



**“Narayana Hrudayalaya Limited
Q4 FY21 Earnings Conference Call”**

June 02, 2021



MANAGEMENT:

DR. EMMANUEL RUPERT – CHIEF EXECUTIVE OFFICER

MR. VIREN SHETTY – CHIEF OPERATING OFFICER

MR. KESAVAN VENUGOPALAN – CHIEF FINANCIAL OFFICER

MR. DEBANGSHU SARKAR – HEAD, MERGERS & ACQUISITIONS & INVESTOR RELATIONS

MR. ASHISH SUKHIJA– DEPUTY GENERAL MANAGER, MERGERS & ACQUISITIONS & INVESTOR RELATIONS

Debangshu Sarkar: Good afternoon, ladies and gentlemen. On behalf of Narayana Hrudayalaya, I welcome you all to our Q4 FY '21 Earnings Call. Myself, Debangshu, and as most of you would be aware, I run the Investor Relations and Mergers & Acquisition practices at NH. At this moment, all participants are in listen-only mode. Later, we will conduct a Q&A session.

On behalf of the company, I welcome you all to the Q4 FY '21 Earnings Call of the company. To discuss our performance and address all your queries, today, we have with us Dr. Rupert, our CEO; Mr. Viren Shetty, our COO; Mr. Kesavan Venugopalan, our CFO; alongside Ashish Sukhija from the team. I'm sure you have gone through the investor collaterals, which have been uploaded on the stock exchanges as well as on our website.

Before we proceed with this call, I would like to remind everyone that the call is being recorded, and the transcript of the same shall be made available on our website at a subsequent date. I 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. These uncertainties and risks are included but not limited to what we have already mentioned in our prospectus filed with SEBI before our initial public offer in late 2015, and subsequent annual reports on our website. Post the call, in case you have any further queries, do feel free to get in touch with us. With that, I would now like to hand over the call to Dr. Rupert.

Dr Emmanuel Rupert: Building upon the gradual recovery over the last several months after an almost washout in Q1 of last fiscal, we are pleased to have returned to profitability in Q4 with our consolidated EBITDA (at a margin of 17.9%) growing by 45.9% on YoY basis and 36.9% on QoQ basis. Our consolidated PAT (at a margin of 8.1%) stood at INR 681 mn for the quarter registering an over 450% growth on YoY basis and over 66% on QoQ basis. This could be achieved on the back of our consolidated operating revenues finally turning around by clocking YoY growth of 12.8% for the last quarter.

As new Covid cases declined across India for most of the last quarter, the operating revenues grew sequentially by 15.0% on QoQ basis and 9.5% on YoY basis as our hospitals started performing higher volumes of elective surgeries. Covid patients contributed to only 3% of the revenues in Q4 as against 14.2% in the previous quarter. The operating revenues of our Indian business, after having almost fully recovered in the month of December last year, reported a growth of over 12% in the month of March as compared to the pre-Covid revenue in Feb 2020.

Our flagship facilities grew 10% in the month of March as compared to pre-Covid revenues despite a muted recovery in the international patient volumes. As elective surgeries picked up, Cardiac Sciences contribution returned to a normal 35.6% of Total Operating revenues in Q4 from 30.3% in Q3. This was also supported by increasing oncology work across the network. Our other Hospitals, excluding the 3 new hospitals and Jammu unit, continued the healthy growth trajectory and registered 14.5% YoY growth in operating revenues and over 43% YoY EBITDAR growth in the quarter for a healthy EBITDAR margin of over 16%.

On the back of strong growth in non-Covid revenue registered by hospitals across our network, the India business reported a strong quarter with an EBITDA of INR 971 mn at 13.9% margin

registering a growth of over 30% on YoY basis and over 90% on QoQ basis, thus ending the year on a strong footing.

Our hospital in the Cayman Islands continued to deliver strong and consistent performance over the last few quarters and closed the year at USD 68.6 mn in operating revenues with USD 26.2 mn EBITDA for the fiscal 2021. As you are aware, we had announced an expansion of our Cayman operations with a new hospital in the city centre which should get commissioned over the next 24 months. We believe that our leadership position in the region, along with niche offerings such as full-fledged oncology services, will be a strong lever for future growth.

I am also pleased to let you know that despite the severe challenges in the year gone by, we have been able to further fortify our balance sheet by maintaining a strong liquidity profile with consolidated bank balance and liquid investments of INR 2.42 bn against a consolidated gross borrowings of INR 6.17 bn (down by INR 1 bn in the year gone by) as on 31st March, 2021.

On the clinical front, our focus is to continue providing the highest degree of quaternary care and this is reflected in some of the highlights of this quarter as captured below.

- RTIICS, Kolkata performed FET (Frozen Elephant Trunk) procedure, first of its kind procedure to be performed in Eastern India
- Narayana Superspeciality Hospital, Howrah successfully performed a novel surgery of a rare tumour involving the roof of nasal cavity and the base of the brain
- Narayana Multispeciality Hospital, Mysore performed cytoreductive surgery & hyperthermic intraperitoneal chemotherapy (CRS+HIPEC) to treat an advanced ovarian cancer case making the facility first such hospital in the region to perform this surgery
- Narayana Superspeciality Hospital, Howrah performed a one of its kind procedure - redo sternotomy followed by arterial switch on a 3-year-old boy
- Narayana Multispeciality Hospital, Barasat performed Bentall Procedure (Aortic valve Replacement & Ascending Aorta Procedure), a rare procedure to treat a patient having aortic dissection, aneurysm ally dilated ascending aorta

In the backdrop of the current unprecedented surge in Covid-19 cases across the country leading to localized lockdowns coupled with restrictions on international travel, we remain cautious about a near term recovery in the business. Our overall business, especially in the flagship Cardiac Hospital, have been quite impacted in April. Although cases appear to have peaked in May, we remain hopeful of a recovery post-June with a reduction in Covid infections and increase in elective surgeries.

We are extremely proud of the agility and resilience demonstrated by our team in the year gone by, and we are confident in our ability to weather similar pandemics in the future. We have invested in a tremendous amount of manpower resources, medical infrastructure, and critical supplies to ensure uninterrupted service for our patients in these chaotic times. However, we had limited infrastructure in NCR region, and regret not being able to take care of the huge number of patients that needed an ICU bed. We have learned from our mistakes and are scaling up our infrastructure in preparation for a possible third wave and extending

our support to the national vaccination program. We are grateful to many Indian and multinational corporates, who have generously supported us in increasing our critical care bed count across the major cities.

Covid-19 is not the only crisis our country is facing. The second order effects of multiple lockdowns and economic slowdown have severely impacted the livelihood of urban and rural poor. We stand in solidarity with all the affected and pledge to support our communities in the face of this unfolding tragedy.

Lastly, I would like to recognize and appreciate the hard work and sacrifices of all my colleagues during this challenging period. I am thankful for their unflinching commitment and support to the organization, which is the cornerstone of our proud legacy as a healthcare institution that serves everyone.

Debangshu Sarkar: We will now open the floor for Q&A. Anyone who wants to ask the question, kindly raise your hand. Sachin, you may go ahead.

Participant 1: Yeah, thank you. I just want to understand, directionally when it comes to our domestic operations, can you just give us some road map? How do we see growth coming in there? Like we haven't done any major capacity additions in terms of number of beds or anything of that sort.

Viren Shetty: I think for the past couple of years, we have been on consolidation mode for our domestic operations. Capacity additions have happened, but not in the sense of adding new hospitals or doing any acquisitions. For us, capacity addition is adding new wings i.e. converting some general wards into semi-private, semi-private to private and so on and so forth. These are the small things that just change the overall mix of the hospital and are aimed more at increasing the realizations on per bed basis. Rather than chasing after greenfield or acquisition of existing opportunities that other hospitals would normally do and that we also used to do in the past, we plan to go this way going ahead. We were supposed to add beds in our units in Kolkata that got held up during the pandemic. A lot of capex that we have planned now is the capex that got deferred last year. We are also investing in medical equipment to deal with a huge number of oxygen dependent patients who may come to us in any 3rd, 4th, 5th wave and so on.

Participant 1: Sure, thank you, Viren, that's helpful. So, if I understand this, the consolidation phase will lead to some bit of higher top line and maybe margins because that will lead to probably higher realization per patient or something of that sort, but that will have its own challenge that it will hit a ceiling at some point in time, in the next one or two years. Beyond that, we will have to increase the number of beds or the capacity, right? Is that a correct understanding?

Viren Shetty: But the choice remains whether we choose to do it in India where the return on capital is at a certain level or whether we choose to do it in the Caribbean where we have tremendous opportunities. Those are the choices we make based on where the greater return on our capital exists. We continue to lookout for opportunities in India and there are assets that we cannot overpay for and asset prices in India tend to be quite inflated. It just simply doesn't add up, at least with our model of providing reasonably priced low-cost care for the middle class. Our model is not sustainable on the kinds of prices that have been quoted in the private market for

a lot of the assets that are out there. Yes, the healthcare sector is going to be much more glorious than what it is now and there will be huge demand for healthcare services. But in the near term, a lot of problems such as capping prices, capping service charges and harassing medical personnel, etc make us little worried about the kind of investments one wants to make when at any point there is a threat that the prices of all the procedures could be fixed by a central agency.

Participant 1: Right, very happy to know that you continue to still remain very conscious on the allocation of capital and just one follow up to that in terms of the Cayman Islands, new Capex that we planned and I'll just rewind a little bit back because when the Cayman Island facility was there about 2-3 years old, like in my interaction with the team, sense that I got was that the model was based on expecting patients to come from USA to us. It turned out to be the other way around, I guess. A lot of the natives have actually used that facility, but now you are expanding over there, are you trying to tap the local population or is it again trying to tap the population from the US or the other offshore centers?

Viren Shetty: It continues to be both. Yes, locals are between majority of the patients we take care of and the new hospital will also reflect that. But it has several more attractive features that position it to be a little more advanced centre. It is much better connected by the highways, it has oncology which is a premier reason why people from the Caribbean Islands travel to the US. Not available anywhere in the Caribbean are the services such as robotic surgery, onco surgery, chemotherapy, radiation therapy. So yes, it is designed with the idea that it would continue to attract patients from across the Caribbean, from the USA and Canada in small numbers and we're making those partnerships. But these things take a lot of time. So I think we've sort of moderated our expectations on the kind of patients and where they would come from, but it doesn't mean that the core business which is building healthcare facilities for people in the Caribbean region is not a good one. It still continues to be a brilliant one, especially for our hospital group.

Participant 1: Understood, this is very helpful, just one last thing as a follow up. Do you calculate payback period when you do this kind of capex as you are very conscious about capital allocation?

Debangshu Sarkar: Sachin, as we have elaborated in the past as well, we typically look at the internal rate of return (IRR) and suffice it to say that as I have probably mentioned in our previous call on Cayman expansion without disclosing the exact number, these are fairly attractive, particularly in the context of the Indian IRR that we typically foresee on the ground in terms of the available opportunities. Given the cost of capital being very, very low as compared to India, IRR for this project is fairly attractive.

Participant 1: Sure, I appreciate what you're saying, just one thing on that, you know IRR considers a lot of numbers over a very long period of time and as mentioned that this could be a fairly long gestation project.

Debangshu Sarkar: Let me help you out on that. Instead of typical IRR working over an extended period of period of time (as is expected of typical long gestation projects) and also including terminal growth rate, as your worry maybe, the estimated IRR in this case for like-to-like comparison with Indian

opportunities, even for very, very shorter periods of time, whatever makes you comfortable, are fairly attractive.

Debangshu Sarkar: I would request participants to possibly limit questions initially to 2 per opportunity. You can always come back and ask us follow-up questions later.

With that, I would probably move on to Yash Gupta from Angel broking for the next set of questions. Please go ahead.

Participant 2: Good afternoon, everyone. Thank you for the opportunity. We have seen that a lot of new hospitals have come up recently. So how this will impact us over a short-term period.

Viren Shetty: Those are not hospitals. Those are Covid care centers. These are open-air tents, convention centers, hotels, etc and they treat some patients and make some money. These are not built to be hospitals. They will not be relevant after Covid because there is only so much you can do with a bed and an oxygen cylinder behind it.

Participant 2: OK, second question - what are post-Covid complications and how you see these complications 3 to 6 months going forward.

Dr Emmanuel Rupert: Yeah, we've been seeing some young people who are having what is called as a prolonged Covid symptoms, you know, very prolonged necessity for them to be requiring oxygen at home. They also have a significant brain fog and cardiac problems. We've seen that a lot of young people who have taken a lot of time to recover, especially close to a month or so, are the ones who are experiencing something like this, so it continues to be a problem and a burden. We are continuously learning from it, well, hopefully we'll have some answers in the coming months. It's a very small rate, it's around 1 or 2% of the total Covid patients.

Participant 2: Are we seeing that any impact on our hospitals as a chain due to that?

Dr Emmanuel Rupert: They take a very long time to get discharged out of the hospital so that is why even though you've seen that the number of new cases in the NCR have come down significantly, the new daily patients are less than 5,000, but you you'll see that most of the hospitals are completely full even now. That shows that a lot of these patients still require care and are not in a position to go home. So if you look at that, there's a very small subset of patients who are very sick and being there in the ICU for a very long time. When you look at it as a percentage, it might be small but when you start looking at it as absolute number of people, it will be a reasonably big number.

Debangshu Sarkar: Thanks, now moving on to Mitesh Shah, you can go ahead, Mitesh.

Participant 3: Thanks for taking my question, I have a couple of questions. You have said that second wave has infected April and May, can you quantify something? How much that impacted our elective surgeries and all that increase in the Covid patient care?

Debangshu Sarkar: Just to give you a guidance; April appears to be 7% down revenue wise as compared to March but please bear in mind that historically we have observed that April any which ways is 3 to 4% down on the revenues front from March. So, incremental impact of COVID doesn't, prima facie, appear to be that high for the month of April at least because the increase in the COVID

numbers kickstarted mainly mid-April onwards. For May, we still haven't got the complete picture, but it appears that May is another 3 to 4% down (from April). Besides, Covid business as a % of India revenues in March was ~2% while it was 13% for April. Goes without saying that May will obviously have higher Covid share than April.

Participant 3: Got it, thanks a lot and the second question is about Cayman Islands. We have reported very strong margins in last 3 quarters around 40%. Is it a sustainable margin? Can we assume going forward?

Viren Shetty: There are a couple of reasons why it may not sustain. One is because a lot of this is driven right now by the fact that we're doing a lot more outpatient/daycare work which has a higher margin. Business is being driven by people who could get treatment anywhere else. These patients historically would go to the US for treatment and now are being locked in the island and they're coming to us. Hospitals like Mayo Clinic and Cleveland University are all much stronger than ours, so it could be that we would not be able to sustain patients' interest. Oncology is a very good business for us and it has tremendous demand but that again, it will get balanced amongst surgeries which have relatively lower margin and radiation therapy and chemotherapy which are high margin business, so it's difficult for us to comment. I don't know if we can sustain this margin. I mean that I would be very skeptical. But there are a lot of things that we're doing to increase the margin which is opening up pharmacies, clinics and maybe will open up a diagnostic center at some point and this is essentially around investing a lot more to get more patients hooked into the HCCI ecosystem.

Participant 3: Got it, how is the situation there now, is everything normal?

Viren Shetty: Yeah, I get so jealous when I get on the late-night calls with the Cayman team. They're sitting on the call not wearing masks. The island is almost 70% vaccinated but the big question for them is that it is a small self-contained island highly dependent on tourism. So when they will open it up, the cases will climb and so we're doing a lot of things to prepare them for that. But, as of right now, the economy, barring the tourism industry, is doing quite well.

Participant 3: I mean, you have 97% domestic patients in the Cayman because of this pandemic only, right? Otherwise, it would be lower.

Viren Shetty: Yes.

Debangshu Sarkar: Thanks Hitesh, we can proceed onto Nitin Agarwal. Nitin, you may go ahead with your question.

Participant 4: Continuing on Cayman itself; Is there any further update that you have on your Capex plan for the oncology business in terms of timelines and the Capex outlay for further business.

Viren Shetty: It is still very much on track. It is a very regulated market so it takes a lot of time to get the permission. The costing was done keeping enough buffers in mind so the final cost may come to be a bit less, but we've kept generous buffers because we're prioritizing speed over negotiating. It is a little bit hammered because of travel restrictions and so as soon as the lockdowns are lifted, we'll be able to go up in a big way. Nuclear bunker for the radiation oncology will come up in 10 to 12 months and after that will be the rest of the building.

Participant 4: Secondly, you mentioned in terms of where you're seeking opportunities in terms of investing outside of India. What kind of opportunities are available in the Caribbean beyond what you are currently working on?

Viren Shetty: See just to clarify my previous comment, it's not that there are no opportunities in India, there are a lot and we're doing a lot of things on primary care and we're looking at expanding the scope of primary care services we offer in a 10-kilometer radius around our hospitals. For the question that you asked about Cayman, we are opening up more clinics. These again are not very big expenses, with \$1 mn investment, we can set up these really good clinics that can do chemotherapy, see patients, dentistry, aesthetic surgery, just a basic daycare sort of thing. In the other islands, we are in continuous engagement with various governments that have seen the healthcare systems getting devastated by Covid and they realize now that's the thing that we've been saying all along that these islands need to be self-sufficient and not completely rely on the US for their care. They now realize that they have to strengthen their own healthcare systems and so they are now inviting us to come and just give them proposals for how we can work with them. It is something that we are doing on a more incremental basis and as when something concrete happens, obviously we will announce that.

Participant 4: Are we adopting a policy that you're not going to be charging vaccine administration charges and if that is right, then what is the thought process because you know that seems to be fairly lucrative opportunity that most of the private sector hospitals seem to be going after.

Viren Shetty: Yeah, OK, so this is where Dr Shetty and I have very strong opinions. There is no vaccine opportunity, there should not be a vaccine opportunity. It is frankly disgusting that we would charge money for doing the vaccine. There is a reasonable cost that one can take, which is, you know, you have to, at least earn enough to pay for the syringes and the nurse cost and so on but by no means we consider this as an opportunity for two reasons. One is because I got my vaccine for free as I work for healthcare system and throughout the world, the richest countries have made vaccines free for their people. But ours is a resource constrained nation and the government decided that at least the private sector will be able to purchase some vaccines so that it will be less of a fiscal burden. We are fine with that but it should not be an obscene amount and so we have decided collectively as a group, across all our hospitals that our vaccine will be administered at the cost of vaccine i.e. the price we bought them. If I'm paying INR 600 plus GST around i.e. 630 to SII, that's how much we will charge if you come to any of our centers. That's how much you're paying for the COVID vaccine, nothing more and we're not even charging the syringe cost. If you want it done in your corporate setup, if you want us to come to your apartment, sure, we'll do that and we will add another INR 100 in the cost to get the ambulance and the ice box and a doctor to come. That's absolutely no problem, but that comes with strings attached and the string is - If you're getting a vaccine from us, we're requesting all the corporates to come and donate one additional vaccine. We have partnered with an NGO called Giveindia which is collecting money from the corporates and all the apartment societies so they can sponsor free vaccine. The stock that we have the privilege of buying from large manufacturers, we want half our stock to go to the people in the 18-to-45-year bracket who otherwise are not in the priority list of free vaccination program. A person who is a daily wage earner and earning just the minimum wage, for them shelling out INR 630/shot is not a joke, especially to pay for himself, his wife, his parents. We don't think this is something that will continue for years. I think the

government will eventually take up vaccines as their initiative and do it for free for the whole country. But for now, we just want to reach as many poor people as possible and vaccinate.

Debangshu Sarkar: We can proceed with the next question from Rajat.

Participant 5: Thanks for the opportunity. So just wanted to understand our capex plans for the domestic business. Overall, including the maintenance?

Debangshu Sarkar: In our past interactions, we have given guidance of around INR 125 to 150 cr/annum of maintenance/upgradation capex and in our last call also, we clearly specified that given that last year was a one-off year where we actually did not incur significant capex, so the bulk of it will get accomplished in the next year. So, for FY 22, that will be around INR 250 cr range including the planned brownfield expansions; It will be two years capex in one go including the brownfield expansion that was earmarked for FY21 which got deferred.

Participant 5: Also wanted to understand the revenue growth rates for the mature hospitals in India as well as for the Cayman unit that is already operational for the next 3 to 5 years? What kind of growth rates do you expect?

Viren Shetty: In mature hospitals, we will have this temporary spike because we are coming off a very low base (Covid impact). In the flagships, I would say, Kolkata has growth constraints due to space crunch and could grow around 5-7% and for Bangalore, it would be in the high single digits for the flagships. For the rest, the mid-tier hospitals, the small hospitals, they have the ability to add capacity as well and so it will be in the low double digits. For Cayman, it's very tough to say because we had one extraordinary year and that has thrown all our calculations off the table. The other thing is that we are adding this huge oncology block and other services and so it's very hard for me to comment on what percentage that will reflect because I cannot predict whether the new unit will take 3-4 years to reach break-even like it did for the first one or whether it will happen in one year, which we are more confident about because there's so much latent demand. Any case, next two years are not going to reflect much as the new block will be under construction.

Debangshu Sarkar: We can proceed onto the next question from Charulata Gaidhani.

Participant 6: My question pertains to a number one - Is the oncology related work is only in Cayman or even in India hospitals, you have also expanded the services?

Dr Emmanuel Rupert: Yeah, we've practically eleven of our units in India which have comprehensive cancer centers. We are also looking at putting up the radiation facilities in Ahmedabad and Jaipur. All these units do a sizable amount of medical oncology and surgical oncology work and we've seen very good numbers in them and the clinical work related to chemo, radiation and surgical services is going up constantly.

Debangshu Sarkar: Just to add on to what Dr Rupert said in terms of certain numbers, you'd be happy to know that as we have repeatedly said that oncology is a key vertical for us even in the Indian context. Its contribution to our revenues in Q4 FY20 was around 10.7 % and I am talking about the India business only. It has gone up to 13.3% for the last quarter gone by and it has now become the second largest contributing vertical for us after the flagship Cardiac Sciences.

Participant 6: My second question pertains to Kolkata. What kind of growth do you expect there? Or do you expect it to be flattish or growing?

Viren Shetty: Not flat, If I take our operations in the whole city. Growth is in low single digits at RTIICS (flagship centre) because there's no additional space to grow and we are looking at properties nearby. We have other hospitals there (in the city ie Westbank and Barasat) as well and those are demonstrating tremendous growth and those are the ones we are adding the capacity to. So as a city, Kolkata will deliver growth but that one hospital is constrained at the moment.

Participant 6: OK, OK and last thing if I may, is the ARPOB of 11 million is sustainable.

Viren Shetty: Yes; what happened during Covid is that most of the work we're doing is Covid work and we're not getting much patients for elective surgeries. I mean, not too many patients are coming for surgery from the government schemes etc. Most people are coming only for very high-end work, very expensive procedures, complex procedures. Now obviously when the things go back to normal, people start coming in for the normal work and those are relatively lower priced option which could have a drag effect on ARPOB. Nothing structurally has changed in our business model. We'll be able to continue attracting all kind of paying patients. Obviously, there are a lot of things we're doing to maintain that. I had mentioned earlier in the call that we are using our capex plan to do a lot of sprucing up of our infrastructure and create more capacity to deal with the higher class of patient. This will drive our ARPOB.

Participant 6: OK and in terms of the EBITDA margin of 17.9%, I mean how much of this increase has come from cost savings.

Viren Shetty: I asked our analytics team this question and even they were pretty stumped by being able to extrapolate what percentage that could be contributed by cost saving measures. The biggest cost saving measure was salary cuts. That is not there anymore and salary cut was not right to do then but we just had to do it because we were in a desperate situation and there's not something we'd ever want to revert to, you know, as long as things remain this kind of normal. But the truth is that all other costs have gone up for us because of the China restrictions. That increased the prices of medicines and a lot of things that we buy. As Covid goes away and the normal operations resume, I think it will start to normalize again. But obviously we will work hard to create sustainable margins to build a very decent business regardless of the COVID situation.

Debangshu Sarkar: I understand Samir from Morgan Stanley wants to ask a question. Please go ahead, Samir.

Participant 6: First question is how is the availability of medical talent in Cayman Islands, especially for expansion?

Viren Shetty: There is no talent in the Cayman Islands. They depend entirely on foreign doctors. They graduate maybe one or two doctors a year and most of them end up going to the US. So most of the people we get are from India and we're slowly opening up our empanelment to get doctors from the US, Philippines, Canada and so on. But predominantly, it's the doctors from our network who work in HCCI.

Participant 6: OK got it and second thing, is there anything you can share on the path to profitability for two new hospitals which is Mumbai and Gurugram?

Viren Shetty: Nothing more than what we've already disclosed, just more of the same with the SRCC hospital i.e. commissioning more beds, getting into more high-end treatment, the gradual opening up of the borders, allowing children from different states to come and get high end treatment. The hospital got very well recognized during the Covid time because we were able to treat huge number of children. We have opened up a high-risk delivery and birthing program and hopefully we can expand on that to start offering a lot more women's care.

With regards to Gurugram, the pandemic has definitely put a pause to the plans that we had for normalized operations. But the Gurugram hospital also has been able to distinguish itself in the neighborhood with the kind of services it has been providing and they have done quite a few transplants for a hospital that size. They really punch above their weight with the quality of the work that they are doing. As time goes, reputation will develop and we will get a stable cohort of patients. But yes, we thought 2021 would be the breakeven year, but it looks like that will get pushed to another year.

Participant 6: OK, great and one final question. Discharges still remain low at 48,000 in Q4 FY21 compared to 67,000 in Q4 FY20. So what's the outlook over here?

Dr Rupert: We believe that when things normalize, discharges, as in the number of patients we treat, will go up. But we have been doing some high-end procedures as well and we have sufficient capacity for us to keep admitting patients and we know that couple of months after lockdown, we do get more of the routine work back on. So I think we will get there. We won't be too worried on that and I think we'll catch up.

Participant 6: OK so then just to summarize what may happen is the volume will soar i.e. discharges will go up, so ARPOB will come down?

Viren Shetty: ARPOB may stay the same depending on the quality of the revenue that comes in. People have been delaying their procedures for the past three months and we might get large number of emergency cases and our ARPOB could sustain for another quarter but post that it may see downward pressure. The fact that now a lot more as a percentage of the total beds that we have are in metro cities compared to before. Earlier we were just in Bangalore, Kolkata as metros and everywhere else, it was a tier two or three towns. We have the two units in Delhi NCR and the one in Mumbai that will also push our overall ARPOB up.

Debangshu Sarkar: Just to add on to what Dr. Rupert and Viren just said on this one. Despite the falling numbers of discharges that you mentioned, if you notice overall, given that there has been substantial increase in ALOS because of the COVID patients and that has stretched the period of stay in the hospital, the occupancies and thereby occupied bed numbers have actually not gone down; for Q4, infact, there is a slight increase YoY basis. So, to that extent, it has been covered already in the ARPOB bit of the working because occupied beds wise, there hasn't been a decrease and another factor, just to add on to what Viren just said, which will probably ensure that our ARPOB may not fall off the cliff is increasing share of oncology work that is going on and oncology, by its

very modality, offers you a relatively higher ARPOB than most other service offerings in a multi-specialty hospital.

Participant 6: Thanks, let me get this straight. I'm a little surprised because your ALOS for the fourth quarter was 4.8 even though you had COVID related business, I think you mentioned 3%, so I am surprised that ALOS will actually, you know, remain elevated in coming times?

Dr Rupert: Yeah, that is because you know we never stopped being cautious with the pre-procedure protocol because we continue to test our patients for Covid. The pre-procedure length of stay compared to the normal times was more because if your patient has Covid and you go and do a procedure, the mortality rate will be extremely high. So we were very cautious (even for patients who probably were not Covid positive eventually after the tests) and we continue to be cautious. Even while going forward, we will continue to be cautious, but we have fine-tuned our clinical protocols and procedures. We know how to keep the ALOS also under control and at the same time, increase the throughput in future.

Debangshu Sarkar: We can move on to the next question from Ayush.

Participant 7: You said HCCI EBITDA was 26.2 million for the year. Is this number post-IND AS 116?

Debangshu Sarkar: Yes, Post-IND AS 116

Participant 7: What would be the pre-IND AS 116?

Debangshu Sarkar: You just subtract \$1.7 million from there.

Participant 7: OK, perfect. The second question is, would you be able to guide us on what the March revenue was for the India business?

Debangshu Sarkar: March revenue for India Business had gotten back to around 112% of the February 20 levels.

Participant 8: What is the number of COVID doses you administer per month?

Viren Shetty: We are buying as much of vaccine as we can get from the manufacturers. They are constrained in supplying to us because there's so much demand from other hospitals as well as their export commitments and the supply to the government. But like I mentioned earlier, we're not making any margin off this, and in fact, maybe even making a slight loss.

Debangshu Sarkar: We probably don't have any other question because I see people moving out. In that case, folks, thanks for your support and active participation. Like we mentioned before, should you guys have any further follow up queries or anything, get in touch with us. Do feel free to reach out to me or Ashish, we'll be happy to address your queries to the best of our abilities. Thanks again for your active participation.