

Narayana Hrudayalaya

ValuePickr Carolina Meet, March 8th, 2020





Amit Rupani, CFA

Disclaimer

- Personally invested in Narayana Hrudayalaya.
- Can exit in future without prior notification.
- This is NOT a stock recommendation. Kindly do your own due diligence and/or consult a registered investment advisor before making any investment decisions.

- Opportunity Size
- Business Model/Economics

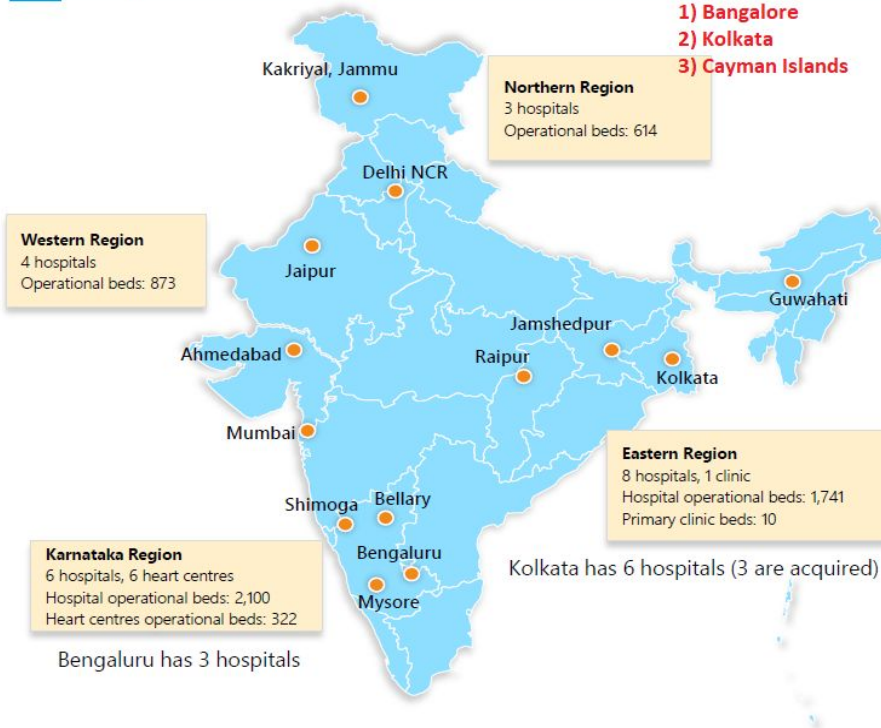
As on 31st December 2019

	47 Healthcare Facilities	Operational beds
	20 Owned / Operated Hospitals ⁽¹⁾	5,216 Beds
	1 Managed Hospital ⁽²⁾	112 Beds
	6 Heart Centres	322 Beds
	19 Primary Healthcare Facilities ⁽³⁾	10 Beds
	1 Hospital in Cayman Islands	110 Beds
	6,579 Capacity Beds	
	5,770⁽⁴⁾ Operational Beds	
	3.2 mn⁽⁵⁾ Average Effective Capital Cost per Operational Bed	
	30+ Specialities	
	17,261 Full-time Employees and Associates including 3,682 doctors	

NH's footprint in India

3 Flagship Hospitals:

- 1) Bangalore
- 2) Kolkata
- 3) Cayman Islands



(1) NH owns the P&L responsibility

(2) NH manages 3rd party hospitals for Management Fees

(3) Includes clinics, information centres, etc

(4) Operations shut down at Whitefield Hospital (118 operational beds), Durgapur Heart Centre (49 operational beds), Managed Hospital Durgapur IQ City (386 operational beds)

(5) Based on (Gross Block for Fixed Assets (adjusted for non-cash government grant impact, non-cash financial lease for Dharamshila unit and right to use asset per IND AS 116)+ Capital Work in Progress (CWIP)) / Number of operational beds as of December 31st 2019 but excluding Managed Hospitals and Cayman facility

Resources Review

India Hospital Network

As on May 1, 2017, we operate 24 hospitals in India:

Engagement Framework	Comments	Number of Units	Number of Operational Beds	Gross Block + CWIP (₹ mn) ⁽¹⁾	Capital Cost per Bed (₹ mn)
Owned Or Long-Term / Perpetual Lease	Owns and operates on freehold basis Or land taken on long-term / perpetual lease	8 Hospitals	2,607	9,615	3.7
Revenue Share / Rentals	Operates and pays a revenue share / rent to owner of the hospital premises	10 Hospitals	1,817	3,180	1.8
Public-Private Partnership	Operates with nominal investment in partnership with public entities	2 Hospitals	297	168	0.6
Managed Hospitals	Provides healthcare services to third parties for a management fee	4 Hospitals	720	-	-
Heart Centres	Runs cardiac sciences' department out of 3rd party hospitals and pays revenue share	7 Heart Centres and 1 Clinic	386	511	1.3

⁽¹⁾ Figures exclude cash and non-cash government grant of ₹ 1,499 mn which forms the part of total Gross Block as per IND AS.

EBITDA Trend

Profit & Loss Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	TTM
Sales +	478	658	839	1,095	1,364	1,614	1,878	2,281	2,861	3,150
Expenses +	421	574	756	972	1,236	1,434	1,643	2,066	2,566	2,736
Operating Profit	57	84	83	123	128	180	236	215	295	414
OPM %	12%	13%	10%	11%	9%	11%	13%	9%	10%	13%
Other Income	3	3	15	22	6	-19	7	20	16	28
Interest	6	11	19	31	45	33	28	55	81	82
Depreciation	32	37	46	57	68	76	80	100	137	167
Profit before tax	21	39	34	57	21	51	135	80	93	193
Tax %	34%	33%	29%	38%	71%	59%	39%	36%	37%	
Net Profit	14	26	25	32	-17	21	83	51	59	144
EPS in Rs	419.74	792.46	762.98	975.67	-0.84	1.04	4.06	2.51	2.90	7.10
Dividend Payout %	0%	0%	0%	0%	-0%	0%	0%	0%	35%	

Warning in FY2017 AR

With new facilities coming-up, while there may be a near-term bearish effect on the overall profitability, we are confident that our distinct business model has now fully entrenched itself and the stage is set for charting a new phase of growth.

2017 - 2018 Aggressive Expansion

East Delhi

With Jammu as a stepping stone, we made inroads in NCR by partnering to run a ~300 capacity bedded Dharamshila Narayana Hospital located in East Delhi. This hospital

Gurugram

market. Our strategy to bolster the budding Northern cluster also led to NH acquiring a near complete ~230 bedded hospital in Gurugram which will be commissioned within next 9 months.

Mumbai

To further consolidate our position in the western region, we identified Mumbai as one of the key markets for expansion and starting fiscal 2018; we forayed into Mumbai with our distinct SRCC Children's Hospital at Haji Ali Junction in Mumbai. The hospital also registers our debut as a dedicated Children hospital, first of its kind in NH's network. NH has held

B/S Impact

Balance Sheet Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Sep 2019
Share Capital +	0	0	0	0	200	204	204	204	204	204
Reserves	481	515	547	580	568	672	761	833	878	906
Borrowings	104	141	256	333	362	258	217	802	813	651
Other Liabilities +	120	131	171	253	255	442	486	799	838	1,084
Total Liabilities	705	788	974	1,166	1,385	1,576	1,668	2,638	2,734	2,846
Fixed Assets +	484	491	620	738	913	1,054	1,082	1,848	1,838	2,047
CWIP	46	87	44	20	20	14	53	35	56	15
Investments	0	0	7	51	52	87	96	9	17	94
Other Assets +	175	210	302	357	399	420	437	746	823	689
Total Assets	705	788	974	1,166	1,385	1,576	1,668	2,638	2,734	2,846

P&L Impact

Profit & Loss Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019
Sales +	478	658	839	1,095	1,364	1,614	1,878	2,281	2,861
Expenses +	421	574	756	972	1,236	1,434	1,643	2,066	2,566
Operating Profit	57	84	83	123	128	180	236	215	295
OPM %	12%	13%	10%	11%	9%	11%	13%	9%	10%
Other Income	3	3	15	22	6	-19	7	20	16
Interest	6	11	19	31	45	33	28	55	81
Depreciation	32	37	46	57	68	76	80	100	137
Profit before tax	21	39	34	57	21	51	135	80	93
Tax %	34%	33%	29%	38%	71%	59%	39%	36%	37%
Net Profit	14	26	25	32	-17	21	83	51	59
EPS in Rs	419.74	792.46	762.98	975.67	-0.84	1.04	4.06	2.51	2.90
Dividend Payout %	0%	0%	0%	0%	-0%	0%	0%	0%	35%

Cash Flows Impact

NARAYANA HRUDAYALAYA LTD											
Narration	Mar-08	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Total
CFO	0	29.7	52.86	44.62	109.99	76.73	174.07	219.35	182.26	278.65	1,168.23
CAPEX		562.26	85.26	132.59	150.8	243.89	210.8	146.44	848.17	148.59	2,528.80
FCF		-532.56	-32.4	-87.97	-40.81	-167.16	-36.73	72.91	-665.91	130.06	-1360.57

Losses from New Hospitals Wipe-off Profits of Established Hospitals

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
Sales +	484	521	559	554	647	652	711	732	765	777	822	785
Expenses +	425	473	501	502	597	607	640	657	676	675	702	683
Operating Profit	58	48	58	51	50	46	71	76	90	102	120	102
OPM %	12%	9%	10%	9%	8%	7%	10%	10%	12%	13%	15%	13%

Ashutosh Raghuvanshi, Narayana Hrudayalaya Limited - Vice Chairman, Group CEO & MD [27]

Yes, yes. Absolutely, absolutely. Your observation is right and our strategy is very clear. And as I said in my opening statement, that this is a phase of consolidation for us from our Indian operations. So as far as Africa is concerned, we have no immediate plans to get into any major or minor project except for the regular marketing related initiatives which we do, which is in order to have the international medical tourism patient, which travels to India. So that value travel is the focus for -- as far as Africa is concerned. So I think in any organization, and if you look historically as well, that whenever you have large ramp-up of facilities, you would have a phase of negative losses, which would sort of wipe off the hospitals which are making good profits. And that in turn -- that needs to be balanced. This company has always remained in a very conservative mode where whenever our expenses are higher, we try to calibrate and lower our rate of acquiring or getting into any new geographies or areas or units, whether it's greenfield or brownfield or (inaudible). So that is a persistent strategy and that will remain the strategy. Now the current 3 units which we started, out of that 2 units which are in the NCR region have shown

Market Reaction to Depressed Earnings



Weak Forward Earnings + Bad Market Sentiment = Beaten Stock Price



Let's Look at How Things Have Revived From the June '18 Bottom

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
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Operating Profit	58	48	58	51	50	46	71	76	90	102	120	102
OPM %	12%	9%	10%	9%	8%	7%	10%	10%	12%	13%	15%	13%
Other Income	6	5	5	4	6	3	3	3	11	5	6	6
Interest	6	10	8	8	20	17	18	18	17	22	22	21
Depreciation	21	22	29	24	26	33	34	35	36	41	43	46
Profit before tax	37	21	26	24	9	-1	22	26	47	43	62	40
Tax %	40%	48%	37%	41%	-7%	-261%	38%	51%	21%	30%	27%	22%
Net Profit	22	11	17	14	10	-4	14	13	37	30	45	31
EPS in Rs	1.10	0.54	0.82	0.70	0.48	-0.21	0.67	0.63	1.83	1.49	2.23	1.55
	Notes	Notes	Notes	Notes	Notes	Notes	Notes	Notes	Notes	Notes	Notes	Notes

Stock Price After Weakest EBITDA



Let's Look at How Things Have Revived From the June '18 Bottom (FY19Q2)

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
Sales +	484	521	559	554	647	652	711	732	765	777	822	785
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Operating Profit	58	48	58	51	50	46	71	76	90	102	120	102
OPM %	12%	9%	10%	9%	8%	7%	10%	10%	12%	13%	15%	13%

Nitin Agarwal, IDFC Securities Limited, Research Division - Analyst [63]

On the mature bucket, there's been a very sharp improvement, as you mentioned, on the EBITDA margin over the last quarter in particular. Look, can you just help us understand, are there any specific measure that you have taken to improve the profitability in this cluster? And I mean are these kind of profitability levels sustainable as you go through now as a result of whatever measures you would have taken?

Ashutosh Raghuvanshi, Narayana Hrudayalaya Limited - Vice Chairman, Group CEO & MD [64]

See, Nitin, I think we have been emphasizing in last few quarters that the external changes that started happening 2 years back, they had a lot of impact on many of the cost elements as well as the pricing elements in health care. And we had an impact of that. And we did some proactive measures to handle those things. However, we did those measures either with -- that they remain sustainable. And hence, the uptick of those initiatives or the results of those initiatives was to come slow. And that's what I have been emphasizing in last 3 or 4 quarters that those measures are going to be very, very sustainable. And what you see here specifically is the results of that. So we strongly believe that we are positioned to storm the -- any kind of changes happening to a large extent. However, if there is something totally unforeseen happens into a different situation, and then we have to do a reactional (inaudible). However, most of the proactive measures we have taken, both in terms of pricing (inaudible) as well as our cost structure, those have started yielding a result now. So I'm pretty confident that this, well, performance will just continue.

Let's Look at How Things Have Revived From the June '18 Bottom (FY19Q2)

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
Sales +	484	521	559	554	647	652	711	732	765	777	822	785
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Operating Profit	58	48	58	51	50	46	71	76	90	102	120	102
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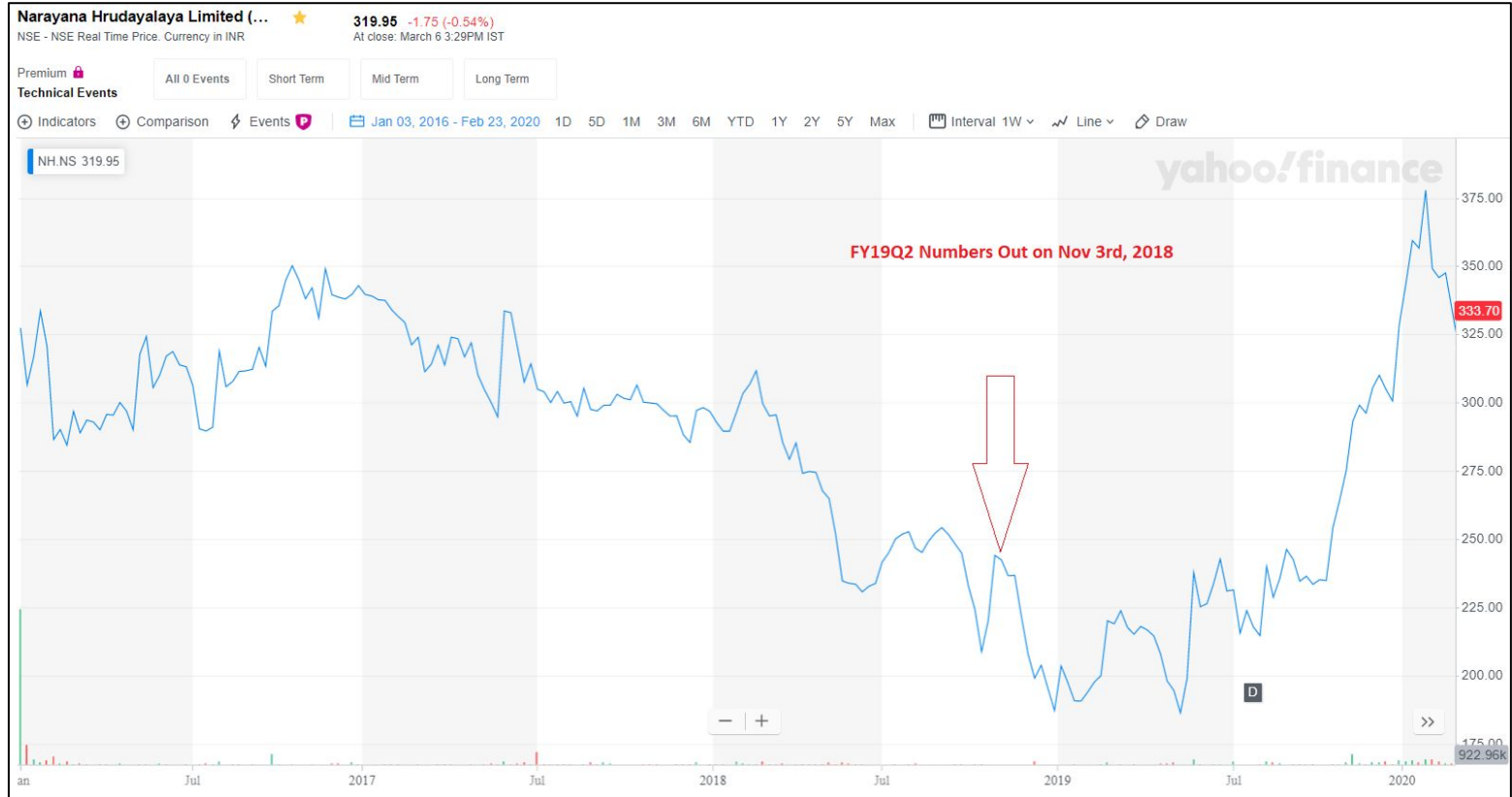
 Sameer Baisiwala, Morgan Stanley, Research Division - Executive Director [87]

Just thinking about your 2 new hospitals, as I was thinking Bombay and Guwahati. Are the EBITDA level losses that you've reported in this quarter sort of the benchmark; from here on, we should see improvement going forward and help us stabilize or do you think this can go up as well?

Ashutosh Raghuvanshi, Narayana Hrudayalaya Limited - Vice Chairman, Group CEO & MD [88]

We would tend to believe that these are by and large stabilized now; if not, there would be improvement from these (inaudible) has been improvement also if you'll notice over a period of -- in case for Dharamshila, as well as -- I mean, in fact, there has been there 18 months now, but we would like to believe these are the levels from which you can only expect an improvement going forward. We are trying and striving to ensure that the pace of improvement is as quick as we can possibly drive out of that.

Market Not Recognizing Improving Numbers



Let's Look at How Things Have Revived From the June '18 Bottom (FY19Q3)

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
Sales +	484	521	559	554	647	652	711	732	765	777	822	785
Expenses +	425	473	501	502	597	607	640	657	676	675	702	683
Operating Profit	58	48	58	51	50	46	71	76	90	102	120	102
OPM %	12%	9%	10%	9%	8%	7%	10%	10%	12%	13%	15%	13%



Narayana Health
February 01, 2019

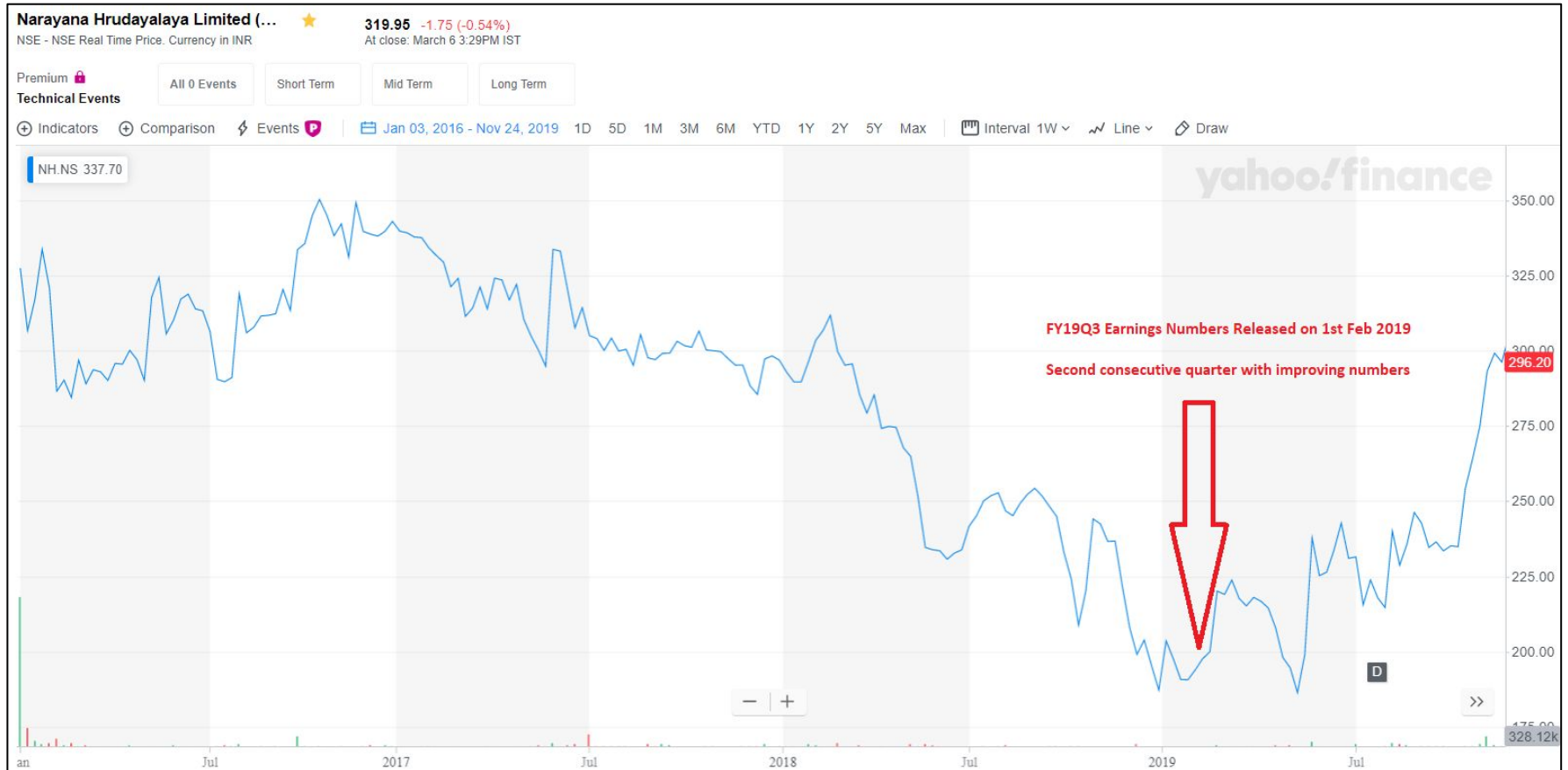
Pritesh Chheda:

And gross CAPEX, if you do not want to give the bed count but you can at least give the growth CAPEX number and the debt repayment schedules?

Debangshu Sarkar:

Debt repayment we have already discussed in one of the previous questions whereby we said that almost all our borrowings are of long tenure of average door to door maturity of 7 to 9 odd. And these are all structured and customized in line with the expected cash flow accruals that we expect out of the business. As far as the new beds is concerned, like we have been discussing or telling you in every other forum increasingly enough, we are seeing that operating bed as a metric for this industry is losing a lot of relevance. And towards that extent, we are not actually looking at it from that perspective. That aside, as you know that we have around 1,000 odd beds of latent capacity already available within our existing network, so, the idea is has been is to focus on our existing operations and sweat those out before we look to embark upon the next phase of external inorganic driven growth.

Market Not Recognizing Improving Numbers Even After 2 Quarters



Let's Look at How Things Have Revived From the June '18 Bottom (FY19Q4)

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
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Expenses +	425	473	501	502	597	607	640	657	676	675	702	683
Operating Profit	58	48	58	51	50	46	71	76	90	102	120	102
OPM %	12%	9%	10%	9%	8%	7%	10%	10%	12%	13%	15%	13%



Narayana Hrudayalaya Limited
May 27, 2019

Adjusting for losses of the 3 newer units across Delhi and Mumbai – our Indian operations posted an EBITDA margin of 14.4% during Q4 FY19 as against 11.6% in Q4 FY18. This translates to an adjusted EBITDA margin of 13.4% for FY19. From 31st March 2019, our units at HSR, Whitefield and Guwahati have also joined the mature bucket, which has delivered healthy EBITDAR margins of over 21% for the last fiscal. Together, the three flagship facilities registered an impressive 29% EBITDAR margin for the same period. We are also happy to note that our facilities at Ahmedabad, Jamshedpur and Guwahati combined have turned from red to green in the last fiscal and achieved a cumulative EBITDAR movement of ₹8.4 Cr in FY19 over FY18.

One of the highlights of the year was the performance of our Health City Cayman Islands unit, which recently celebrated its 5th anniversary. HCCI's revenues grew by over 35% in the 4th quarter resulting in over 22% increase YoY for FY19. This led to the unit reporting more than 100% YoY growth in adjusted EBITDA for Q4 FY19 translating into over 58% YoY growth in adjusted EBITDA for the whole year. Our Caribbean operations benefit from tremendous operating leverage and we remain confident about their potential to significantly deliver profitability and cash flows over the long term.

Let's Look at How Things Have Revived From the June '18 Bottom (FY19Q4)

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
Sales +	484	521	559	554	647	652	711	732	765	777	822	785
Expenses +	425	473	501	502	597	607	640	657	676	675	702	683
Operating Profit	58	48	58	51	50	46	71	76	90	102	120	102
OPM %	12%	9%	10%	9%	8%	7%	10%	10%	12%	13%	15%	13%

Chirag Patel:

Any expansion plan going ahead?

Viren Shetty:

For the near-term, no, nothing that we have planned in this year or the next. The only expansion is what we have already disclosed which is a new hospital that is coming up in Chittagong in Bangladesh where we will be running the Heart Centre. There is no CAPEX from our side. We are just running it on an operation and management basis.

Chirag Patel:

Not much, but how little will be there of CAPEX?

Viren Shetty:

No CAPEX in this project, it is an existing hospital, it has a cardiac centre. We will just be bringing in manpower, we will be running it, that will be on the P&L and we will pay the owner a percentage of the revenue.

Let's Look at How Things Have Revived From the June '18 Bottom (FY19Q4)

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
Sales +	484	521	559	554	647	652	711	732	765	777	822	785
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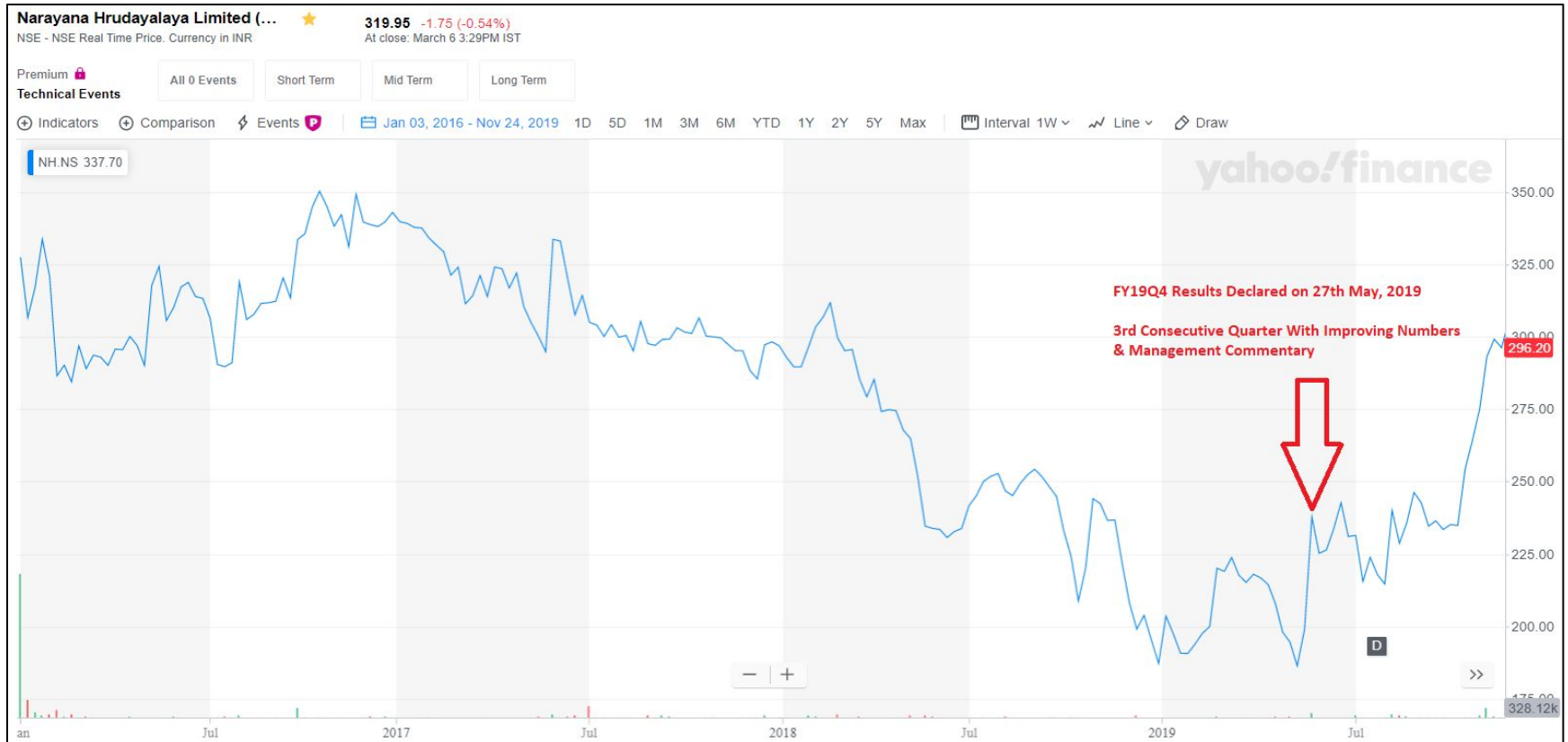
Bhagwan Chaudhary:

Can you please highlight something regarding this Mumbai, Delhi, and Jammu hospitals, when do you think the breakeven in these hospitals and how they are doing, what has been the performance over the period?

Viren Shetty:

On the Jammu Hospital, breakeven is not the issue because we get viability gap funding for that. We do not see it breaking even in the next one or two years given the difficulties of operating in that State, but the trust has promised to keep supporting us for as long as we are there and so for Jammu, it would not be too much of an issue. As regard to Gurugram unit, it is still new. The growth has been phenomenal there, we are seeing a lot of traction from the international patients, but it still has a long way to go. We are just putting up the radiation unit now. Normal trajectory that we expect for this hospital as we have indicated earlier is around 30 to 36 months or beyond. As regard to Dharamshila Hospital, this is something where we have made a lot of changes upfront, it was the hospital that was just about breakeven but when we came we made additional investments in manpower, infrastructure, and so on, so it went into the negative, but it is something that should breakeven pretty soon because we are seeing a lot of growth there. SRCC, again this is a Greenfield hospital, lot of the investment was made by the trust there, but again it should follow the normal trajectory of the hospital as we had indicated earlier.

Market Still Not Recognizing Improving Numbers Even After 3 Quarters



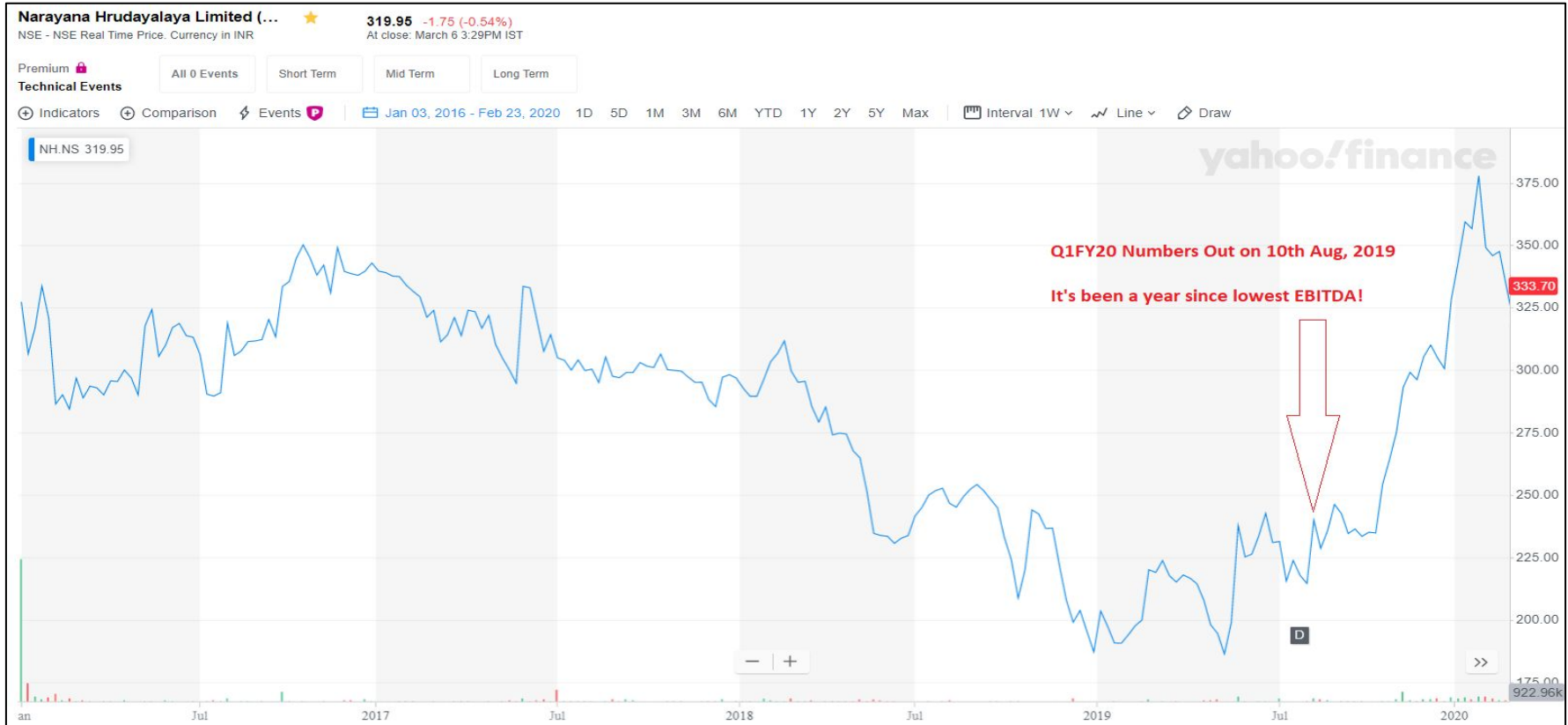
Let's Look at How Things Have Revived From the June '18 Bottom (FY20Q1)

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
Sales +	484	521	559	554	647	652	711	732	765	777	822	785
Expenses +	425	473	501	502	597	607	640	657	676	675	702	683
Operating Profit	58	48	58	51	50	46	71	76	90	102	120	102
OPM %	12%	9%	10%	9%	8%	7%	10%	10%	12%	13%	15%	13%

The three newer centres at Mumbai and Delhi NCR are progressing well along the growth trajectory. As mentioned earlier that we are creating a Centre of Excellence for organ transplants program in Delhi NCR, Mumbai regions and we believe that the strategy is paying off well with SRCC, Mumbai having done 9 Bone Marrow Transplants (BMT) and the Gurugram unit having performed 8 liver transplants during the quarter. The ramp-up across these new facilities will set the stage for your company's growth trajectory in years to come. Other hospitals (excluding 3 flagship centres, Jammu and 3 new facilities) posted a robust uptick in their revenues with 18% YoY growth.

Market Still Not Recognizing Improving Numbers Even After 4 Quarters



Let's Look at How Things Have Revived From the June '18 Bottom (FY20Q2)

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
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Expenses +	425	473	501	502	597	607	640	657	676	675	702	683
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OPM %	12%	9%	10%	9%	8%	7%	10%	10%	12%	13%	15%	13%

These are the sort of efforts that we are doing, at least, towards improving the return on capital from the operations side. But ultimately, there is a sort of diminishing rate of return from this.

At some point, also we will have to start deploying capital to add more capacity. But at least for the next year or year and a half, it may not be that necessary.

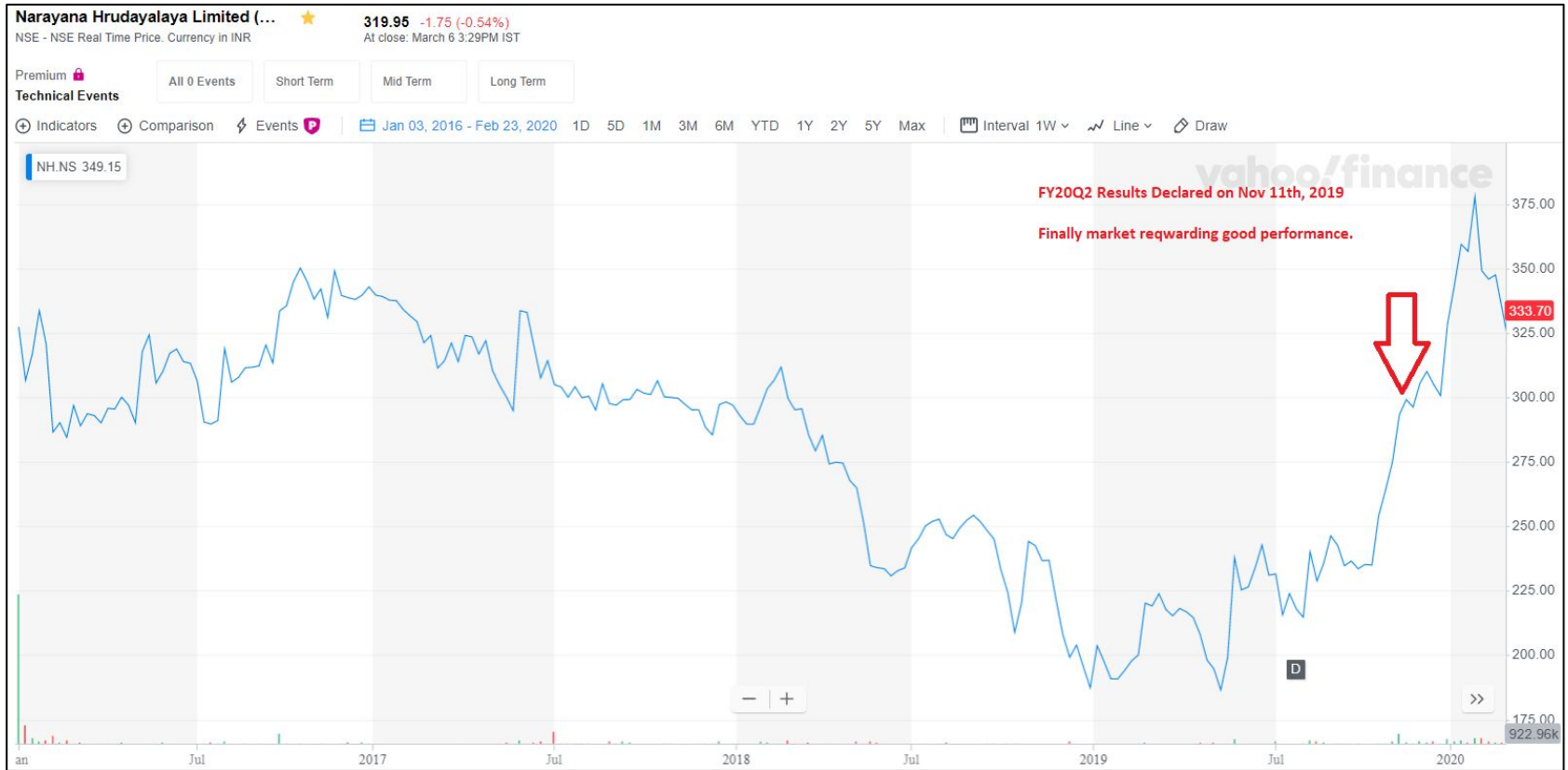
Let's Look at How Things Have Revived From the June '18 Bottom (FY20Q2)

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
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Expenses +	425	473	501	502	597	607	640	657	676	675	702	683
Operating Profit	58	48	58	51	50	46	71	76	90	102	120	102
OPM %	12%	9%	10%	9%	8%	7%	10%	10%	12%	13%	15%	13%

But what it has done is that all the hospitals except our new hospitals are profitable, that also because we don't have any sort of negative EBITDA hospitals. It is what is, again, causing this kind of performance that you see, which was not the case last year or the year before that. So, a lot of the performance that you see is also driven by base effect, much lower base last year.

Market Finally Recognizing Improving Numbers



Let's Look at How Things Have Revived From the June '18 Bottom (FY20Q3)

Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
Sales +	484	521	559	554	647	652	711	732	765	777	822	785
Expenses +	425	473	501	502	597	607	640	657	676	675	702	683
Operating Profit	58	48	58	51	50	46	71	76	90	102	120	102
OPM %	12%	9%	10%	9%	8%	7%	10%	10%	12%	13%	15%	13%

Q3FY2020 Quarterly Earnings Call

NEWER FACILITIES

- The three newer centres at Mumbai and Delhi NCR are progressing well with Dharamshila unit having achieved EBITDAR level breakeven during this quarter and has registered a strong build-up of occupancy.
- Just for the East Delhi Hospital, yes, you will see that EBITDA level breakeven by the end of this year. For the rest of the cluster, like I said earlier, it still take a year, year and a half. For whether it is sustainable in East Delhi, we are very confident it is, this is the hospital that took a while to find its groove to find the right clinical talent. We don't see too many hospitals coming up in that area right now, not many have been announced and given that this is not as economically well off as South, the Gurgaon part of NCR, we don't expect too much competitive challenges over there which would drive up cost or increase in manpower attrition. So at least for the near 2-3 years, we are feeling quite confident in the performance of this unit.

Let's Look at How Things Have Revived From the June '18 Bottom (FY20Q3)

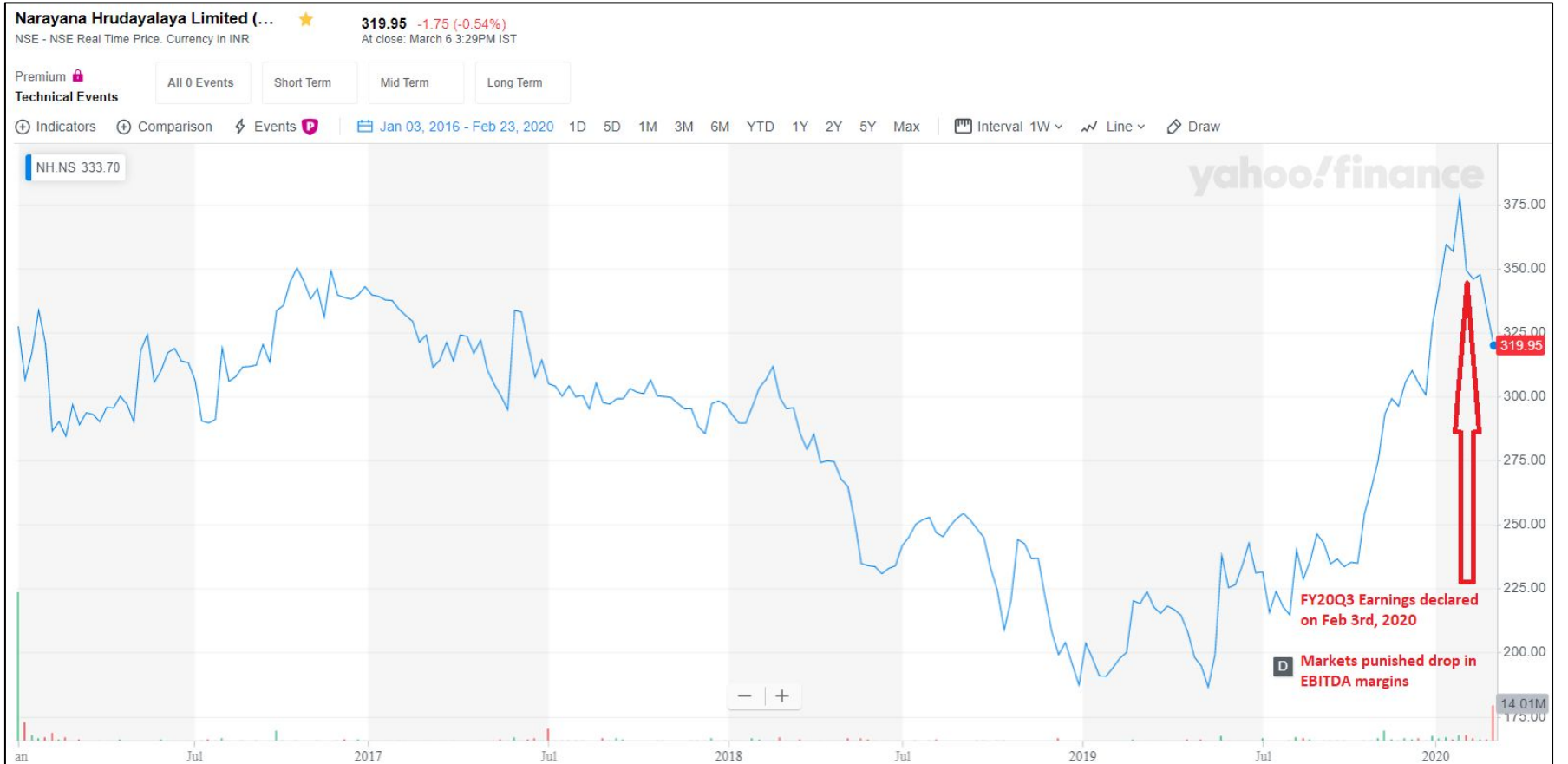
Quarterly Results Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
Sales +	484	521	559	554	647	652	711	732	765	777	822	785
Expenses +	425	473	501	502	597	607	640	657	676	675	702	683
Operating Profit	58	48	58	51	50	46	71	76	90	102	120	102
OPM %	12%	9%	10%	9%	8%	7%	10%	10%	12%	13%	15%	13%

OLDER FACILITIES

- Adjusted for the losses of the three newer units across Delhi NCR and Mumbai, Indian operations posted an EBITDA margin of 15.6% during Q3 FY20 as against adjusted EBITDA margin of 13.5% in Q3 FY19. The three flagship facilities at Health City, Bengaluru and RTIICS, **Kolkata continue to deliver robust EBITDAR margins at 30.0% in Q3 FY20.**
- We continue to consolidate our operations and have shut down the operations at our Whitefield facility, Durgapur heart centre and exited from the management of Durgapur IQ City managed hospital leading to the total operational beds coming down by 553 as on 31st December 2019.
- And to the second question you asked, is this sort of peak (B'lore EBITDAR of ~30%), like we said earlier, it is definitely not. There are lot of things we can do but we can't indicate for sure when it is that we would be able to get those numbers up.

Market Punished Drop in EBITDA Margins



Operating Leverage Kicking-In

Profit & Loss Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2019	TTM
Sales +	2,861	3,150
Expenses +	2,566	2,736
Operating Profit	295	414
OPM %	10%	13%
Other Income	16	28
Interest	81	82
Depreciation	137	167
Profit before tax	93	193
Tax %	37%	
Net Profit	59	144
EPS in Rs	2.90	7.10
Dividend Payout %	35%	

EBITDA Trend

	Q1FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
EBITDA		50.4	76.1	81.2	96.8	107.6	128.1	108.2
EBITDA Margin		7.70%	10.70%	11.10%	10.60%	13.80%	15.60%	13.80%
New Hospital Total Revenue		397	480	496	521	574	650	616
New Hospital Total Losses		195	173	176	159	167	139	143
B'lore EBITDAR	Management was not providing EBITDAR break-up in similar format before Q1FY20. They were providing different breakdown.					32.10%	34.10%	29.50%
South EBITDAR						14.80%	19.80%	20.70%
Kolkata EBITDAR						20.90%	23.10%	22%
Eastern EBITDAR						10.10%	16.90%	12.10%
Western EBITDAR						3.30%	6.70%	2.70%
Delhi NCR EBITDAR						-24.50%	-16.50%	-18.40%
Cayman EBITDA		6.60%	14.30%	21.10%	Not Avail.	22.30%	24.00%	24.30%

Note: This information is manually pulled. Please verify for accuracy.

Thank you for listening!

Questions?