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National Stock Exchange of India Ltd
Mumbai 400 051.

Scrip Code : SHALBY

Through : <https://neaps.nseindia.com/NEWLISTINGCORP/>

Corporate Service Department
BSE Limited
Mumbai 400 001.

Scrip Code: 540797

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Sub.: Transcript of Earning Conference Call for Q1 FY2025-26 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 August 14, 2025, wherein Unaudited Financial Results for Q1 FY 2025-26 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
Q1 FY '26 Earnings Conference Call”
August 14, 2025**



Management : **Dr. Vikram Shah, Chairman and Managing Director,
Shalby Limited**

Mr. Shanay Shah, President, Shalby Limited

**Mr. Deepak Anand, Chief Executive Officer, Shalby
MedTech Limited**

Mr. Amit Pathak, Chief Financial Officer, Shalby Limited

**Dr. Nishita Shukla. Chief Operating Officer, Shalby
Limited**

**Mr. Babu Thomas, Chief Human Resources Officer,
Shalby Limited**

Mr. Jigar Todi, Investor Relations, Shalby Limited

Moderator : **Mr. Kashish Thakur, Elara Securities India Private
Limited**

Moderator: Ladies and gentlemen, good day, and welcome to the Shalby Limited Q1 FY '26 Earnings Conference Call hosted by Elara Securities India Private Limited. 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 this conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this call is being recorded.

With this, I now hand the conference over to Mr. Kashish Thakur for his opening remarks. Thank you, and over to you, sir.

Kashish Thakur: Thank you, Samaya. Good afternoon, everyone. We welcome all the participants to the Shalby Limited Q1 FY '26 Earnings Call hosted by Elara Securities. Today we have with us senior management representative from Shalby. We will start with the performance highlights from Mr. Amit Pathak, CFO; and Mr. Deepak Anand, CEO. After that we'll open the floor for question and answer for all the participants.

I will now hand over the call to Mr. Jigar Todi for important disclaimers regarding any forward-looking statements that may be made in today's call. Over to you, Jigar. Thank you.

Jigar Todi: Thanks, Kashish. Good afternoon, everyone. Our investor 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 may be forward-looking in nature and may involve risks and uncertainties. Kindly refer to Slide number 2 of the investor presentation for a detailed disclaimer.

Now I would like to hand over the call to CFO, Mr. Amit Pathak, for his opening remarks. Thank you, and over to you, sir.

Amit Pathak: Good afternoon, everyone. I'm pleased to welcome you all to Shalby Limited Quarter 1 FY '26 Earnings Call. Now I will walk you through the financial performance of the company for the first quarter of FY '26. The consolidated revenue of the company for this quarter is INR303 crores versus INR270 crores into the quarter 4 of last financial year and INR289 crores in the Q1 FY '25. And we have been grew by around 12.3% on quarter-on-quarter and 5.1% on Y-o-Y basis. In the history of Shalby, we have first time crossed INR300 crores of the quarterly performance, and we are going to continue this momentum into the upcoming quarters.

EBITDA of INR48.5 crores in this quarter versus INR26.2 crores into the last quarter versus INR54.9 crores into the quarter 1 of the last financial year with a margin of 16% in this quarter, 9.7% into the last quarter and 19% into the quarter 1 of the last financial year. And that reflects the 85.6% growth on the quarter-on-quarter basis. And on a Y-o-Y basis, we have been down by around 11.6%.

PBT of this quarter is INR22.7 crores versus negative INR0.7 crores into the quarter 4 of last financial year and INR30.4 crores into the quarter 1 of the last financial year. With a margin of 7.5% in this quarter with neutral impact into the quarter 4 into the FY '25 and 10.5% into the

quarter 1 of the last financial year. And we have been substantially improved compared to the last quarter, and we have been growing by 3,165% on quarter-on-quarter and down by around 25.5% on Y-o-Y basis.

PAT for this quarter is INR7.7 crores with a negative INR12.2 crores into the quarter 4 of last financial year and INR14.7 crores into the quarter 1 of the last financial year with a margin of 2.5% in this quarter with negative 4.5% on quarter 4 of last financial year and 5.1% into the Q1 of...

Moderator:

Ladies and gentlemen, thank you for patiently holding. The line for the management has been reconnected. Thank you, and over to you, sir.

Amit Pathak:

Yes. We apologize for the network issue. So I'm just continuing with the PAT performance on the consolidated numbers. So the PAT for this quarter is INR7.7 crores for this quarter with negative INR12.2 crores in the quarter 4 of FY '25 and INR14.7 crores in the quarter 1 of the last financial year with a margin of 2.5% in this quarter, with negative 4.5% margin in the last quarter and 5.1% in quarter 1 of last financial year. And we have grew by 163% on quarter-on-quarter and down by around 47% on a Y-o-Y basis.

As a group, we continue to maintain a very strong balance sheet with a low gearing ratio of 0.3x that is on the total debt -- consolidated debt of INR302 crores. Now the standalone performance of the hospital for this quarter is INR242 crores in this quarter versus INR214 crores into the last quarter and INR240 crores in the quarter 1 of FY '25. So we have been grew by around 13.1% on a quarter-on-quarter basis and Y-o-Y basis our performance is flat.

EBITDA of INR52.4 crores in this quarter versus INR38 crores into the last quarter and INR58 crores into the quarter 1 of FY '25 with a margin of 21.6% in this quarter and 17.7% during the last quarter and 24.2% in quarter 1 of the last financial year. And we have been up by around 37.9% on quarter-on-quarter and down by around 9.8% Y-o-Y basis.

PBT is INR40.1 crores in this quarter, was INR25.7 crores into the last quarter of last financial year versus INR45.8 crores into the quarter 1 of the last financial year with a margin of 16.6% in this quarter, 12% into the quarter 4 of last financial year, and 19.1% in quarter 1 of FY '25. And on a quarter-on-quarter basis, we have been grew by around 56% and down by around 12.5% on Y-o-Y basis.

PAT for this quarter is INR25.7 crores versus INR15 crores in quarter 4 of last financial year and INR30.5 crores into the quarter 1 of last financial year with a margin of 10.6% in this quarter, 7% into the last quarter and 12.7% into the quarter 1 of the last financial year. And there is a substantial jump of around 71% on quarter-on-quarter basis, whereas we have been down by around 15.7% on Y-o-Y basis.

At standalone level, again, we positioned the net cash balance of INR10 crores and our standalone ROCE is 12.5% in the current quarter on an annualized basis. Our ARPOB and ALOS has continued to show the improvement. And for this quarter, our ARPOB is INR45,673 for the

hospital business and ALOS is 3.53, respectively, compared to INR43,365 and 3.7 into the same period of the previous year. And ARPOB has grown by around 5.3% on a Y-o-Y basis.

In terms of the occupancy, our occupied bed is 639 in this quarter versus 669 in quarter 1 of the last financial year, and there is a decrease of around 4.5% on Y-o-Y basis, on the overall occupancy rate of 45% in this quarter. The payer mix, we continue to maintain the same payer mix. The sales mix is close to 36%, 40% for the insurance and 24% for the government business.

For our Delhi acquisition, Shalby Sanar, for this quarter, the revenue is INR23.25 crores versus INR23.7 crores into the quarter 1 of the last financial year, with a marginal decrease of 2.2% on a Y-o-Y basis. This is mainly because of the Middle East war, which we have seen into the quarter 1. There's a lot of flight cancellations and other things, patient flows has been not there. And Delhi, we have more of international patient. So we have seen the slowdown into the upcoming international patient due to the quarter 1, which impacted the top line of the Shalby Sanar Hospital.

The ARPOB and ALOS of Shalby Sanar is close to around INR90,000 and 3.38 respectively into the current quarter. With this Middle East war, we have seen that occupancy for this quarter is close to 22%. And in terms of the revenue contribution, also the international contribution has come down from 65%-70% to 56% into the current quarter. Revenue from the international business has remained at INR15 crores, which includes INR2 crores from the Shalby operation and INR13 crores from the Sanar operations.

Now at Shalby, undivided focus has been on demonstrating our clinical excellence through successful execution of many diverse clinical surgeries in several of our hospitals. We also pride in sharing that we have successfully completed 25 transplants, which includes 8 kidney, 14 liver, and 3 BMT during the current quarter.

We have also taken pride in nurturing young talent through the Shalby Academy vertical with 630-plus students registered in various disciplines like physiotherapy, nursing, lab technician, nutrition, clinical paramedics, hospital management, and pharmacy as per their academic outreach and upgrade their skills during the quarter 1 of this current year.

Shalby Academy Indore collaborated with Shri Vaishnav Vidyapeeth Vishwavidyalaya, Indore, for offering BBA HHM and MBA HHM program from this financial year '25-26. Over 50 students has been enrolled for Kaushalya Skill University and Shalby Academy, allied health science courses like BSC, MLT, MSC, MLT and Diploma MLT, Diploma OT. Now I will hand over the call to Deepak Anand to share his insight about the implant business. Over to you, Deepak.

Deepak Anand:

Good day, ladies and gentlemen. I'm Deepak Anand, CEO of Shalby MedTech, and I welcome you to our Q1 financial year '26 earnings call. Thank you for taking the time to join us. Today I'll walk you through our quarterly performance and update you on our strategy for growth and value creation.

Our vision is very clear, restoring mobility, improving life. We deliver surgeon-friendly implant systems tailored to regional clinical needs while maintaining world-class standards. Our key differentiators include nimble surgeon responsive R&D, high reliability and ethical operations, personalized support with deep orthopedic experience.

Let me now walk you through our financial highlights for the quarter. Shalby MedTech consolidated revenue for quarter 1 financial year '26 stood at INR30.8 crores versus INR17.4 crores in quarter 1 financial year '25, reflecting a year-on-year growth of 74.2%, driven by robust domestic volumes and improved channel partner engagement.

Shalby MedTech EBITDA for quarter 1 financial year '26 stood at a negative INR74 lakhs versus a negative INR2.7 crores in quarter 1 financial year '25, reflecting a year-on-year loss declination of 72%. Total 14,076 implant components sold in quarter 1 financial year '26 versus 8,500 implant components sold in quarter 1 financial '25, year-on-year growth of 65.4%.

Shalby MedTech standalone revenue for quarter 1 financial year '26 stood at INR18.24 crores versus INR4.6 crores in quarter 1 financial year '25, reflecting a year-on-year growth of 271%, driven by robust domestic volumes and improved channel partner engagement. Shalby MedTech EBITDA for quarter 1 stood at INR1.2 crores versus a negative EBITDA of 1.5 crores in last year, reflecting a year-on-year inclination of 181.4%.

Total 9,317 implant components sold in quarter 1 financial year vis-a-vis 2,837 components sold last year at the same time, growth of 228.4%. We achieved operational efficiency while scaling up production capacity and regional coverage. Our gross margins improved on the back of supply chain optimization and value engineered implants. Like we've discussed earlier, the strategic priorities for '25-26 remain the same, product and innovation. We'll focus on local partnerships across different countries to expand our footprint.

We plan the global launch of 2 new products this year. We are advancing robotics partnerships with CUREXO to integrate cutting-edge technology into our surgical solutions. Projects team will initiate new product development projects to build a robust product innovation product pipeline for future launches. We will also strengthen key existing product brands like TUKS to gain market share.

Our second pillar is our customer segment focus. Our sales efforts will concentrate on key markets, U.S., India, Indonesia, and Japan. We aim to increase market share in these regions by leveraging existing resources and deepening customer relationships. Brand awareness will enhance through partnerships with key opinion leaders, clinical agreements, training programs, and targeted marketing engagements. We will also launch operations in 4 to 5 new countries to diversify our market presence.

The third pillar being cost of goods reduction, a critical focus will be on cost efficiencies, targeting a reduction in COGS by 30%. We will identify and execute manufacturing efficiencies and optimize warehouse management to improve margins. And our fourth pillar being supply

chain excellence, we will establish multiple vendors to mitigate tariff impacts and improve procurement and freight efficiencies, aiming to reduce cost by another 15% to 20%.

Distribution efficiencies will be tailored to each market to ensure timely and cost-effective delivery. We have improved our order to cash and asset utilization and started to address our high inventories. Further inventory improvements will be in area of continuous focus in this year to ensure enhanced working capital and ROCE.

Our organization and talent development, hiring of key leadership talent across the organization is priority. Recruitment, retention, and continuous training of sales and corporate teams remain a priority. We'll enhance employee engagement through clear career development pathways, reward, recognition, and regular communication. Our partner relationships will be strengthened to ensure alignment with our strategic goals.

In conclusion, our road map for this year is designed to drive sustainable growth, operational efficiency, and innovation leadership in the orthopedic market. We are confident that our strategic initiatives, combined with favorable market dynamics and technological advancement will position us strongly for the future. Thank you for your continued support and trust. We look forward to a successful year ahead. Over to you, Amit.

Amit Pathak: Thank you, Deepak. So now we can open the forum for the Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask question may press * and 1 on touchstone telephone. If you wish to remove yourself from the que please press * and 2. Participants are requested to use the handset while asking a question. Ladies and Gentleman, we will wait for a moment, while question que assembles. The first question comes from the line of Neel Shah from Purnartha Investment Advisory Private Limited. Please go ahead.

Neel Shah: So in your initial remarks, you mentioned that the ALOS has dipped compared to the previous quarters. So should we consider a decrease in the ALOS to be a positive? Because is it not better to have a higher ALOS if your occupancy rates are on the lower side?

Amit Pathak: So your question is not clear. Can you please repeat or?.

Moderator: Sir, sorry to interrupt. May I request you to use any handset while asking the question.

Neel Shah: Okay. So basically, should we consider a decrease in the ALOS to be a positive? And is it not better to have a higher ALOS if your occupancy rates are on the lower side?

Shanay Shah: So I would not read too much into the ALOS because the ALOS is a factor of the kind of procedures that have been done in particular unit and then these all are consolidated to give you a number. So I would not look much into it. Wherever we have more daycare patients like in Naroda as well as in Surat, what happens is that the ALOS is much lower. So that tends to bring

the average length of stay much lesser. So however, as I said, I would not read too much into the decrease.

Neel Shah: So then the occupancy rate has decreased year-on-year. So do we have any specific reasons for that? And also what can we expect the occupancy rate for FY '26 to be?

Shanay Shah: Sure. I think we have Dr. Nishita Shukla, Chief Operating Officer on the line. I think she can probably take that.

Nishita Shukla: I think I would just like to add that ALOS, average length of stay, when it reduces, it gives you a good ARPOB. So that is how it is good. It is nowhere related to the occupancy because occupancy remains the same if a patient is staying for 3 days or 4 days. Length of stay serves fast in fast out of the patients, the same increasing the ARPOB of the hospital.

And that is if you see the ARPOB has increased because of short-stay surgeries and because of new technology is coming in and all, so now as such surgery which was for 5 days, 7 days, a week has reduced to 3 days. If you take CABG also which was earlier for 10 days, now with same package the patient is staying for 5 days.

Neel Shah: And what about the occupancy?

Nishita Shukla: Sorry?

Moderator: Sir, can you please repeat your question?

Neel Shah: Yes. What was my question? So occupancy rate has decreased on a year-on-year basis. So are there any specific reasons for that? And also what can we expect the occupancy rate for 2026 to be?

Nishita Shukla: The occupancy this quarter is less because, as we have mentioned, we are moving the payer mix. So we have reduced our government work, a little bit of government work as well as there are a few doctors which were on board have moved to some other place, and we are hiring new doctors. So the shortfall is because of that transit of doctors and coming in of new doctors.

Shanay Shah: Yes. We also have Mr. Naresh Kapoor from Sanar Hospital, , so Naresh-ji, you want to speak about Sanar?

Naresh Kapoor: Yes. Good afternoon everyone, so on the Sanar occupancy, like Amit mentioned earlier that due to the political -- geopolitical environment in Middle East, there was a dip in occupancy for about 30 days. And now it is coming back. So that's why the Q1 occupancy has gone down. But we are seeing -- witnessing now the back in surge as the things have sorted out. So this quarter should be better as compared to the earlier one.

Neel Shah: So do you mean that the lower occupancy is only related to the Shalby Sanar?

Amit Pathak: Yes, it includes the entire hospital business.

Neel Shah: And what can we expect it to be for FY '26?

Amit Pathak: So Nishita ma'am, can you please answer?

Nishita Shukla: I'm not clear about the question because we are not able to understand.

Neel Shah: Actually, for FY '26, how much do you expect the occupancy rate to be for the entire year?

Nishita Shukla: Occupancy, we are like expecting 85% to 90%, average occupancy for the year.

Neel Shah: For the entire year 85% to 90%.

Nishita Shukla: Yes. Average occupancy for all this.

Amit Pathak: So I will just reframe your question from the investor point of view, when you are talking for the occupancy, as we mentioned, we had around 45% of the occupancy. We have already mentioned that is a mix of a couple of things. As our CEO has explained that we have seen a couple of movement of the doctors. We have seen certain turbulence into the Sanar. That is the reason we had around occupancy of 45%.

But the way we are seeing with the good hiring of the doctors, with the kind of business what we are expecting into the quarter 3, quarter 4, and the upcoming quarters, we can going to see the upward movement of the occupancy and that on an average, if I'm saying for FY '26, I can see that will be definitely touching close to around 50% plus kind of thing.

Neel Shah: 60% plus or 50% plus?

Shanay Shah: 50% plus. But see, again, as I said, depending on the ALOS, right, the occupancy -- the absolute occupancy number may be more or less. But the way we track our kind of growth is really based on the outpatient account growth and inpatient account growth. I think ultimately, that is what will matter to us from that standpoint.

Neel Shah: ok that was very helpful

Moderator: Thank you.. The next question comes from the line of Sucrut D. Patil from Eyesight Fintrade Private Limited, please go ahead

Sucrut Patil: Good afternoon to Shalby team, My name is Sucrut Patil, and I have a question for Mr. Deepak Anand. My question is, first of all, I'd like to congratulate the team on the strategic achievement in acquiring the Delhi hospital. So my question is, as Shalby pivots beyond joint replacement into oncology and transplant care, how are you thinking about building a differentiated clinical brand for international patients, possibly through bundled care models, outcome-linked pricing, or some tie-ups with global insurance companies and medical tourism platforms? And is there a

road map to position Shalby as a destination hospital brand across high acuity specialties? Yes, that was my question.

Deepak Anand: So I think...Mr. Shanay will be the better person to answer this question.

Shanay Shah: Yes. So we have Dr. Nishita Shukla and Mr. Naresh Kapoor, probably they can take the question.

Naresh Kapoor: Okay. So on the international front, we already have got tie-ups with various large insurance companies like NHIF in Kenya and a couple of Middle East companies also. Apart from that, we do also have tie-up with various health ministries in different countries like Ethiopia and Iraq and Uzbekistan and to some extent, Tajikistan.

And apart from that, we have tie-ups with the large hospitals in different countries in Africa, Middle East, and also CIS countries. So this is since last 3 years growing every year, and we have more tie-ups with the ministries in the pipeline. And hopefully, coming years -- coming time, we should be having tie-up with Health Ministry of Malawi, Health Ministry of Mauritius, and also we are in talks with Health Ministry of Zambia.

So through these health ministries, we have tie-up with -- we go through the tie-up for the large government hospitals through which we get a steady inflow of patients from international business. And on the medical tourism part, as far as the channel partners or the medical tourism companies are concerned, so there is a big, I would say, number of medical tourism companies operating in the country and particularly in Delhi NCR if I can talk about that.

And almost all of them, we are in touch, and we have tie-up with a couple of very large companies also who have presence not only physical in different countries, but also a wide digital presence also. And through them, we source our patients.

And like Amit mentioned earlier, we have all the specialties in Sanar International in Gurgaon, and we cover a lot of transplants, including kidney transplant, liver transplant, bone marrow transplant. And that is the basis of our sourcing of international patients. And this is going to increase in the near future as our tie-up with different -- like I mentioned, the government and other private players is going to increase. So that will increase our foray into international. Thank you.

Moderator: Thank you.. before we move to the next participant, a reminder to all participants you may press * and 1 to ask the question. The next question comes from the line of Kashish Thakur from Elara Securities, please go ahead.

Kashish Thakur: Thank you for the opportunity. So my first question is on -- so I think -- so we have started giving the maturity-wise hospital performance from this quarter, highly appreciated for that. Just wanted to know, in the maturity-wise 10-plus year, which we have 4 hospitals, what kind of EBITDA margin contribution we might have like for our entire EBITDA, how much EBITDA contribution will be from these 4 hospitals?

- Amit Pathak:** So Kashish, if you can go through our investor presentation, we have already given, in terms of the absolute number for this quarter, this mature hospital have the EBITDA of INR32 crores. And in terms of the margin, they are highly profitable with around close to 36% of the EBITDA margin.
- Kashish Thakur:** Yes. So I understand it is somewhere around 70-odd percent of contribution to our EBITDA. Sir, so like is this trend, do we expect to follow in this financial year and coming 2, 3 years as well? Or how do we -- should we expect this trend to continue?
- Amit Pathak:** So look, we have the capacity in all the hospitals, even the mature hospitals which are 10 years plus. So we are going to see the momentum of growth in these hospitals also. I just want to add the hospital, which are 5 to 10 years of old, there we have the higher delta because you can see the EBITDA margin is close to around 17%. We have a lot of capacities are there, which is going to be built in into the coming quarters, and they are also going to show the higher momentum of more than 20% into the upcoming quarter.
- Hospitals, which are in the range of 0 to 5 years. In that, if you can see, we have the majority of the franchisees operation, which are smaller in size. So that doesn't impact much. The only thing which has been added here is the Sanar International Hospital, where we all know that it is going to deliver and turn around very quickly into the coming quarters.
- So you are going to see that bracket is also improving with just the improvement of the Sanar. And rest of the 2 brackets, the middle one is the high growth and even the 10 years plus will continue to give the continuous growth what we have into the past.
- Shanay Shah:** Just add to that, if you look at our data about 10 years ago when we got listed, about 85%, 90% of the EBITDA used to come from the mature units, right? So that has now come down significantly. And even if you look at the data that is presented in the investor presentation this time, if you like ignore the bucket, which is 0 to 5 years, which is kind of making a little bit of a loss, if you look at the balance, about 55% of the EBITDA really comes in from the mature hospitals, right?
- So I think we've come a long way from that 85%, 90% down to almost 55%. And as our CFO just said, all the buckets can grow from here. However, strategically, because there are more number of beds in the 5 to 10 years bucket, we will see that, that bucket will continue to grow, that bucket as well as the 0 to 5 years bucket will grow a little bit faster than the 10 years plus bucket.
- Kashish Thakur:** Sir, so my next question is on our FOSO and FOSM business, what kind of revenue we might have generated from the same for this quarter?
- Amit Pathak:** So FOSO for this quarter is close to around INR2.2 crores and FOSM is around INR80 lakh. And you can see on the growth basis also, we have slightly declined into the FOSO. That is the reason you can see into the 0 to 5-year bucket. So compared to last year, it is around INR26

million versus INR22 million in this quarter and whereas FOSM is around INR75 lakh to INR80 lakh in this quarter.

Kashish Thakur: Understood, than you..Sir, one question is on the government business. I think so -- like earlier in the commentary, I heard that we are reducing -- we are trying to reduce the revenue contribution for the government business. As of now, it has been 24%. Like what is our aspiration to reach where we will be comfortable? Like what kind of revenue generation from government institution and we'll be happy with it in the next 2, 3 years?

Shanay Shah: So Dr. Nishita, our Chief Operating Officer, can probably take that question.

Nishita Shukla: Actually, if we take that occupancy-wise, the number-wise, we are planning for 70%, so 70% should be something we see and 30% we should be gaining from government. So revenue-wise, I think CFO, sir, can help me out for that.

Amit Pathak: Sure. Look, I will say, just to correct, if you see our proportion of the government and self versus TPA is continuing with around 75%-25% kind of thing. And you can see, are going to be into this kind of bracket. But just I want to say even into the government business, we are more inclined towards the schemes like RGHS, CGHS, which are highly profitable.

As our CEO has already mentioned that we have just cut down a couple of schemes mainly which are low profitable in the sense like ESIC and other things, where we are not doing a lot of businesses, whereas other businesses like CGHS and RGHS are highly profitable, and that will also continue to remain into the same proportion into the future also. It will reduce slightly going forward, if you can see into the next year onwards, our sales TPA will be close to 80% to 81% kind of thing and government will come down below 20% into the upcoming quarters.

Kashish Thakur: Thank you Sir, I have few other question. I will move back to the que. Thank you so much

Moderator: Thank you. The next question comes from the line of Ashok Shah from Eklavya Invesco Family Office. Please go ahead

Ashok Shah: Thanks for taking my question. Sir, we have continuously -- again, I think it is a repeat, but on occupancy, our occupancy is on lower level of less than 50%. It's come down to 45%. So are we thinking on a different line there or thinking to increase the occupancy by reducing the rates or something like that similar way?

Moderator: Sir, was the question audible to you?

Shanay Shah: Yes. I think Dr. Nishita Shukla is also on the line. I think she can take that question.

Moderator: Yes, sir. She is on the line. Ma'am, were you able to hear the question?

Nishita Shukla: I think for increasing the occupancy, we are working for everything, say bringing in doctors, say going for skin patients and all. Even we have economy class and all in all packages where we

facilitate the patients who are not affordable. We also have a support system to cater the patients. But yes, the occupancy, many things matter.

It is not only the rates which are on a higher side because we have all package surgeries. We have more insurance patients where we already have a tight package. So increasing occupancy, we are working on 360 level like bringing in good doctors who have good names, making all in all packages, supporting patients with government schemes and all. So hope I'm able to answer your question.

Ashok Shah: And sir, secondly, on the debt front, reduction of interest cost, what we are doing?

Nishita Shukla: Sorry.

Ashok Shah: On the reduction of the interest cost?

Amit Pathak: Sure. So on the interest cost, I just want to highlight, if you can see in terms of the debt, we have the major debt in our implant business, and we have seen the momentum change into the implant business compared to the last year. The way we are seeing -- we have to definitely keep investing the money into the -- our implant business, but the kind of money what we have invested into the past compared to the upcoming quarter, which will be low because that business will start becoming profitable into the coming quarters.

So in terms of value terms, you will see there will be a slight decrease compared to the earlier quarters. But in terms of the profitability percentage, it will improve with the improvisation into the business into the coming quarter.

Ashok Shah: Sir, over the next 3, 4 years, do you expect implant business to be at least 25% of the profit to us?

Shanay Shah: Yes. Deepak, if you can take that, please.

Deepak Anand: Sure. So in eventual time, you will receive it, but I do not see that 25% of profit coming in immediately. But eventually, if you look at it, it will reach there, right? I mean it is a very large market. And globally, we are trying to penetrate in a big way. So at some point of time, you will start seeing that 25% kind of EBITDA coming in. But at this juncture, for the next immediate effect, you will not see that 25% EBITDA coming in.

Ashok Shah: Thank you. Sir, I have one suggestion that over the last 8, 9 years after coming out with the IPO, we have never organized an analyst meet in Mumbai City. So can you organize the analyst meet, so every year, at least once year analyst meet, it will be good to know and meet and interact with the management. Thank you. That's from my side.

Amit Pathak: Definitely. We appreciate your point. We will work around that and inform accordingly.

Moderator: Thank you. The next question comes from the line of Khush Jain, an individual investor.

- Khush Jain:** Sir, my question is regarding the implant business that who all are our competitors in India? Can you hear me?
- Deepak Anand:** Yes. I'm answering. So we have multiple companies in India, which are global companies and some of them are Indian manufacturers. So if you want to take the names of them, then we have Zimmer Biomet, Stryker, J&J, Smith & Nephew. These are all international, multinational companies who have presence in India. And then there are also Indian companies who have presence in India like the Meril and the Bio-Rads of the world. So it is right now about 7 to 8 people, 8, 9 people are already there in the Indian market.
- Khush Jain:** Sir, what is the competitive advantage of our implant business from others?
- Deepak Anand:** So our competitive advantage are multiple things, starting from our product quality, which I spoke about, our product where it is made and how it is made in terms of all our products get manufactured in California and the United States plant under the U.S. FDA law. So that is number 1 in terms of the quality and the product quality that we have with 0 recalls in the last 32 years of existence, which is not there in many implant companies around the world.
- Second thing is we have the Shalby Hospital backbone in terms of ensuring training, upskilling, new product development, all of that in terms of access. These are 2 large USPs. So our whole manufacturing quality process, our product, we have already come out with a couple of clinical papers in terms of how our product performances have been, which is really doing well.
- And that's why you see the growth, right? The growth in business is coming fundamentally because of our product quality, our assurances, as well as from a standpoint of upskilling training, which is something which is comparatively easy for us because of the Shalby Hospital growth behind us.
- Khush Jain:** Next question is that target, as you have given the target of implant business, you will stick on it over the couple of next year?
- Deepak Anand:** I'm sorry, but I cannot get your question, can you repeat your question please?
- Khush Jain:** Sir, you have given the target for implant business of \$100 million. You are going to stick on it?
- Deepak Anand:** Yes. So the \$100 million is still -- we're sticking on to it, but not from an immediate standpoint of the next 1 or 2 years. It will take slightly longer time because of some of the supply chain challenges that we have had in the past and some new product development. But I'm pretty sure from where we are to where we need to reach, we will reach there in the next 4 to 5 years for sure.
- Khush Jain:** Sir, what will be the margin in next 4, 5 years for the entire business?
- Deepak Anand:** Amit, do you want to take that?

- Amit Pathak:** So definitely, as we have guided, we -- the way the implant is growing, we are going to see the single-digit EBITDA margin into this year and next year. And down the line, 4 to 5 years, the kind of margin we are seeing, that will be ranging between 20% to 25%.
- Khush Jain:** That's from my side. Thank you sir.
- Moderator:** Thank you.. The next question comes from the line of Vivesh, an individual investor. Please go ahead.
- Vivesh:** Hi, My question is on Sanar Hospital. Like when I look at the numbers, it is hardly any progress from the Y-o-Y basis as well, like there is hardly any revenue growth or anything. When our competitors are in similar size and all, they are turning breakeven in maybe 12 months to 18 months. What they are doing differently or what we -- where are we lacking like to turn this around? That's my question one. Should I ask the question now or...
- Shanay Shah:** Yes, I think Mr. Kapoor can first take that question.
- Naresh Kapoor:** Okay. So on the Sanar operations as compared to the previous year, what have things been this quarter, particularly if you are seeing quarter year-on-year for this first quarter, like I mentioned earlier, because of the geopolitical reasons, there was a dip in the patient flow from Middle East and Middle East being almost covering our 45% to 50% of the inflow. So that was affected for quarter 1.
- On -- otherwise, there have been a couple of exits in terms of doctors, which have been replaced immediately by us. And typically, a doctor when replaced takes about 6 months to 12 months to get settled and the patient flow is recaptured. So hopefully, going forward, in the next couple of quarters, you will see the numbers much better than what it was in the first quarter.
- Vivesh:** And are we solely relying on international patients? Or like are there plans to like backfill or at least some from the occupancy perspective, like taking local patients as well?
- Naresh Kapoor:** So majority till now was from international, as mentioned earlier that about 65% patients were coming from international, 35% from domestic. But last 1 year, our focus has also been on domestic front. And we have got our hospital accredited by -- in the process of getting by NABH, and we hope to get some panels also on board, which will further enhance the occupancy of domestic.
- And currently, if you see the occupancy of international and domestic is around 55-45. And as normally, the domestic front, it takes about 3, 4 years for any hospital to reach to a level where they can say that the large number of population is covering. So -- but in Gurgaon now, we are more visible.
- Our brand is much more with Shalby coming in, much more recall value and not only in high-end transplant business, but also like in orthopedics, in spine surgery, we are getting a lot of local patients, Indian nationals from Gurgaon and nearby places. And for orthopedics,

particularly, people come from places like UP, Bihar, and Madhya Pradesh, and Rajasthan and so on and so forth. So my take is that going forward in the next couple of quarters, our domestic business will also grow equally as the international business is growing.

Vivesh: ok.. Thanks for insight. Another question was on the new hospitals or the growth. What's happening on the Mumbai hospital front? Like it was expected, like from the initial commentary, maybe 6 months back, it was expected to -- like we were expected to get the -- were expected to start the construction. What's happening in there?

Amit Pathak: Yes. So as we mentioned earlier also, we announced that we have received the Charity Commission approval, and we have to submit the document with the Charity Commission, the final deal. And post that, we will go with the other regulatory approval and start the greenfield project into the Mumbai location.

Vivesh: So when should we expect? Any time line to it, 3, 4?

Amit Pathak: So the way we are seeing the total project time line that we are seeing is 3 to 3.5 years from now.

Shanay Shah: Yes, 3 to 3.5 years from the day we get the handover from the trust. The current -- I mean, the property is still with the trust and after submitting the lease document to the charity commissioner's office and completing the formalities, we will get the handover. So from the day of handover, we should be taking between 3, 3.5 years.

Vivesh: Yes, I was asking about the handover and beginning the construction because that's when our -- some payout, like that will become a stress on the books. So that's what I was interested in. Okay.

And lastly, on our lightweight model, like the Shalby operated or managed. So from last 7, 8 months, like we are just -- we have not added anything on that front. Like I've been -- there have been 2 exits that we have seen, but no addition, like any insights you want to give there on that business?

Shanay Shah: No, that is true. That is true. In fact, we have become extremely picky when it comes to kind of joining hands with any particular hospital for a franchisee because in the past, there have been instances where the local franchisee may have shortchanged us or kind of not followed the quality parameters, et cetera. And then ultimately, it doesn't give a good name to the brand. So we have become very picky in terms of choosing the partners. And hence, even though we may take time to get to our target, we will not hurry into kind of scaling this model up.

Vivesh: ok.. Thank you for answering the questions. Best of luck

Moderator: Thank you, The next follow-up question comes from the line of Mr. Kashish Thakur from Elara Securities, please go ahead

Kashish Thakur: Hi. Thank you for the opportunity again. Sir, again, just taking forward from your government business, what kind of receivable days do we have from the government guys?

- Amit Pathak:** So look, it depend upon the scheme to scheme generally and also the fund available with the government. Like RGHS, the way we have seen the funds are coming in the -- close to around 120 days. But sometimes if the funds has not been there, it can extend to 180 days. Ayushman is also ranging between around 180 days and a couple of other schemes. So generally, you can take is the average receivable days for this government business is close to around 180 days plus kind of thing.
- Kashish Thakur:** I understood sir, and how has been the trend? It has been 180 days since like last 2, 3 years? Or has it come down?
- Amit Pathak:** So the average remains the same. It's a trend where you can see because sometimes you're getting the partial money. But overall, if you can see, it's ranging around 180 days kind of thing.
- Kashish Thakur:** Understood Sir, one question is on insurance, the domestic insurance. So I believe that we sign a new deal with the insurance companies every -- like in maybe 2, 3 years. So how has been the situation for us? Are we planning to sign a new deal with the insurance companies or how it is?
- Amit Pathak:** So I request Dr. Nishita Shukla to answer the question.
- Nishita Shukla:** Yes. I'll take that. For the insurance, there are different insurance. One is GIPSA insurance where they tie up with all the hospitals and they have certain insurance under them. And there are corporate insurance where there are individual PPAs. So we usually try and do tie up with all the insurance, but few insurance which are not supporting the hospital.
- So there are groups of hospitals who have got together, say, AHNA is a group which runs in Ahmedabad is working for the non-competence of the insurance company that they don't pay us on time, they do haphazard deductions and all. So we have decided together as a group to not support that insurance company.
- So there are a few of them which we are talking to, which on behalf of all the hospitals we are talking to them, and that is one which is going on. Otherwise, we usually do tie up with all the insurance because we get patients from different insurance and hospitals have that support to give it to the insurance patient where we work for them.
- Kashish Thakur:** I understood ma'am.. And just -- sorry, ma'am, your voice was a bit inaudible...
- Nishita Shukla:** Yes. So what I'm trying to tell you is we are tied up with majority all the insurances. And so that is not a new insurance or old insurance. The insurance tie-ups are done every 2 years, 3 years, but there are a few insurance companies which don't respond back to us. In spite of repetitive reminders, they don't do, extend the tie-up or revision of rates for 5 years or they don't give us a timely payment. So such insurance we are working, though they are on panel, but then we are in talk with them on a case to case basis.

- Kashish Thakur:** Understood ma'am. Thank you. And just one last final question. Just -- can we just reemphasize on what kind of top line growth we should expect for FY '26 along with the EBITDA margins? This is a consolidated business.
- Nishita Shukla:** And CFO sir, if you can.
- Amit Pathak:** Yes. So we are seeing the good momentum in terms of the top line growth because we have invested heavily into the doctors in quarter 3. The business will continue to grow into the upcoming quarters. And the way we have historically delivered the revenue growth, we are expecting we are going to deliver the double-digit growth margin ranging close to around 12% to 15% kind of the growth will be there into this financial year. And accordingly, our EBITDA margin will also improve.
- Kashish Thakur:** Thank you so much sir. That's all from my end
- Moderator:** Thank you. The next follow-up question comes from the line of Neel Shah from Purnartha Investment Advisory Private Limited.. Please go ahead with your question sir,
- Neel Shah:** So in case of Shalby MedTech Limited, we have a positive EBITDA on a standalone basis, but a negative EBITDA on a consolidated basis. So I understand why the EBITDA is negative. But can you tell me what Shalby MedTech Limited does on a standalone basis? Like how does it generate revenue on a standalone basis? What is this business exactly?
- Deepak Anand:** Yes. So I'll go ahead and maybe Amit, you can add afterwards. So Shalby MedTech is the -- is also the business that we do in India. The reason for us to have that positive EBITDA this quarter is a couple of reasons. number 1, there are operational efficiencies that we have built. And second is some innovative partnerships and robotic models that we have done, right?
- So both of them put together are the reasons. So the cost does continue to go down, but also there are some partnerships that we've done with certain products and projects, which have allowed us to get certain businesses through like we have tied up with robotics. So we do robotic rentals. We are figuring out way to get business out of robotic consumables and so on and so forth.
- So that adds to both the top line and the bottom line, and that's why you see the standalone Shalby MedTech. And this is not one-time. This is going to be more evolving. So as we work and continue to get the COGS down and build operational efficiencies, this particular partnership is the first of the partnerships, which I just spoke about our strategic. There are multiple other partnerships. We have had some other products also which have come into our kitty through partnerships, and these products add to a decent gross margin for us and hence to the EBITDA.
- Neel Shah:** ok.. understood and like why is the ARPOB for hospitals with a maturity of 5 to 10 years so low as compared to the other maturities of 10-plus years or 0 to 5 years?

- Amit Pathak:** So if you can see, in the 0 to 5 years of hospital, as I already mentioned, that includes the Sanar International Hospital also. And Sanar, the kind of business we have around 56% of the international business, where the ARPOB is close to around INR89,000 plus. So that is the reason due to the international business where the revenue size is high, we have the higher ARPOB.
- And whereas if you can see into the 10 years plus mature hospital, we have more of a domestic business, hardly any international business. And that is still based out in Ahmedabad and some other locations. And in light with that, if you can see ARPOB is pretty good for the 10 years plus hospital that is close to INR71,000.
- Shanay Shah:** Yes. Just to add, the -- basically 2 things. As we said, one is based on the geography, the ARPOB could be more or less depending on a metro versus Tier 1, Tier 2 cities. And second is the specialty mix where you have a high number of arthroplasty surgeries happening, you see a higher ARPOB because the ticket size is high and the average length of stay is slightly low. So it really depends on these 2 factors.
- Neel Shah:** So do you mean that in the maturity of 5 to 10 years, they are all not in the best geographies or the specialty mix is not very favorable?
- Shanay Shah:** Well, I would not say that.
- Neel Shah:** Or it is just evolving?
- Shanay Shah:** No, I would not say that. I would say that, basically, the hospitals in the 5- to 10-year segments have a very high ARPOB compared to the competitors that we kind of compete with in those geographies. The profitability also is high. So that's not a concern at all. But if you look at Delhi as a geography, you have higher ARPOBs there naturally because of the kind of cost of living, et cetera. So I would say higher ARPOB does not necessarily translate into higher profitability. So I would say I would segregate the 2. I would not kind of try to combine both of them.
- Neel Shah:** ok. Alright That's all from my side.
- Moderator:** Thank you. The next follow-up question comes from the line of Ashok Shah from Eklavya Invesco Family Office.
- Ashok Shah:** Thank you for taking my further question. Sir, are we -- in case of our new business of this implant, are we thinking on the dental also side to expand or it will be only this one?
- Deepak Anand:** Can you repeat your question, please?
- Ashok Shah:** No. Our implant business is, I think basically related not to the dental services. So are we thinking to expand to the dental also?

- Deepak Anand:** So not on the immediate front. See, the orthopedic itself is a globally \$30 billion market, okay, in which we have just started scratching the surface of it, right? So I think there is enough space over there to go and build that business to a decent level with good financials. I think our focus and investments are going to be in that place at this juncture.
- But eventually, once this orthopedic business gets settled up, then we can look at other things, there are multiple things, right, onco and ophthal and dental. There are many medical devices that could be looked at from a long-term standpoint. But at least in the recent short-term future, we are going to be focused on orthopedics and win there and build a better business with financials.
- Ashok Shah:** And on the second front, Medici claim and government. Yes, can I ask the question?
- Amit Pathak:** Yes. Go ahead.
- Ashok Shah:** Yes, yes. On the second question, sir, on the competition and the lower level of our occupancy, we are charging more to the customer or the patient who pay medical bill immediately, and we charge lesser to the Medici claim customer. So is it not too good to incentivize those who pay immediately on the admission or on the treatment to reduce their cost or at least keep it at the rate of the Medici claim customer to increase our occupancy?
- Nishita Shukla:** Sir, as I told you earlier, we have different type of packages. We have different class and we have different packages. And we also do all in all packages if the patient is not affordable. But majority of places, our self-paying packages or self-paying rate, which is equivalent to all other hospitals, other corporate hospitals. And it is also equivalent or a little bit more than the TPA. It is not on much higher side.
- Ashok Shah:** As per our study, it came to that we charge at least 10% more to the customer -- patient who pays immediately, and we charge lesser to the Medici claim customer or the other customer who do not pay immediately.
- Shanay Shah:** So we have different categories of...
- Nishita Shukla:** It's to the Medici claim patients. It is the packages what the insurance has provided us, that only we have to apply to that patient as per the policy limits. And our self-paying SOC is already shared with insurance when we negotiate with them for the packages and all. So self-paying SOC is already shared with them. So to the self-paying patients, we cannot deviate from that SOC patients and all. But yes, if the patient -- we do pass on the cost to the patient if they are not affordable or if it is needed.
- Ashok Shah:** No, I'm not talking about the affordability. I'm talking about those who are affordable, but pay extra on the direct cash payment. And if they come out with the Medici claim, you charge lesser amount.

Nishita Shukla: Sir, that is what I'm trying to explain. Our SOC is shared with Mediciam and Mediciam has asked us to reduce 10% when the patient is diverted to a claim or having a TPA or an insurance. Our self-paying SOC is shared with them and they have an MOU with us to charge 5% to 10% -- in 5% to 10% range as per the hospital and as per the rate where they have asked us to charge less 10% to their patient. That is how, but the SOC is same everywhere.

Ashok Shah: ok. that's all from my side. Thank you. Best wishes to you

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question for today. I would now hand the conference over to Mr. Jigar Todi for closing comments.

Jigar Todi: Thank you, everybody, for joining the call. We will connect again into the next quarter. Apart from that, if you have any questions, you can reach out to our investor e-mail ID. Thank you.

Moderator: Thank you, sir. On behalf of Elara Securities Private Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.
