain the same in Cluster 1 and Cluster 2.

Let me first talk about Cluster 1, which comprises our established hospitals at Gurugram, Indore and Ranchi. Revenue from Cluster 1 stood at INR7,715 million, registering a year-on-year growth of 10%. The EBITDA stood at INR1,858 million, reflecting a strong growth of 13% year-on-year with improved margins of 24.1% compared to 23.4% in the corresponding quarter.

The performance was supported by a 14% increase in inpatient volumes, reflecting continuous demand. At the same time, ARPOB witnessed a growth of 7%, driven by a favorable specialty mix and improved realizations.

Average length of stay improved to 2.8 days, while occupancy remained stable at 63%, demonstrating our continued focus on improving operational efficiency without compromising the patient care. ARPP of Cluster 1 stood at INR219,623 in Q1 FY27, almost similar to the previous corresponding quarter.

Turning to Cluster 2, comprising Lucknow, Patna and Noida. This cluster continues to be our growth engine. Including Noida, total income grew by 55% year-on-year to INR4,983 million, while EBITDA grew by 35% to INR1,272 million.

As Noida is still in its ramp-up phase, we have also provided performance excluding Noida to enable better comparability. On this basis, excluding Noida, Cluster 2 delivered 28% revenue growth and 40% EBITDA growth with a strong EBITDA margin of 32%, highlighting the robust underlying performance of both Lucknow and Patna.

Overall, the Cluster 2 hospitals witnessed a 50% increase in inpatient volumes, while occupied bed days increased by 44%, reflecting continued capacity expansion across the hospitals. ARPOB grew by a strong 9% to INR61,742, supported by favorable case mix and improved realization across the network.

ARPP of Cluster 2 stood at INR182,407 in Q1 FY27, up 5% compared to the previous corresponding quarter. Occupancy for Cluster 2 stood at 62% compared to 64% in the same quarter last year, marginally lower due to the phased commissioning and capacity addition at Noida.

Overall, we remain encouraged by the performance of Cluster 2. Lucknow and Patna continue to deliver strong operating performance while Noida is ramping up significantly. Together, these hospitals provide a strong platform for Medanta's next phase of growth.

Now coming to our projects. A total of 72 beds were added during the quarter, 51 in Noida and 21 beds additional in Lucknow.

We have also revised the scale of our proposed Guwahati hospital. Following the revised building bylaws and National Building Code 2026, the project has now been expanded to a 650-bed super specialty hospital with an estimated project cost of approximately INR9,700 million.

Our announced projects continue to progress through their respective development and approval stages. Construction is underway at South Delhi, while design, statutory approval and planning activities are progressing on the other locations.

Together, our announced expansion pipeline now represents nearly 3,350 additional beds, providing a strong runway for sustainable long-term growth. Supported by our strong brand, differentiated clinical capabilities, robust balance sheet and disciplined execution, we remain confident in our ability to deliver sustainable growth while creating long-term value for our shareholders.

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

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Sucrit Patil with Eyesight Fintrade.

Sucrit Patil: My first question for Mr. Pankaj is beyond the regular outlook, what are the top 2 to 3 execution priorities you are focusing on in the coming quarters? And alongside that, what do you see as the biggest risk in patient demand shifts or competitive pressure? And how are you preparing to manage them while strengthening Medanta's position in multi-specialty hospitals and health care services? That's my first question. I have a second question after?

Pankaj Sahni: So our operational and execution priorities don't change on a quarter-to-quarter basis. That's not how we necessarily think about the running of the organization. What I can tell you is that we remain committed to the broad strategies, which we have outlined multiple times. The first one, of course, is to ensure that we continue to deliver exceptional clinical and operating performance, which translates to very strong financial performance across all our 6 hospitals.

Most of the hospitals are now in fairly mature stage with even our Patna facility being about 4.5 to 5 years old in terms of its operations. And the only really new hospital is our Noida facility.

As mentioned in the opening comments, we continue to see very strong ramp-up of our Noida facility. And of course, that remains an important focus for us. That will continue to add clinical talent that will continue to scale its beds, continue to improve across all operational and financial parameters, and we have already seen very strong performance on that in Q1. As mentioned in the opening comments, we are a little ahead of our own internal expectations in terms of the financial returns on that particular facility.

When it comes to our existing 5 hospitals, that's Gurgaon, Lucknow, Patna, Ranchi and Indore, all these facilities, we continue to focus on driving very strong clinical quality. We have been

relentless over the course of the last few years in adding additional clinical capabilities as and where they are needed across the network.

And that includes both adding in new departments and new facilities. It also includes beefing up the existing specialties with more doctors, and that will remain our priority as we move forward. We have also been investing heavily in technology over the course of the last couple of years, in fact, and we will continue that.

So that includes addition of equipment like complex LINAC procedures for cancer treatment, newer-end radiation diagnostic capabilities in terms of CTMR as well as significant scale up in robotic procedures and robotic equipment across the network, both in terms of soft tissue as well as orthopedic robots.

We will also be adding in some additional capacity with our Indore acquisition of 80 beds coming on board and scaling up cancer services both in Ranchi as well as Indore. So on the hospital front, these remain our major priorities. On the retail lab and pharmacy front, we continue to scale as and when the opportunities provide across the markets and areas which we have already laid out.

Sucrit Patil: My second question to Mr. Gupta is from a financial point of view, what key risk or challenges do you anticipate in the coming quarters? And what specific measures are being taken to manage margins, cash flow and balance sheet strength, especially in areas like cost pressures, receivables or regulatory compliance?

Yogesh Gupta: See, your question about the margins, I think we have seen a good robust margin stable from previous quarters and improving over the years. So we have a constant focus on our cost line items, including material cost and manpower cost as well as other cost items. So there is a continuous effort which keeps on going around this.

And other question was on the cash flows. If you see our overall cash flow has been strong over previous year, and we see continuously happening that way only. And we are not seeing any decline in our cash flow generation.

And the cash flow itself is basically what is going to fund our growth in future along with debt. We have a strong balance sheet with a very low leverage as on today, and we don't see any challenge on that side. So have I missed any other question of yours?

Moderator: The next question comes from the line of Parth Sodha with Trinetra Asset Managers.

Parth Sodha: So my question is like as Noida matures, do you believe the consolidated EBITDA margin can move back towards the 25%, 26% range or will the expansion-related investments keep margins around current levels?

Pankaj Sahni: So we don't give margin guidance as such. If you look at our performance, including the reported EBITDA of Noida, we are already at around 24%, so not far off from what you have articulated. Obviously, as this includes about INR5 crores of losses for the quarter. Obviously, as these losses

translate to profits, you will see some amount of expansion and operating leverage. If you look at our margin profile without Noida, we are already at about 26% margin profile without Noida.

So we don't really see any significant structural reason to have any very significant negative impact on this. The only thing I can say is that there would, of course, be your normal business activities, normal increments, normal cost growth and all of those kinds of things. But we are not seeing any significant change. So we should be benefiting from the operating leverage as Noida matures. There is no very significant additional cost that needs to come in Noida.

Moderator: The next question comes from the line of Abdulkader Puranwala with ICICI Securities.

Abdulkader Puranwala: Sir, my first question is with regards to your expansion plan and the capex outlay. So for the 2,950 beds that you plan to add, how much of that capex is already incurred?

Pankaj Sahni: Yes. Let me ask Yogesh to take that.

Yogesh Gupta: The question is how much capex we have already incurred?

Abdulkader Puranwala: Yes. In terms of land parcel or some construction activity which would have picked up out of the INR4,850 crores?

Yogesh Gupta: This INR4,850 crores is the future capex which needs to be incurred. Whatever we have done is already part of our balance sheet today. In this quarter, we have done INR1,610 million of our capex. And the capex plan, which we have given in our investor presentation is a future requirement to complete these projects.

Abdulkader Puranwala: Okay. And sir, there have been some chatters going around that the government might come out with some revised policy, which will expedite the process of setting up hospitals in Tier 2, Tier 3 cities. So from our perspective, how do we see the ramp-up then happening at Guwahati and Varanasi? Do you believe that this can expedite the time lines at which you're planning to add these 2 hospitals?

Pankaj Sahni: So let me answer the question on 2 fronts. One, I think that anything which the government announces, which helps with the establishment and setting up of hospitals in Tier 2, Tier 3 cities is a very, very welcome announcement. As you are aware, Medanta has been one of the leaders in going into some of the cities that may have traditionally been considered as Tier 2 or as cities which may not have appeal to be as attractive as part of our larger mission of taking high-quality health care to areas where it has not been seen before.

With respect to your question around whether this has any impact on Guwahati, I don't believe that there is any real need for any of these policies because we have already most of our approvals in place and construction activity is already commencing in Guwahati. So I do not know what are the policy announcements which you are referencing.

But as far as our Guwahati build-out is concerned, we are fully on board with our plans for Guwahati. We have already got almost all the approvals we need for construction and that work

is underway. So of course, anything the government comes up with, which helps the industry would be welcome.

Abdulkader Puranwala: And one final question, if I may. So if I look at your specialty contribution mix, so oncology, the share has come down from, say, 14.2% last year to 13.5%. Would it be fair to assume that this would be because of the CGHS provision?

Pankaj Sahni: No. Let me clarify 2 points. Our share of cancer, what we reported in our investor presentation has actually increased from 13.7% to 14.4% year-on-year. Now when you look at our actual oncology business, it is a little different from maybe how many other people report it. Have I got the right numbers?

Abdulkader Puranwala: Quarter 1 '26 to quarter 1 '27, the share on a Y-o-Y basis, there has been 70 bps kind of a dip even though when your revenues are growing. So just wanted to know, is there anything to read through those numbers?

Pankaj Sahni: No, no, no. There's nothing to read into these numbers. I mean there are 2 important points for you to note. One is that we've seen a fairly significant growth in our kidney and urology. So you can see that has grown from 7.6% last quarter to about 8.2% this quarter.

And our uro cancer all the urology and kidney cancer work is actually reflected in this department. We don't consider surgical cancer within the cancer specialty. Similarly, if you look at our other specialties, whether it is gastro digestive, we include the GI cancers in that. We include our orthopedic and other cancers in those areas. So as such, we have only seen a growth in cancer, no really very significant.

However, there are some quarterly seasonality so you do find that in some months, you find maybe more of cardiac work, more of gastro work. But if you look at our cancer services on a whole, we don't see any significant impact on any of the pricing related things in terms of the growth on cancer. This is just a sales mix front because the share of one specialty or the other may change.

Yogesh Gupta: So it's basically 'pie of a hundred' that you need to keep in mind because other specialties are growing faster than the cancer.

Pankaj Sahni: And maybe the right way to look at this is maybe more over an annualized basis because certain quarters depending on seasonality, like in some quarters, you'll see more of medicine, respiratory versus various diseases. Some quarters, you see more of gastroenterology. So over an annual basis is a better way to look at the specialty sales mix.

Abdulkader Puranwala: Understood.

Yogesh Gupta: Cancer as a specialty, as we report, is growing. So there is no dip in the growth of this specialty as such.

Moderator: The next question comes from the line of Amey Chalke with JM Financial Institutional Securities.

Amey Chalke: I have 2 questions, both on Noida. The first question, the Noida losses have dropped sharply over this quarter. Is it possible to give some color on the occupancy level? And also will there be any fixed cost increase going ahead in Noida during the year?

Pankaj Sahni: Sorry. Could you just repeat that question, please?

Amey Chalke: Noida performance has improved sharply. Is it possible to give a color on the occupancy of Noida unit at present?

Pankaj Sahni: So I think the current occupancy at Noida is probably hovering somewhere in the 30% to 40% range. But that number is actually not really significant or important because of the fact that we continue to add beds. So every few months, if we are adding 30, 40, 50 beds, that occupancy number will fluctuate quite significantly.

What I can tell you is that the volume growth in Noida has been quite robust so if you look at our bed growth, it's almost 30%, 40% increasing quarter-on-quarter. So I think at this stage to give a stable state occupancy or a current occupancy in Noida is actually a little bit misleading given the way that unit is scaling up.

Amey Chalke: And in terms of specialty, all the specialties are operating in Noida at present or should we see some investment in any of these specialties going ahead?

Pankaj Sahni: All the specialties are operating with the exception, I would say, of so far, we haven't done any liver transplant there. We have done kidney transplant, bone marrow transplant. I think trying to think of any other specialty which is missing. Other than that, I think almost all the major specialties are there.

As far as investment goes, most of the specialties which have significant investment, like say, for example, radiation oncology, those have already been added in. So I don't think you will see any significant investment. We already have 14 OTs there, radiation oncology, latest machine is there, robot is there, O-arm is there so we have all the high-end equipment already there.

Amey Chalke: And previously, you had highlighted in earlier calls that Noida would increasingly take pressure off Gurgaon unit. So is there any coordination or referrals happening between these 2 units where you are giving referrals from Gurgaon to, let's say, Noida or something and that has helped Noida to pick up faster?

Pankaj Sahni: So the way in which we kind of operate is that our hospitals are all working together. It is not a question only of Noida and Indore and Gurgaon. We have patients who come from Lucknow to Gurgaon. We have patients who go from Gurgaon to Patna and all of our teams are quite in sync. We do see that there are patients who may not be able to as easily access Gurgaon from a distance point of view and those patients are finding a great amount of comfort in being able to get treated in Noida.

In addition to that, several of our department heads in Noida have actually moved from Gurgaon. So our cardiac surgery team, our chest surgery team, our plastic surgery team, our critical care

team. A lot of these doctors have had a presence and training and growth in Gurgaon and they have now helped us to establish the department in Noida. So to that extent, there is a very close familiarity. But this is not that it is limited to Gurgaon and Noida alone. This happens quite seamlessly across our network.

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

Tushar Manudhane: Congrats on a good set of numbers and the kind of scale up that has been demonstrated at Noida Hospital. Sir, ex Noida, if you could share what would have been the IPD growth on a year-on-year basis, inpatient volume growth?

Pankaj Sahni: So for the ex-Noida, if you just look at our developing or what we now call as Cluster 2 hospitals, the IPD volume growth is around 27%.

Tushar Manudhane: Sir, in a way, this volume growth has been very decent, you think, determine the number of patients that would come in future, but the demand tailwind remains quite robust or this is more seasonality linked and so the IP volume growth across hospitals, not just for Lucknow, Patna but across our network. So what kind of IP volume growth one can sort of safely assume.

Pankaj Sahni: So Tushar, what's happened is across our Lucknow and Patna facility, as you would have seen for long periods of time, we've been seeing fairly high volume-driven growth. And in fact, you would be aware, as we mentioned many times, we haven't really taken a tariff increase. So a lot of the growth you're seeing in these units is all linked to volume.

Now we continue to see growth in Lucknow and Patna in the upwards of 20% range. But also if you look at across the network, right, with the exception, obviously, of our Gurgaon facility, very, very high scale and almost 15 years of operations, we still see about 7% to 10% volume growth in our Gurgaon facility.

So I think that we don't, at least in the short term, see any significant reduction in this kind of growth volumes, right? We still have beds to add in Lucknow and Patna, we still see as far as those regions are concerned, the Bihar region, the Eastern UP region, huge unfulfilled potential. So we have also seen just interestingly, with the announcement of our hospital in Guwahati an increased flow-through to our Gurgaon hospital from the Northeast.

So as Medanta enters new and new territories and new geographies, we believe that we will continue to see an impact of that in our existing facilities as well. And it serves to serve a greater population and also build the brand awareness in those areas.

Tushar Manudhane: Got it, sir, so as far as existing hospital, I mean that was part of my question. The other part was like demand tailwind, any specific change that would have happened over the last 1 to 2 years where the demand tailwinds have become much better or stronger, if anything specific you would like to highlight across the regions.

Pankaj Sahni: Yes. So the only thing that I would say across all the regions which we operate in and across, I think, probably true for most of the country, but definitely central and northern part of the country. We have seen a significant continued tailwind on demand with respect to the flight to quality care. We have seen a greater sense of awareness of health across the board. Obviously, with the affordability and rising income levels and the various opportunities to avail health care, this increases.

So like we saw when we opened Lucknow and Patna, the minute you establish presence in these territories, it actually elevates the quality of care and elevates the awareness of the type of care that is available. So we anticipate similar things happening when we open Guwahati. We are already seeing increased demand, as I mentioned.

We anticipate that other cities which maybe did not have the ability to achieve or access high-quality care like Medanta provides, we will have that. So our belief is there will be a flight to quality.

Our belief is that the demand will continue as access to health care improves for the country. And of course, as the income levels and affordability increase, we see this increasing as well. So I think on a demand side, India from a health care point of view is very well positioned. I think our real challenge will be, can we deliver the supply and more importantly, the high quality, ethical supply to meet that demand.

Tushar Manudhane: To cater to this demand while the beds and the physical infrastructure is sort of setting up, we are adding doctors as well. But would you like to comment on any attrition rate which you have seen at a network level or any specific hospital level?

Pankaj Sahni: So we have seen very negligible to no attrition at any of our senior clinical levels across any of our hospitals. Of course, doctors do come and doctors go. I think in the last probably 6 to 18 months, barring, of course, the additions which we have done, I don't see any very significant changes in the attrition rates across the Board.

Of course, we do have high attrition rates in nursing. Junior doctors continue to be at a high attrition rate for the industry, but we haven't seen any significant shift or any of our senior doctors so far at least moving out from the system.

Tushar Manudhane: Got it. That is commendable. Secondly, on retail pharmacy, maybe at a very small scale at this point of time, 13 pharmacies which are outside hospital network. Could you share the strategic aspect out here? How do we think about this as a segment?

Pankaj Sahni: So as we've always mentioned, we continue to look at the retail pharmacy outside the hospital and the retail labs as an extension of the care that we offer to the patients that touch the Medanta ecosystem. We will continue to maintain this at least for the foreseeable future. Our mission has been to ensure that we continue to provide the highest end of services to all of our patients.

And that does result in a demand of certain services beyond the walls of the hospital. So while we have a separate entity serving them from the retail pharmacy and the lab side, this also does

extend to things like home care, things like clinics, access to the doctors beyond the walls of the bigger hospitals.

And we will continue to deliver that in the regions and areas where our existing hospitals are present. So you will likely see increased expansion in our pharmacies and lab network in the same Central and Northern India regions. We have yet not got any plans to extend to areas beyond where our hospital catchment is.

But within this catchment, we will continue to scale it up. And like I said, again, not only pharmacy and labs, it will be part of the overall continuity of care portfolio. But these will remain connected as one ecosystem within the Medanta Group.

Tushar Manudhane: And if I could just extend to this, how many retail pharmacies we think we'll add, let's say, over next 2 to 3 years?

Pankaj Sahni: Well, that I don't know. I think that we are currently operating about 13 retail pharmacies, and we have some of them also running in our clinics. We will likely scale up our retail pharmacies in some of the markets where we have seen very high demand from our patients like UP and Bihar. There is a very significant shortage of high quality and high credibility medicines in these territories. So we will scale it up.

I don't think you will see our pharmacies, Tushar go from a number of 20 to like 100 or 200 or anything like that in the next year that we will continue to increase the rate of growth. So if we were adding 10 pharmacies a quarter, maybe it will become 15 or 20. But I don't think that in the next, I would say, let's say, maybe 4 to 6 quarters, you will see any very rapid exponential or multiplier growth. You will see steady growth across the network.

Tushar Manudhane: Got it. And just last on Noida side, the number of beds have increased, but as I could see in the slide, the OTs or ICUs has remained same, even if I think about beds increasing from 320 to 433. So am I missing something in terms of interpretation?

Pankaj Sahni: Yes. So unlike some of our other facilities where we had a different physical structure of multiple towers, in Noida, as we had mentioned when we started out this journey, it's a single tower hospital. And so what you're seeing in terms of the bed additions are really just the additional floors opening up.

The operating rooms because of the nature in how we build them out was all operationalized and commissioned on day 1. So it is unlikely you will see in the short term any incremental operating room capacity increase in Noida Hospital because as on date, this is what is our installed base.

However, you may see increases as the demand improves on increasing procedure areas which are non-OT like cath labs, like radiation oncology, etc. But that will take some time. So we have no capex planned in the next couple of quarters against that. But as and when the need is there, we will continue to add that. But unlikely to see any OT increase.

Moderator: The next question comes from the line of Vivek with Emkay Global Financial Services.

Vivek: Congratulations to the team on a good set of numbers. I had 3 questions. So firstly, just wanted to understand, right, in terms of the growth in Gurgaon unit, given how quickly we are ramping up the developing units and within that, the growth that we have witnessed, right? So I'm assuming that growth is sort of equivalent to how Lucknow has also grown, right? So my question was basically to understand why can't we replicate the level of growth that we are doing in Lucknow, in Gurgaon. So that's the first question?

Pankaj Sahni: Look, I think we have to be respectful of the realities that Gurgaon is a 15-year-old hospital of 1,500 beds which is running quite full versus a 5 to 6-year-old hospital, which is at about 750 beds. So structurally and fundamentally, these are different. Secondly, you have to understand the entire geographic and patient demographic situation of Eastern UP.

So you are talking about a population base in Eastern UP, which is maybe 100 million people plus versus, say, NCR or geographic base of Gurgaon plus Delhi plus maybe parts of Haryana, which will be much, much smaller. So I don't think that it is logical to compare any of these 2 units, both in terms of time, scale and the basics of where they operate out of.

That being said, I think it's also fair to say that Lucknow historically over the last 5, 6 years of its operations has performed at growth rates, which, frankly speaking, have been just exceptional and not seen in many hospitals in the country ever. So it is not easy to say that why is that not there all the time everywhere. It has been a phenomenal performance in Lucknow.

And we are very happy about that, but it's a little unrealistic also to say that. So we've always maintained that, that is not normal. That being said, a 15-year-old hospital, which is growing by double digits in volume after having such a high scale of 1,400, 1,500 beds, I think is also a feat that you do not see that frequently.

In fact, if you look back over the last 4, 5 years since we've been listed at least you can say 2, 3 years, I think we are the only major listed chain that has been growing consistently in double digits on volume as opposed to on tariff or revenue or realizations.

So this is in line with our philosophy, help touch more and more lives, deliver as much as you can with as little burden to the patient population. And we are very happy with the way all the units have been growing. But each one of them does require to be looked at independently. It's not logical to compare them just on a single dimension.

Vivek: Got it. Secondly was with respect to your revised expansion plan for Guwahati. So earlier, we had 400 beds and we allocated a capex for those 400 beds of around INR500 crore, right? And we have now revised basically for the incremental 250 beds, we have increased our capex also by approximately INR500 crores. So could you explain the reason behind the higher capex per bed basically for the incremental beds that have come to the fore now for Guwahati?

Pankaj Sahni: Yes. So actually, as we have mentioned once or twice in the past, beds alone is not the way in which we think about the buildout of the hospital. So I'll give you some color on what has happened. With the changes in the National Building Code and the relevant bylaws of which

apply to us in Assam and Guwahati, we have been able to actually significantly increase our square footage of the building which we are making.

So the main difference is that the floor plate, which was somewhere around 30,000 square feet or 40,000 square feet now has almost doubled to about 60,000 square feet. Now what that means for us more than beds is it gives us an opportunity to significantly scale up our procedural capacity. So we have actually doubled the number of operating rooms that we were planning.

I think it was planned somewhere around 13, 14, and that has gone almost to 28, 30 operating rooms. So as you are aware, Medanta operates our facilities on very high-end procedure orientation. So we have almost doubled our operating rooms, doubled our cath labs, doubled our LINACs and our bunkers for radiation oncology.

So more than absolute number of beds, the space is being taken up in increased procedure areas in line with our kind of work which we do. So the capex, which you see is not linked only to the bed number, but it would be linked to the complete procedure area and our square footage going up from about 6.5 lakhs to about almost 9.8 lakhs now.

Vivek: Got it. So just to clarify, this incremental capex doesn't include any additional area or land that we have had to purchase, right? This is on the existing land.

Pankaj Sahni: Yes. So what's happened is that with the change in rules, we have been able to get additional FSI at no cost, additional ground coverage and so on and so forth. And also the height restrictions which were there in the National Building Code before this one, that has been increased to about 60 meters. So the ability to build more on the same plot of land has increased, so to speak.

Vivek: Got it. And one final thing in terms of CGHS. So have you seen the impact of CGHS rate hikes that were announced in October come into full flow from this quarter? And if you could quantify the benefit as well to the revenue and the margins.

Pankaj Sahni: Yes. So I think the benefit is fully factored in because the hike was announced in October, and we are talking about April to June. So definitely, it is fully baked into this quarter. We don't capture or report out the benefit just because of the CGHS rate hike. But obviously, this hike is coming from I think last time it was 2017, we are sitting in 2026.

So it's a long overdue hike. So there has been some positive impacts of it, but I think on the larger overall P&L of the company or overall revenue of the company, I don't think that this is moving it by several hundred basis points or anything like that. But of course, it's beneficial.

Yogesh Gupta: And our share of CGHS is not high.

Pankaj Sahni: And Yogesh is saying, in Medanta, our CGHS business is not very high. I think somewhere in the 10% to 12% range. So for us, it's not moving the needle on the total revenue. But of course, for whatever it is, it's beneficial.

Yogesh Gupta: And our growth is mainly led by the volume rather than the tariff basically.

Moderator: The next question comes from the line of Raman KV with Sequent Investments.

Raman KV: I just have 2 questions. One is with respect to Cluster 1, which grew around 10%. So when we compare it with Cluster 2, there is a slowdown in the growth. Is it because of the capacity constraint? And are we planning to have any brownfield expansion in the Cluster 1 hospitals?

Pankaj Sahni: Okay. So I'm not sure I can see where you're referencing the slowdown. Our Cluster 1 has grown by approximately 10% on a revenue basis and I think higher on a volume basis. Cluster 1 includes Gurgaon, Indore and Ranchi.

Raman KV: So when I say slowdown, I was comparing it with the Cluster 2 hospital, which has grown more than 30%. So when we look at it on a consol basis, the consolidated revenue grew by 20%...

Pankaj Sahni: Yes. So more than slowdown, you mean relative growth between the 2 clusters. Let me revert to the answer I had given to a previous question around the fact that these are not necessarily comparable. But before we do that, let me just answer your point on whether there will be any brownfield expansion in these clusters. So just coming back to that.

So first Cluster 1, Indore and Ranchi, we have added in over the course of the last few months some beds in our Ranchi facility. We added a 100-bed facility. I think it was some point in the last financial year, I forget the exact date now. And we have a 80-bed facility, which we had acquired, which should come on board towards the end of Q2, maybe early Q3 in Indore. And both of these facilities will help us to provide the missing services around cancer, which we did not have in Indore and Ranchi.

So we do see some brownfield bed capacity coming on board. Our Ranchi facility is already functional, but it is scaling up as well. So you will see some capacity benefits in both Ranchi and Indore. In Gurgaon, I think I had mentioned in our last earnings call, more than beds, we are adding procedural capacity. So we have activated additional operating rooms in Gurgaon and we will probably in the coming quarter, activate 2 more operating rooms.

That should take our total operating room capacity to almost 44, 45 operating rooms in this facility. And we will also be commissioning hopefully in this coming quarter, which is Q2 additional cath labs.

So we may add 2 to 3 cath labs, so we will find additional procedural capacity in Gurgaon as well so like I was mentioning in response to another question, the increase for us is not always linked to beds because as you can see, we are fairly efficient in our bed turnover with a low length of stay, but we would like to become more efficient. But procedural capacity increase could be there.

So I think the way I would like to answer your question on brownfield growth in Cluster 1 is it will be a combination of beds and procedural capacity in all the 3 units, right? That being said, obviously, we are sitting on a huge base. You are talking about the patient volume which is very, very high in terms of inpatient care processing over 30,000, 35,000 patients a quarter.

So obviously, that will grow at a slightly different rate compared to our Cluster 2. Even if I take out Noida, you see a growth in Lucknow and Patna on a volume basis of about 27%, I think I had mentioned in response to an earlier question and that also continues to grow quite well.

We are incidentally also adding procedural capacity both in Lucknow and Patna without necessary additional bed growth. So as I had mentioned in my last quarter earnings call that we are adding operating rooms in Lucknow.

We are adding operating rooms in Patna, and we are also adding bed capacity in both of these units. So you will see beyond, of course, Noida scale up, you will see bed capacity and procedural addition across almost every one of our units.

Raman KV: Okay. Understood sir. My second question is on the margin front. Margin from Cluster 2 hospitals except Noida is far greater than margin from Cluster 1 hospital. So can we assume this Cluster 2 hospitals to have 30% margins for the near future? And also once the utilization ramps up with respect to Noida facility, will that also be a 30% margin business?

Pankaj Sahni: So we don't give margin guidance, and I would not like to hazard a guess on what the margin would be in the future in Patna or Noida. I can, however, just clarify a couple of points for you. The first and important point is that our complete overhead cost base of our complete group cost, corporate costs, etc., are all fully loaded in our Gurgaon facility so in Cluster 1.

So to that extent, it may not always be comparable because there is slightly inflated costs in Cluster 1 and slightly deflated cost in Cluster 2 to that effect. The second thing obviously is that despite slightly lower ARPOBs and lower realization, obviously, we don't have as much legacy cost in our newer units as we do, say, maybe in our older units.

So there are some benefits to that. And the third thing is that, obviously, as and when you scale up hospitals, you try to become more and more efficient. There are some differences in the cost structure depending on where you are exactly operating, depending on the type of clinical talent that you have. So of course, Gurgaon being a larger facility has a greater number of senior doctors. So there are all these various differences in each of the units.

But beyond comparing the margin profile across units, what I can say is that we do see operating leverage kicking in, in Noida, so that should help with margin profile. We don't see any very significant structural difference in the cost base on any unit.

And so therefore, as you find greater realization moving towards higher procedural elements to the extent that there are tariff revisions or benefits around that, they should be margin accretive. Of course, there may be situations which may be margin dilutive also. But structurally, we don't see any very significant shift in our cost base. So hopefully, it should at least remain stable or continue to grow.

Raman KV: Understood. Sir, I just want to clarify, mainly on the fact that the margin difference between Cluster 1 and Cluster 2, it's only because of the corporate overhangs? Or is it because in Cluster 2, we are doing some like specialized treatments, which are usually a high-margin business?

Pankaj Sahni: No, I don't think that there's anything which is very different, which we are doing in Cluster 2, which has not been done in Cluster 1. But obviously, there are certain greater operating efficiencies given that they are slightly newer units. Just to give you a very simple example. In a newer unit, you may not have annual maintenance contracts, repairs and maintenance types of expenses because the equipment may still be under warranty. Whereas in the older unit, you would be having a higher level of R&M costs.

So in an older unit, you may have a slightly less efficient manpower structure because of legacy costs. In a newer unit, you may have started out with a more efficient structure. So these are all operational things which keep getting optimized across the network. But no structural difference or no very great difference in the type of work which we are doing.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Pankaj Sahni: Thank you, everyone, for your questions today and for joining us. And my apologies once again for the technical glitch in the middle of the call. I hope that would not create too much disturbance for you. But just to come back to what we were saying as we look at our company, as we look at our organization, we are very happy with our performance thus far.

And as we scale, we will continue to focus on what has always defined us, which is our exceptional clinical depth and talent, our operating discipline and our commitment to delivering the highest quality outcomes that matter to our patients. Please do feel free to reach out to our Investor Relations team in case any of your questions remain unanswered, and we look forward to meeting you again soon. Thank you very much.

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

Notes:

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