



“Narayana Health Q2 FY-21 Earnings Conference Call”

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MANAGEMENT: **MR. 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 – SENIOR MANAGER, MERGERS & ACQUISITIONS & INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to the Narayana Health's Q2 FY21 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Debangshu Sarkar from Narayana Health. Thank you and over to you, sir.

Debangshu Sarkar: Good afternoon, all. Myself Debangshu and I run the Investor Relations and Mergers& Acquisition practices at NH. On behalf of the company, I welcome you all to the Q2 FY 21 earnings call of the Company.

To discuss our performance and address all your queries, today we have with us Dr. Emmanuel Rupert – our CEO; Mr. Viren Shetty – our COO; Mr. Kesavan Venugopalan – our CFO alongside Ashish Sukhija from the team.

I am 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 during our IPO 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

Emmanuel Rupert: Having reported operational losses of over INR 860 mn in the first quarter which bore the brunt in terms of the effects of the pandemic, we are pleased to turn in the black at the consolidated level in this quarter at the EBITDA level. While localized lockdowns affected patient footfalls leading to a rather gradual recovery for most part of the quarter gone by, we are encouraged by the momentum generated in the month of September with monthly consolidated revenues reaching almost 90% of pre-Covid (Feb, 20) levels.

At a consolidated level, while on Year-on-Year basis, the operating revenues de-grew by almost 27% revenues in the quarter gone by, it grew over 50% as compared to the previous quarter with India business reaching 79% of our pre-Covid levels in the month of September while Cayman operations achieved its highest ever monthly as well as quarterly revenue.

India business reported steady build-up in volumes, achieving 45% occupancy in September vis-à-vis ~33% in June, majorly driven by hinterland facilities and was further strengthened by hospitals at Delhi NCR. Tier 2 facilities at Raipur, Mysore and Shimoga which were relatively less impacted due to pandemic, along with Dharamshila, Gurugram and NSH-Westbank units, on the back of robust pickup in oncology and neurology business, have recouped the pre-Covid business. That the Delhi NCR facilities have recovered the revenues despite the international business being practically completely shut, reinforces NH's emerging brand recall in the region and gives us a lot of confidence going forward in that crucial market.

Flagship units i.e. NICS at Bengaluru and RTIICS at Kolkata continued to remain impacted given their pre-eminence in the cardiac sciences based elective domain as well as higher reliance on out-of-station domestic as well as international patients while MSMC, bolstered by oncology and organ transplants business, relatively outperformed with September business at over 80% of February, 20 level. Together, the 3 flagship facilities, while lagging the others, achieved 65% of the pre-Covid revenues in the month of September as against 49% in June. With travel relaxation for international patients (specifically Bangladesh in our context) coming into play and with improving sentiments on the domestic fronts, we expect these units to stage a faster recovery.

Our international venture at Cayman Islands facility reported a stellar performance yet again with the facility reporting its highest ever quarterly revenues at US\$ 19.5 mn in the second quarter with ~150% increase in monthly revenues in September as compared to February, 20 levels. This robust growth in revenues led to the facility more than double its EBITDA to US\$8.9 mn on YoY basis during the quarter.

On the clinical front, our focus on providing highest degree of quaternary care is reflected in some of the highlights of this quarter which are amongst the first such cases in our part of the world.

- RTIICS, Kolkata successfully performed East India's first ever case of simultaneous Liver and kidney transplant
- Narayana Superspeciality Hospital, Guwahati successfully performed radical antegrade pancreaticosplenectomy with segmental colon resection and cholecystectomy on a patient with advanced stage of pancreatic cancer, first such case in the region
- Narayana Superspeciality Hospital, Guwahati performed a rare procedure called hepaticojejunostomy in which half of patient's liver along with entire bile duct containing the tumor was removed and the remaining half of the liver was connected to small intestine
- Narayana Superspeciality Hospital, Gurugram successfully performed resection on a patient suffering from Adenoid cystic carcinoma of Trachea
- Narayana Multispeciality Hospital, Ahmedabad successfully performed left carotid angioplasty in technically challenging anatomy of bovine aortic arch on a patient with recurrent ischemia

Looking ahead, despite the 3rd quarter of the fiscal traditionally being a seasonally moderate one on account of festivals, we remain optimistic about the turnaround in the business with the traction seen in the month of October. As certain geographies are planning into go into lockdown due to the second wave of infection, we continue to remain cautious and shall continue to tweak our operations in line with the pandemic related developments.

- Debangshu Sarkar:** Lizann, we can open the Q&A floor.
- Moderator:** Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Sharan Pillay from Allegro Capital Advisors. Please go ahead.
- Sharan Pillay:** I have two questions. The \$8.9 million that you had recorded as an EBITDA at the Cayman Island, is this adjusted for the Ind-AS?
- Debangshu Sarkar:** No, it is not.
- Sharan Pillay:** Could you give the numbers at any chance adjusted for Ind-AS?
- Debangshu Sarkar:** Yes, like we had previously mentioned you can assume a run rate of around \$100,000 to \$125,000 per month on account of the adjustments. So, it roughly translates to around \$8.5 million on pre-Ind-AS basis.
- Sharan Pillay:** My second question was in terms of the increase in beds occupancy that you have Q-on-Q. Could you give me any indication as to where these bed increases took place?
- Dr. Emmanuel Rupert:** Yes, this is to some extent due to COVID volumes which, depending upon the stage of the pandemic in different regions, led to an overall increase in volumes. Also, we have seen a steady increase in patients' footfall to our core business.
- Moderator:** We will move on to the next participant, that is from the line of Rohit Balakrishnan from Vrddhi Capital. Please go ahead.
- Rohit Balakrishnan:** Sir, just a few questions. So one on Cayman. If you can just please share. It has been a quite robust performance so can you share a bit about what lead to that? Is it COVID related or does it more pent up or something else? So if you can just share that first?
- Viren Shetty:** Yes, I can answer that. It is COVID related in the sense that the Cayman Islands has taken a very aggressive stand towards lockdown. So, the wealthier clientele who normally would have gotten their treatment done in the US mostly are now coming to our hospital. Those patients have not been able to travel and so a lot of high value procedures have been taken up by our unit which would otherwise have gone to the US.

So this momentum may not sustain once the border is open. People will go back but we definitely expect some amount of retention of patients who are happy with our services and have given their medical records to us. And so we will do a couple of things to make ourselves more attractive to those patients and in this case primarily opening up a clinic in a very upscale area in Cayman and opening up more primary care specialties there.

But I do not think this margin is sustainable. It is primarily driven by the fact that the patients are not leaving the Island and given a choice, we would also prefer that the borders be open because we definitely want to build up more patients coming in to the Island rather than just trapping everyone there with no one having a choice but to come to us.

Rohit Balakrishnan:

The second question was on recovery. So just two parts question here. So if you can probably sort of give some highlights on recovery on two fronts, one is people coming in from outside of India, obviously the flights are still not operational but I think some of it has started. So any commentary on that would be helpful. And also within India movement of outstation patients coming to your metro hospitals?

The second question on this also was that if I can look at the clusters that you shared so NCR and the Southern peripheral have done quite well whereas the other two regions have not really done that well. So anything that happened in these two areas which you want to highlight or which you are seeing and the other regions are also now sort of coming back during the recovery?

Viren Shetty:

So first question you asked is on international travel. You are right, flights have not opened up to full schedule. But medical emergencies are allowed. So here and there, we do get few patients with very high value-added procedures. So, these are usually patients for transplants, or they are children with hole in the heart and so on. We are not getting too many of those.

We are hoping that the localized air bubbles will kick in, most probably for Bangladesh and we have been told that this channel could open anytime soon. The land border is opened so those who are able to drive coming from the border towns are coming to our hospital in Kolkata slowly but those big numbers we would not see until the flights resume normally.

Regards to domestic travel, it is still very difficult as flights are not full scheduled, railways are not full scheduled, people are scared to take long distance travel.

People from East India coming to South India, people from Central India coming to either North India or Mumbai or even district travel within the place. So for example, lot of patients who would come from small towns across Maharashtra would come to our hospital in Mumbai for treatment. But because Mumbai became an epicenter of the disease and people were just scared to come to get treatment done.

So the reputation of the city is also impacted by the number of cases that people in tier 2, tier 3 towns hear about which sort of leads to the next question you have asked. How come the

Karnataka peripheral units performed so well compared to everyone else and that is because the COVID impact there is less.

Rural Karnataka is not a very densely populated area. It is very spread out and generally we did not see these major sorts of outbreaks. A few outbreaks that we did see were in Bellary and there entire Bellary outbreak was localized entirely to that JSW field plant locations.

Delhi, the performance has been good for definite reason. It is just that it happened very early. The lockdown happened very early. The disease ran through very early and the numbers dropped and then people started coming. What happened is as Delhi numbers recovered the numbers in UP, Haryana all of that started going up. So, then earlier on people were avoiding Delhi because Delhi was worse and later they started coming to Delhi because their place became much worse than Delhi. So that we will wait and watch to see what plays out because of that. I do not think they will go for another lockdown but definitely as COVID numbers go up, it is something that again will strangle very quick recovery in Delhi NCR.

Rohit Balakrishnan: If I can squeeze one more question. So if I look at the balance sheet, our receivables have pretty much at the same level as March despite sort of lower sales in the first half. So just wanted to understand that? Is it because of patient mix and also is there a risk that one should sort of factor in for some provision in bad debts etcetera?

Kesavan Venugopalan: This is Kesavan here. I think even while the billing is low, what has happened predominantly is that most of the payor establishments have resorted to work from home as a methodology. So as a result, the claims which were available online were processed as quickly as possible but the old claims still remain what you can call as not processed and with lot of effort we are able to pursue some of them. So, it will take some time for these establishments to come to full work from office mode.

Rohit Balakrishnan: Okay but there is no risk as such one perceives, right?

Kesavan Venugopalan: We do not foresee any risk on the outstanding amount.

Moderator: Thank you. The next question is from the line of Shantanu Basu from SMIFS Limited. Please go ahead.

Shantanu Basu: I have a few questions. So the first question is with regard to India discharges for September 2020 with respect your existing and new hospitals?

Debangshu Sarkar: Sorry Shantanu, what is your question on that?

Shantanu Basu: The India discharges figure for September 2020 for the existing and new hospitals?

Debangshu Sarkar: You want that number?

Shantanu Basu: Yes, please.

Debangshu Sarkar: We will have to touch base separately on that.

Shantanu Basu: And can you please tell me the outpatient revenue percentage with respect to your existing and new hospitals?

Debangshu Sarkar: We do not have that readily available. Rather we do not actually maintain it in that format but should you want those details we can separately touch base and try to address them to the best of our abilities.

Shantanu Basu: Then my next question is with respect to COVID revenue for Q2. So do you have the discharges figure with respect to COVID and beds allotted and occupancy and ARPOB for COVID?

Debangshu Sarkar: Yes, we do have that for the India business. The COVID revenue for the quarter was around 16% of our total India business which translates to roughly 20% in terms of the discharges and around 30% in terms of the occupancy given their higher length of stays.

Shantanu Basu: I am sorry I could not get that, 30%?

Debangshu Sarkar: 31% to be precise in terms of the occupied beds days for the quarter.

Shantanu Basu: So is it the occupied beds versus the number of beds allotted for COVID?

Debangshu Sarkar: No, it is the occupied bed days for COVID as a percentage of the total occupied bed days in that quarter.

Shantanu Basu: Okay and any idea about the COVID ARPOB?

Debangshu Sarkar: COVID ARPOB were much lower than what the non-COVID ARPOBs were. At a very broad level, it would be half or even lower.

Moderator: Thank you. The next question is from the line of Chirag Patel, an investor. Please go ahead.

Chirag Patel: I have a question. Post Coronavirus on calendar year 2021 what is our growth strategy plan?

Viren Shetty: Even prior to Coronavirus, the company was on a consolidation mode and 2020 and 2021 was a phase where we were supposed to focus on achieving profitability for the new hospitals that we opened. We did capacity expansion in Raipur and capacity expansions we have planned in Mysore and Delhi as well as in Howrah. Those got delayed a bit but it is definitely something we will take up may be early 2021. This is just adding 30-50 beds to these hospitals.

In addition, there is some medical equipment that we will be upgrading i.e. getting the newer technologies, changing the software across the entire group. Those are the products we are

looking at. Here and there, there were some inorganic opportunities that we were exploring earlier. We continue to be open to those but ultimately the valuation needs to make sense, the synergies would have to make sense.

So it is something as and when we have more concrete data we will disclose but nothing really at this point.

Chirag Patel: Okay so all these bed addition and all are brownfield or greenfield?

Viren Shetty: Brownfield.

Chirag Patel: Okay and what is CAPEX outlook for the same?

Debangshu Sarkar: Chirag, we have previously outlined all these numbers in few of our earlier calls. So all these put together is not a very high figure; I mean to the extent of around Rs. 50 crores to Rs. 100 crores number that we were looking at previously.

Chirag Patel: And on the technological integration that you spoke that you are planning to install some IT so related to that. So what exactly could you throw some light on it?

Viren Shetty: So there are two kinds. One is the medical technology and that is basically upgrading the software or the hardware of the medical devices that we have across the units. This is usually equipment that we have, large machines have a 7-year technology lifecycle. After that you will have to upgrade it to the next version. And that is something we are undertaking. The other one is on the software side. The hospital management information system or HIS what it is called, that we built out as an in-house program and finished up the India deployment. We will be deploying it across Cayman starting in January and this was something we have taken up primarily because we were not getting good suggestions in the market and a lot of the efficiencies that we want to drive will be driven through our ability to do a lot more precise pinpointing by looking at our medical data by doing our analytics and predictive analytics by driving a lot of cost efficiencies by automating certain backend processes.

And for all of that, you need a very stable platform, a software platform for the hospital operations to run on. So by in-housing that system, it has enabled us to be able to have a lot of savings as well as efficiencies by speeding up transactions. So just a simple example, by switching to the new system, our pharmacy dispensing time was able to come down by 30%. That is because the software is simply much more responsive.

And for us to be able to more accurately predict the demand cycle and then our inventory levels can respond to that. And that is something that can save us on the cost side. So these are the small little improvements and tweaks that we want to run on the operation side which is very much possible now that we have very good software to do that.

- Chirag Patel:** Okay so all these IT related categories we are also be a part of this earlier outlook of Rs. 50 crores to Rs. 100 crores or other than that?
- Debangshu Sarkar:** No, this is separate. 50-100 crores were specifically towards the brownfield expansion projects that Viren mentioned. These are all separate to that.
- Chirag Patel:** And can you tell us like how much will it cost?
- Viren Shetty:** This is generally on the software development, so IT spend for us is 1.5% of revenues generally. This is the run rate for this activity. In addition to the software development, we will spend anywhere from Rs. 18 crores to Rs. 22 crores every year on the application cost, manpower cost, server costs all of that. But that is the number that is going to increase.
- Moderator:** Thank you. The next question is from the line of Charulata Gaidhani from Dalal & Broacha. Please go ahead.
- Charulata Gaidhani:** My question pertains to the purchase of consumables during the quarter. Is it that we have stocks of lot of consumables in anticipation when it has not happened in particular hospital?
- Kesavan Venugopalan:** We could not understand your query, could you elaborate please?
- Charulata Gaidhani:** Yes, in the sense the purchase of consumables compared to the last quarter is fairly high?
- Dr Emmanuel Rupert:** This is COVID related consumables because you can see that the COVID related occupied beds have gone up. So automatically the numbers of personnel who were involved with the care of the patients were also on the higher side. So, the consumables are mainly related to the COVID care which was there. In addition, we have also started seeing a reasonable traction in the acute care cases and some of the other procedures where the device consumables also are used in higher quantity. All these put together, the consumables have shown a higher percentage.
- Charulata Gaidhani:** Okay and ARPOB has gone up by around 3% whereas normally your increased rate is around 7% to 9%. So do you think your ARPOB has scope to increase?
- Debangshu Sarkar:** Yes Charu, again this has got to do with what Dr Rupert previously said. This is specifically on account of the COVID business which has a significantly higher length of stay as well as not that high yields. So obviously it has a very depreciative affect on the overall ARPOB. We would like to believe that this is a temporary phenomenon and leaving aside COVID, our base ARPOBs remain as it was till the last quarter.
- Charulata Gaidhani:** Now my last question pertains to how much is the EBITDA for Cayman?
- Debangshu Sarkar:** It is \$8.9 million on a post Ind-AS basis for the quarter and \$8.5 million on a pre-Ind-AS basis.

- Moderator:** Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.
- Sameer Baisiwala:** I got dropped for five minutes on the call so may be pardon me if it is a repetition but just wanted to check if you have shared your updated timelines for breakeven at Gurgaon and Mumbai hospitals? And second is how should we think about the India business ramp up to turn EBITDA positive and also to come back to pre-COVID levels?
- Viren Shetty:** Specific to SRCC and the Gurugram hospitals, prior to COVID, we were expecting it to happen sometime this financial year towards the end but I would guess that whole thing has been postponed by another year. But whether it happens in the early part of FY22 or later part of FY22, I would prefer to be on the conservative side pushing it to the later end. But having said that, we have seen a lot of enthusiasm in Gurugram at least and there is a normal amount of growth that is happening. So Gurugram I will be a lot more confident. SRCC, I would definitely push to the second part of FY22.
- As for the remaining hospital performance, I would say Q4 is when we expect to reach normal operations. Assuming of course that the COVID count continues to decline and no amount of lockdown and some amount of vaccine, not full vaccine but at least some amount of vaccine starts to get rolled out.
- Sameer Baisiwala:** And just a follow up on couple of things. So the cardiac patients continue to be much lesser, at least on an overall pie. So I thought that they cannot hold back too long so I am a bit surprised that they have not come back. And any update on the new onco unit that you were planning for Cayman?
- Viren Shetty:** I will give the update on onco unit and then Dr. Rupert will talk about why cardiac patients tend to not come during this time. So, the onco unit in Cayman, we are moving the locations to the upscale part of the town. One of the things which we realized during the lockdown is that a huge number of patients who are historically travelling outside the country for radiation treatment are preferring something that is about available closer to them. While our initial plan was that we would build it in our campus and now we have decided to put it off campus in a place that is closer to the city. It did get stalled obviously because of this lockdown. We are not able to bring people or building material or anything in to the Island. In Cayman, you have to bring everything from outside. They are not allowing anyone to enter the country without special permissions. So it has gotten delayed from that sense. But we feel confident in the next two months at least to start constructions. It is a six to eight months process. In this case it will be ready by then.
- Dr. Emmanuel Rupert:** World over the number of cardiac patients have seen a significant drop once the lockdown was announced in almost all the countries. But with the resumption of the economic activity in almost every nook and corner of the country, we have seen now lot of acute care cardiology cases coming up like primary angioplasties and things like that. We have started seeing a good return of elective cardiac work in some of our flagship hospitals. Cardiac surgery was lagging behind

initially because we were also little cautious because after admission of patients we found that at least 20% to 30% of them turned out to be positive and once you operate on a patient with COVID infection the mortality is almost 80% to 100%. So, we were very cautious and we had to do multiple tests before we actually subjected them to surgery. Patients were also not really coming in unless it was absolutely necessary, but we have been seeing a good traction in this trend but now that everybody has learned how to live with COVID and also manage them and co-exist with COVID.

Sameer Baisiwala:

And one final question if I may. So viewing this from your lens how do you see, it is nothing to do with Narayana but how do you see the COVID pandemic unfold and how important or can vaccines really solve the problem?

Viren Shetty:

I am going to give you the most uninformed answer. Ebola was known in the 1960s and it was not until the western countries started to get impacted by Ebola they rushed to get the vaccine and even then it took seven years. By the time the vaccine came out, there was no Ebola. Similarly, H1N1, by the time the vaccine came, the disease had more or less retreated. I know there is a lot of enthusiasm, everyone putting billions and billions of dollars to bring out vaccines and all of that. I am sure maybe one or two of them will have a beneficial impact but it is not going to solve the problem because the thing is no one will know which vaccine works and the first candidate is never the right one. There is a huge amount of clinical trials, there is a huge amount of things that you need to do.

If you look at countries which are disciplined and which have a mask wearing culture, you take up Vietnam, South Korea and Taiwan, for them their daily case count is like 5, 10 people a day. We are not able to do that so we pin all our hope on this vaccine. I have no confidence that a vaccine is going to solve our problem. I think we just have to learn to live with it and put in systems to restrict transmission. But there is no sense either going for a full lockdown either and restricting flights. So in Bangalore we saw our case counts really dropped recently. You know why? Because the policemen were able to hand out spot fines to people who are not wearing a mask properly on the street. The most common thing you see is that the mask is over the chin or the mask is over the neck. You give people at the local level that amount of power, you will see that discipline coming. So anyway long story but I would say that it will be driven more by the society's ability to discipline rather than a vaccine.

Moderator:

Thank you. The next question is from the line of Sharan Pillay from Allegro Capital Advisors. Please go ahead.

Sharan Pillay:

I just wanted to confirm something with reference to the Cayman EBITDA. You said that the Cayman EBITDA is at \$8.5 million adjusted for the Ind-AS benefits. That will then suggest a roughly 40% plus EBITDA margins. Is my understanding right or has I gone wrong somewhere and if I have not, could you explain to me how this is achieved?

- Viren Shetty:** You are right. It is due to the inability of local patients to travel outside. We rejigged doctors' salaries in response to the pandemic, increased the variable part and so that was the benefit because you were able to align a lot more of the doctors' behavior with the outcome. Honestly our billing systems were running quite horribly in the past and we were going on the fixed package rates and we were just leaving bills that were incomplete. Now that we have a lot more time, we revamped the entire billing systems and got more disciplined about billing. So that is why for the same amount of volume, the reimbursements skewed higher but again not sustainable because this is primarily for the Cayman patients.
- In future, the foreign patients who will come are on a much lower reimbursement package because they are covered by international insurance companies and they have very different billing codes. So then again, there will be a bit of a learning curve and you will see this ARPOB falling.
- Moderator:** Thank you. The next question is from the line of Charulata Gaidhani from Dalal & Broacha. Please go ahead.
- Charulata Gaidhani:** So relating to Cayman EBITDA, you think next two quarters, you will continue around the same rate and how much has been the occupancies at Cayman?
- Viren Shetty:** Like I said I would not assume that this will continue in any meaningful way because the country is in full lockdown and initially what they were talking about opening up the country to cruise ships in December time. Now because they have elections next year, the politicians do not want to do anything to bring again Coronavirus back to the island. So, they have indicated that until May or June next year the country will continue to remain in lockdown. Essentially there will be no one left to offer our services and unless we are able to get more patients coming to the island, we will be stuck. So that is the thing but Cayman I would say we are cautious and we will wait and watch.
- Charulata Gaidhani:** So the occupancy at Cayman and revenue of 19.5 can be sustainable going forward or it will come down?
- Viren Shetty:** It will come down as and when the country opens up.
- Debangshu Sarkar:** The occupancy, Charu, for the last quarter was around 37%. I mean roughly translates to around 35 odd occupied beds given that there are 95 census beds over there.
- Moderator:** Thank you. The next question is from the line of Rohit Balakrishnan from Vrddhi Capital. Please go ahead.
- Rohit Balakrishnan:** Just couple of questions. So one was so the average length of stay increased to about 4.5 versus 3.5 last year so what is driving that and do you expect to sort of just to stay at these levels or it is just more than updatation if you can just share something on that?

- Viren Shetty:** Yes, Debangshu shared earlier. It is the aberration driven mostly by COVID. So, the COVID business is only 15% of revenues but 30% of our occupied bed days. The fact that the COVID patients are staying much longer at a very lower reimbursements and so that is why our ALOS has gone up. In our Bangalore unit for example at the peak we were seeing 400-500 COVID patients on monthly basis. It is down to about 100 and we think it will go down even lower. Similarly, other hospitals have lesser COVID patients. ALOS will come down to normal once the situation improves.
- Rohit Balakrishnan:** And just two more questions. So one was in terms of your expansion bed addition that is happening. So if you can just broadly outline? I think I missed that so sorry for the repetition. The other point was I think you alluded to the fact that you are also in terms of expansion and overall growth you alluded to the fact that you are probably looking at some of the inorganic opportunities. So whatever you can share in terms of these re existing areas or newer areas in terms of geography and broad size of which if you also can share that?
- Viren Shetty:** Yes, okay so to repeat the first point which is what is the organic expansion what we are doing right now. This is capacity addition in Raipur which is finished. The capacity addition in Mysore which is yet to start. Capacity addition in Dharamshala which is yet to start and in Westbank that is Howrah hospital in Kolkata which is yet to start. All of these were supposed to start sometime this year but it got delayed because of the pandemic and the occupancy has fallen. But as the occupancy starts to go back to pre-pandemic levels, the same pressures on space and inability to provide enough patient comfort that becomes a pain and so then we will start those constructions projects again. Now we are pushing it to end of this year or early next calendar year.
- In addition, the inorganic opportunities, that is something that we are looking at only in the places where we want to build our numbers. And that is primarily East India where we are very strong presence in Kolkata and in the Delhi NCR area. But it is something that we have done very opportunistically but right now nothing is meeting our criteria but as and when it does, then we will evaluate it.
- Rohit Balakrishnan:** And as you alluded to I mean given the fact that numbers are improving in areas like Bangalore which is a very big region for us I mean October a better month from that cluster fall in to queue and do you see that sustaining going forward?
- Viren Shetty:** Yes. Across the board October was a better month. Yes, from nearly all our hospitals barring Jammu.
- Moderator:** Thank you. The next question is from the line of Vivek Agarwal from Citigroup. Please go ahead.
- Vivek Agarwal:** Sir, it is a bit longer term question. So let us say in fiscal 2023, hypothetically we are out of this pandemic, then what kind of the EBITDA margin we can achieve?

- Debangshu Sarkar:** We refrain from giving any guidance on this. I mean you have seen what we have been able to achieve during the pre-COVID times at least till good part of February last fiscal. Building upon that and given the uncertainties currently surrounding our business, we do not know what the timeline and the pace of recovery will be thereafter. With the improving traction that you see in some of our hospitals specifically what Viren mentioned in NCR units and few of our other peripheral units, you can possibly workout the numbers.
- Moderator:** Thank you. The next question is from the line of Chirag Patel, an investor. Please go ahead.
- Chirag Patel:** I want to know regarding our strategy with respect to overseas market other than Cayman Island and Bangladesh?
- Viren Shetty:** The area that we are most concentrating on is the large Caribbean regions. We have opportunities for doing consulting projects for our doctors to go and visit and do cases in between Caribbean Islands. So those are the things that we would be looking at. The single biggest line item for lot of those businesses is the health records for their citizens and so definitely we see great opportunity across the Caribbean area both English speaking Caribbean as well as the French part of the Caribbean. Bangladesh is our largest overseas market and because of that we have an opportunity to run a heart center there. So, we will definitely keep a close watch in Bangladesh. But for the near term, nothing really to report.
- Chirag Patel:** Do we feel any opportunity or area particularly in diagnostics?
- Viren Shetty:** So there are two kinds. One is the B2B space where you build the very large centre of reference laboratories. The second one is the consumer facing. On the B2B space, we had considered given that we have such a large presence and we thought we could have a differential but at that time we felt it was a very crowded space and our hospitals themselves would not be able to cope with the demand that we had and the other one is this business is driven a lot by kickbacks by lab companies to the medical practitioners and that was not something we were comfortable with. So we stayed away from the B2B space.
- On the consumer facing side, more than on diagnostics we have made a significant efforts on online consultations and appointment scheduling and that is something for NH patients we are going to offer as a service to do the home sample collections, the pickup, the pharma delivery and so on. Not something as a consumer facing service but something that our own patients can avail rather than waiting in line in the hospitals. Building a consumer business at this point is very capital intensive and lot of the economics of the market have been ruined by the bad firms and so we would not feel comfortable entering the space at those price points right now.
- Moderator:** Thank you. As there are no further questions, I now hand the conference over to Mr. Debangshu Sarkar for his closing comments.

Debangshu Sarkar: Thanks everyone for your active participation. We look forward to such further interactive sessions with you guys in future as well. Should you have any further queries, feel free to touch base with us offline and we will try to address it to the best of our abilities. Thanks once again.

Moderator: Thank you. Ladies and gentlemen, on behalf of Narayana Health, that concludes this conference. Thank you for joining us and you may now disconnect your lines.