Date of submission: June 02, 2025

To, The Secretary Listing Department **BSE Limited** Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 **Scrip Code –539551(EQ), 975516 & 976418**	To, The Secretary Listing Department **National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex Mumbai – 400 051 **Scrip Code- NH**

Dear Sir / Madam,

Sub: Transcript of Earnings Call for the quarter and financial year ended March 31, 2025

Further to our earlier letter dated Tuesday, May 27, 2025 in relation to uploading the Audio Recording of the Earnings Call of the Company held on Tuesday, May 27, 2025 for the quarter and financial year ended March 31, 2025, please find attached the transcript of the said Earnings Call.

We wish to inform you that the Earnings Call transcript is also available on the website of the Company at https://www.narayanahealth.org/stakeholder-relations/earnings-call-audio-and-transcripts.

This is for your information and records.

Thanking you

Yours faithfully
For **Narayana Hrudayalaya Limited**

SESHIAH SRIDHAR
Digitally signed by SESHIAH SRIDHAR
Date: 2025.06.02 17:29:05 +05'30'

Sridhar S.
Group Company Secretary, Legal & Compliance Officer

Encl: as above

"Narayana Hrudayalaya Limited
Q4 FY25 Earnings Conference Call"

May 27, 2025

NH MANAGEMENT TEAM:

MR. VIREN SHETTY – VICE CHAIRMAN

DR. EMMANUEL RUPERT – CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

MS. SANDHYA J – GROUP CHIEF FINANCIAL OFFICER

MR. R. VENKATESH – GROUP CHIEF OPERATING OFFICER

DR. ANESH SHETTY – MANAGING DIRECTOR, OVERSEAS SUBSIDIARY HCCI

MR. RAVI VISHWANATH – CHIEF EXECUTIVE OFFICER, NHIC

MR. NISHANT SINGH – VICE PRESIDENT, FINANCE, MERGERS & ACQUISITIONS & INVESTOR RELATIONS

MR. VIVEK AGARWAL, SENIOR MANAGER, FINANCE & INVESTOR RELATIONS

TRANSCRIPT

Nishant Singh: Good afternoon, everyone. My name is Nishant Singh and I welcome you all to the Q4 FY25 Earnings Call for the company. To discuss our performance and address all your queries today, we also have with us Mr. Viren Shetty - Vice Chairman, Dr. Emmanuel Rupert - CEO and MD, Mrs. Sandhya Jayaraman - Group CFO, Mr. Venkatesh - Group COO, Dr. Anesh Shetty - MD of our Overseas Subsidiary, HCCI, Mr. Ravi Vishwanath – CEO, NHIC and Vivek - Senior Manager in the IR function.

Before we proceed with this call, we would like to remind everyone that the call is being recorded and the transcript of the same shall be made available on our website as well as on the stock exchange later. We would also like to remind you that everything that is being said on this call that reflects any outlook for the future or which can be construed as a forward-looking statement, must be viewed in conjunction with the uncertainties and the risks that they face.

With that now, we would like to start the Q&A session. I request everyone to now use the 'raise hand' feature to start posing their questions. Yes, Prithvi, please go ahead.

Prithvi: Thanks, Nishant. The first couple of questions are on Cayman business. If you look at the extent of growth, that has suppressed quite positively in this quarter. So Anesh, could you provide some color on which are the departments that are doing quite well? You know, how is the reception from the residents there? Also, just a follow-up on this, is it fair to assume that $45 million will now be the new base for Cayman business going forward?

Anesh Shetty: Yeah, thanks, Prithvi, for the question. So, to the first part of your question, the hospital has been received very, very well. We've been very surprised with the response from patients. As you can see in the results, what we expected to take much, much longer, has happened in the first quarter itself. In terms of the new departments that you asked about, we have the urgent care and emergency, which is the trauma centre. We started obstetrics and gynecology, essentially women's health, women and children, because we have pediatrics and neonatal care as well. So, those started towards the end of the quarter. These are the few new departments. But more importantly, for all our departments, we're available now in a more premium and a more convenient location. So, that helps as well.

To the second part of your question about the revenue run rate being a base, you know, there will always be some fluctuations here and there, but I think that this is a good assumption to make, that this will be here in terms of a sustainable revenue. There will always be some quarters where things may fluctuate up and down, which is the case in Cayman, given the low volumes. But this is a good, good starting point. Yeah, we don't see it going below this significantly for a sustained period of time for any reason.

Prithvi: Got it. Moving on to the Cayman margins, again, you have done exceptionally well with respect to margins, again, coming back to 45%. Given that there is still scope for utilization or occupancies to further ramp up in Cayman, can we expect margins to slightly inch higher, or do you want to retain margins at these levels and focus on volumes?

Anesh Shetty: So, definitely beyond the point where we are, it doesn't make much sense to focus on improving margins at the expense of not tapping into a bigger revenue base. So, we're happy with where we are. It's a good place to be. The goal now would be revenue growth. And, it would be very hard to cross this level in terms of margins, and it wouldn't make sense, long term sense, quite frankly.

Prithvi: Moving on to the India business, Viren, this question is on the insurance and the clinic losses. I think for the last few quarters, the incremental margins that the hospitals are making in India, that's getting offset by the higher losses in clinic and insurance business. I just wanted to get a colour from you, how are we looking at this from a long term? I mean, are we at the peak losses, or do you think the losses can further extend going forward?

Sandhya J: Hi Prithvi, I will take this. For FY25, like you said, INR 65 crores is the loss which we have, cash burn that we have taken in Integrated care. This is a business that has… every time we are adding a new clinic or we are adding a new city, we will have initial costs that we will have to incur, and therefore, we will have a cash burn scenario. And as we complete a certain time frame, like for clinics, it's 18 to 24 months, we break even and then we move on to the next cohort. So given that we have a certain expansion plan in terms of the clinic portfolio in the current year, there will be some amount of growth that you will see in the losses. So, it won't stagnate at this level, the losses will grow. But on an overall basis, over a time frame of 3 to 4 years, we have a certain number with which we are working as an investment in this business, and we will be very careful that we are able to stay within that broad investment horizon we have set for ourselves.

Prithvi: Is it possible to share that number? I mean the investments with respect to clinics and insurance?

Sandhya J: Around 400 crores, Prithvi.

Prithvi: Both put together, right?

Sandhya J: Both put together, yes.

Prithvi: Okay. Thanks, that's all from my side.

Nishant Singh: Can we please have the next question? Anybody with any questions? Yes, Deekshant, please go ahead.

Deekshant: Hi, congratulations on good numbers here. So, the first question is really on, till the time that we are seeing our greenfield expansion starting place and kicking in, what kind of growth can we expect before that?

Sandhya J: Yeah, hi, Deekshant. We will sustain growth through throughput. Like you've seen in the past several years, we have not added any capacity, but we've been able to deliver a sustained growth momentum driven by our throughput initiatives. So, we will continue to do that without giving any forward guidance. I think we aspire to be the way we've been in the past few years.

Deekshant: Yes, ma'am. So last few years we have been growing around 10%. Are we going to grow higher than 10% till FY27 or are we going to grow at 10%?

Sandhya J: That would tantamount to a forward guidance, Deekshant, so we would refrain from that. But we are definitely aspiring to grow in line with market on an organic basis, and also in line with what we have done in the past.

Deekshant: Sure, ma'am. Second question is on our insurance business. I see it in the presentation giving some basic numbers, but can you share how our patients are reacting to our product portfolio right now? And what kind of throughput are we seeing in our hospitals right now?

Nishant Singh: I request Mr. Ravi to take this question.

Ravi Vishwanath: Sure. Thanks for the question. So yeah, I mean, I think customers have been responding very positively to what we've been doing with insurance. We've had one product earlier, and then in the last quarter we also launched another product, which is called Arya. And we are currently providing insurance in, or as of last quarter, we were providing insurance in Bangalore and in Mysore. We've got about 4,000 lives that have been covered by insurance

so far. And as you may recall, we are taking a very differentiated strategy when it comes to insurance. So very high-quality underwriting and risk management, which is quite different from the way the market approaches this.

Our focus is on providing exceptional experience at time of claim, which we're able to do, one, because of the underwriting and also because we have a narrow network. The claims experience that we've had, we've got feedback from customers. You can check our website, there are videos there of customer feedback, which has been very, very positive. We do have a direct distribution model. And so, we are building on that and our focus now… We've been in market for about six months and our focus now is on building our distribution going forward.

So very happy with the processes that we put in, the systems we put in, the early response from the customers. And our focus now is to build distribution and take the message of Aditi and Arya to more and more people.

Deekshant: Thank you, sir, for the explanation. So, at 4,000, I think we have reached enough of trial and error for ourselves to have a go-to-risk model route. The question really is, what are we waiting for before we push the accelerator?

Ravi Vishwanath: I think the things that we needed to put in place, we have put in place. And as I said, we're now in the process of building distribution capability and capacity and accelerate our growth.

Deekshant: So you're saying that we would start pushing the accelerator now?

Ravi Vishwanath: That's our aspiration. In this quarter, we have expanded to Kolkata. We will also be expanding to Raipur. So we'll be opening more markets as well. We're also building our direct distribution capabilities. We're building out our data-driven marketing capabilities. We're also looking at other opportunities and areas for growth. And so that's been our focus. As you know, getting the processes and systems right is absolutely critical. I think we've done that, we put those things in place. So now our focus is on growth.

Deekshant: Sir, one last question on the insurance front. At what number of lives can we say that we are approaching breakeven?

Ravi Vishwanath: That really depends on a number of things. I think it'll be maybe a little bit early to answer that, primarily because our approach to market is so radically different from what everybody else is doing, right? So the way that our book will develop, I think is going to be very different from the way a normal insurance book develops, because of the underwriting that we're

doing, because of the broader terms and conditions that we have in our policy compared to others, because of the network strategy that we have and the distribution strategy that we have. So I think it's a little bit early to kind of give a number on that. The point though is that, we are focused on building a book where the quality of risk management is very high, and there is superlative focus on the customer experience, especially at time of claim. I think those are two big pain points, one from the customer side and second from the industry side, that industry generally is looking at right now in terms of risk and customer experience. And those are the things that we are kind of totally focused on.

Dikshant: Got it, sir. Thank you so much. I'll join back in the queue.

Nishant Singh: Yes, Ridhi, please go ahead.

Ridhi: Hi. So, I had two questions. One is regarding bed capacity. If we see from FY23 till this financial year, the bed capacity has been decreasing in India. It decreased by around 398 beds in FY23, in FY24 by 112 beds, and this year also 160 beds. What is exactly the reason for that?

Nishant Singh: See, this quarter the reason is, we have changed our contract in the Jammu region, Katra region, so that's why the number of beds has come down by 370 odd beds. And for the other quarters, we have discussed that we did not continue few of our partnerships, Bellary and other locations before. But this quarter the reason is that the large number in overall reduction is coming from the Jammu beds.

Ridhi: Okay, so part of the reason even the hospital, when you say owned hospital, it has decreased by one hospital.

Sandhya J: Some reorganization we have done in terms of general ward capacity being upgraded to private and semi-private. We have been doing it over a period of time across our large hospitals. So, it's not a big number, but there is some amount of reduction that has come because of the reorganization also.

Ridhi: Okay, so this reorganization, restructuring will happen… like any particular year till when this restructuring is going to happen?

Sandhya J: It's an ongoing process, but I think it will be a very small impact on the overall numbers. And if at all, it will only give a positive benefit to the ARPP, as well as to the financial position. It will be a small impact.

Ridhi: Okay, I think that's about it. Thank you.

Nishant Singh: Rajit, can we please have your question?

Rajit: Yeah, good afternoon, sir and congratulations on a good set of results. Just following up from previous participant's question on insurance, do you have any number for the year as to on the number of cities that you plan to launch insurance in, or the number of lives to be covered for FY26?

Nishant Singh: Ravi, if you can please respond to that question.

Ravi Vishwanath: Sure, I mean, I'll answer in terms of the cities. As I said earlier, we are expanding to Kolkata, Raipur, and also Shimoga. That's our immediate plan for now. And, there are obviously a number of other markets that we're very interested in, where NH also has a strong presence, and we're exploring those markets as well.

In terms of a number while, of course, we have internal targets, we think it's a bit early to share those publicly at the moment. So, it's too soon to do that. But we are looking at expansion, certainly in the locations that I mentioned, and we're constantly looking at other markets where it would make sense and where the market dynamics are appropriate for us.

Rajit: All right. Thank you, sir. And the question is on an announcement recently regarding opening up of chemotherapy centers. Is it possible to share further details on the same? As in on the typical size of a center, what kind of revenues we're expecting? Something on those lines.

Viren Shetty: Yeah, just request the rest of the participants to keep their microphones on mute. Thank you. So, the announcement was relating to an investment we've made along with the venture funded startup called 2070 Health. The idea is for us to create a series of retail chemotherapy centers across the country. So, we will be contributing half the capital, investors will be contributing the other half. Our idea is to create chemotherapy centers outside the hospital in retail locations in the areas of the city where there's great demand, by partnering with doctors and partnering with real estate people who provide the space. The size we're not yet finalized our first centers coming up in Gurgaon. This is about a 5,000 sq. ft. space. We're not yet sure if this is too big or too small. But based on the first model, we will try and see if we can come up with a scalable model around this.

Rajit: Right. Thank you, sir. And when will this first center be coming up?

Viren Shetty: By this week, we'll start seeing patients and there will be a soft launch. It will officially start in a big way in about a month's time.

Rajit: Okay. Thank you, sir. Thanks a lot.

Nishant Singh: Thanks, Rajit. Deekshant and Ridhi, you have more questions to ask? You're still showing the raise hand.

Deekshant: So, sir, you have mentioned that we are looking at organic ways of growing. And without giving any forward guidance, would you just say that, what is the input that we are looking at? What are the growth drivers for us for this organic growth? And also, how are things progressing in the Mumbai facility right now?

Sandhya J: So, from an organic growth point of view, I guess it is the same that we have explained earlier, which is, improved throughput, higher order procedures, better payer mix, better bed mix, being able to continue to keep providing higher order care, and also integrated care is helping.

As far as Mumbai is concerned, we are continuing to be in that near break-even kind of situation. We aren't losing money, but we aren't really adding financially. We've already explained this journey earlier. It is a long journey for us in terms of recovery, and we are working with the Trust in terms of levers that can enable us to expedite that. But those discussions are in various stages. And so, when we have greater detail to update, we will share with you.

Deekshant: Have we started our operations, we were just pediatric care in Mumbai, and we were waiting at serving also the adults. Have we started with those operations yet?

Sandhya J: No, we don't have approval for adult yet. And we are working with the Trust in terms of the same. That was the thing I was referring to as we are having some conversations. It will take some time. It is a work in progress.

Deekshant: Ma'am, last question is on Bangalore, Kolkata and the Southern peripheral still are a good percentage of our overall revenue. Of course, North is as well. But out of these three, where are we seeing the most amount of satisfied customer who are giving word of mouth? What kind of… where are we really concentrated right now where word of mouth is improving for our brand?

Sandhya J: If you look at our overall Google rating across the country, it is one of the highest, hovering between 4.8 and 4.9 across all our facilities. So, from a customer satisfaction point of view, both in terms of value for money as well as the quality of care, I think we are able to provide that impact to our customers across the country, not necessarily in the flagships. Of course, because of the high throughput in the flagships and the level of sophistication and complex

work that happens, therefore, the word of mouth for higher order work that we do in the flagships is also more prominent.

For example, we do the largest number of robotic cardiac procedures in the country and it is done largely in our flagship location in Bangalore. We again do the largest number of pediatric bone marrow transplants in the country; a lot of it is performed from our flagship locations. So, in terms of word of mouth, we have a very high recall, both in terms of the quality of service we provide for basic care, but also in terms of the high-end capabilities that we have in our large units. Does that answer your question, Deekshant?

Deekshant: Yes, ma'am, it does. Just what kind of pricing differentiation are we offering with the higher quality of service that, of course, we have been offering, that's how we are getting such good reviews. But ma'am, what kind of pricing differential is really driving sustained growth for us? Are we higher than the market?

Nishant Singh: I am requesting Mr. Venkatesh to take up this question, please.

R. Venkatesh: Obviously, when we are looking at… if you have seen the performance across, we have been doing well, we have been growing reasonably well and more on our domestic throughputs, domestic volumes.

When it comes to pricing, pure price increase is very low single-digit numbers, just to cover up the inflations. But when it comes to our differentiation between a ward to a semi-private and private, what we have done is, because of the recent transformation programs which we have done in the major units i.e. the flagship units, we have tried to do more of private, semi-private beds from the general ward beds, and we've realized that the patients are actually preferring more of these private beds than general ward beds, which has actually been a contributor to our margins.

But when it comes to pricing as compared to market, we would be at least 5 to 10% lower. I won't be able to indicate exact numbers, but in terms of numbers, will be slightly lower than the market in terms of pricing. But we focus more on the service and the outcome and the quality of outcomes to improve on our end product and reputation in the market.

Deekshant: Do I have permission to ask one last question? Sir, while we are now going on this Capex spend, and of course we are going phase-wise, of course, we will need the doctors, we will need the nurses, we will need the support staff. So, how do we expect that once we have hit

this sort of new openings, what kind of way can we integrate our staff overall, so that we are up and running on time and also providing the superior care at affordable prices?

Nishant Singh: I request Dr. Rupert to take this question, please.

Dr. Emmanuel Rupert: Yeah. So, our expansion is mainly in Bangalore cluster and the Kolkata cluster. And so, if we look into that, we already have a large base of clinical staff. As far as nursing is concerned, we do run two large nursing schools, and we constantly incorporate them once they finish the training into our own system. So, as the number of seats keep going up year-by-year, we will have a large volume of people whom we can deploy into our new centers, knowing our cultures and knowing the way of functioning and the clinical governance and other structures which we have put into place.

Similarly, we have the largest doctor training programs in the private sector in the country. We have almost 800 postgraduates in training across the network, predominantly in Bangalore and Kolkata cluster, and we have cross movements of these trained manpower across our entire structures. So, we are already well on our way to have a clinical manpower planning for all the centers right away. We will be identifying key staff, not only for the middle and the senior level, but also for the other support structures across all the hospitals that we are planning to start. So, we have a very clear plan in place, and we will be able to execute it to the best of our ability.

Deekshant: Thank you so much. I really appreciate your detailed answers.

Nishant Singh: Yeah, Rajit, you have any question? We'll please move to Pratik. Sorry. Yes, Rajit.

Rajit: Okay, sorry. I'll just go ahead with a follow up question regarding the chemotherapy centers. In terms of services to be offered, will there be pure chemotherapy centers as of now, or do you plan to extend surgery or any other diagnostic services, etc as well?

Viren Shetty: For now, it will just be providing daycare chemotherapy in a retail setting. But going forward, if we find a good opportunity to get into the entire spectrum of onco services, onco surgery later and radiation therapy last. But for right now, the focus is on chemotherapy.

Rajit: Okay, thank you. Thanks.

Nishant Singh: We'll take one question from the chat. This is for Viren. The question is, Viren, can we say the success of Camana Bay in Cayman serves as an indicative benchmark for NH's footprint at Africa?

Viren Shetty: No, we're not looking at Africa at this point. Camana Bay is a development in the Cayman Islands. The fundamentals are very different. Cayman Islands is a first world country, serving a primarily Western clientele. We did try to set up a joint venture in Africa with IFC and Abraaj Capital a long time back, but we were not able to conclude that successfully. The operating challenges of working in other developing countries are very unique, and even different parts of India offer different challenges.

For our overseas expansion, we would focus a lot more on Caribbean-like geographies, which are smaller overseas territories with very stable currencies, developed economies, very large insurance penetration, a stable rule of law, and an ability for us to run something that operates with a great amount of benefit for our low-cost operating model.

Nishant Singh: Pratik, please go ahead with the question.

Pratik: Sir, can you tell me just the reason behind the increase in working capital days, which in March '24, it was in negative, -9. And in March 2025, it is 66 days. So can you just tell me the reason behind that?

Sandhya J: Yeah, Pratik, it wasn't negative in March '24, but yes, the working capital days has gone up for us. The reason being that we have a certain exposure to government payors, as you are aware, 19 to 20% of our revenue comes from government payors. And in the March quarter, typically, we get settlement from government payers. But there was a slowness in the payout, mainly payers like ECHS and RGHS, and that kind of impacted the DSO for the quarter. And hence, we ended up at a slightly higher number than what we usually finish at.

Pratik: Yeah, ma'am, any future guideline for FY26, for the top line?

Sandhya J: From a payor mix point of view?

Pratik: No, no, an overall business point of view, the sales side, revenue side.

Sandhya J: Okay, we answered that question earlier, given that we are not having any capacity addition.

Pratik: I wasn't there in the meeting then.

Sandhya J: Yes, Pratik, given that we are not having any capacity addition coming up, so our growth will be organic. And we aspire to be able to deliver the kind of growth we've delivered in the past, without giving any forward-looking statement.

Pratik: Ma'am, any guidance on Capex?

Sandhya J: Yes, we have put out our Capex number as part of our Investor Presentation that we have uploaded. For the FY26, there are two parts to the Capex, one is the regular capex that we incur, which is about INR 300 crores, which is on replacement, maintenance and new capacities that we are creating inside our existing facility. And of course, we have also indicated investment in greenfield and brownfield capacity. So, that is approximately INR 450 crores that we will spend in these new capacities. That also depends on the progress of the construction. So, there will be little variability to that. But the money we will spend; it may move a quarter or so.

Pratik: So ma'am, the fund which you are getting for then capex, it's all coming from debt or we are getting also from the cash flow of our own… from the market… from the capital? Or, we are getting from all from debt?

Sandhya J: Yes, so some part of the capex is funded by own capital because banks have a certain own contribution threshold. Beyond that, we are raising debt, and we are funding capex through debt only.

Pratik: So, in future, we are still having a mindset of getting more debt, or we are into the phase that we are reducing the debt in the coming future?

Sandhya J: At the moment, our debt to equity is 0.15. So we have a huge headspace in terms of our ability to borrow. So, we will leverage that headspace at least as of now for the growth.

Pratik: Okay, thank you, ma'am.

Nishant Singh: There's one question on the chat, which is for Anesh. Are you looking at any other overseas expansion now since your model is working in Cayman?

Anesh Shetty: We have been looking at several markets for a while. In fact, we made an initial small investment in the Bahamas a few quarters ago. Nothing significant, nothing to report at this moment, but we have been looking for some time.

Nishant Singh: Pratik, if you are done with the questions, can we move to Vinay? Vinay, please go ahead.

Vinay: Yeah, thank you. Just a couple of things. In your ICU occupied bed days, it has moved from 346,000 in FY23 to 368,000 to 372,000 in FY25. Can I know what is the occupancy? What are the total number of available bed days?

Sandhya J: Our occupancy normally ranges between 60 to 65%. You're asking for ICU occupancy?

Vinay: Yes.

Viren Shetty: No ICU bed days. ICU occupancy is not a useful measure.

Vinay: The reason I'm asking you this is if I look at your patient footfalls in out-patients, rather in-patients, it has moved from 229 to 216 to 220 in three years. So it's hardly any great movement in terms of number of thousands. Your average length of stay is also stagnating at 4.5. So, the growth is coming primarily from what do you call, new methods or whatever, whichever new ideas that you're bringing in. How do you increase your footfalls to drive those sales further? Otherwise, it will be stagnating at this 10% growth rate, right? Is there any problem in getting higher footfalls?

Viren Shetty: So, there are capacity constraints. A lot of the hospitals are fairly mature. And we are also going through a lot of the retrofitting of the existing infrastructure to move out certain beds and add in different quality of beds and adding new ICUs. So, you are right, until we add new greenfield capacity, you are not seeing any dramatic jumps in the volumes. The existing hospitals can take more patients. It's that we are prioritizing certain payor classes that allow the hospital to have a healthy sort of revenue growth without overburdening the system with receivable days and working capital issues. So, what we are doing is taking a judicious mix between some amount of growth, some amount of payer changes, as well as renovating the existing hospital to reduce the beds and add in private, semi-private rooms, ICUs and OTs.

Vinay: Yeah, I just wanted to check on, how do I read this 'ICU occupied bed days' number? I mean, how does it relate?

Dr. Emmanuel Rupert: See, the bed days is just a calculation of the occupancy of that particular number of patients they spend in the ICUs. And because we do… you know, as science is progressing, the lesser you keep the patients in the ICUs, the better it is from capturing… I mean, from the patient acquiring some hospital-born infections and few other things. So, we constantly keep working on that as well. So, it may not be exactly an ideal way for you to look at it, but we can connect with you outside this call to explain if you need further explanation.

Vinay: Thank you very much. Thanks a lot.

Nishant Singh: Yeah, Abhishek, can we have a question, please?

Abhishek: Yeah, thank you for the opportunity and congratulations on another quarter of excellent execution. My question is around the capex guidance on the India business. Now, for the next three years, we are going to be adding a significant amount of capacity, and the total project cost that you have given to us is roughly around INR 2,800 to 3,000 crores. For FY26, the projected spend is around INR 425 crores. And if we look at in conjunction with the fact that even last year, our actual expenditure was INR 400 crore lesser than what we had initially planned, this capex number for FY26 seems to be a bit on the lower side. So just wanted to know what the reasons for this could be, and if those capex spends are going to be back-ended towards FY27 and FY28.

Nishant Singh: So, these capex numbers, it's very difficult to match with exact projections because these projects, they take a lot of time. And even the selection of projects is also subject to our diligence process, which also takes a lot of time. So, because of this, some of the numbers may get pushed to the next year. So, whatever we had indicated previously for FY25, we may be a bit short, but all of that may come up in this FY26.

So, the capex number which you see here, is the actual cost which will incur on the committed projects. So, these are just the numbers for the ones which are already in the pipeline and which have been committed and signed up. So, these numbers may vary depending on that. If we get some more opportunities, which we think is going to add value to us, we will take up those projects. And we are adequately capitalized to take up anything which interests us in the future.

So, there'll be a bit of variance. There may be a bit of a delay in terms of closing a project because it involves a lot of diligence processes. But we will probably stick to this number, especially for the committed ones. And whatever new comes, we adequately have enough cash in the bank balance to take up new projects as and when they comes.

Abhishek: Understood. Thanks for the clarification. Just if I could ask one more follow up to that. So, this year we generated around INR 1,000 crores from our operations. So, if there's any construction delay or there are delays to this project, that gives more time for our existing business to generate more cash. So, do you think in that sense, our target net debt to equity or net debt to EBITDA levels, the target levels might come a bit down if our existing business gets more time to generate more cash for these projects?

Viren Shetty: It will, unless we find something else to build.

Abhishek: Sure. Sure. Makes sense. Thank you and all the best.

Nishant Singh: Thanks, Abhishek. Rishit, can we have your question, please?

Rishit: Yeah, hi. Congratulations for the great set. Two questions of mine. First on the capex, again, continuing what the participant asked. This year, we have a guidance of around INR 400 to 450 crores, excluding the replacement. Out of which, how much are we planning to raise the debt? Because currently on the long-term side, we are already at a INR 2,000 crore mark on a gross level. So how much do we plan to scale it up in this year?

Nishant Singh: See, the gross debt is obviously above INR 2,000 crores. But if you look at the cash, we also have a very large cash corpus sitting in the balance sheet of around INR 1,600 crores. So, our net debt levels compared to EBITDA is still very small.

So, your other question of how much capex borrowing will take from the planned capex for next year? It should be around 60% of the overall numbers.

Rishit: 60% includes the replacement cost as well? So total?

Nishant Singh: Yeah. So, see, what we actually do is that for the project financefor the new projects, we are committed in terms of the project finance. So that would be 80%. But for the regular maintenance capex, we do maybe around 50%. So, the net average would be around 60 to 65% of the entire spend.

Rishit: Understood. And sir, we have a lot of cash parked in our investment as well as in current books. So, on a consistent basis, we are getting a yield of around INR 24 to 25 crores of other income. If possible, can you give a split of the other income quarterly?

Viren Shetty; Just give us a second. Yeah, we will just….

Sandhya J: Mostly our other income comes from the interest that we earn on the cash that we are holding. In addition to that, some accounting entries get passed by auditors, certain items get reclassed as ‘other income’. But broadly, it is coming from the interest line item.

Rishit: Okay, just last question on the taxability.

Sandhya J: Pardon me, Rishit, can you repeat your question?

Rishit: Yeah, the last question on the taxability part. So, Cayman giving us the advantage and now scaling up of Cayman, can we assume this 16% to be a sustainable tax rate for next two years or we might go higher with the new India business coming up?

Sandhya J: Yes, for FY26, yes, 15 to 16% looks like a reasonable assumption to me on tax. FY27 is a little difficult to commit at the moment. We'll have to see how the business context evolves at that time. But you can work in this range.

Rishit: Okay, understood, ma'am. Thank you and all the best.

Nishant Singh: Thanks. Gagan, can we have your question, please?

Gagan: Yes, good afternoon. So, the first question is for the tax rate effective for the 4th Quarter. Year on year, there is a substantial increase in the tax rate for Q4. Any explanations on that?

Sandhya J: Yeah, Gagan, actually, we received dividend from Cayman. The dividend gets a tax shield when it gets paid out to the Indian shareholders, for which we need the approval of the shareholders. So that will come only in Q2 of FY26. So therefore, we had that timing difference where we had to do the deferred tax hit for the dividend we have received, which we will reverse in Q2.

Gagan: Okay. And if I look at your India business EBITDA margins, Q3 to Q4 is a good jump. Can you explain what went into that improvement? And also, is the Q4 number sustainable?

Sandhya J: So for maybe what went into the improvement of the EBITDA margins, I will request Venkatesh to comment.

R. Venkatesh: You are talking about the current quarter vis-a-vis the previous quarter?

Gagan: Yeah, the improvement in India business EBITDA margins from 3rd Quarter to 4th Quarter.

R. Venkatesh: So, one is, if you look at the quarter-on-quarter, we have had improvements on the manpower costs by around 2% and also improvement in the other expenses by 1% on an overall. But more importantly, over and above the cost discipline, if you also look at the realization, there are increased realizations if you look from the previous quarter to the current quarter, which I've already said earlier. These come from patients preferring higher bed categories in semi-private and private, which also results in higher realization on a similar cost structure, which as a combination with cost discipline, has helped us for Q4 as compared to Q3.

Gagan: My confusion is that, on the one hand, you were pointing out that you're basically upgrading general wards to semi-private and private wards, and which obviously means that your average realization will push up because of that. But then at the same time, it would favorably

impact your working capital. But your working capital is deteriorated. So how does one reconcile these two?

Sandhya J: So, the working capital deterioration is a temporary phenomenon because of certain payors who excessively delayed the payouts. Also, if you see from a payor mix point of view, we are making more conscious choices even within the scheme business, to be able to pick up volumes which are more accretive in terms of realizations. So that is the reflection of that you are able to see.

So overall percentage of schemes have not significantly changed. They have hovered between the 19 to 20% range, but we have been able to improve the overall ARPP because of that. So, working capital impact on schemes will be there. It depends on the cash flow for these payers and the ups and downs will be there.

The positive part of this is that the money will come. The only impact is that sometimes it gets delayed.

R. Venkatesh: Yeah, and just add one more to this, which is if you look at the schemes, of course, it has gone down a bit from 19.5% to 19%. And that has primarily happened only because of a slight increase there in northern region and some part of the eastern peripherals. But when it comes to flagships, because of the transformation programs, there is not much of intake of scheme at all.

And as Sandhya said, I am just adding more to it. Even though the numbers have gone a bit high in the northern and certain part of the eastern peripherals, our choice in schemes is reflecting more on effective realization and good payor capabilities in the scheme. So, even though there was a little bit of an increase in the working capital, we are sure that this will remain, but we'll be in a position to regulate this in the quarters to come.

Gagan: I mean, if I simply try to reason this out, given that it is a continuous process of reducing general wards and increasing more share of the semi-private and private wards, there is a natural increase in ASP. Three hospitals, I think Mumbai, Gurugram are on an improving trajectory. Perhaps you could elaborate further on that. It would seem that the India margin should further improve. Is that a reasonable surmise or am I wrong there?

Viren Shetty: No, no, you're right. And, it should.

Gagan: Yeah. Okay. And if I look further into the breakdown of your India sales growth, while overall reported is what, 10-11. But if I knock out the international patients, I think your presentation

indicates a 14-15% growth for the India business on a standalone basis, without the international patients. And the international patient flow's revenue contribution in Q4 sort of bottomed out to INR 40 crores, if I got it correctly. Are we therefore, looking at a 15-16% India growth ex of international patient flow to maintain, going ahead? And for the international, are we looking at stabilizing at Q4 level, or do you see further deterioration there?

Viren Shetty: We hit 14% India growth, but then Venkatesh will have to just move into the hospital. We never get to see his wife and children again.

Gagan: No, I am simply taking a cue from your statement, that you can maintain the past growth rates and therefore, the question.

Sandhya J: Gagan, we don't want to give a forward-looking guidance, but we aspire to maintain our past growth rates. So, we'll try to do our best. As far as international is concerned, it has not bottomed out yet. I think we will go down to zero eventually. It's just a matter of time.

Gagan: Okay. And does that have any bearing on your margins?

Sandhya J: It has a slightly positive impact on the margins because it is a low realization book for us. So, some of the improvement you have seen in the ARPP, that's also been because of the reduction in the international revenue and increase in the domestic revenue.

Gagan: Right. And if I look at the India OP and IP volume, very marginal growth, and yet your revenue growth is double digit, right? Which basically means that almost entirely it's coming from an increase in realization per patient or per bed, whichever way you look at it. Is it possible to sustain this kind of realization growth further? Because, I am presuming you have a capacity constraint, and therefore, OP and IP volumes may not really substantially move.

Sandhya J: Actually, just one second.

Dr. Emmanuel Rupert: Yeah. So constantly, the idea is to keep coming up with new procedures, like we have mentioned in some of the data we gave you. A lot of our procedures are moving to minimal access cardiac surgery and robotic cardiac surgery, wherever it's indicated. And we have seen that a lot of people are taking that up. This is just an example of some of the things which we are moving towards - more and more of minimal invasive and shorter and enhanced recovery program for many of the procedures and things like that. So, by doing these things, we feel that the complexities of the work will constantly keep moving up the chain and we will be able to sustain what we have been able to do.

Viren Shetty: It's harder to do. It takes longer than simply just raising the prices year on year. But that's the path that we choose.

Sandhya J: One more point I want to add, Gagan, here is that we have had a huge volume dip in Bangladesh, and we have compensated it with domestic volumes. But the domestic realization is higher than the Bangladesh realization. So that mixed effect is playing out.

Gagan: How much of an impact would that have had on the average realization per patient?

Sandhya J: We have not quantified it at that level, Gagan. But you have the revenue dip numbers available with you and you can take an assumption on a lower realization, closer to schemes kind of realization. So, you will be able to calculate.

Gagan: Okay. I have a few more questions. Should I get back in the queue or would it be okay if I go ahead with it?

Viren Shetty: Yeah, finish it off.

Gagan: Okay. And for the year closing FY25, your discharges in Bangalore and eastern periphery have come down, actually. Any particular reason there?

R. Venkatesh: For eastern peripheries, it's not going to be a major number. Certain flows in this region is impacted due to local dynamics and local development. So, this is going to be kind of a very temporary phase, which will recover soon. And of course, payor mix optimization is something which we are always looking at. That's also a contributor. But then this is a temporary phenomenon in eastern periphery. It gets recovered.

When it comes to our flagships, and majorly in Bangalore and Calcutta, we have seen that more than 60% dip is there in international patient volume. But in spite of that, we've been able to sustain a growth of 11%, only because the domestic has gone up by 15% to 16%. You can see the numbers from the last year, Q4, to what we have done in this year, Q3. There have been an increase in numbers. But on a broader scale, we are not only trying to drive volumes, as we discussed, but also focused on controlling the realization, which is apparent in our strong domestic revenue growth.

And when it comes to schemes, we are also targeting schemes, as I'm saying, which are more selective in terms of higher realization and better payment history. So in spite of this dip, because of a good performance on the domestic front, we have been able to sustain to a

growth of 11% on the whole when it comes to a quarter-on-quarter or on a year-on-year basis.

Gagan: Okay. One question on Cayman. I mean, you talked of margins in Cayman have sort of reached a peak level. Is it possible to understand, one, the occupancy levels in your new hospital? Because in principle, I would have thought there would be a ramp up in occupancies, which would create operating leverage of some sort. And in the past, when you were on the verge of commissioning the hospital, you indicated that it might actually divert some patient flow from your existing Cayman facility to the new one. So, has that been the case, or has the response been strong enough for the existing facility also to sort of hold on to its business?

Anesh Shetty: Yeah, Gagan, we don't run the two hospitals as a separate units. So, it's the same doctors, it's the same services with a few exceptions. It's just a different campus of the same hospital. So, for example, the same doctor would see an outpatient on Monday in one facility, do the procedure on Tuesday in the old hospital, and back on Wednesday for something else, you know. So, it's not really… you can't think of it as moving volume of business from one hospital to another. It's just one unit with two campuses or two buildings.

To the second part of your question around operating leverage. It is a new building, a new infrastructure. So essentially, the operating leverage we were getting in the old hospital, now that we have a new building, it essentially gets reset pretty much to zero, because we have to cover all our fixed costs of the new hospital, which we have done now, and been able to restore margins to where they are. So, the reason… if I can guess, your question was as to why we didn't go higher than where we were before? It's because we have to cover an entire new building's fixed costs, which we've done now. I hope that answers the question. Yeah, please go ahead.

Gagan: Just a clarification there. Are you therefore indicating that the occupancy levels in the new hospital are optimized?

Anesh Shetty: What do you mean by optimized? Sorry.

Gagan: I'm basically saying that, if the sustainable occupancy, whatever be the number, you have already attained it?

Anesh Shetty: No, between the old hospital and the new hospital, we believe we have room to grow and we have capacity to grow into it as well. So, we're not capacity constrained and there is an opportunity to grow into it. It will take some time. Our first big leap happened when we

opened the hospital, because it's a new campus, a new pool of patients and new services. And going forward, we will gradually cover up a few gaps that we have.

Gagan: And, while you can plan the itinerary of a doctor for a certain surgical procedure and for his OPD, but on a regular OPD volume basis, you will need to have certain set of doctors dedicatedly operating in each of these hospitals, right? You can't have all your doctors circulating between the two hospitals, which are quite a distance apart, from what I understand.

Anesh Shetty: That is correct. So, all appointment, I mean, all OPD consultations are by appointment unless it's a semi-emergency, which is called urgent care or actual emergency. So those are walk-in, but everything else is by appointment. So, every doctor has their schedule decided as to which day they'll be operating out of which campus and where their patients are going to be seeing them. And for most specialties where we have more than one doctor, we will be covering both facilities.

Gagan: Right. And on funding of the capex, you generated INR 1,000 crores of operating cash. You have cash on the books. You will perhaps be generating another INR 1,000 crores, if not more next year. While I understand part of it is in Cayman and you can't repatriate it, but there's still a substantial portion coming from India. In principle, it would seem that INR 700 - 750 crores of capital requirements for your capex can, for substantial degree, be funded by your own cash flows. If at all, there's a timing mismatch, you could use perhaps recourse to short term debt and repay it as soon as the cash flows in. Is that not a reasonable understanding of this? I mean, why would you require 60% or 70% of your capex to be debt funded?

Nishant Singh: So, you're right in one sense that we are generating a lot of cash as well. See, but our cash generation is also a bit staggered. As Sandhya mentioned in one of the answers before that, we get a lot of cash in the month of March, because the receivables which we get from the government payors is not very uniform.

Gagan: Yeah. So, March is the start of the new year. You will get your cash now, right?

Nishant Singh: Yeah. So that's what we are seeing now. See, it is a temporary phenomenon. We will not have this kind of cash at all points in the year, and it's more like a war chest. We are continuing in the expansion mode, so we want to retain some cash for any sizeable, good opportunity which we see during the year. But we understand, that if we don't find any suitable purpose for this cash, we would like to use it for some other purposes, like maybe even look at repayment of some other, some very high cost interest loans. Yeah. But for the time being,

as we continue to expand, we would like to retain this cash, so that whenever good opportunity comes, we're able to seize it up.

Sandhya J: But just to summarize, Gagan, I think we will be prudent with the negative leverage. We will not put too much negative leverage on the books, unless where we have definitive reasons on why we want to carry that.

Gagan: Okay. So, you are saying 60% is perhaps the max, if at all required. I mean, you may not necessarily even require it. Is that correct?

Nishant Singh: Project finance loans are for a bit long term. So, we can't take decisions of not taking those loans basis our temporary cash distribution. Because these are going to be 15-25 years loan, which we cannot say that we will not take just because we have got a very large cash corpus now. So those loans, we will continue with that 80% debt. But the other loans, as Sandhya mentioned, that we will always calibrate in terms of what is better.

Gagan: Okay. So final one from my side. A few months ago, there were articles in the media that you are interested in Spire Health in UK. I don't know. I haven't followed it thereafter. But any comments from you on that side? Do you have the appetite for doing deals in the European market or the British market?

Viren Shetty: Anesh, would you address the disclosure that we made?

Anesh Shetty: Yeah. So, Gagan, as soon as there was that information in the media, we issued a clarification to the regulators in both markets that we had no intention of pursuing or making any offer or investment in Spire Healthcare. So that was the formal clarification we did, I think the next day itself.

Gagan: Okay, thanks. Thanks for taking my questions. I will get back in the queue. Thank you.

Nishant Singh: Thanks, Gagan for all your questions. Can we move to Ravi, please?

Ravi: My first question, although I know that the guidance are like not given in the call, but still like if I talk about a 3 years perspective, then are we expecting a 10-15% kind of sales and profit growth over the next 3 years every year?

Sandhya J: Ravi, we have answered this question actually. We are aspiring to improve profitability every year. We are aspiring to grow like we've grown so far, and we do believe that we have put in the right measures in place. But we can't really give a forward guidance.

Viren Shetty: But to the latter end of the three years, it's when the hospitals will start coming online, at which point then these become comfortable targets to achieve.

Ravi Okay, and the FY25 numbers, like those will be the base numbers. We are not having any risks to those numbers, right, on top line and bottom line that we may see any slowdown kind of thing? Are we expecting any negative on prudent side, or it will be positive only?

Viren Shetty: A more slowdown from Bangladesh, whatever little revenue we've been getting there may drop even further. This we had anticipated. Above and beyond that, if you're asking about macro slowdown, those are very hard to predict, and healthcare is one of those things that are really not discretionary. It may shift from quarter-to-quarter. Say a festival quarter, you may postpone something but get it done in the quarter after that. But the long run trend, we don't anticipate any sort of slowdown in the growth.

Ravi: Okay, second part, I want to know about the current utilization percentage. For the company as a whole console level, how much utilization we are at, considering FY25 numbers?

Sandhya J: Venkatesh, you want to take that question?

R. Venkatesh: No, I mean, when we talk about the group as a whole, when it comes to utilization, we are working more on throughputs. So, when it comes to effective utilization, we keep striving hard year-on-year to improve on throughputs. We work mostly around the daycare, improving the daycare numbers. Even a lot of these robotic surgeries, cardiac surgeries, where you have these morning-evening discharges, admission and discharges, the throughputs keep increasing, your utilizations are also effectively done. Wherever there are bottlenecks in terms of utilization of Cath lab or operation theaters, we try and improve on those bottlenecks to improve further utilization.

So, though we hover around… our reasonable occupancy between 60 to 65%, those are the numbers within which we do it. But those are just numbers. But since we are mostly a high throughput center, we focus more on efficiencies, and that's how we've been growing in the last 2-3 years. And also, we will be working towards such growth, even in the next 3 years, to keep aspiring for those numbers, which Sandhya indicated, till our greenfield capacities keep coming up. So that's how we will focus on improving our utilization and working towards this.

Ravi: Okay, throughput and efficiency part I understood. So, we can safely assume that another 20 to 25% capacity can help us to increase the revenue over the next 2-3 years, apart from the

expansion we are having. Like, is my understanding correct since you mentioned about 60-65%.

Viren Shetty: So that's been the case for nearly the past 10 years. The total occupancy number never goes down, because we just are able to do much more with the space, discharge people faster and move people away from spending the night here, to getting discharged in the morning. So it's not a hotel business where it means that I have, in 100 bed hospital 40 beds empty. Those beds are used, it's just that it cannot stay occupied overnight. But it means that we do have capacity, we can keep further increasing the number of people who come in and out of the hospital. But that will show up in different numbers, not just the occupancy.

Ravi: Okay, understood. One more thing, because I invest a decent amount in the healthcare sector as a whole so when I read about other hospital institutions, I find that their expansion is relatively higher side on number of beds compared to Narayana. But I feel that the business which in which Narayana is catering, that is a very high growing business in India. So is my understanding correct, or is it is this a misconception that the growth number which we are targeting in the Investor Presentation is relatively slower than what it should be considering the growth opportunities in India?

Viren Shetty: So, you're right in that if you consider the overall India growth opportunities, yes, ours is a very conservative company. We are not expanding to fully capture the entire India market, nor is the pace of our expansion in India, matching up to what the peer set is investing.

Now, why that is, is for many reasons. Chief among them is that it really… the return on capital for any new capacity, greenfield, brownfield, whatever you want to call it, is quite poor; has been for a very long time. Ours is a company that really focuses a lot on the return on capital and return on equity. So, our expansion is a lot more measured and focused on the cities where we have the strongest presence and where we're greater able to justify investments we make.

Furthermore, our investments are not just in hospital beds; we're investing in the insurance, investing in the clinics, we invest a lot in technology as well as overseas. We are trying to build a much stronger balance sheet, and a company that's able to perform similar to peers at a realization that is half of the peer set. So it means we can't do the same things.

Ravi: Okay. And regarding the long-term vision, since we primarily invest for very long term, like 10-20 years. Just to mention that I'm invested in Apollo Hospital since last 10-15 years. So can we expect that maybe in another 10 years, Narayana will have self-owned hospitals nearly to

40 or 50 from today around 20. Is that assumption correct, keeping the long-term vision in mind?

Viren Shetty: 40 hospitals in 10 years seems reasonable. Now, if we have as much of the footprint as Apollo, that's hard to tell because Apollo is also not going to sit still.

Ravi: Okay, I will get back into the queue. And lastly, I want to thank you as well, to the fantastic management. We have been invested since last 2-3 years and the growth and returns are very fantabulous. So, thank you so much for all the hard work and delivering the shareholders' growth value.

Nishant Singh: Thank you. Ajay, can we have your question please?

Ajay: Yes. So basically, my question is on revenue mix. So, as I see, cardiac segment share as a percentage of revenue is coming down, while segments like oncology and orthopedics are growing significantly. So, what kind of margin these segments offer? And can we expect the same kind of growth in the segments which are growing faster as the compared to the revenue? So, what does this impact in the overall revenue it has?

Viren Shetty: Sorry, which department you're saying is the impact on the revenue?

Ajay: Onco and orthopedics.

Dr. Emmanuel Rupert: Yeah, so I mean, we still have a very large share of the cardiac sciences giving to the revenue. Still, around 30-34% of the overall revenue comes from cardiac sciences. Some of this marginal dip which has come is only because of the Bangladesh patients in the Health City hospital, which has got the work coming down. But we've seen a reasonable upward trend in the last few months. And, we have been focusing on orthopedics and the other specialties, and especially oncology we have been doing a lot of good work in the last few years, and that is beginning to show. And I'm sure going forward, we would like to have a healthy mix of all centers of excellence and subspecialties so that we have a much more meaningful growth in all specialties.

Viren Shetty: The specialty mix is more reflective of the demographics. Since the incidence of oncology has gone up, so hospitals have naturally had to add oncology as a department. So, the fact that it is growing, is a reflection of the sheer amount of cancer that exists in society. Cardiac will still be a very large contributor, but orthopedics and oncology will keep increasing as well.

Ajay: Okay, so I can consider that what the current pace of the growth is, can sustain in the future, right? Around 20-25% is what oncology is growing and 20% around is what orthopedics is growing, right?

Viren Shetty: No, it may not be a stable state. These are temporary things because of our addition of orthopedics as one single unit in the Health City and oncology. We made some investments in Shimoga, a few other cities. I would say, just take the 3-year run rate and look at where the trend is, and I think that will be easier to project. But I don't see the cardiac business ever going below 25-30%.

Ajay: Yes, you have stated in the past con call, correct.

Nishant Singh: Yeah, Deekshant.

Deekshant: Yeah, thank you so much for taking my question. Sir basically, I want to understand that, we have been working also on Cayman for some time now, and I'm sure that the management has discovered a 'secret sauce'. I am sorry if I am not able to use the right words here, but it seems like the average revenue per user is much better, population is much better than Cayman's, and going ahead with an international expansion would make sense. But what is it that is our secret that is helping us be better than even the people who are currently serving the market in Cayman, or maybe in other expansionary geographies? What is our edge over the others that is helping us to be more competitive in the market?

Anesh Shetty: Viren, do you want to take this?

Viren Shetty: If we knew what the secret was, we'd apply it everywhere and we would. I would say that it's just been a very long slog. So, we spent 10 years in Cayman with the wrong business model, which is catering for medical tourism for the US. And I think a lot of it came from experience and the humility to understand what we are good at and what we are not. And so, by refocusing on building a very strong relationship with the patients and reflecting more what the on-ground domestic customer demand looks like, rather than wishing what it could be, I think is what made us successful.

Anesh Shetty: It's a very detailed focus around costs and controlling our administrative costs, especially manpower costs. A lot of it is made possible by the investments we have made over the years in our software platform. So, if we had to identify a few key differentiators between us and the rest, it's our fantastic technology platform that really allows us to perform the same tasks with much fewer resources and much more efficiently.

Deekshant: See, why I ask this question is that, it takes us to know what not to do to understand what to do. And since you have been in the market for some time, you know what does not work very well and what is starting to work. This gives us, let's say, progression towards a recipe of success, which can be further replicated in other geographies. Tier-1 sort of a place where people have higher spend is obviously one of them, but the way that we are taking care of our people, our staff, how important is that playing a role if we are not in the home country?

Anesh Shetty: It's always going to be important because we have to convince people to relocate and to move to a very different geography. They obviously get paid better, but there are the trade-offs as well. That's always going to be difficult.

Having said that, we also hire a significant number of people locally and experts from other countries as well. It's a very global workforce, and it's as important as in any other place when we're trying to convince people to move to a different country.

Deekshant: Anesh, just a last question here. See, the software thing is really giving dividends, as you have said in the last couple of con calls. And what is it that we are looking out for? If you could paint us a word picture, “these are the sort of things if I look at, I'll take the opportunity in an international market”. What are those things that you're looking for that will enable you to take that opportunity?

Anesh Shetty: Sure. I think Viren touched upon that at the beginning of the call, but I think it has to be a stable market with stable rule of law, an established insurance penetration and a mechanism to pay. It has to have a high purchasing power, essentially high GDP per capita. We are not looking to go into a frontier country. And there has to be an existing track record of successfully managed private healthcare assets. Outside India and outside Cayman, we are not trying to be very innovative over here. We are just trying to find a place where there is an established track record, and maybe we can do it better than the others.

Deekshant: The management has said in the past that we are also giving our software product to other hospitals in order to test it out; maybe to make it better. Are we sort of thinking of monetizing this, or is this still a work in progress and we want to improve on it right now?

Anesh Shetty: Maybe we can… if you could get back in the queue, Nishant, I don't know if that's how you want to manage it, so that we can go to the other question.

Nishant Singh: We’re running out of time here.

Dikshan: No problem. I'm so sorry for taking so much of your time. Thank you so much.

Nishant Singh: So, Sahil, I think you've already put questions on the chat. Do you have any more questions, or we should take the chat questions first?

Sahil: It's the same questions.

Nishant Singh: Yeah. So, we'll just quickly go to the chat questions. What would you do differently if NH were a private company again with less investor pressure? Are you open to new land parcels if you get, which is not a part of the current capex plan?

Viren Shetty: Yeah. So, there's also a couple more questions on chat about why we're doing organic and land parcels and so on. We are doing a mix of both. It's that there are parts of Bangalore where we want to be present, but there are no inorganic opportunities available for us. So, we have to make our own. And thus, in HSR and in Bannerghatta, we have to buy land. Whereas other places like Banashankari and Chamarajpet, where we are able to tie up with developers, then we went to the inorganic route. Being private or public really does not make that much of a difference because most of the money the company raises is debt funded. So, in the end, we just get to have more people to give us feedback on the business that we're doing, and at some point, participate in the success.

Nishant Singh: Yeah. There is a question from Sahil again on that. I think, tech we have already covered. So, you asked about this, there is another listed company, an insurer, that is aiming to build a hospital chain effectively. They are aiming to do what NH is already doing. Do we see this as a threat or a market validation?

Viren Shetty: Yeah, not threat. We don't have a significant presence in NCR. Proof of concept and validation, we would say it remains to be seen. And we haven't validated for ourself yet, that running insurance, hospital, clinic all under one entity serves the patient need. In most parts of the world, these operate independently. In very few parts of the world there are companies like Bupa, Kaiser, Hapida that run all of them, but even they are not the largest providers in their home markets. We just want to be different. We always want to keep trying to provide much more value to the customer, and we thought that being an insurer as well, will allow customers a completely seamless experience. But our hospitals will cater to all payer classes, and the insurance will allow customers who buy the insurance, to have some, there's advantages of course coming to a Narayana network, but you can get treated any way you wish.

Nishant Singh: Yeah, there's a question from Sevant on the chat. Why are we giving dividend and raising debt at the same time?

Viren Shetty: So, the dividend is coming from Cayman. So, our dividend policy is linked entirely around being able to monetize the Cayman cash reserve and do it in a more tax efficient manner. Raising debt is for expansion.

Nishant Singh: Question on expected interest cost going forward and interest rate.

So, this I'll take. You can assume my interest cost of around 8%, which is actually coming down because of the movements in the T-bill on our overall borrowing for India and for the Cayman, you can take a rate of around 6 to 6.25%.

Viren Shetty: Okay, the last question was while we are not successful in medical tourism, are we looking to reconsider it because of the sheer size of the American market?

No, we will never make that mistake again. The American market is huge and overwhelming. The only way you can get American patients is to run hospitals in the US, which we're not looking at right now. There are other overseas geographies we're looking at, and the Cayman market… the Caribbean market is much more attractive for us. Some US medical tourism does come, but that is incidental to the overall business. There's a much larger opportunity in the Caribbean.

Nishant Singh: There's a question, despite having a large cash reserve we are using debt. But that we've already covered as a response to Gagan's question.

So, I think with this we are done with Sahil's and Ravi's questions. Am I right?

Ravi: I have two small questions if comfortable.

Viren Shetty: Yeah, go ahead.

Ravi: Firstly, are we planning to have any preferential issue in the next like one year to raise the funds? Any equity preferential issue?

Viren Shetty: There's no need for it right now. But, should the need come, we would look at it, but that's much in the future.

Ravi: Okay, and another thing is, I know it must have been already covered, but what is expected tax rate on company as a whole for FY26?

Sandhya J: 15 to 16%, Ravi.

Ravi: Okay, thank you.

Nishant Singh: Yes, Sukanta, can we have a question please?

Sukanta: Thanks for taking my question. First of all, I want to congratulate the management for doing the great job in the healthcare sector that is pretty much competitive in India right now. So, my questions are on more on a qualitative side. First, my question is, as we are not being as aggressive as other peers in terms of pricing or improving our output, and we focus more on efficiency improvement and the throughput improvement. So, what can be the long-term income margin or sustainable income and operating profit margin that we are looking at?

Viren Shetty: We are not giving guidance on margins. We will just look to improve the margins from where we are and try to see if we can sustainably grow it.

Sukanta: Will it be what we have right now, what we are operating at, or whether our new facilities will come up in the next 3 to 4 years, then obviously margin will get diluted. So, will it sustain at this level or it will be what, going forward?

Sandhya J: There are three parts to the margin, Sukanta. The India hospital margin, we are aspiring to grow every year. So, we will see an improvement there. There will be cash burn on the integrated care side, so that will dilute the margins. And Cayman, as Anesh indicated, will be more or less stable.

Sukanta: So, we can say that okay, it will be around 20% or 24%. Am I correct in my assessment?

Viren Shetty: Console level, yes.

Sukanta: Okay. So, my second question is, as our new facility is coming in Rajarhat, Kolkata, so what will be the efficiency that we can bring? Because as we see the entire Kolkata, if we see the Kolkata, then there is a high possibility of the entire Kolkata shifting to Rajarhat right now. The shift is going on, and our new facility is coming at the heart of Rajarhat. So, how fast we are aiming to utilize the beds that we are coming up with? How fast we can ramp it up?

Viren Shetty: Yeah. Construction started. Venkatesh, do you want to give some colour on when it will be ready?

R. Venkatesh: So, we've just started the construction in Rajarhat after all the approval processes have gone through. It happens in stages from the piling and then into the construction. So, as we talk about phase 1, we've already given an indication that it will take us at least 30 months as we

speak, from now, for this commissioning to happen. So, mostly it will be functional somewhere near FY28 when it comes to Rajarhat at the first phase of around 350 beds. '28, I think.

Sukanta: No. Finish what you were saying.

R. Venkatesh: Yes. You wanted to ask something else? What I said is at least two and a half years from the start of the construction, which we've just done now. That's the timeline for starting of phase 1.

Sukanta: Phase 1 will be 350 beds, right?

R. Venkatesh: That's right.

Sukanta: And how long it will take to… if I can recall correct, what we have projected is 1,100 beds in total, right?

R. Venkatesh: Yeah, that's right.

Viren Shetty: That's been projected. But for now, we're just focused on getting the first 350 beds off the ground. The remainder we'll take up as and when that capacity becomes full.

Sukanta: Okay. I have 2-3 more questions. So, should I ask it right now?

Viren Shetty: Yeah, yeah. Please, please. Go ahead.

Sukanta: So, in one of the previous calls, management said that retaining doctors and nurses is becoming very difficult day-after-day because of the competition and all the facilities and everything coming up in India. Although India is a growing market, there are other hospitals that are funded by the big players and the venture capitalists. So, as our model is, we keep doctors on payroll. So, is this the model that we are going to follow in future also, or are we looking at in a different way?

Dr. Emmanuel Rupert: All our clinicians are on a professional contract and they work predominantly with us. Because the volumes of work is so much, they hardly have any time to go and work in any other place. But they work mainly with us.

And as far as the manpower is concerned, I think we did mention about this in the previous question. But we do have in both the Bangalore and Kolkata and as well as in the Raipur clusters, nursing schools and paramedical training programs and the postgraduate training

programs, which is the largest in the private sector. And we have a very careful manpower planning right from beginning itself, so that we know exactly whom all to identify and recruit well in advance to the projects being materializing. So, we are fairly confident that we will be able to handle these expansions and not have any major issues with the manpower.

Sukanta: Actually, my question was exactly, how we are planning to retain our high-quality group first.

Anesh Shetty: Sorry, a clarification. I don't think we said that we had challenges retaining staff or nurses in any previous call. If you could please let us know where you heard that, so we can clarify.

Sukanta: Actually, not exactly challenges, but what we are seeing in the industry that more and more hospitals and large hospitalizations are coming up. So, if few of our nurses and doctors, if they get a chance to get an offer to go to some other hospital on a higher package or there's something like that, will there be any challenge to retain them, or we are pretty much sorted there? There will be no challenge in retaining our talent.

Dr. Emmanuel Rupert: We are fairly very good with our doctor engagements and especially our senior and middle level doctor engagements. We hardly have any attritions at that level. And we are very confident going forward. In spite of all the competitions and new opportunities that keep coming up in every cities, we will be able to retain our doctor talents. It's got lots to do with doctor engagements and we have a unique way of doing it. And we are confident of continuously engaging with them.

Sukanta: Thank you for your answer. And another question is, whenever we talk about international patients, we mainly talk about the patients from Bangladesh that we cater mainly from our hospitals that we have in Kolkata. So, my question is, why you are not looking at international patients from some other geographies, from other countries? Because as we can see, and through various reports on medical tourism in India and all sorts of things, India is a very competitive market, and India is at an advantageous position in terms of cost. The procedures that we do in India, it is far superior in terms of quality, and also it is very less expensive.

Viren Shetty: Sukanta, in the interest of time, I'll answer that very quickly. Pre-COVID in 2018, we took a call to slowly ramp down all our international medical tourism patients. All the things what you said are correct, and all the hospitals are investing a lot of money in trying to attract international patients. We do not want to be one of them. We see significant domestic opportunity. We see a significant opportunity for Indian customers and for people who live within the close vicinity of the hospital that we have. So, our services will cater mostly to the domestic patients. Those that come from abroad, will come, but we will not actively pursue

this. If there is international opportunity to be had, it will only come from us building facilities in those international geographies which will follow the criteria that Anesh and I laid out earlier.

Sukanta: Thank you for that clarification. The last question. We talk a lot about AI incorporation and the technology that we put in in our procedures and operations. How is that going to change and improve our efficiency in the long run, in the next 5-10 years? How can AI impact our business and how can it improve our efficiency? Incorporating AI and ML, how can it impact our profitability?

Viren Shetty: Not AI specifically, but digitization in particular. See, no modern business can survive without digitization. The healthcare industry has been uniquely resilient towards adding electronic medical records, towards using the computers in all the basic transactions, and patients' most common experience is going from one doctor to the other, carrying big files of paper. When you go from clinic to hospital, hospital to lab, lab to blood bank, again file-file-paper everywhere.

So one of the most obvious things that we said is, we want to be the most digitally efficient healthcare institution in the world. Not just the country, in the world. And so, we invested a huge amount of money in building a large team in Bangalore, who are building all the technologies we need to make the patient's journey inside the hospital seamless. We have eliminated nearly all paper from all the departments. We've made it so that our doctors can get data instantly and they can do the rounds of the ICU in their house.

Now, why is this important? This is important because we constantly look to lower costs and reduce inefficiencies. So, if you ask what the impact is? The impact may not be directly attributable to what is the spend on the software, but the very fact that as the only healthcare group that has not added a single bed since 2016, but has in fact reduced beds, yet continue to grow revenues in line with the industry, is just testament to how much we were able to do by looking at our efficiencies and looking at all the manual processes making it as digital. So, this is what any modern corporation should look like. We have to invest, because no one is going to invest and give these products for us. AI, that's just the new flavour of whatever digital tools that we use. When it becomes stable, we will start using that as well.

Sukanta: Okay, thank you for your answer. Thanks for all the clarification. Good luck to the management and to the entire team for the journey ahead, because we have a huge opportunity in India in terms of the medical field. So, best of luck.

Viren Shetty: Thank you. Just to very quickly answer one of the questions that Sahil asked in the chat. Which is, what is our attrition for the Technology team, given that they sit at HSR layout, which is the startup capital of India? Our attrition so far has been 7% for the Technology team, which is, I have been told, highly impressive.

Nishant Singh: Thanks, Viren. So, as there are no more questions, we would like to conclude our session. Thanks everyone for your active participation as always. Thank you.

END OF TRANSCRIPT