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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 Thursday, February 05, 2026, for the Third Quarter and Nine-months ended December 31, 2025 financial 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  
Q3 FY26 Earnings Conference Call”  
February 05, 2026**

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

**MR. PANKAJ SAHNI – GROUP CHIEF EXECUTIVE OFFICER  
& 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 INSTITUTIONAL  
SECURITIES LIMITED.**

**Moderator:** Ladies and Gentlemen, Good Day and Welcome to Global Health Limited Q3 FY26 Earnings Conference Call hosted by JM Financial Institutional Securities Limited.

As a reminder, all participants' lines will be in 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 “\*” then “0” on your touchtone phone.

I now hand over the conference to Mr. Amey Chalke from JM Financial Institutional Securities Limited. Thank you. And over to you, sir.

**Amey Chalke:** Thank you, Pari. Good afternoon and warm welcome to all the participants on Global Health Limited Q3 FY26 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 & 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 everyone and welcome to Medanta's Q3 FY26 Earnings Conference Call. I hope all of you have had the opportunity to review the Results and Presentations that were released yesterday.

At Medanta, our primary focus continues to be on delivering high-quality, patient-centric care across our network, supported by strong clinical governance, robust processes, and continuous investment in medical expertise and infrastructure.

During the quarter, the company remained firmly committed to strengthening its clinical program, expanding across tertiary and quaternary care, and ensuring consistent clinical outcomes across its hospital network.

As doctors, we remain deeply concerned about the rising cancer burden in India, where early detection continues to be the most-effective intervention. In this context, we launched a large-scale cancer awareness program during the last six months, focusing on Breast and Prostate Cancers. The initiatives were aimed at dispelling prevalent myths, promoting self-examination, and encouraging timely medical intervention.

To meet the growing demand for advanced oncology care, our Gurugram facility commissioned its 5<sup>th</sup> Radiation Oncology Machine, significantly enhancing treatment capacity and adding some of the latest technology to this field.

I would like to acknowledge the dedication of our doctors, clinical teams, and support staff, who's collective expertise and commitment remain central to maintaining the highest standards of care while delivering personalized, patient-centric outcomes across our hospitals.

Our recently commissioned Noida Hospital completed its first full quarter of operations during this period. The hospital made encouraging progress across clinical onboarding, outreach initiatives, and infrastructure activation, thereby laying a strong foundation for the ramp-up of business operations and the delivery of high-quality healthcare services, not only to Noida city, but also across western Uttar Pradesh.

I am also pleased to share that Medanta, Lucknow has received the Prestigious Joint Commission International (JCI) quality accreditation in January 2026. Medanta, Lucknow is the first hospital in the region to be accredited by JCI. This certification reaffirms our commitment to deliver the highest global standards of clinical quality and patient safety in the region where we operate.

With that, I will now hand over the call to Mr. Pankaj Sahni, our Group CEO, who will take you through the financials and operational performance in detail. Thank you.

**Pankaj Sahni:**

Thank you, Dr. Trehan. Good afternoon, everyone, and thank you for joining us today for our Q3 FY26 Earnings Call.

Let me begin with the financial performance for Q3 FY26:

Total income for the quarter stood at Rs.11,428 million, delivering a robust 19% year-on-year growth, driven by sustained momentum across all our hospitals and continued improvements in operating metrics.

EBITDA, excluding Noida, grew by 11% year-on-year to Rs.2,814 million, with healthy margins of 25.4%, underscoring the resilience and operating leverage of our balanced portfolio. EBITDA, including Noida, stood at Rs.2,494 million, with margins of 21.8%, reflecting the expected impact of early-stage operating losses from our newest hospital.

Medanta, Noida, which commenced operations in September 2025, completed its first full quarter of operations during Q3. The hospital generated Rs.343 million in revenue and reported an EBITDA loss of Rs.320 million in line with the investment required to operationalize a facility of this scale and high standard.

At Noida, we accelerated the ramp-up with the addition of 102 beds, taking the total bed count to 328 beds, with 9 new operation theatres added this quarter, taking the total count to 14 operation theatres. This is also supported by significant strengthening of our clinical teams. We remain confident of steady improvement in utilization and financial performance over the coming quarters.

Consolidated profit after tax stood at Rs.950 million, impacted by higher depreciation and finance costs related to Noida, initial operating losses and a one-time statutory impact of Rs.366 million, arising from the implementation of new labor codes classified as an exceptional item. Adjusting for labor codes impact, profit after tax was Rs.1,224 million.

We also saw encouraging momentum in international business; international patient revenue grew by 30% year-on-year to Rs.703 million, driven by higher volumes, while our OPD pharmacy business grew 30% to Rs.465 million.

Operationally, the quarter demonstrated strong traction across the network. We added 144 beds, including 42 beds in Patna and 102 beds in Noida. Inpatient volumes grew by 14%, while outpatient volumes increased by 20% year-on-year. Our average length of stay reduced to 3.02 days, a 7% year-on-year improvement, while occupied bed days increased by 7%, translating into an occupancy of approximately 59% on expanded bed days. ARPOB increased by 10% to Rs.67,361, supported by improvements in ALOS and case mix.

Moving on to matured and developing performance update:

Our mature hospital consisting of Medanta, Gurugram, Indore and Ranchi delivered steady performance with revenue of Rs.7,020 million, up 9% year-on-year and EBITDA of Rs.1,675 million, up 7%, with margins of 23.9%. Matured margins during the period were impacted due to increase in employee costs and other operating expenses, including repairs and maintenance.

Our developing hospitals excluding Noida continue to outperform, recording 22% revenue growth to Rs.3,651 million and EBITDA of Rs.1,156 million, growth of 13%, with strong margins of 31.7% in Q3 FY26.

If we look at nine-months performance, both Lucknow and Patna facility continues to deliver double-digit growth in revenue and EBITDA, with Lucknow margins registering over 150 basis points improvements year-on-year, while Patna margins remain stable.

Developing hospitals including Noida stood at Rs.3,994 million, up 33% year-on-year, while EBITDA stood at Rs.836 million with margins of 20.9%, reflecting the expected drag from early-stage operations in Noida.

Inpatient volumes across developing hospitals increased by 27% year-on-year, with overall occupancy at 62% and ARPOB rising 8% to Rs.56,853.

**Project Update.** During the first nine months of FY26, bed capacity increased by 18% year-on-year with addition of 537 beds, comprising 99 beds at Patna, 110 beds at Ranchi and 328 beds at Medanta Noida.

We continue to have meaningful headroom for growth within our existing network, with the potential to add 496 beds through Brownfield expansions, including 193 beds at Lucknow, 81 beds at Patna and 222 beds at Noida. These additions are expected to drive near to medium-term growth with minimal incremental capex.

On the expansion front, our pipeline continues to progress well. In Guwahati, barricading is complete and drawings have been submitted for approvals. In Mumbai, land acquisition is complete, additional FSI approvals have been received and drawings submitted for approval. In South Delhi, construction activities are underway following the completion of site surveys and soil testing. Pitampura, New Delhi project is going through the regulatory approvals phase.

Overall, nine months of FY26 reflect disciplined execution across the organization. Our core hospitals remain stable, developing hospitals continue to scale efficiently and Medanta, Noida is progressing in line with the expectations during its ramp-up phase. We remain confident that these investments will create sustainable value for all stakeholders.

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

**Moderator:** Thank you very much. The first question is from the line of Tushar from Motilal Oswal Financial Services. Please go ahead.

**Tushar:** Thanks for the opportunity. Sir, firstly the clarification, like in your opening remarks you highlighted about Lucknow and Patna margins. If you could just spell out again?

**Pankaj Sahni:** So, if you look at our developing hospitals performance, if you look at the presentation on the Investor Presentation, on slide #16, you will see that we have seen an income growth of 28% from the nine months' period, this is excluding Noida, where the revenue has grown from Rs.813 crores to Rs.1,040 crores. And if you look at the margins, that has also increased. In fact, the margins have increased from 30.0% to 31.1%, excluding Noida. And then if you factor in Noida, that is because of Noida loss, so that is coming to 25.0%. So, I hope that is the question if you are asking, Tushar.

**Tushar:** Sir, on Lucknow particularly, how has been the margin scale up?

**Pankaj Sahni:** On Lucknow, we have done very well. Over the course of the last nine months or so, as I mentioned in the opening remarks, we have seen a margin expansion of over 150-basis points when you look at it on a nine month to nine-month basis.

**Tushar:** Got it, sir. And secondly, now with respect to Noida, we have almost on-boarded 220 doctors. Are we more or less now done with in terms of on-boarding doctors or what is the sort of target as far as doctors are concerned, and how it has been like maybe the initial fillers with respect to Noida facility?

**Pankaj Sahni:** Yes, so as you are aware, we do not stop hiring doctors even after several years. But, of course, the hiring to be able to start the services is more or less underway. There are some departments which are still not active in Noida. So, some of the departments which are not active in Noida is that December 31<sup>st</sup>, would be the Pediatrics Department, the Obstetrics Department, Liver Transplant Department. Some of the departments is in some of the more niche specialties like Vascular Surgery. So, we are still continuing to look at these departments and hiring. But, I would say that the majority of the hiring has been undertaken, including adding in some of the talent to support the key teams. So, we now expect that most of that hiring is finished.

But, like I said, if we do find that we need to bring in more talent, we will not stop that hiring that will continue. And wherever the departments are not there, as I mentioned, that hiring will take place. I do not know whether it will happen immediately in the next few months or whether that will happen subsequent to March 31<sup>st</sup>, but that will be as per our availability of beds and our availability of talent and our plans as we move forward.

**Tushar:** Got it. And just lastly now that it is like three - four months into operation, so broadly, what kind of ARPOB is like as a starting point so to say, of course, this will further improve with the change in case mix, payer mix, but currently, if you could share what kind of ARPOB we are having at Noida Hospital.?

**Pankaj Sahni:** ARPOBs in Noida Hospital are coming currently much higher than Gurgaon. But, I would not necessarily use this as a proxy for extending out into many months into the future, because we have just started, we have now signed up about four or five major insurance contracts, other insurance contracts are coming onboard. We have not yet taken any of the panels in Noida that may come on as we move forward in line with our broader philosophy of serving every strata of society and every category of patients. Right now, the ARPOBs are similar to Delhi ARPOBs, but I just caution that we should not assume that will maintain as we move forward. Once we have a more balanced, revenue mix, then you will see a slightly more balanced ARPOB as we move forward.

**Tushar:** Got it, sir. Thank you. That is it from my side.

**Moderator:** The next question is from the line of Devarsh Shah from Sunidhi Securities. Please go ahead.

- Devarsh Shah:** Yes. Hello, sir. Thank you for the opportunity. I wanted to understand, like, could you typically state the employee-to-bed ratio for the hospital, because as per my understanding, the employee-to-bed ratio varies for the different specialty, so on the overall basis, what would it be for your hospital?
- Pankaj Sahni:** I am not very sure, Devarsh, where you are getting these baselines from. We do not normally look at employee-to-bed ratios in any one area, because it varies very drastically depending on the nature of the specialty. So, neither have we ever published it, nor can I tell you that this is a standard number for a hospital. Just to give you a sense, a Liver Transplant department may have fewer beds, but very high number of clinical talent, whereas an Internal Medicine department may have a high number of beds and a very few number of doctors. So, it is not a very meaningful metric for us to look at in terms of any of the operational parameters. So, unfortunately, we do not have anything which we report out, which I can share with you. I am not sure if you have something deeper in mind in the question I can try to assist, but this metric, as such, we do not report.
- Devarsh Shah:** Okay, sir. And the second question was, like, could you tell the total census beds for each unit?
- Pankaj Sahni:** Noida census beds right now is 187. Our total is about 2,665 as at December, and maybe I can get this send across to you from our investor relations team so we do not waste everybody else's time on the call. Each of the units will get the beds. Gurgaon is about 1,220 and Lucknow currently is operating at around 604. Patna the big facility is 386 is the census beds. But we will get this send to you.
- Moderator:** The next question is from the line of Banshi Desai from J.P. Morgan. Please go ahead.
- Banshi Desai:** Thanks for taking my question. So, firstly, on Noida, how should we think about the losses from here on? I am assuming these would be the peak kind of losses that we report in the quarter given we have added doctors and a large part of commissioning expenses would be sitting in this quarter, and therefore, as the unit ramps up, should we see losses coming down? And also, given the fact that we are expected to add another 200+ beds here over the next one year, how should we see the loss trajectory?
- Pankaj Sahni:** Yes. So, I mean, I hope so that we have seen the peak of the losses. You are right. If you look at our scale-up of clinicians, we added in a whole bunch of clinicians from September to November. And even within this quarter, if I was to really see, the performance really was more in terms of volumes growth, more started towards the second half of this quarter. So, you do not even see complete three months of run rate. So, we are seeing now, especially December and as we move into January, a better run rate trajectory on the revenue. So, of course, that will help with the loss containment. I do not know exactly when it will be fully concluded.

One thing I just want to clarify for one of the earlier questions I had mentioned on the specialties, one thing which I forgot to mention is our Radiation Oncology and our Nuclear Medicine department, which is onboard in terms of the talent and the machines, that has not started yet. So, that is another thing I forgot to mention that the department which is currently missing.

But you are right. As we scale up, we should see now the business coming in, our insurance contracts coming onboard, our corporate empanelments coming onboard. And really now the question is, getting down and actually ensuring that we are able to service the people of Noida and Western UP. So, much of the initial work is done, although some of the project work is still undergoing. But the hospital is fully functional now, subject to the departments that I mentioned.

**Bansi Desai:**

And when we think of adding 200 beds here, I would assume those would largely get absorbed with these 300 beds ramping up by that time?

**Pankaj Sahni:**

Yes. So the additional beds would largely get absorbed with the teams which we have, plus some element of the teams which we are adding. So, I can tell you, for example, that we are already underway of creating our dedicated Transplant unit. So, although it was not completed and commissioned by December 31st, that is one area which we will be having, so, some of these additional beds will come into that. So, with the exception of really Transplant, which has dedicated infrastructure and maybe Obstetrics or Pediatrics, the rest of the infrastructure will more or less just scale up as and when the need is there and will be part of the existing clinical team. So, we do not see that there is any real need to hire new departments for filling those beds.

**Bansi Desai:**

All right, that is clear. And my second question is on the matured units. We have seen significant decline in ALOS there; 2.9 days. Is it a quarter phenomenon or do we expect structurally ALOS coming off there? So, that is one. And the second is, you mentioned on margins. You had higher employee costs and certain maintenance-related expenses. So, with those behind, should we expect the overall unit to see improvement in margins from the next quarters as you see your revenues growing?

**Pankaj Sahni:**

Yes, so let me take that in two parts. First, when you look at the ALOS, I think just picking up one or two quarters may not be always appropriate, because there is some effects of how the seasons play out, how the Diwali holidays play out, how the certain seasonal diseases like Dengue, etc., play out, sometimes it is more in September, sometimes it is more in October. So I would suggest we look more at the annual or a nine-month basis at a minimum rather than quarter-on-quarter, just to get the numbers correct.

That being said, the ALOS reductions are also driven a lot by the increasing work for Cancer. And given the growth which you see on the sales mix, and I think it is a phenomenon across the country where Cancer treatment and Cancer detection is increasing. So, a lot of the Cancer work is in the

nature of radiation oncology or medical oncology, which has a daycare component to it. So, there is an increase in daycare. There is also some amount of difference this year versus last year with respect to patients who are more in the Dengue and some of the other respiratory diseases, which tend to have a slightly longer length of stay vis-à-vis some of the shorter procedural departments. Other than that, I do not see any very significant structural change. I mean, we already have a very aggressive length of stay.

That being said, we continue to work, especially in some of the units like Patna and maybe even in Gurgaon, to actually ensure that we are optimizing our length of stay, and we will continue to try to see if we can convert a lot of the work from night stay to daycare. So, we want to work on how we also do things like improving discharge processes, streamlining the discharges for patients who are credit-patients. So, I mean, there is still some operational efficiencies I think we can bring in, but I think that three days length of stay for an ecosystem as complex as ours is very, very robust.

**Bansi Desai:**

Understood. And just on margin, are we done with our investments into maybe adding employees and maintenance expenses or we expect that to recur?

**Pankaj Sahni:**

Yes, obviously, the employee costs are recurring costs, they incur every month. But I think if you go back to last three, four quarters, I had been mentioning that there is some amount of war for talent that is coming, is likely to come. We are also aggressively hiring across the unit. So, there will be some amount of optimization and balancing out of this as we stabilize our hiring, as well as how other hospitals look at hiring in the market. We will also look at operational efficiencies where we can bring about as much as possible, both on the manpower cost as well as on some of the other expenses.

Some of these are cyclical in nature. So, for example, we do notice in our P&L that repairs and maintenance costs is whenever we have annual maintenance contracts coming up, which is out of warranty, new equipment comes out of warranty after maybe three, four years of procurement. Those come in and then they balance out over time. So depending on which horizon you are looking at, they more or less balance out. I do not see any very significant structural issues on the margins. I do believe there are efficiencies, especially in some of the older units that we can eke out, and we will work towards that. You will see some of those efficiencies are already playing out on some cost items; so, material costs are currently in the process of being optimized as we move, and we have seen some of that captured in the numbers so far, we hope that will continue. So, there will be some up and down across cost items, but overall, I think that we will be looking at trying to see whether we can get a couple of hundred basis points of efficiency out of the system as well.

**Bansi Desai:**

All right. I have more questions. I will join back the queue.

**Moderator:**

The next question is from the line of Manish Poddar from Invesco AMC. Please go ahead.

**Manish Poddar:** Just one question. So you said, I hope so for the peak losses to be behind for Noida. How are you thinking actually of the ramp up the other way around, let us say the initial expectation versus what you would have seen in the last few months, how do you think about getting to utilization, let us say 40%, 50%, 60%, and how is the journey faster than earlier expectation, just any color on that would be helpful?

**Pankaj Sahni:** So I think, Manish, the journey is very much as per our expectations. I think that as we look at getting, everything settled, not only operationally, but also some of the project teams moving out of the system. We started out this hospital while it is currently being constructed as well. So, some of these things will stabilize, like I mentioned, just as an example, our Radiation Oncology doctor is onboard, but the machine is not yet live because we are waiting for the approvals from AERB.

So, there will be some teething issues around this next couple of weeks, maybe months. But I think that, for the most part, we are now ready to fire on full cylinders. What that time frame exactly will be? I am not sure, but I do not think that we have seen anything happen in Noida, which is totally counter to what our expectations were either on hugely negative side or on the hugely positive side, more or less moving in line with what we expected.

**Moderator:** The next question is from the line of Damayanti Kerai from HSBC. Please go ahead.

**Damayanti Kerai:** Hi. Good afternoon and thank you for the opportunity. My first question is again on Noida, where you mentioned it is ramping up as per your expectation. So, just to clarify, the bed addition plan which you have, that will only be done once you have achieved cost breakeven at the existing bed set, right?

**Pankaj Sahni:** No, I do not think that is the right way to think about it. So, again, without getting into too much specifics, our Noida facility is a single tower facility as opposed to Gurgaon, Lucknow and Patna, where we had two towers, where we were able to build one tower, then wait and fill it, then operationalize the second tower. Because of the structure of this building, we intend to complete the project work as and when the project teams are able to do it. So, we will not actually demobilize and start again once occupancy increases, we will continue to build throughout. It just ends up being more efficient that way. And while it may be beds coming in a few months before we need it, we feel it is the most efficient way. So, we would not stop the build out is the answer to the question.

**Damayanti Kerai:** Okay. What will happen simultaneously, right, the ramp up the adjacent beds?

**Pankaj Sahni:** Correct. We will ramp up the adjacent beds. We will build out, now you may not hire every department, you may not hire the nurses for running one ward if the ward does not have patients, but the infrastructure and capex and the fit outs and all, we will conclude, and then we will see as and when we move out. We may also have some things in the back pocket for maybe one floor or so,

depending on whether we need more ICUs or more OTs. You may need to optimize there. We are now seeing this after about four years performance in Patna. We are actually realizing that we may have a demand for additional procedure rooms as opposed to beds. So, we may actually redeploy some of the spaces which are allocated for beds to procedure rooms. So, today, I believe Patna is about 560 plus beds. So from the remaining 80 – 100 beds, I may choose to redeploy some beds to procedure areas, or we are trying to find if we can optimize there. So, barring these small adjustments, we will continue to build out Noida.

**Damayanti Kerai:**

Got it. My second question is on the update which we heard on the CGHS rate revision some time back. So, anything you are picking up on that part in terms of your operations?

**Pankaj Sahni:**

So CGHS rate revision has of course been beneficial for the industry. It has been a long demand after many, many years. There has been positive movement across the group on that in terms of tariff increases. We have captured some of that in the nine month numbers that you see. I think, high single digit in terms of gross is the impact on that. And, hopefully some of that will fall to the bottom line also. As we roll out, because these increases, I think, in middle or late Q2, so it is not even a full 12 months of impact yet. So, if I remember correctly, it was maybe sometime around October. And then, also what happens is some of the other institutional companies that follow CGHS rates, they then follow up with their own orders, like the railways will follow up, saying, we also will activate these rates and so on and so forth. And also, we are working with our partners in Bihar that those rates are where we have PPP, those rates also get adjusted. So, the full year impact of this, I think, is not yet played out, but so far it has been positive.

**Damayanti Kerai:**

And did you mention some high single digit impact?

**Pankaj Sahni:**

That is right. I think it is somewhere in the range of Rs.7 to 10 crores of impact in nine months.

**Damayanti Kerai:**

And my last question is on your plan for price increase, which is obviously not your focus, but as you focus more on the volume growth, but in terms of taking price hike for some of your units where you have not taken price hike for long, are those done?

**Pankaj Sahni:**

So, if I remember correctly, from our last call in September till December, I think no real price increases have been taken in Patna. We have taken price hike in Gurgaon and Lucknow. But I think more important than that is that some of the insurance contracts, which were not renewed for almost two-to-three years, they are now getting renewed across the group. So, there will be some potential benefit for those price renegotiations as we move forward. So, I think, probably when we come to maybe June or September of next year, you will see more of a realistic picture of a full year of pricing impact across GGHS, our increases and insurance negotiations.

- Damayanti Kerai:** Okay. Just a clarification on these rates, which you renegotiated with your insurance partners, what kind of hike you might have got, just some indication, say compared to the last contract, when you signed the new contract, what is the difference?
- Pankaj Sahni:** So let me put it this way. When we sign up the contracts with the insurance companies, they were on a tariff list, which I think was somewhere around two years or three years ago, I think 2023 – 2024 tariffs. So, now when the insurance companies negotiate, they negotiated with our 2025 tariffs, which was what we had done last year. So, depending on how those tariffs increase, we kind of renegotiate basis that. So, it would be different in different units depending on when the insurance company signed up. But typically insurance companies will sign up for a two-year time frame and now it has already been a little over two years. So, you can say about two years plus of increases. And then insurance companies ask for, different levels of support in terms of discounting, etc., But on the whole, I think it will be a positive benefit for us from a tariff point of view.
- Moderator:** The next question is from the line of Ashutosh Nemani from JM Financial Office. Please go ahead.
- Ashutosh Nemani:** Thanks for the opportunity, sir. My question is on the earlier answer you told that war of talent coming up in the next three to four years. So, I wanted to understand more about it, like particularly what locations do we see this doctor supply and nurse supply more severe as compared to other on a national level, if you could just highlight on that?
- Pankaj Sahni:** I mean, I am not fully an expert to tell you at the national level in which city there will be more or less war for talent. I think this is a phenomenon the industry is facing, to the best of my knowledge across the board. I can tell you in the regions where we operate, which is more on the northern side. There are two ways in which we look at it, one way is where there are existing facilities, where there are lots of doctors and there is lots of demand for talent. There, it is a little bit driven by, some forms of competitive intensity. Doctors are trying to get pushed by the other hospitals. Obviously, we would be also looking at hiring doctors from other institutions, some amount of retention also. We have been very lucky, we have been able to retain most of our senior doctors, if not all, even after 15-years in Gurgaon.
- Then when you come to units which are in cities where there may be a slightly shorter tail of talent in terms of super specialists, we have been able to get in doctors from other cities, sometimes you have to pay for getting doctors to move into certain locations or you are actually looking at building up a talent base over there vis-à-vis taking time to build that specialty. So, just to give you an example, if I bring in a very talented Robotic Surgeon from one part of the country, they may not have a patient base, say, in Bihar or in UP. They build up that. So, that takes a little time to build up. So these are the kinds of things that we have seen from my conversations with colleagues in the industry. I think this is a phenomenon everybody is facing. Obviously, there is a lot of talk about hospitals, everybody getting very excited. One thing, though, we have seen is that I think clinical talent understands the

value of strong brands and strong institutions. Medanta has been very lucky to be a kind of what we believe is a preferred employer for clinicians. So, we have been lucky on this front. But I do believe that given the talent is scarce, this is something that the industry and the country will face for some years to come. I do not think this is something that is going to get solved in the next quarter.

**Ashutosh Nemani:**

Understand. My second question is, in the next two to three years, what should be the ARPOB growth that you could assume for Medanta?

**Pankaj Sahni:**

Again, in the next two, three years, I do not know how things will play out. But, we have always maintained that ARPOB's growth is 5% - 7% a year as opposed to what we have seen maybe in the last three, four years where we have seen much higher growth. Again, ARPOB is a little bit dependent on length of stay and case mix. But, we do not predict anything more than 5%, if we are very enthusiastic, maybe a 7% growth in ARPOB on an annual basis. In fact, Medanta typically projects much lower, 3% - 5% is what we try to think about. But again, that is more for us on tariff or realization side.

ARPOB again, if you optimize length of stay, then ARPOB will grow. But I think that base of 10% -15% ARPOB growth or realization growth, which we were seeing maybe a year and a half to two, that has already stabilized. You can already see it in the results of all companies. Last, maybe, a year to 18 months, you will see a significant slowing down of the ARPOB growth that was there two, three years ago. I think 5% - 7% is a reasonable number to project out if you are thinking about building a model. I would not go more aggressive than that, definitely, not double digits, I would keep it to single digits.

**Moderator:**

The next question is from the line of Rahul Jeewani from IIFL Securities Limited. Please go ahead.

**Rahul Jeewani:**

Thanks, sir, for taking my question. Sir, on the Noida hospital for, let us say, these 300 odd beds which we have operationalized, what kind of an exit occupancy we would have seen either for the December month or the January month? And if you can also talk about the occupancy which you need to achieve to, let us say, hit EBITDA break-even on these 300 beds?

**Pankaj Sahni:**

So, we do not normally look at occupancy from a breakeven point of view because of the fact that we believe much more in the volumes and the procedures rather than the midnight occupancy. So, at least, Medanta does not necessarily look at that. That being said, I think normally what we find is in a big system somewhere in the range of 40% to 50% or maybe 40% plus, occupancy typically breaks even on a long run basis for the kind of fixed cost model that Medanta employs. It may be very different in other industries.

Our goal is very simple in Noida. Our goal is that we have put everything that is required to deliver the highest standard of care; that is investment in infrastructure, the technology, the clinical talent,

the processes, the IT systems, etc., Our goal is to drive this occupancy to drive these volumes and this business through and through. Once we do that, whatever occupancy falls out of that, it falls out of that. Our focus is that we must be ensuring that we invest to deliver the highest standard of care, we have done that. And basis the trajectory we see in the last few months, including post-December, we are pretty happy with how things are moving and pretty confident of the success of this institution.

So, whether this occupancy will breakeven at 30% or 40% or 50%, I do not know. It is also not a percentage number which we are chasing. Our goal is to ensure that we are able to drive as much patient volumes into the system. And we are pretty confident, given our track record, these things will then work out well.

**Rahul Jeewani:**

Sure, sir. And for, let us say, these another 200 beds which you would commission at Noida, how many incremental doctor hirings would we need to do, given that, obviously, for the initial phase of 300 beds, we have already on-boarded 200 odd doctors?

**Pankaj Sahni:**

So, not many. As I mentioned, I think in response to an earlier question, we have some departments which we may add. So, they, of course, are not linked to beds, and they would have additions of Obstetrics which is an example of that, which is a totally new department. The rest of the departments, all the seniors or most of the senior talent is already there. So, when you add in beds, it is really more of the junior staff who need to do more of the maintenance management and taking care-of-the-care, nurses, of course, will get added and other staff. But the senior doctors, I do not think, are necessarily linked to the bed addition.

**Rahul Jeewani:**

Sure, sir. So, the incremental OPEX for these another 200 beds, obviously, would then be lower?

**Pankaj Sahni:**

Yes, correct.

**Rahul Jeewani:**

Sure, sir. In terms of the matured hospitals, where we have seen some sort of a margin pressure this year, while you alluded to higher employee and maintenance costs, is the Ranchi O&M hospital also led to some sort of a margin drag for the mature units?

**Pankaj Sahni:**

I mean, definitely, the new Ranchi Hospital also has a little bit of impact. I am not sure it will play out in the numbers which you are seeing because it is very small; it is only about 100 beds on a 2,000-3000-bed overall base. So, I do not think it has an impact as to what you see. Of course, it is a drag, but I do not think it is significant on material, on the financial, on the absolute rupee amount. Just to let you know, obviously, Ranchi and lower margins are of course lower than Gurgaon. But other than that, I do not think it is a very significant drag.

**Moderator:**

The next question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.

**Nitin Agarwal:**

Thanks for taking my question. Over the last few months and quarters, we have had a multiple sort of media items, news flow around increased difference between hospitals and insurers. I mean, two questions here. One, is there a change in relationship between insurers and the corporate hospitals, in the sense as insurers become larger in clout? And two, what kind of implications does it have for rates and business as we go along?

**Pankaj Sahni:**

Yes, so I think maybe I will give three, four specific points on this. I think, first of all, as with many things, the media likes to sensationalize things much more than they are in reality. So I would not always necessarily go with either the substance or the tone of what we hear in the media. That is point 1. Point 2 is just again at a higher level. See, every player in this industry, whether it is a provider like us, whether it is an insurance company, or whether it is even the government authorities, including at every level of government, they all understand that our collective responsibility is first and foremost towards the patient. Neither can we survive without the insurance companies, neither can the insurance companies survive without the providers. And by the way, the same logic applies to the pharmaceutical and medical device companies, which are also part of this ecosystem and also part of some of these conversations that you are alluding to, right? So I think we all get it. And everybody is reasonably mature in that.

That being said, there is always a commercial negotiation and a commercial discussion that happens between any two parties engaged in a commercial conversation. Now, we have so far been very, very clear on our approach that we are open and ready to talk to anybody. And we have. We have been successful in those activities. And all conversations in good faith between two parties in a professional and in a non-collusive manner are something that we stand for. And we have been successful in moving that forward. Of course, if I would like to pay Rs.10 and you would like to pay Rs.5 or I would like to charge Rs.10, you would like to charge Rs.5, of course, we will negotiate on that price. Nothing wrong with that. And we have been successful in closing out many of these contracts and many of these negotiations. I think that we could have been faster and more efficient.

I think that some of the players in the industry who are maybe trying to project that we will only talk as one body or only it is only the hospitals that are making money and the insurance companies are not making any money, I think these are facts which are being a little bit manipulated one way or the other, I think the truth is obviously somewhere in the middle, as with most cases. We do realize that the insurance companies have challenges, but many of those challenges are also linked to their operating model and some of the issues in the industry. Similarly, I think they understand that while you look at EBITDA many times, but the real money at the bottom line coming on the profit after tax, which is the money that has to go into capex refresh and investing in all of these areas, is required for hospitals to be able to grow, and, frankly speaking, people like us to invest in places like Patna, Bihar, Ranchi and Northeast. And the government also understands that it is very important that they encourage private investment in all these areas because that is how the care will get delivered.

So, I, frankly speaking, see that there is no long-term relationship impact between the two parties. We have been very comfortable interacting with everybody. But, of course, we will negotiate on price. I do not see that stopping this year, next year or anytime in the future. As any entity feels they have more power, they would like to be stronger in a negotiation position. It is exactly the same thing that I would do with my suppliers. So, it is normal. I think some of it is blown out of proportion and some of it as few stakeholders in the ecosystem on both sides are probably mischaracterizing, misusing one party or another party on their side of the industry for their own personal benefits, which is also not correct.

**Nitin Agarwal:** Very helpful. And secondly, if I missed it, did we guide to a time period when we expect Noida to breakeven on EBITDA?

**Pankaj Sahni:** No, we do not guide on future earnings as a policy. All I did allude to was the fact that we are pretty hopeful that we are now in a position to see strong positive momentum into the system. I do not know when that breakeven will happen. But, we are not worried that it is all slipping south or something like that. It is very much as per our expectations on how the ramp up of these units will do.

**Nitin Agarwal:** But, is it fair to say that this quarter EBITDA loss is kind of close to the peak EBITDA loss will do on the asset?

**Pankaj Sahni:** And that is the question which I said, I hope so. I do not want to commit to you one thing or the other. But I leave that to you guys to figure out. But yes, we are feeling confident that things are moving in the right direction.

**Moderator:** The next question is from the line of Naman Bagrecha from IIFL Capital Service Limited. Please go ahead.

**Naman Bagrecha:** Thank you for the opportunity. Sorry to press on the mature hospital margins again. So, if you look earlier, we used to make almost around 24.5% - 25% kind of margins, but is it because of now the incremental cost or war on talent, once should look at, let us say, lower margins structurally, let us say, 100 bps lower versus what was the strategy earlier for mature hospitals?

**Pankaj Sahni:** No, I would not necessarily agree with that, right? I mean, if you look at the margin profile, which we have in the nine-month period then the mature facilities, it is just under 24%. We have maintained for a long time and I have maintained for a long time that anything in the range of 22% to 25% is very strong performance for a system like this, especially such a big system like the ones which we have. I think that, 100, 90, 80 basis points swing here and there, especially in one period over the other is fairly insignificant. I mean, our industry, you have to look over three to four years, not nine months or even one year. And even within the nine months, the swing to me does not seem very significant.

So, I do not think there is a structural difference. There was a structural reset post-COVID, which we have talked a lot about on various calls. I think we are now in a fairly balanced way around that. I also had always maintained that I do not see this margin profile jumping up every year 30% or 300 basis points to head towards the 30% margin. I had always said that those were expectations that were being incorrectly set in the market. This number is a fairly balanced range, 22%, 23%, 24%, 25% this number is a very balanced range. You do a little bit, better, it could go up, but I do not think there is any big structural issue. Between one period or the other, you try to eke out as much efficiencies as you can. We will see this stabilize in these ranges only. I do not think they are going to change significantly.

The only thing in Medanta's case in this, how we report out is, which is a little different, just so that you are aware, is all our corporate costs are loaded in our Gurgaon unit. So, what you see as the margin of the individual units is a little bit deflated because of the corporate costs. Probably, if you took out those corporate costs and you allocated them across, you would see a slightly more balanced margin profile between all of the bigger units at least in our group.

**Naman Bagrecha:** Fair. Thanks. And just one book-keeping question. What would be our net cash position as of December?

**Yogesh Kumar Gupta:** We have a loan of about Rs.600 crores and a cash position of over Rs.1200 crores, so, net cash is about Rs.600 crores.

**Moderator:** The next question is from the line of Abin Benny from JM Financial Institutional Securities. Please go ahead.

**Abin Benny:** Hi, sir. Thank you for the opportunity. While you did allude to the kind of ARPOB growth that we can be expecting, but my question was regarding the newer clusters. While we add more complex specialties, we add on to the newer ones, what kind of dynamics do you see regarding the kind of ARPOB that can change in these specifically, if you can give some color on that dynamics?

**Pankaj Sahni:** So, I mean, I do not have a number for you, but let me just give you a little bit of perspective, right? So, one of the things the industry has been commenting on for the last couple of years or maybe, six quarters, is this entire shift to, say, robotics. Now, robotics means a higher realization, but also potentially a lower length of stay because a patient gets to go home faster. So, obviously, that has a disproportionate increase on ARPOB because your ALOS will fall and your realization will increase both. So, it is one example of something that may boost up when you look at it at a ARPOB level rather than a ARPP-level.

The second thing, as I said earlier, was that when you get into increasing work in Cancer, especially if it is Cancer work in the daycare nature like Radiation Oncology, where you may not admit the

patient or Medical Oncology where the patient just stays for one day for treatment, you will find a disproportionate growth to ARPOB, because the occupancy is not that long as opposed to, say, somebody coming in for Cardiac surgery. So, I think that these things are actually in favor of ARPOB growth because ARPOB is a derived metric.

I think if you look at it and step back towards realization, which is what the patient will actually be, I think, as I mentioned earlier, you will see a more balanced realization growth, there will be some growth towards realization because of complex work, some amount of increase in complex work across our newer units in Patna, even in Noida as that gets ramped up to some of the services, including Transplant and things like that. We are also starting to see some of this complex work coming into places like Indore with robotic surgery happening there now reasonably well. So, you will see some of this and then some of the changes of the CGHS rates, as I mentioned earlier, which happened in October, and the tariff increases will play out over, maybe the course of the next six to 12 months. So, you will see some positive trajectory towards this, but I think, again, it will be measured. I would not assume you would see 10%. I would say single digit is a fair number to be looking at.

**Abin Benny:**

Got it. Thank you. And, sir, if possible, can you give us the kind of expectations on CAPEX outlay for next year, given that majority of the expansion will be there?

**Pankaj Sahni:**

Yes, I think there was a slide, correct me if I am wrong, Yogesh, on the CAPEX plan in the presentation, slide #23 lays out the CAPEX. We have been somewhere in the Rs.1,000 crores range, I think, on next year CAPEX. So, this is Rs.3,000 crores over the next five years. Next year, maybe a bit less, actually, now that a lot of the cost goes to Noida. So, last year we had, I think, announced about a Rs.1,000 crores CAPEX in the year, out of which almost Rs.600 – Rs.700 crores was Noida. And I do not see that this FY27 CAPEX will be much lower than Rs.1,000 crores, maybe some maintenance CAPEX in the older units, some CAPEX on the margin in Noida. There will be not much CAPEX on the other units, because they are still in the digging and construction phase. So, a lot of the CAPEX in the new projects is back-ended towards maybe two, three years from now. So, next year CAPEX is probably, below Rs.500 crores would be our estimate.

**Moderator:**

The next question is from the line of Chirag Gupta from Allegro Capital. Please go ahead.

**Chirag Gupta:**

Thanks for taking my questions. I just wanted to understand why the margins in your developing facilities are higher than your mature facilities?

**Pankaj Sahni:**

So, as I mentioned I think to one of the earlier speakers, one reason, of course, is that our corporate costs are fully loaded in Gurgaon, which is part of the mature facility. The second, if you look at our historical performance, is that our Lucknow unit and our Patna units have been doing an exceptionally

good performance right through-and-through, barring one or two quarters in Lucknow. So, what we have actually seen is a good amount of growth, a good amount of operating leverage come in.

So, just to contextualize for you, Lucknow is about a six-year-old asset, Patna is about four years old now, and we have continually been adding beds to these facilities. So, what you are seeing in these facilities in addition to the strong growth in these regions, you are also seeing improvements in newer specialties getting added; just to give you an example, we have added three or four robots, including orthopedic robots in Lucknow. So, we are getting more complex work. We are adding more complex work into our facility in Patna, and you are also seeing the benefits of operating leverage kick in, depending on which year you are looking at, after a couple of years, Patna would have kicked in, Lucknow would have kicked in, plus, we would have added, I think, last year or 18-months ago, we added almost 200 additional beds, taking Lucknow from about 400, 500 to about 700 census beds. So, those beds operating leverage also kicks in after some months.

So, I think these are the three or four reasons why there is a difference between the developing and the mature. And then the last reason, although it may not be very significant in absolute terms, is that our matured units also include Indore and Ranchi, which are significantly smaller scale and have a significantly lower margin profile.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, that was last question for today. I now hand over the call to management for closing comments. Over to you, sir.

**Pankaj Sahni:** Thank you, everyone, for your questions and for joining us today. Please feel free to reach out to our investor relations team in case you have any questions that remain unanswered. Thank you once again, and we look forward to speaking with you all soon.

**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 lines.

Notes:

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