

May 29, 2023

**Shalby/SE/2023-24/25**

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**National Stock Exchange of India Ltd**  
Mumbai 400 051.

**Scrip Code : SHALBY**

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Corporate Service Department  
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Mumbai 400 001.

**Scrip Code: 540797**

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**Sub.: Transcript of Earning Conference Call for Q4 and full year FY 2022-23 Audited Financial Results**

**Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015**

**Dear Sir/Madam,**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith transcript of earning conference call held on May 19, 2023, wherein Audited Financial Results for Q4 and full year FY 2022-23 were discussed. The said transcript is also available in the Investors Section of our website.

We request to take the same on your records.

Thanking You,

Yours faithfully,  
For **Shalby Limited**

**Tushar Shah**  
**AVP & Company Secretary**  
Mem. No: FCS-7216

**Encl.: Concall Transcript**

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“Shalby Limited  
Q4 FY '23 Earnings Conference Call”  
May 19, 2023



**MANAGEMENT:** **DR. VIKRAM SHAH, CHAIRMAN AND MANAGING DIRECTOR**  
**MR. SUSHOBHAN DASGUPTA – VICE CHAIRMAN AND GLOBAL PRESIDENT – SHALBY LIMITED**  
**MR. SHANAY SHAH- PRESIDENT- SHALBY LIMITED**  
**MR. PARAG AGARAWAL – CHIEF BUSINESS OFFICER – SHALBY LIMITED**  
**DR. NISHITA VIRAL SHUKLA- CHIEF OPERATING OFFICER**  
**MR. AMIT PATHAK – CHIEF FINANCIAL OFFICER – SHALBY LIMITED**  
**MR. PUNEET MAHESHWARI – AGM, STRATEGY & INVESTOR RELATIONS – SHALBY LIMITED**

**Dr. Bino:** Good morning, everyone and we welcome all the participants to the Shalby Limited Q4 and Full Year FY2023 Earnings Call hosted by Elara Securities. Today, we have with us senior management representatives from Shalby. We will start with opening remarks from Mr. Sushobhan Dasgupta - Vice Chairman & Global President and Mr Parag Agarawal, Chief Business Officer and followed by a discussion on financial performance by Mr. Amit Pathak, Chief Financial Officer. After that, we will open the floor for Q&A for all participants. Should you need any assistance please message on chat box. I will now hand over to Mr. Puneet Maheshwari, for important disclaimers regarding any forward-looking statements that may be made in today's call. Over to you Puneet.

**Puneet Maheshwari:** Thanks Bino. Good morning, everyone, our Earnings Presentation is uploaded on the stock exchange website and our company website Shalby.org. We do hope you have already had the opportunity to go through the presentation. Please note that some of the statements made in today's call, maybe forward-looking in nature and may involve risks and uncertainties. Kindly refer to slide no.39 of the investor presentation for a detailed disclaimer.

Now I would like to hand over the call to Mr. Sushobhan Dasgupta, Vice Chairman & Global President, for his opening remarks. Thank you and over to you sir.

**Sushobhan Dasgupta:** Thanks Puneet. Good morning, everyone, and a warm welcome to all on our Shalby Limited's fourth quarter and full year FY 2023 Earnings Call. All of us at Shalby sincerely hope that you, your families, and your friends stay safe, happy, and healthy.

Before I start on quarterly and annual achievement, let me take a moment to introduce Mr Amit Pathak, who has joined our Shalby group as a Chief Financial Officer. Amit is Chartered Accountant and Company Secretary with around 20 years of rich experience with companies of repute in Accounts & Finance Management, Financial Planning & Budgeting, Treasury Management, Investor Relations, Due Diligence, and Cost Optimization Initiatives strategic experience across industries and functions. Prior to joining our organization, he was heading Finance & Accounts function at Bharat Serums and Vaccines Ltd as Vice President Finance, worked as CFO of Vimta Labs Limited and various senior positions with Gati Limited and Birla Group.

Now on to our quarterly achievements.

Our hospital business continued to show consistent performance in all key operational and financial parameters in the last quarter, on a year-on-year basis, delivering high double-digit growth in the key metrics of In-Patient counts (incl. day care) and surgery counts, grew by 24% and 18% respectively. Hospital revenue and EBITDA also grew by 21% and 13% in Q4 FY23 y-o-y basis. Such excellent performances are a result of the continuous all-round efforts taken by Shalby through various business development initiatives. From a strategic perspective, we undertook various initiatives to improve occupancy levels and brand recognition by leveraging several of the digital media and marketing campaigns including also advertising kiosks at the airport besides digital LED hoardings. We conducted more than 935 healthcare camps and 388

healthcare talks across all units, thereby improving our occupied beds to 579 beds in this Q4 FY23 from 499 beds in the same quarter of last year. These initiatives will continue to benefit ramping up our occupancy levels in coming quarters too.

At Shalby we remained focused to show clinical excellence by performing critical surgeries across many of our units. Few of them I can cite here are the successful First case of TAVI (Trans catheter Aortic Valve Implantation) performed in Shalby Jaipur, challenging marginal kidney transplant is done successfully at Shalby Indore for 19 years old girl. Though small in numbers, but we are proud to inform that we have performed more than 220 Kidney and Liver transplants at SG and Indore Unit. In continuation, we have also applied for Hand and Heart transplant licenses at SG Unit and Kidney transplant Licenses at Naroda unit.

I am very excited about our growing homecare services which grew by 38% y-o-y with revenues of Rupees 9.8 crores and patient count of 27,000 grew by 34% in full year FY23 from FY22. Additionally, our international revenue grew by more than 100% y-o-y with revenues of Rupees 10.4 crores in full year FY23.

Shalby also takes pride in nurturing young talent through Shalby Academy with more than 2000 students registered in the various healthcare programs during full year FY23. We also felt satisfied providing various job offers to these students across our hospitals.

We, being a healthcare service provider, understand our responsibility towards our nation and its citizen to make them more and more aware about their health and in this regard, we have created more than 250 videos on various health conditions as a part of healthcare education and awareness program and created credible 28 long and short healthcare video content in partnership with Google, through its arm YouTube.

Our knee and hip implant manufacturing business under Shalby Advanced Technologies, Inc in California, USA has made steady progress during the full year FY23, wherein revenue grew by almost 3x to Rs 94 crores, of which sales in the USA and India contributed 60% and 40% respectively. Our US customer sales mix from retail and wholesale remained at 58% and 42% respectively in Q4 FY23 which helps in better profitability mix. EBITDA became positive in FY23 after significant cost reductions in raw material and freight cost. With all the efforts to improve implant production, we are now able to produce average ~4,500 components per month in FY23 v/s 2,000+ components per month during FY22. We successfully navigated through our ISO13485 audit for SAT in January 2023 and have received the certification in hand yesterday itself, a proud testament to the high standards of quality we hold ourselves accountable to. We are receiving very positive responses from the consumption of our Shalby-Consensus implants from our inhouse surgeons and outside surgeons as well. We are also very delighted to inform that we have received the license approval to sell our implants in Indonesia in February 2023. We will soon be receiving registration approvals to launch our SAT products in Latin America countries like Argentina, and Columbia in coming quarters. Further, we remain focused on building a strong team with the right attitude, maintaining healthy customer sales mix, continuously increasing operational capacity and thereby efficiencies, adding new products

pipeline supported with extensive research & development activities and substantially bringing down our procurement costs.

With all key strategies in place, our team is extremely committed on flawless execution of such strategies with the right people and leadership in place. All this, in turn, will help create sustainable value for all stakeholders at Shalby Limited.

Now, I will hand over it to Parag, to discuss our SOCE quarterly performance.

**Parag Agarawal:**

Thanks, Sushobhan for sharing quarterly developments on Hospital and Implant business. A very good morning, everyone. Let me discuss the full year FY23 performance for SOCE vertical. During full year FY23, we have added in total two SOCE franchise units at Lucknow and Gwalior under Shalby operated and Shalby Managed business model. These franchise units are fully operationalized now. With this now we have 4 SOCE units at Ahmedabad, Udaipur, Lucknow and Gwalior with the total bed capacity of more than 130+ under SOCE vertical. These SOCE units are performed more than 425 surgeries in full year FY23 with an average of 35 surgeries per month. We have a MOU signed at Rajkot location under Shalby operated model, which is expected to commence its operations this financial year.

As you know Our asset light franchise model continues to witness encouraging responses and is evincing a lot of interest across various stakeholders. While we are getting a lot of inquiries, we have a standard protocol and strict guidelines in place to select the right partner so as not to dilute our strong brand in any way. We are in continuous process of taking over all operations in our brand name with whom we have signed MOUs so far and we are optimistic to see the good developments in the coming quarters of this financial year. Moreover, our focus remains on capitalizing our expertise and excellence in Orthopedics to have over 50 Shalby franchise hospitals across India. Now, I would like to hand over to Mr. Amit, CFO of Shalby Ltd, to discuss Shalby's quarterly performance in more detail.

**Amit Pathak:**

Good morning everyone. First of all, I would like to thank the board of directors. Shall be management investors and all the shareholders and other stakeholders of the company to give me the opportunity to work with Shalby Ltd. Good morning, everyone. I will walk you through the financial performance of your company for the fourth quarter and full year, FY2023. First, I will be running you through the consolidated performance of the group. In Q4 FY23, total revenue grew by 25% to Rs 208 crores, EBITDA grew by 23% to Rs 35 cr. and PAT grew by 37% to Rs 14 cr from Q4 FY22. EBITDA margin remained stable at 17% in Q4 FY23 v/s Q4 FY22. For FY23, we have recorded revenue of Rs.827 crore grew by 16%, EBITDA at Rs. 159 crores grew by 20% and PAT at Rs.68 crore grew by 25% from full year FY22. The group continues to maintain a very strong balance sheet with low gearing ratio at 0.15x and closed the year with a net cash balance of Rs.71 crore at group level.

Now I will be running you through standalone performance for the hospital business.

Operational side - Total Surgery count grew by 35% to 27,352 with Inpatient and Outpatient count improved by 17% and 42% in full year FY23 from FY22. ARPOB and ALOS also showed an excellent improvement at Rs.34,854 and 3.92 respectively in full year FY23 vis-à-vis Rs 31,347 and 4.55 in the previous year FY22. The payor mix has shifted slightly in favour of insurance which is being compensated by reduction in government business. On Financial Performance side on a Q-on-Q basis, the revenues for Shalby grew by 21% in Q4 FY23 to Rs.183 cr.; EBITDA grew by 13% to Rs.36 cr.; and PAT grew by 17% to Rs.18 cr as compared to same quarter in last year. For the FY23 hospital revenue grew by 10% to Rs.728 crore, EBITDA grew by 13% to Rs.161 crore with EBITDA margin improved to 22.2% as compared to 21.6% in FY22. PAT margin for the year FY23 stood at 11%. At standalone level again a very strong balance sheet with low gearing ratio at 0.03x and closed the year with a net cash balance of Rs.170 crore at group level. We continued to maintain ROCE at 16% from hospital business. With significant ramping up of operations, new talent addition and product launch, our US Implant business has grown more than 3 fold to Rs. 94 crore (USD 11.7 mn) in FY23 from FY22 (USD 4.3 mn) with EBITDA positive in FY23.

**Puneet Maheshwari**

Thank You. Now the floor is open for Q&A. I would request you to please raise your hand. We will take them in order wise.

**Tina (Elara)**

We have first question from Mr. Dhananjay Jain Please go ahead

**Dhananjay Jain:**

GM everyone and congrats for the good set of numbers. I have two questions to be asked. My first question is from US business. As we have achieved almost INR 100 crore in FY23 or nearly to level or may be INR 25 crore quarter but still not breakeven level. So what is your target when should be break even level. That is number 1 question. And number 2 what are the growth drivers going forward for next 2 years? Whether we would be banking on franchise or we would be doing a capital investment. To set up a new hospital, in the next 2, 3 years. So just wanted to understand your next 3 years plan with respect to growth. Thank you very much.

**Sushobhan Dasgupta:**

okay, I shall answer your question on the first part, because I have a lot of involvement in the business of implant. In an implant business at the start, you need to get a lot of raw materials in. And when we took over this company, as you may aware, there was a lot of situations that we had to turn it around including people including customer satisfaction including lost customers. And so on with that putting in mind. We had targeted that we would be getting into Ebita neutral or slightly positive. This year and we have been able to achieve that at 94% of growth. Having said this, when you look at your question was the year next year. We plan to increase our goal towards a pretty healthy margin. And our aim is to look at this company to be in getting a USD 100 million business in 5 year time. So, when we are getting into a USD 100 million dollar in 5 year time We are looking at a, of 20% plus EBITDA margin. A lot of things are happening. We have built in our strategic plan. We are developing a very solid team of leadership and the first line managers. The business that we have envisage, 60% of the business will come from the US. 40% of the business will come outside of the US. But as you know, the US average selling price is much higher than the rest of the world. So, the volume will be vital for almost 65% of volumes will be consumed outside of the US. So, coming to your second question. Which is where we

are looking at our growth engines. Definitely the hospital business would continue to be in the double digit growth mindset where, I think, I would get the other members of my panel to be talking a bit more on that but I can tell you we are really looking at hospital to be our driving force. We are expanding our hospital in terms of getting our occupancy level better every past day. We are focusing a lot. On surgeries that would be bringing in more better revenue mix and profitable mix. We are looking at expanding into other areas like as I think you have heard from us earlier we are looking at and in towns and cities where we are not present in. Our SOCE business, which is our franchise business where we plan to be getting into 50 plus franchise centers. The growth engine and the other area that we feel are very good about is our home care business. Which is within the hospital business that is going very fast and we believe the home care business along with the international business would be our group drivers. If you ask me, we have the 3 big verticals. The hospital business SOCE and the implant business and within the hospital business we also have the home care and the international business. Which would be a good drivers going forward. Maybe I'll leave the other members of the panel to add anything that I missed out.

**Parag:**

So, I'll add and while the SOCE remains one of the grow drivers for the organization as we move forward. This satellite model is something which we will look forward to in expanding on the hospital side as well. We will be looking forward to those plus we also have our hospital business you know our businesses in Mumbai and which will be looking forward to operationalizing in the next couple of years. So that we are able to add to the business. In the existing hospital business we have good headroom to grow as a Sushobhan talked about, double digit growth, something which you'll look forward to with the aid coming in from the transplants, from home care and international business.

**Vaibhav Jain**

One more question if you allow me with the kind of guidance you have given at USD 100 million for the implant business. So how much Shalby would be further, compelled to invest in the in the US business going forward.

**Sushobhan Dasgupta:**

So, if you look at the capital investments, there are 2 areas that the capital invest happens. One is definitely the running day to day business. We expect this business to be operationally SELF-within this fiscal year. So, what would then happen, that is something that we always believe that you'll be doing it. But the second thing what happens is the Capex investments. So, if you look at the Orthopedic business. There's a lot of Capital is required especially at the capex level to buy Instrumentation. We do not manufacture instrumentation in a large scale. To every knee or a hip implant Requires almost close to 250. It's 2 months that are needed to put in one single hip or one single name. And that comes in 5 or 6 or 8 trays. And without those instruments. You cannot operate. And that is a very investment, though it depreciates over 10 years. But that investment needs to happen. A instrument gets around the turnaround of around 50 to 75 depend upon the country. Now if I'm looking at a USD 100 million business with 100,000 implants sold. look at the number of instruments is required. This would be a continuous investment. From a capex standpoint because instruments. It cannot be for life right because it's a metal. And it gets worn out over time. Cannot be for life right because it's a metal. And it gets worn out over time. Does it answer your question?

- Vaibhav Jain:** Yeah, great. Good. And thanks for the opportunity to ask the question and all the best. Sir.
- Tina (Elara):** We will take next question from Divya
- Divya:** Hello, so congratulations for the great numbers. And my first question is, EBITDA from implant segment is 11 million as per your presentation. Where is PBT is negative 11166000000, FY. 23.
- Sushobhan:** I think I will, refer this to the, my finance person. He would be able to give you a current answer. Maybe Amit, would you be able to handle this? Thank you
- Amit Pathak:** So, there are two things comes after EBITDA. One is depreciation which is close to 1.2 million and interest cost I around 1 million. And the rest is the differ text that is closed to around half 1 million.
- Divya:** Just in a nutshell, I would like to know that what is your reason for the next three years, if you can just give us some guidance on, about the revenue and the EBITDA growth and the numbers, if it is possible?
- Sushobhan:** The implant production in Kansas was around 10,000. Something. So if you look at it. We calculate on the basis of implants and instruments. We predominantly manufacture our implants in our factory but sometimes what happens is there are certain instruments that are customized and required or something that Our vendors are not being able to manufacture and we cannot stop surgeries. So we do all instrument manufacturing as well. So it will be around, I would think, 10,000 plus. In plants that were manufactured in quarter of 4. So overall if you see our total implant that for manufactured were over 45,000. In plants in the full year. Which was, I would say. Double the production that we had. In the previous year. Let's go, yeah.
- Divya:** Okay, that's great. I have just one more question. In Mars medical devices, in material. Does the company have an external debt?
- Sushobhan:** Amit, Can you please answer the question?
- Amit:** Yes, The company has term loan and working capital limits. We have 2 external debt in SAT. So, we are talking about term loan the outstanding amount is close to USD 8 mn and outstanding working capital limits are USD 6 mn.
- Divya:** Thank you sir
- Tina (Elara):** We will take next question from Abhaya, an individual investor
- Abhaya:** Many congratulations and excellent set of numbers. So I had a couple of questions. First on the implants business. So how are we priced in terms of implants as compared to our competitors like or the other competitor.



**Sushobhan:** if you look from pricing standpoint, we are present in 2 countries USA and India. We also have business in Japan. As well. But a much smaller business. But when you look at in USA our prices are slightly lower. Then the 4 international companies, as you know in the US, which are multinational companies Zimmer Biomet, which is a number one, then Striker, the third is Jonathan and Johnson and fourth and fifth are Smith and Nephew and they control around 90% of business, which is very unique comparing to any other industry. So if you look at their prices, their prices are all a notch above the others and the rest of the market. Which is asked along with many other competitors. Our prices are slightly below. Then it's not about the quality, it's more about the branding. That have been built over several years that they have put in along with a lot of capital. That makes the price much more rather slightly attractive than ours. When you look at India prices are same across everybody because of as you know, it's a regulated market, especially on the knee side. So, it's a regulated market and so the prices are exactly the same than anything else. Okay.

**Abhaya** And I just wanted to understand so the in plants business from past 3 or 4 quarters has been at. 20 year in the range of 20 to 23 min over or quarterly so So is it that, we, are not able to, you know, or we are waiting for approvals to, to increase our revenues there or will be growing there.

**Sushobhan** No, actually what has happened is, we, we have launched a product called TUKS, which is the Unicompartmental Knee. Right now, when you look at the implant business. All the products that we've had are quite legacy products. They've been there in the marketplace for a long time. So over the last few quarters, we have been trying to ensure that we are well ready enough. To be able to satisfy our customers and provide the customer delight that is needed. The worst part in orthopedics implant business, what happens is if you are have been able to win a customer and not been able to provide 100% of the inventory. And the instrumentation that they require. And this is not a suture business or even a cardiac 10 business. For an implant business for for just a knee or a hip to use. And, it is something that is interesting for everybody to hear this if you are not. Acquainted with the implant business for a knee or a hip. That a patient uses or a doctor uses in on a patient in a hospital. There are at least 4. Pices that are there. We are kept in the OT, 4 to 5 sizes. Some persons even prefer 6 sizes. In spite of the x-ray being done. To be ensuring that when they open up the knee or the hip. Yeah, very sure after they do a measure and open up and measure which size will be required. So, the amount of inventory that is needed is very huge and that I guess would be able to answer the question that you were asking. So, it's a lot of, I would say. Investment that is needed a lot of I would say inventory that is needed and so we are ensuring that we are completely ready. To be able to go in. The other point which is important to note is that There is a big large hospital or large account. That we had in one of the states in the US which we lost for the time being because they went into contract or as you call it the contract and when they will be over 8 companies and we were one of the large companies that was complying or large volume company that we were supplying. And they chose only 2 companies. Unfortunately, some of the big polls also went out of that business. We are trying to reinstate that business plus get in some of the other business and that created a bit of a lull in one of the quarters.

- Abhaya:** So is it primarily on account of the implants business because what I understood from the previous phone calls was we would require 6 months of send for the implants which is 50 per Eventually, I mean, but why is there such a huge increase in Not able to monetize it or I mean It is.
- Sushobhan:** No, it is not about monetization. Basically what we are doing is we when we when we set 6 months. Or 7 months in entry. It's basically on a certain size of a product. But when what you're looking at is. So what is happening? The amount of production that is happening has to cater to a lot more sizes. In India, especially your sizes that are used mainly as 0 one and 2 and maybe 3. But when you look at the US, your sizes. Our youth is only 4, 5 and 6 and 7 and sometimes 8. What happens is that your spread. I've been going much bigger. Then what your original thought process was that you are focused on say 2 or 3 or 4 sizes where you have a 6 month inventory that's fine. But when your spread is going bigger that's where your amount of payment free goes in and as I said earlier the worst possible thing that can happen in orthopedic implant business that you are not being able to satisfy a customer with a product. Or a that he or she needs. And that's what we don't want to get into and that's the reason our inventory are built up. Who's certain scale but having said this we believe with the ramp up in our sales in this year, we believe a lot of inventory would be streamlined and most standardization will happen in the inventory section.
- Abhay:** And last question. So the implants that is applied to India and the ones that are sold in U.S.A. are both of the same quality, right change in the body tonight.
- Ruchita Ghadge:** No, absolutely not. We don't even differentiate. We don't even know when we produce whether this is coming from India or going for the US because the factory that produces is the same factory. The people who produce are the same people, the quality standards that are put at the same quality standards. And the package and the boxes that come out are the same things. We don't even differentiate which is happening in India, what is going to Japan, what is going to USA.
- Abhay:** Got it. So what would be the conservative margin for the product? So, if for implants sold in the US or India.
- Sushobhan:** I would not give you the specific numbers, but I could tell you when you look at the pricing. The pricing in the US is at least 3 times compared to what we sell in India.
- Tina (Elara):** I request you to please come back in the queue. We'll take the next question from Girish.
- Girish:** Yeah, hi morning. Thanks for taking my question. It's Girish from, we met, just on hospital side, first, I'm just looking at the numbers. So, this quarter there was good growth. Full year you've done 10% this quarter was 20% I mean numbers still came bit lower than what you guided earlier. The overall for the full year just trying to assess if there is some kind of seasonality element or what is that one we should look at and if this growth in Q4 is sustainable.

**Shanay Shah:** Yeah, hi, Girish. This is Shanay. So, basically if you look at, you know, this quarter we have grown about roughly between 18 to 20%. And, the way I would look at it is, you know, when I look at, when you come commented on the growth for the, for the full year at about 11%. I would see you slightly differently. I would break it up because in FY22 the first quarter was affected by COVID where we had A lot of COVID revenue. So, if you look at quarter to quarter 3 and quarter 4 of FY22, we average it up at about 150 crores per quarter, right. And in the first quarter we did about 200 crores because of COVID. So, if I take out that, 50 to 60 crore, you know, from FY2022, I'm looking at about 60- 61 crore for the FY 22 in the hospital business. in the hospital business. And then at 5 23 we have done a little in a little over to a 7 25 hot course. So, we are talking of a 20% growth in the hospital business in this year. So I think we are quite satisfied with the performance and at the same time because of a strike in japore which affected not only us but all the corporate hospitals in in the city and all the other hospitals in the city. We got affected by 15 days you know in this particular quarter and that has affected another 5 to 7 old crores of revenue. otherwise we are basically in line, I see it for the hospital business. And Janet, when you look at the numbers like patient, inpatient count and I mean, I'm trying to see So would that number also be growing at 20%?

**Girish:** What is the daycare?

**Sushobhan:** Absolutely. So let me tell you that you know the surgery count has grown by a little over 30% for this year. Right. And if you look at the daycare account, we have grown by almost 25% for the year and, the inpatient count has grown by about 17% and that is again partially affected by you know the high very high occupancy during the quarter one of FY 22 which was affected by COVID. So overall, yes, there is a 20% kind of growth across most parameters

**Girish:** And what would let's say be a full year occupancy according to you next year.

**Shanay:** I mean if you are asking me what are the, what are going to be the biggest growth drivers for next year. I would say the biggest group drivers for us would be the Naroda and Mohali unit where you know there is a lot of ups that we have. And yes, the other bunch of hospitals will continue to grow at 15%. So you know, you will see that extra growth coming in from Naroda and Mohali.

**Girish:** Okay, okay. But you're using that this 20% growth, of course, is very possible next year also, right.

**Shanay:** Yeah, so you know, we have, they are demonstrated that in this year. So we are confident that we will

**Girish:** And what would margins look like? Bradley, I mean, assuming, of course, implant business, performance better.

**Shanay:** So if you are talking of the consolidated margins. The way we are projecting the hospital business. We do believe it will grow at 15 to 20% and there will be a margin expansion because operating leverage will come into play. And for the implant business yes we are projecting the

a higher single digit kind of a better margin for the year as well with a very high growth compared to FY23.

**Girish:** And this last one, this SOCE number, I know you're adding more cities, there's still, but Does it eventually translate into a higher occupancy in your network or is it just the more the management fee component that comes through.

**Shanay Shah:** Yeah, so I think Parag will take the question on the SOC, but yes, it has a rollout of ripple effect on main hospitals as well we get a lot of drainage but how the SOCE business will play out I think that he will be able to take you through that.

**Parag Agrawal:** So to your question that, you know, does it have an impact on the existing hospital? This is yes, as Shanay said. There is a lot of, you know, ripple effect which comes through once you have a permanent hospital in a particular town. There are people who are still willing to come to at the same time, we have people who are willing to get operated in the city and they are not willing to move and that's the, that logic behind us. You see, and we continue to, you know, move upwards in terms of a number of surgeries.

**Girish:** Okay, thank you. Thank you, thank you for that answer.

**Tina (Elara):** Thank you, Garish. We'll take the next question from Manish. Manish, please go ahead.

**Manish:** I have not questions. All the question are answered.

**Tina (Elara):** Okay, thank you, Manish. Vishal, please go ahead. We can take the next question from you.

**Vishal:** Yeah, hi. So if I heard correctly, we manufactured 40,000 in plants in this FI, right? Yet the investor presentation says that we sold roughly. 10,000. So my first question is, can you please give me some understanding on why our soul units look low? And second is, would you please give some color to our sales efforts in US? And what would be the margins, on implants in Indonesia and the upcoming geographies?

**Sushobhan:** All right, Vishal, thanks for the question. When you look at the implants sold versus the components manufactured when I said 45,000 plus. Box manufactured. Which means, 45,000 components of the hip knee parts that have been manufactured. When we say 9,700 plus implants being sold. Each implant consists of all components usually For a knee it's the TBL base plate of femur. A trivial insert and a petella. For a hip its Metal head, the metal stem liner and the Acetabular cups. So that's where I think you are. Getting the difference in terms of the implant sold both of the components manufactured. To your second question in terms of what we have done is we have done a segmentation strategy of our customers. Where we are looking at 3 rates. One is how do we price the current customer we inherited when we took this company, how we could increase the market share. Of those customers because those customers that we inherited are not 100% of our Shalby implant users some use 20%, some use 30%, some use 60%. So that's, that's one of the ways we are looking at it. The second way is we are looking at it. Who are the customers that we lost? Over the last 4 or 5 years. We are connecting with all of them.

And we are telling that with the new initiated with a new strategy at the new company that has come up. We would be ready to serve it. And we are obviously getting some resistance because they have had some bad experience with the previous company. But it's all about persistence and how much we can talk and demonstrate. The third thing that we are doing is in terms of getting new customers. We have looking at New opportunities, new customers and for that to do that. We are hiring 3 new regional sales directors. In 3 different areas or regions of the of US where we do not have currently presence with. And the last one that we're doing is we are launching new products. TUKS or Tahoe Unicompartmental Knee. We believe and there's many surgeons who have used belief this's one of the best in the world. So, we are manufacturing the instruments. All the instruments are still not in hand. We have given it to an external. Vendor who manufactures those instruments which we will be able to get in. Sometime around July time frame. Where we'll be able to then go full commercial launch. In the US. We are having a pipeline of very exciting new products including a total That will be able to launch towards close to at the end of this year. That would also bring in a lot of impetus. We are looking at portfolio expansion. Of the current name which for the 4 or 5 extra different sizes. That would also help us to gain traction. In the US market. To your question on Indonesia with the US. Where we are the prices as I said in US, 3 times more than India in Indonesia the prices around 1.2x more. than where the India market. So, we have to play the markets where the prices are predetermined. And Indonesia is a market that has likely better. Margins at what we'll get in India.

**Vishal:** Thanks

**Tina (Elara):** We will take the next follow up question from Divya

**Divya:** Can you please provide us the %age of revenue giving to Franchise in and the percentage from we are receiving in and how company recognize the venue from do we include it in sales or other income?

**Parag:** so when we receive it comes in the range of 4 to 7% in FOSO model where Shalby becomes the operator and recognize the revenue. There are four units and our of the two are being operated by us wherein entire revenue and bottom line comes to us. Where, for the for some units, we recognize only the franchisee revenue which we receive in our books.

**Divya:** Okay. And, what about student endowment? Do we including revenue or other incomes?

**Parag:** Both the Franchise two business model, the contribution what we have that is getting included into the revenue not into other income. While we track the revenue very closely with our franchise, we have work with them in increasing their videos so as to increase our revenue but in our books we recognize only. we also include income from academy in operating income.

**Tina (Elara):** Next question from the line of Nitin

**Nitin:** Hello. yeah, Good morning and thanks for the opportunity. Sir, most of my questions have been answered. I have only one question left that is regarding to margins. So can you throw some

light on this? So why is the employee calls gone up in this quarter and what would be a sustainable margin.

**Amit Pathak:** Yeah. There is 2 things. First thing is one is the normal increments what we have given to employees. In line with the inflation index. Another thing as our in plant business is growing up. There are certain additional costs in terms of the manpower for our influence business, which we have infused in this year.

**Nitin:** Will it remain around 17% and the employee cost which has come is it sustainable for next few quarters also? Is this the base revenue employee cost now?

**Amit Pathak:** Good. So you're talking for a standalone or consolidated.

**Nitin:** I am talking about consol level sir.

**Amit Pathak:** Yeah, so console level again for the standalone, we are going to, sustain our margin. Which is already been Sounded by Mr. Sunny. In terms of the implant we have infused lot of manpower cost in current year and we are seeing the sustainable inflation cost into the next year for our implant business and maybe some more addition.

**Nitin:** So it will not be in line with the current here, whatever the, increase what we are seeing it to the employee cost that will be in terms of percentage that will be, continue with the normal inflation index into the next year.

**Amit Pathak:** Yeah, just to add to that, you know, the, Are you will see that there will be a margin expansion because as the It's open that. You know, we are looking at, I think we'll. For the implant with this and you know if we are going to grow at between 15 and 20% for the hospital business. There will be a margin expansion there but at a concern level you can expect close to 20% kind of that.

**Nitin:** Okay, so when you said 20%, you also include other income in that, right?.

**Amit Pathak:** Yes.

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

**Tina (Elara):** Next question is from Bhagwat from Prosperity

**Bhagwat:** Hey, good morning. This is my work from prosperity. Could you please update about the implant business segment in terms of the key strategy to compete with the other established players in the US.

**Sushobhan:** As they have already built their brand which is crucial for the business I believe. And the size of the industry. Yeah, so I think what you in your question you said. I think that has a lot of answer and meaning to it and I worked in one of the large companies as you know and I was a part of the global management board. For Johnson and Johnson. So, one of the things that happens is sometimes When you look at these companies. They most of the businesses that they get in big getting from large volume customers So they do not really take care of certain customers who

are in their minds, larger, a smaller place or smaller volumes. Whereas those small volume surgeons feel very neglected because in the recent past they were catered to by these bigger companies. So, the service levels calm down. And they feel very disconnected. So, these are the target customers when I talked about the segmentation when I said new customers. These are the new customers that we are looking for who are disconnected with the service level for the big 4. And they would like to come into the companies that would be able to service. So we have been going into 2 or 3 strategies with them. One is obviously, as I said, increasing our sales footprint. To the appointment of the regional sales directors and the distributors. The second is to introduce new products to them. And thirdly, being able to take across them. To several of our key opinion leaders who are using our products too. In orthopedics one of the ways of strategy to convert a customer is to give them the hands on feeling. Of coming into a surgery and observing the product perform live in a patient. So, what we are doing, we have created centers of excellence without certain c in. Our, countries in US, especially and also in India. Where we would be getting surgeons who are interested. To see how a product perform in a live case. And when they see seeing is believing. They'll be able to go back and use our cases. But that's where we are. Having said this, we are also looking. At getting shares not only from these large players but also from the mid segments as well. If you look at it, there are almost 25 or 30 Companies who play in the mid-segment in the US. And we are also targeting these companies because these companies either having a gap in the portfolio or they have product related recall issues. And one of the things of key unique value proposition of this company that We have now acquired which is consensus. This I think you know about it. 28 years. In the US and in other parts of the world. Zero product recall from FDA And if you go and Google and go to a Google search for any company in the world which sells and plants. You'll see almost all, if not all. Will have product recalls being initiated by FDA. And we feel pride up in the fact that we do not have a product ripple and that's a huge Uni wearing that proposition. Because I know at least 2 customers in the US who use that product. Simply because we have Zero product calls and that's give them the testimony. That we are a quality company.

**Bhagwat:** Yes, sir. Thanks for your accessor. Just to beat some color on the size of the industry and what would be the size of the segment particularly.

**Sushobhan:** The size of the The size of the industry is 18 billion dollars. Out of their 18 billion dollars 8 billion dollars is in the us and the 10 billion dollars is outside of the US. And when, when you look at from a volume perspective, the that it's a 60 40 split where 60% is outside of the US and 40% is in the US because the US. ASPs are higher. What was your second question? Sorry, I didn't follow.

**Bhagwat:** So it's about the top line and margin guidance for the segment for the next year.

**Sushobhan:** So basically we are, we are, providing a range. And when you look at the range, we are trying to grow almost around 60 to 70% of where We currently landed this year. So that's where the range that we are looking at. The guidance has I think from Go, bottom line perspective, as you said, we are measuring ourselves on, and we would like to get into single eye digit Percentage or, or they end up this year.

- Bhagwat:** Single high-digit and top lines, are you saying? 60%. Is that correct?
- Sushobhan:** Yes, around 50 to 70%. So I'm giving you a range between 50 to 70% off. Growth versus what we did this year.
- Tina (Elara):** Thank you. Will take the next question from Surya Patra, please go ahead.
- Surya Patra:** Yeah, thanks for the opportunity, Just, Sorry, just a couple of clarifications. So, if you can, share, even, more on the, this in business. So, what is the like to like volume growth so that you would have seen So and also if you can share what is the current utilization that you have reached in FY22.
- Sushobhan:** So if you look at from a volume growth perspective, the volume growth has been much higher. I think I would, fall back on finance because I don't have the answer off hand, but I can tell you the reason why I'll tell. Is in FY 2022 Our sales totally came out from US and a bit from Japan. We did not have any India business at that time. In FY 23. Of the 11.7 million dollars that you see as I said 60% came from the US and 40% came from India. So if you calculate that 101.7 million dollars. Almost close to 6.9 million dollars came from the US. And 4.7 million dollar came from India. And because the India ASPs or the selling prices are much, much lower than the US. And last year there was no India selling prices or India sales. Obviously then your volumes of FY 23 It's much more than 3 times. So if I said our sales was 3x. In terms of dollars, the volume. Could be 5 X but I do not have the right exact answer but in definitely will be much more hard than 3x because we sold much more in India. Or rather we sold in India in 23 versus 0 sales in 22. Before India.
- Surta Patra:** Okay, yeah, this is helpful. So and, about the utilization of the capacity and also what is it, is it possible to say, the, like what is the kind of a progression that we are witnessing in terms of captive issues of ours.
- Sushobhan:** The utilization of the capacity that is one. And the second point that I talked about is, what is the captive you says that we have, we have seen for the implants in India. Okay, so when you say captive usage means internal use it, right? Okay, okay, so when you look at the first, we see our plant right at this moment. With the plus minus put together, we see that the fifth plant can. Manufacture at around between 70 to 80,000. Components in a year. Again, I wanted to remind you there's a difference between implants and components. Come yeah so the so 80,000 We can 70 to 80,000 and if you see we manufactured close to 50,000 components in this year. So if you might do the map. You'll be realizing we were on 60 to 65% capacity utilization. Now we do have space. In our in our factory in El Dorado Hills in California we have a 10,000 square feet which we have kept it so that we can use it for the future. And that would be used obviously to get in some more machine that we are looking to automate going forward we are still in the thinking process we've still not gone into details of which machines will be coming in and that's the reason when a gentleman asked a question about. What would be the capex. I could not answer it in sort sweet time because it's still not decided. But we have area that we could be used. We could even use it to, get our warehouse, much more streamlined going forward that,



would be much less kept, So to your point, we are at 60 to 65% capacity utilization. And from a captive standpoint right now. Our strategy in India was very clear. If you have to sell it outside of Shalby. We have to first be completely convinced. About how we are using it. So our objective was to really make it Right now, what we see is almost 70 to 75% usage is within Shalby. And 25% is outside of shallow. And that has been intentional because we wanted to first be very confident about the usage in Shalby and I can tell you right now is that the shall be surgeons who have used our products and are continuing to use that for us and exceptionally happy about it. And that's a reason that has given us confidence to go now. To the outside world outside of Shelby to be able to. So to your answer question directly at 75 to 80% disc captive. And the rest 20% is outside of Shalby which will change this year as well as in the coming years.

**Surya Patra:**

Sure, sir. So I think this is interesting to know that, okay, this is a kind of a kind of a brand building. Absolutely In house and then obviously building it for the world. So, So sure, I just wanted to just a last question. So I wanted to check and understand, what is the scope of a price play? Let's say in the existing market and beyond existing market what we are thinking and also the scope of brand buildup also.

**Sushobhan:**

So when you look at the scope of price. Though if you look at the business that we operate in India. And I'll go into 2 segments like the price elasticity is very different in India versus the US, right? Now US already when you look at there is almost very little opportunities to increase. Prices because the prices are already at a very high level and you can understand the healthcare systems are a lot of pressurizing. There's a lot of central purchase in groups coming in. So we do not believe that we get price increases in the US, but having said this. Our profitability in the US. Will continue to rise because we'll change the mix. What we are doing is we are looking at the product mix and we are trying to sell. We talked about the tucks, the Tahoe Unicondylar. That has better GPS, that'd be better to grasp margins, across profitability as we call it. So when we sell more of TUKS. And that increases the ratio of our sales. That brings in better margins though we cannot increase our prices. Where in India? Almost 60% of the business is near 65% of the business's needs and 35% of other businesses hips. And we expect that next year again in September. The price regulators or the regulators who regulate price and the government may increase it by another 10% because of the cost of inflation. Like they introduced it last year. The industry has been working very hard with it. And the association is working very hard with it. But the 10 person comes in. That benefits us, because India is one of the lowest priced. Implant companies in plant industries in the world. But because of volumes. Many companies are being able to supply. So 10% increase will come up. We believe in India from a price standpoint. And again, the price. Mix the product mix that I talked about will also be applicable in India and we'll be selling more tax in India, which will help us to also develop our margins.

**Surya Patra:**

thank You for being that

**Sushobhan:**

Thanks for your questions

**Tina (Elara):**

Thank you, Surya. We like the next question from Rikesh Parikh from Oxford capital, LLP. Please go ahead.

- Rikesh Parikh:** My question, it's just, the first is that we are on around 55% capacity, implant business. When do we see a breakeven level for this business now?
- Sushobhan:** I think we answered the question, on this and the question that I, and the question was asked and I, the way I answered is single digit positive. At this fiscal year in and we are trying all our efforts to be able to be operation expenses neutral. And be self-sufficient in a city. In this year itself. That's our plan. Thanks. secondly, if I look at it, means we are at 50%, utilization levels as say that. So basically the objective, I understood now. So basically. You ask them the return on capital import. We expect this return on capital employed to be coming at around 15%. That's the potential and the possibility over the coming years.
- Rikesh Parikh:** Okay, that happens. yeah, second on the SOC model, mince, the, what is was the revenue for the Q 4, and let's say it will be nominal and what are our plans for next 2 or 3 years.
- Parag Agrawal:** So based on our initial. Implementation. Amit, you have the Q 4 numbers because I'm tracking the number of surgeries giving the initial stages of the business Of the business.
- Amit Pathak:** Yeah, it's so, just give me a second. So for FY23, it is close to around 4.5 crore. And for the quarter it is 1.5 crore.
- Rikesh Parikh:** Okay. Rs. 1.5 crore. Okay, that helps. And that actually, how do you see this business shipping up now?
- Parag Agrawal:** So, directionally, we see a number of surgeries improving as we, you know, enter the new quarter. And as their 2 new units in Gwalior and in Lucknow, they take shape and the, 2 older units in Also, you know, interrupt and mature up a little bit more. The we see the revenue only moving up for the existing the existing 4 units and as we add more units we move forward quarter and quarter we see a healthy revenue on the business. See exact numbers I'm not putting through because each unit will add up and you know very in the same time. I don't know where the units will grow up quarter on quarter. Alright, so the exact number guidance is something which is difficult at this stage. As I said, I'm tracking more on the number of surgeries. Which are done and that gives me confidence on the business growing in the.
- Rikesh Parikh:** How many SOCE center do we plan to open this year?
- Parag Agrawal:** This year we have plans to add anywhere between 8 to 10 centers. and operationalize them by the end of the year.
- Rikesh Parikh:** Okay thanks. My last question is on the overall hospital business. If I look at our ROC on a console business 13% and on hospital the presentation suggested is around 16% level understand the track will be largely from the implant business. So, that actually, how do we see this shaping up going forward? If you can have your thoughts, on for next 2 or 3 years, I said.
- Shanay Shah:** So, you know, as I said earlier, we are expecting a growth, similar to how we have grown, you know, in the past and, based on that, we will see the go up because you know the incremental

capital employed you know in terms of the replacement Capex will be a very nominal amount on an average we spend about 20 to 25 crore in a year and the incremental data will be far period than that. So, there will be an expansion. And, you know, as we see, we can do between 20% and 25% over the next 2 to 3 years as the occupancy goes up and everything is right.

- Tina (Elara):** Would you like to take follow up questions from Divya.
- Divya:** We are expecting Nashik hospital this year. Can you give me the estimate when It will be get operationalized?
- Shanay:** Do you want to take that?
- Parag:** We are right now working with the franchisee for completion and, you know handover of the premises, if we will be able to operationalize by Q4 FY23. We are still awaiting the handover and there are certain delays.
- Divya:** Okay, as I saw few numbers like, ARPOB and surgery count on QOQ basis has fallen. Is this we can expect this plan to reverse in next quarter?
- Shanay:** The, ARPOB is a function of the speciality mix, you know, so if you look at ARPOB for the year they have grown and that is also because our Arthroplasty business has grown almost 30, 30 to 35% in terms of the autoplatic surgery. With this kind of specialty mix in continue our ARPOB will remain flat or grow at between 3 to 5% over the next year
- Divya:** Okay. I have just one more question. Oh, hospital we can see that there is a pharmacy. So do you also, it from third party or it's our own? And what is your overall contribution from that part?
- Shanay:** So in general, all our, pharmacies are operated by us. They are all in house, whether it is the in-patient or Outpatient pharmacy On an average on the outpatient pharmacy business, we do between 15 to 18 crore of revenue, per annum. And ofcourse the in-patient pharmacy is something that we are not disclosing as a breakup of the IP revenue.
- Tina (Elara):** Thank Divya, nest question is from the line of Vishal.
- Vishal:** thanks to Mr Sushobhan for answering my questions. Please help me understand how many contracts we got new in business. And how many of them we lost? And second question is that How long is a usual contact? What is our average contract duration?
- Sushobhan:** We lost one customer in the mid-western state as I said earlier. And we have not lost any other contracts we have won a couple of contracts as of now. As of now, and we actually expect that the little contract that we have lost. Though it's a centralized contract. But it also has several hospitals within that contract and which has a capacity of buying local purchases as well. To a certain amount which would actually help us to mitigate some of the losses that we had. Whats your second question?

- Vishal:** how long a usual contract looks like and what is our average contract length?
- Sushobhan:** Most of the contracts are annual. But certain contracts go for 3 years. The contract that we lost is an annual contract. And we lost it sometime towards the third quarter of the last fiscal year.
- Vishal:** All right, all my questions. Thank you. Hope we win that next year.
- Tina (Elara):** We will take next question from Abhay
- Abhay:** Yeah, so under implants business, so, you've mentioned that, we've utilized close to 65% capacity right now and we produce close to 55,000 components and we sold close to 45,000 components. So at 100% capacity we are looking revenue INR 150-160 crore right from the implant business and considering the realization is good.
- Sushobhan:** Yeah, first of all, But No, first of all, no, I need to correct you here. Very few very few industries. Can do 100% capacity utilization. Especially onthopedics you cannot because if you look at the machine You have to keep some machines idle so that you ensure that you do not get into. A problem of 100%, because if you look at the sequence of the machine that it runs the mills and the lids and many other things run into a simultaneous manner. And some of the mills and the lids you cannot use a plastic in a metal and a metal in a plastic because they're very exclusive because if you'd use that this cause contamination. That will enjoy the patient. So this is something that we need only to know. That's an authentic important business, you cannot have a hundred percent capacity utilization. The maximum that you could do and this is my understanding. Would not be beyond 80 to 85% capacity utilization that you could go. So I just wanted to correct you this before you could I could answer the question.
- Abhay:** Okay, thank you. So yeah, so we are looking at a revenue of, let's say Rs 130- 140 crore
- Sushobhan:** And, and the realizations also would drop a bit because we are entering Indonesia where we are 1.2x India which is I think the average realization would also drop right So and in terms of the costs. In the PNN. Since this year was we as they, told that, we are a lot of recruitment in Q 4 this year.
- Abhay:** So in terms of other fixed costs, how much would that be on a year or a year basis?
- Sushobhan:** We do not and that people have too many recruitment so Obviously the ratio of sales or the ratio of sales to recruitment. Would be much. Higher in this year. Versus the previous year. That means the the recruitment as a percentage of sales. Will be lower this year was it the previous year. And the reason being is when I said our recruitment will be mainly focused on. On the sales aspect of the business, especially in the US. And in parts of some of the other areas including India. Where we need to put in our sales organization, but you look at the other area, the reason of the recruitment that happened was We had to include a lot more finishers. In the operation area. We had to recruit a quality and regulatory director. In our organization. So all this actually increased. So now the functional areas that is the support area of the. We have the full team. We don't need to recruit for this year. We have already recruited for last year. But this

year the recruitment will happen. Is in the sales area which will have a direct impact. On the revenue line or in the on your top line. And that would help us to keep the margins or increase the margins going forward.

**Abhay:** okay, understood. So in terms of incremental Capex, you've told us that you would not be able to ready. is my understanding correct when I say that there would be certain processes or certain machineries which would have a bottleneck capacity and maybe to the incremental capex would not be the same as what we have called the installed the amount that we the our outdoor in terms of incremental.

**Sushobhan:** Yeah, so when I when I said about the incremental Capex, you look at the 2 and 3 areas that you really put in your Capex right so one as I said in an Orthopedic implants. One is your machinery, plant and equipment, right. Second is infrastructure i.e. building and all. And third one is your instrumentation. Look at this FY 23. year. Our main Capex or investments will be on the instrumentation area. Because the way we are trying to expand in countries like Indonesia, in countries, as I said, Latin America and in coming year we would look for Malaysia and also India. We would require to have a lot of instrumentation. We are in process of calculating. Because when we are looking at as I said because your turnaround of instrumentation is very different in the US versus in Indonesia and in India. We're still in the process of calculating. How much will be the capex on the instrumentation side? From the machinery side of our plant and equipment side, we do not end result too much of Increase say. for example we have a templating X-ray templating machine which needs to be replaced. That's around \$50,000 to \$60,000 of replacement. So that's not very much of a replenishment that we see our machines that we currently have Are in great condition. The big investment become and we still, as I said, we have still not, and we're still in a strategic plan. If you want to automate our plant. So our plan today is not. Having the automate completely fully automated capability. If I have to automate the plant, that's a huge amount of capex expenditure, which we do not have. Right now, the plans to do it because the way the machines are functioning and with the idle capacity that we have said because of 80 85% capacity utilization. We'd be able to manage the strategic plan numbers that we had put forward over the next 5 years.

**Tina (Elara):** Thanks, we will take the next question from Surya again. Please go ahead.

**Surya Patra:** Yeah, thanks for the opportunity again. So just one, one simple clarification I wanted to, have. In the standalone cash flows for time seeing that there is a kind of investment of 100 crore that we have done in our subsidiary. Can you just say what is the nature of the investment and yeah that's the question.

**Amit Pathak:** So that investment we've done into the MARS medical, and this is in the nature of preferential shares.

**Surya:** and that is for what?

**Amit Pathak:** So, Mars is going to invest into the SAT for our implant business.

- Surya:** Okay, okay. So this is for, any capacity buildup, the bottlenecking or anything because we are kind of, still in the process of. Is it?
- Amit:** Yeah, no, this is more to meet the requirement of the working capital.
- Shanay:** So I will add to this. Basically a part of it a large part of it is to pay back the existing loan facility that we have. And a small part of it is, you know, part of it is going to be part of the working capital requirement.
- Surya:** Okay, possibly because of the expansion in the volumes that we are witnessing the working capital need also be higher
- Shanay:** Yeah, the working capital need is there, but, as I said, a majority of it was used to pay back, the existing loan that we had.
- Tina (Elara):** Since there is no question in the queue, I hand over the call to the management for closing comments.
- Puneet:** On behalf of the manage, I would like to thank each one of you to attend our earnings call. Thanks for the engagement. Thank you everyone.
- Tina (Elara):** Thank you, Puneet. Thank you to the management and all the participants who joined in. Have a good day.