Jeena Sikho Lifecare

Operator: Ladies and gentlemen, good day and welcome to Jeena Sikho Lifecare Limited Q2 FY27 earnings conference call hosted by Go India Advisors LLP. As a reminder, all participants' lines will be in 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand over the conference to Ms. Sowmya Chakke from Go India Advisors LLP. Thank you, and over to you, ma'am.

Sowmya Chakke – Go India Advisors: Good day, everyone, and welcome to the Q2 and H1 FY27 conference call of Jeena Sikho Lifecare Limited. We have with us on the call Mr. Manish Grover, Managing Director; Mr. Ankush Kaushik, Whole-time Director; and Mr. Nanak Chand, Chief Financial Officer. We must remind you that the discussion on today's call may include certain forward-looking statements and must therefore be viewed in conjunction with the risks pertaining to the business. I now request the management to take us through the business updates, after which we will open the floor for the Q&A session. Thank you, and over to you, sir.

Manish Grover – Managing Director: [pause] Greetings, ma'am. Shall I begin?

Operator: Yes, sir, you can begin.

Manish Grover – Managing Director: Greetings, everyone. My name is Manish Grover, and I welcome all of you—investors, analysts, and stakeholders—to Jeena Sikho Lifecare's Q2 FY27 earnings call to discuss our Q2 results and H1 FY27. First of all, I sincerely thank you for taking the time to join us and for placing your trust in us.

First, I want to apologize to all of you because the growth we expected and wanted in Q2 did not materialize. I will also accept the reasons behind this and the mistakes in our strategies, and I will explain the improvements we have made.

Today, I want to present three points to you. First, what we are building and why. Second, the progress we made in that direction in Q2 and H1 FY27. Third, what our priorities will be in H2 and in the coming years.

What are we building? India is facing a major challenge from lifestyle diseases. According to an ICMR study, approximately one in every five people is dealing with hypertension, and crores of people are living with diabetes, obesity, and high cholesterol. These are not desirable diseases; they require lifestyle management, and this is where Ayurveda and a prevention-first approach become most relevant.

Friends, the money you have invested is not only earning profits; it is also earning blessings. People are placing their trust in us, and in this quarter we increased that trust, but at the cost of margins. Our task now is to convert that trust back into profit.

Jeena Sikho serves a need through an organized, scalable, and trusted platform. Today, we have 62 hospitals, 60 clinics and day-care centers, approximately 2,424 operational beds, and a presence in 23 states. Of our hospitals, 52 are NABH-accredited, and 12 more are in the pipeline. At this

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scale, Jeena Sikho is the category leader in organized Ayurvedic healthcare today.

Our model is a flywheel. A patient connects with us through e-commerce, social media, 72-hour health camps, virtual OPD, or video consultation. When required, the patient takes IPD or day-care Panchakarma treatment at a hospital and then remains with us for the long term through medicines, diet, and follow-up. The service starts the relationship, and the product sustains its progress.

In this quarter, we conducted a new experiment. We promoted the product, entered more people's homes through the product, and then converted them to Panchakarma. However, this caused some immediate margin suppression, but the relationship became larger for the future because every new patient for us is not a transaction but a long-term relationship.

Our model is capital-light. When we open a hospital, one bed is established with capital of Rs.3-4 lakh, whereas the same bed in an allopathic hospital costs Rs.30-50 lakh. We reach break-even at 35% occupancy, and our payback period is 12-18 months. This is why we can fund our growth without putting pressure on the balance sheet.

Our progress in Q2 and H1 FY27 has been as follows. The first half of FY27 was a period of execution for us. In these 6 months, we did three things: we rapidly expanded our demand funnel, further strengthened quality and our product portfolio, and prepared capacity for the next phase of growth. We also made our in-house facility ready, strengthened our management team, and expanded our second line of command, or the people working alongside me.

Looking at H1 FY27, revenue from operations was Rs.460 crore, representing 26% year-on-year growth. EBITDA was Rs.164 crore, with a 36% margin, and PAT was Rs.102 crore. In Q2 FY27, revenue was Rs.235 crore, representing 24% year-on-year growth; EBITDA was Rs.72 crore, with an EBITDA margin of 31%; and PAT was Rs.36 crore.

In Q2, we consciously invested for the future in new launches, accreditation, technology, the network, some media initiatives, and certain future prospects.

First, the demand funnel. In H1, we treated 22,480 IPD patients, of which 10,980 were in Q2, representing 14% year-on-year growth in Q2. H1 OPD volume was 3.1 lakh, while Q2 volume was 1.59 lakh, which was 14% higher than last year.

The strongest signal came from our consultation funnel. Our OPD and consultation customers in H1 were 12.1 lakh, compared with 14.1 lakh for the entire FY26. In Q2 alone, this number was 7.1 lakh, representing 174% year-on-year growth. [hesitates] These were lower-margin customers, which is why the number increased but sales declined. However, I will derive the benefit from this funnel in the next few quarters and the next few years. This is the same funnel that will support the coming quarters and IPD and...

Acharya Manish: Changes are also visible in our results. The impact is also visible in utilization. Occupancy was 55% in Q2 and 57% in H1. It was lower compared with the previous quarter, but if you check, our day-care patients increased, and our e-commerce patient volume was approximately double.

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The second priority was quality and the portfolio. In September, we received NABH accreditation for {? Unay ?} hospital for Panchakarma, which is valid until July 2029. As soon as the quarter ended, on October 1, Raipur hospital also received NABH accreditation, which is valid until August 2029. With this, our NABH-accredited network has become stronger. NABH increases patients' trust and opens the way to working with insurance and institutional players.

In products, this business grew 22% in Q2. We started launching new products from July, and we launched some new kits from September. Overall, we launched 10 new products. However, as all of you know, we have already launched these products, so I will not name them.

The third priority was capacity for the next phase. In Q2, we added three new clinics, and 460 beds are in the pipeline. We add capacity only where both demand and policy support exist. As soon as the government's Ayush scheme goes live, we will expand beds accordingly. As I said earlier, we want to reach 7,000-10,000 beds in 3-5 years. We are waiting for the Government of India's Ayush scheme to be launched, and we will increase beds accordingly. Therefore, we slowed the growth in beds slightly over the past 2 quarters.

During the same period, we also signed our first wellness resort in Manali, Himachal Pradesh. It has 108 rooms, along with 24 villas, which will be ready within a year. This is our new entry into premium wellness and inbound wellness travel, and it will be soft-launched on December 15.

Our priorities for H2 FY27 are as follows. In the second half, our focus will be on four things. First, increasing occupancy in the existing beds. Second, scaling new products and the pharmacy and retail channel, and using them to bring patients into the hospital network and towards Panchakarma. Third, increasing capacity in a disciplined manner with policy support. Fourth, maintaining the quality of cash flow along with growth; this will also be a major area of focus for our work.

With the foundation laid in H1, we are fully on track with our FY27 growth guidance and have complete confidence in it. Our research focus is prevention, and our motto is, “prevention is the only cure.” Just as a vehicle requires regular servicing to remain in top condition, the body also requires regular care to prevent illness.

In the previous Q2, and in this Q2, we focused on this, which caused our revenue, ticket size, and patient footfall to decline. Earlier, we focused more on treating diseases. Moving towards prevention affected our ticket size and patient numbers. In the coming quarters, we will focus equally on both prevention and treatment. As the Ayurvedic verse says, “Swasthyasya swasthya rakshanam aaturasya vikaar prashamanam cha,” which means that we must address both types of people: those who want to remain healthy and those who have become ill. This is also the fundamental principle of Ayurveda.

In the next phase, our work will be to expand services, expand the product portfolio, and create evidence. As I mentioned, we have built a very strong research wing. We have established our in-house research center in Chandigarh. The person heading it has retired from a very prominent Indian body, {? NCISM ?}, and we have brought him into our top management as a research consultant. In this quarter, we also brought on board two retired officers from the Ayush Department for quality control, scaling, and doctor training.

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Our direction and objective are to make Jeena Sikho India's integrated health operator system, where everything from awareness to consultation, treatment, products, and lifelong preventive care is available on one trusted platform. Treating disease is one part of healthcare, but keeping people healthy is also the future of healthcare, and I am building Jeena Sikho for that future.

Regarding the shortcomings in Q2 and the new experiments we conducted—which we conduct every quarter, usually 5-6 experiments, of which 2-3 succeed—only one of our experiments succeeded this quarter. However, we learned lessons for the future from the other 5. We will certainly show you the effect in the coming quarters and again demonstrate hospital growth alongside product growth.

I now invite Nanaji, our CFO, to share detailed information on the financial performance for Q2 and H1 FY27. Thank you. Victory to India.

Nanaji – CFO: Thank you, Acharya Manish, and good afternoon, everyone. I will take you through the performance for Q2 and the first half of FY27, covering the headline numbers, our two verticals, and the overall balance-sheet outlook for H2.

Q2 FY27 performance: revenue from operations in Q2 FY27 stood at Rs.235 crore, up 24% year-on-year and 5% quarter-on-quarter. Gross margin was 88%, in line with our structural level of approximately 89%. EBITDA was Rs.72 crore, with a margin of 31%. [pause]

H1 FY27 performance: for the first half, revenue from operations was Rs.460 crore, up 26% year-on-year. EBITDA was Rs.164 crore, with a margin of 36%.

A word on margins: EBITDA margin for Q2 was 31%, compared with 48% in Q2 last year and 41% in Q1. Gross margin was stable, so this movement came from operating expenses, which grew 83% year-on-year as we invested in new product launches, doctor staff, new centers, and technology.

Three items stand out. First, advertising and promotion expense increased by Rs.13.4 crore, driven by the strategic brand-building initiative to extend our reach among younger customers, including campaigns featuring popular television platforms to build brand value and recognition. Second, employee benefit expense increased by Rs.4.1 crore due to additional manpower hiring and the hiring of new talent in the market in advance of the plan. These additional expenses in H1 are expected to turn into operating results in H2 and beyond as utilization builds. Thank you very much.

Acharya Manish: Ma'am, you can open the session for questions and answers.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Aditya Chheda from Incred. Please proceed with your question.

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Aditya Chheda – Incred: Yes, sir, good morning. Greetings, sir. The per-patient cost has declined to almost Rs.7,500, by 15-16%. What changes did we make? Did we provide a discount, offer a package, or how did it decline? Second, you said that you are reiterating your guidance. Could you quantify the number you expect for FY27?

Acharya Manish: I want to tell you one thing, sir. We had expected the Ayushman Yojana to be launched before December, but it did not happen. What we did was reduce the rates at our smaller hospitals, where beds remained vacant, for training for the Ayushman trial. We increased our focus on lifestyle diseases such as blood pressure, diabetes, joint pain, lung problems, and chronic diseases, while our core focus declined.

This affected our ticket size. However, as soon as we identified this mistake at the end of October, we immediately started restoring both our old protocol and our old system in November and December.

I also have some good news for you. On the 6th of this month, we submitted some sample bills, similar to the ones we had submitted in September, and government approval came through. The government portal 2.0 was this month [cut off]

Manish: It started just after Diwali, which is good news because we can now bring back the government business. The payment timeline under the government's {? TAG ?} is approximately 2-4 months. This means that payment will arrive within 2-4 months.

Portal 2.0 has started, through which we can once again increase the Panchakarma business that we used to conduct for the government. In 2025, this business was Rs.117 crore, or 25%, whereas in 2026 we had fallen to 4% because payments were not coming in and were stuck. This also affected our ECL, and our profits declined. Now that the government portal has returned, we can increase Panchakarma again. Yes, sir.

Aditya Chheda – Incred: Sir, I have noticed one more thing: visitors and business at the Meerut camp are both declining. Is there an issue on the facility side? From April to September, both visitors and business generated have declined. This is our large facility, so what is happening there?

Manish: What happened in Meerut was that we faced some challenges because of one or two small camps, but we have overcome them. Two of our camps took place during the month of Sawan, when the Kanwad period was underway, and the timing of one camp was wrong. Because it was held during the Kanwad period, the number of patients declined.

The second issue was that the main doctor at the camp did not continue with us, and we joined only new doctors from the previous camp. If you notice, occupancy was full at our September camp and is also full at the October camp, and the new doctors have joined us. We have now started conducting camps with Dr. Anshuman, who is India's leading cancer doctor. He was present throughout the previous camp and will be present throughout this camp as well.

Aditya Chheda – Incred: Got it, sir. Lastly, if margins have declined but you are saying that they will be recovered from Q3, and you have said that your guidance remains intact...

Manish: The effect will not be significant in Q3; there will be a very good effect in Q4.

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Aditya Chheda – Incred: Okay, noted.

Operator: Thank you. Ladies and gentlemen, in order to ensure that management is able to address questions from the participants in this conference, please restrict your questions to three per participant. Should you have follow-up questions, please rejoin the queue. The next question is from the line of Om Shah from 3A Capital. Please proceed with your question.

Om Shah – 3A Capital: Hi. Sir, I wanted to ask how the number of operational beds will ramp up this year. That is my first question. Second, as the previous participant asked, if you could provide any numbers regarding your guidance—not an exact number, but a range—it would be very helpful.

Manish: [pause] Sir, my message is absolutely clear: the guidance I gave earlier remains the same. We had only made some changes and launched some new products, Doctor Maa and Doctor Pa. We planned to launch the Doctor Maa and Doctor Pa packages in e-commerce, which would bring in Panchakarma business.

However, what happened was that the Doctor Maa and Doctor Pa packages became so successful that people started getting results through them. My plan was to convert these customers towards Panchakarma, and we had invested significantly in this. You can imagine that we even went to Khatron Ke Khiladi.

However, we have now created a new policy for this. We have introduced new packages for diabetes, blood pressure, lung problems, joint pain, and eye problems, which will start in every hospital from December. Therefore, my growth can easily reach the strong 20-25% range. We will also be able to maintain EBITDA at 35-40% from the results for March 31. We have completely changed our planning so that EBITDA remains between 35% and 40%.

What happened was that EBITDA was 48% in the previous quarter, the third quarter. People thought that EBITDA should remain at that level, but that was an exception because Diwali came earlier that month.

Om Shah – 3A Capital: Right. But you said that you are not changing your guidance, while PAT of Rs.250-300 crore this year appears mathematically difficult.

Manish: Sir, I still have 4 months—December, January, February, and March. My team has become very strong, and many very capable people have joined our team. We will put in our full effort. If I have to achieve sales of Rs.1,000 crore, I need monthly sales of Rs.90-95 crore in the remaining 4 months.

We again reviewed the experiments we conducted. Last month, the number of experiments became somewhat excessive. We used to conduct 5-6 experiments. Earlier, when we operated e-commerce, we worked at a ROAS of more than 6-7 times. However, when we looked at other companies, including larger companies such as Kapiva, Gynoveda, and similar companies, as well as Veda Saane, we saw that they operated at a ROAS of 4.

We experimented by running products with a ROAS of 4, but we immediately decided to discontinue them in November. We have continued only those products with a ROAS of 6-7 times because we need to maintain ourselves.

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However, I received one benefit: in the previous quarter, I reached 2,64,000 households through e-commerce, while in Q2 I reached 4,63,000 households. Now that I have entered these households, even if I entered through a Rs.1,000 product, I will bring these customers to Panchakarma. This will reduce my media expenditure and increase my returns in Q4 and next year because we will sell Panchakarma to the people whose homes we have entered.

Om Shah – 3A Capital: Right, right. Thank you, sir.

Operator: Thank you. The next question is from the line of Bhavya Gandhi from Bajaj Alternatives Investment Management. Please proceed with your question.

Bhavya Gandhi – Bajaj Alternatives: Hi. Manish, I have 2-3 questions. On a longer-term basis, could you tell us what your EBITDA might look like over the next 2-3 years? You control product pricing, and I understand the one-off marketing-related cost. However, if gross margin has remained largely stable this quarter, why can EBITDA not bounce back from next quarter, from Q3?

Manish: What happened in Q3 was that Diwali came, and we were closed for 3 days. Therefore, I can provide only the guidance that I will be able to achieve. We will put in our full effort in December in Q3, but I am deliberately giving the Q4 number because the changes we have made will take 15-20 days to show their effect.

We stopped the product business where the {? ROC ?} was 4 and continued the products with a ROAS of 6-7, so that my media expense does not increase further and I can convert these product customers into healthcare services.

As for the longer term, I remain committed to what I said: reaching 7,000-10,000 beds in 3-5 years and taking turnover to the three-digit range, meaning Rs.2,000-3,000 crore. I remain focused on this because the biggest good news for me is that Portal 2.0 has started. I had completely stopped the government business, but I will immediately restart it, and you will see its effect within 2-3 months.

Even if I announce this today, patients will not be admitted in November; admissions will begin only from December-January because I gave my team the instruction to start taking patients under the government portal only 3 days ago. We received the good news that payments under Portal 2.0 are arriving on time.

Bhavya Gandhi – Bajaj Alternatives: In Portal 2.0, suppose payments are currently arriving on time and you start admitting patients, but after one or two quarters the money does not arrive and you have to provision again. What preparation do you have for that?

Manish: No, sir. We will not take that business above 15% of our total business. If I generate turnover of Rs.100 crore, only Rs.15 crore will be dependent on the government. Earlier, in Q4 FY25, government business accounted for 25% of our business, and our payments were stuck. However, we have now made a rule that it will be 15%. For Rs.100 crore of turnover, only Rs.15 crore will be government business. We will bring Rs.25-30 crore of health insurance business into it.

Bhavya Gandhi – Bajaj Alternatives: Got it, sir. And regarding the 2-3-year outlook—

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Manish: You will see hospital growth consistently over the next 3-4 quarters. My Ahmedabad hospital, with 150 beds, will start in December-January, and my Lucknow hospital, also with 150 beds, will start as well. I am also starting a separate eye hospital. We have finalized the entire protocol for joint pain.

In the next 2-4 quarters, you will see a dramatic difference, and the company will become the way it was when it started. We had gone somewhat off track because someone advised us to increase the product business sevenfold. However, we have seen what happens in the product business: expenses are higher, more manpower is required, and social media expense... [cut off]

Management: ...is incurred, and the resulting return comes with a lower ticket size. If a patient who can pay me Rs.50,000 gets well for Rs.4,000, that patient does not return. This was our mistake, and we have corrected it.

Bhavya Gandhi - Bajaj Alternatives: Right, right, sir. On a longer-term basis, when you reach revenue of Rs.2,500-3,000 crore over 2-3 years, what might your product pricing and EBITDA margin look like, approximately? Could you provide a range?

Management: [pause] I said that I will make every effort to maintain EBITDA at 35-40%. We will make every effort.

Bhavya Gandhi - Bajaj Alternatives: Okay, sir. My last question is regarding the Manali resort. Is there a fixed rental? We do not own the asset, right? We do not own all the rooms; we are taking them on lease, right?

Management: [pause] Yes, yes. That model is so good that if I get large hotels on similar terms, I am ready to take all of them. The model is that if I pay them Rs.7 lakh per month and book only 8 rooms per day on average, my entire cost is covered.

There are 108 rooms and 26 villas in that VVIP luxury resort. If I book even 8 rooms per day on a monthly average, all the costs included in that are covered. As soon as 16 rooms are booked, my profit becomes 50%, meaning my revenue doubles. The monthly cost of Rs.7 lakh, including all expenses and my staff team, is Rs.75 lakh, and this is covered by only 8-10 rooms.

Therefore, we have developed a very good model, and this is our first pilot project. As soon as 15 rooms begin to be occupied, I will bring in the second and third projects.

Bhavya Gandhi - Bajaj Alternatives: What revenue and EBITDA margin can we expect from the Manali hospital over the longer term?

Management: [pause] The Manali one, sir. If 15-20 rooms operate every day, it will give me a profit of Rs.10 crore per year. Yes, per year, it will give me a profit of Rs.8-10 crore if 15-20 rooms are occupied on average throughout the year.

Bhavya Gandhi - Bajaj Alternatives: Understood, sir. How many more such projects can you undertake?

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Management: [pause] Even if my occupancy is 50% for the full year, it will give me a profit of Rs.5 crore. My fixed cost there is only Rs.7 lakh per month. Assume an additional Rs.15 lakh of expenses for my doctors, therapists, meditation team, and yoga team.

The 72-hour camps that I currently conduct only in Meerut for the general public will also be started for VVIPs from January. I will conduct one in Manali approximately every 2 months for VVIPs.

Bhavya Gandhi – Bajaj Alternatives: One more question, if I may: when will the Ayush scheme be launched?

Management: [pause] The Government of India's complete proposal for the Ayush scheme is ready, and the rates have been finalized. We do not know on which day the coconut will be broken. I have even arranged a Mahamrityunjaya ceremony here today. After speaking with you, I will go and sit in the Mahamrityunjaya ceremony.

I have folded my hands before God and asked for the Ayushman Yojana to start as soon as possible because as soon as it starts, we will not have any problem with bed occupancy. However, I say that whenever it starts, I have made my preparations. Even if it does not start, I will show you results in the next 2-3 quarters that beds can be filled, revenue can be generated, and patients can also be treated. Wellness patients will come, as will patients who need treatment.

Bhavya Gandhi – Bajaj Alternatives: Perfect, sir. Thank you very much, and all the best.

Management: Thank you. Thank you.

Operator: Thank you. The next question is from the line of Ayush Saboo from Choice Institutional Equities. Please proceed with your question.

Ayush Saboo – Choice Institutional Equities: Greetings. What guidance are we expecting in terms of margins in H2 going forward, specifically the EBITDA margin?

Management: Our margin in H1 and our year-on-year growth will be 20-25%. We will conduct our business with this growth in sales, and I have made a complete plan to maintain EBITDA at 35-40%.

Ayush Saboo – Choice Institutional Equities: Okay, fine. Thank you, sir.

Operator: Thank you. The next question is from the line of Aditya Singh, an individual investor. Please proceed with your question.

Operator: He has left the queue. We will take the next question. The next question is from the line of Rutu Chawan from PhillipCapital. Please proceed with your question.

Rutu Chawan – PhillipCapital: Greetings. Hello? Greetings, sir. I wanted to ask about our plan to have 3,000 operational beds by the end of this year. We remained at approximately 2,400 beds this quarter, and I think only 20 beds were added. What is the guidance, and is it possible to reach 3,000 operational beds by year-end?

Management: [pause] Approximately 3,000 beds will be operational by year-end because the 150-bed Lucknow hospital will start in January, the 150-bed Ahmedabad hospital will start, and 3

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small hospitals will also start. Therefore, approximately 2,900 beds will be operational before March 31. Our focus will now be on increasing occupancy and returning the ticket size to Rs.8,300-8,400 over the next 2 quarters.

Rutu Chawan – PhillipCapital: So, our target for this year is 25% growth, which you said will be achieved in sales. Will this also be reflected in EBITDA and PAT, or will the margin shrink?

Management: [pause] In the fourth quarter, we will maintain EBITDA between 35% and 40%. We have prepared our planning accordingly.

There is some challenge in Q3, although it will undoubtedly be better than this quarter because some of our old provisions were recognized this month, and they will decline in the coming quarters. Our media cost, which was an investment, will also not recur in the next quarter.

However, this quarter is under pressure because of Diwali. As you know, India comes to a complete standstill during Diwali. There are no deliveries or sales for 7-8 days. Even during Diwali, patient occupancy at all my hospitals fell to half.

We started work the day after Diwali. It has now been only 6 days since Diwali ended, and we have already restored the same average and admitted patients again. During the week of Diwali, patient occupancy at my hospitals had fallen to only 25%. Our sales also increased by Rs.4 crore from September to October. I will put in my full effort in November, and I will certainly increase this further in December.

Rutu Chawan – PhillipCapital: I wanted to understand the OTC products. You said that we were pushing products more, which affected services revenue. Regarding the plan to enter OTC and the target of generating Rs.500 crore of revenue over the next few years, how will we take that strategy forward? Will we focus on services...

Management: [pause] We have revised the OTC strategy. We will not operate under that model. If we have to generate Rs.500 crore, we have developed a new model for it, but I will not disclose it today because as soon as we disclose it, people evaluate it.

I will execute it for 2-3 months first and then present it to you. We have cancelled the team for the shopkeeper model because it involves significant expense. You have to print front-page newspaper advertisements and television advertisements, and after deducting margins, only 10-15% remains. It also requires very high volumes, and if a patient gets well through the product, the patient does not take services.

Therefore, I have created a new model. In the next quarter, when I provide the next results, I will have done some work before that, and I will certainly tell you what I have done. The market picks up whatever we say, so this time I will speak less and demonstrate it through execution first.

Rutu Chawan – PhillipCapital: I have one final question. Regarding the hospitals we are developing, based on my experience, the experience at the large hospitals is much better than at our clinics. What will be our strategy going forward? Will we expand through clinics, or will our expansion follow the large-hospital model, such as the Navi Mumbai and Panvel hospitals? The experience is very different compared with a small clinic. Where is our strategy headed?

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Management: [pause] We have developed a completely new strategy that no one in India can imagine. We studied different companies, such as Gynoveda, Traya Ayurveda, SK Teleshopping, and Kapiva. We studied all these models and did a great deal of homework over the past 3 months. We also studied {? Veda-Ayurvedic ?}. We will bring all these models together in one place. In other words, the activities carried out by all these companies will be conducted by one of my multispecialty hospitals, in which we will focus more on day care [trails off]

Management: The government's new policy has approved claims under new health insurance policies for day care as well. Therefore, I want to reduce IPD and increase day care because there is not much difference.

Patients do not get admitted to small hospitals because they do not have lawns, parks, or facilities for staying. Patients go to large hospitals. Therefore, at small hospitals, we are introducing new packages for diabetes, blood pressure, and lung problems, under which patients need to be admitted for only 2 days. The rest will be day care. Health insurance companies are ready to approve claims for this. We will execute this model within 2-3 months.

Rutu Chawan – PhillipCapital: Okay, sir. All the best.

Management: Thank you, sir.

Operator: Thank you. The next question is from the line of Divya Agrawal from Fincom Family Office. Please proceed with your question.

Divya Agrawal – Fincom Family Office: Hi, Acharya. Greetings. How are you?

Management: Greetings. How are you?

Divya Agrawal – Fincom Family Office: I am well, sir. I wanted to know whether we will be able to achieve the earlier guidance of Rs.300 crore PAT in FY27.

Management: No, sir. Rs.300 crore has become very difficult because our third quarter was weak due to our mistakes. However, I will certainly make up for it in the first half of next year.

Divya Agrawal – Fincom Family Office: Can we achieve Rs.250 crore?

Management: I will put in my full effort. You will see our entire roadmap in the fourth quarter. The fourth quarter will show everyone our future direction. Since you have supported us for so long, judge us once through the fourth quarter. The new team we have brought in and the new execution initiatives we have undertaken will not be visible to the same extent in Q3, but they will certainly be visible in Q4. From Q4 onward, you will be able to track my 3-5-year journey and understand where the company is headed.

Divya Agrawal – Fincom Family Office: Okay, I understand. My second question is about your guidance of 10,000 beds. You had earlier said 3-5 years, but now you have said 5-10 years. What was the reason for that?

Management: No, it is still 3-5 years. My team keeps saying that I make commitments and put them in difficulty, so perhaps my team said that. I have decided on 3-5 years because once the

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Ayushman Yojana is launched, why would I wait 5 years? I will do it in 2 years. The only reason we are waiting is the Ayushman Yojana.

My objective is not money. My objective is to make India healthy. My objective is to help people. When the Government of India has finalized rates of Rs.8,400-9,400 under the Ayushman Yojana, and health insurance companies have also finalized similar rates, we have 48 crore cardholders in India.

We have visited several NGOs and met the Government of India. We have also met several Ayurvedic doctors' associations. The Government of India itself is saying that all its preparations are complete. If you listen to Prime Minister Modi's speech from 3 days ago, I can share it with everyone if you want. He spoke about Ayurveda, wellness, holistic healing, and bringing the entire world to India. A tweet from Prime Minister Modi was also posted on Dhanvantari Day, and two more statements have come from him since then. He mentioned Ayurveda 2-3 times in those statements. You know that Prime Minister Modi does not say anything without reason. Therefore, he has started speaking about it because the Ayushman preparations are ready.

Divya Agrawal – Fincom Family Office: Okay, I understand. My second question is whether our VVIP center, which was supposed to start on October 31, has started.

Management: Which one? The Manali center?

Divya Agrawal – Fincom Family Office: Yes.

Management: The center has started, but we have not started our rent because the machines we were bringing in, including the hyperbaric oxygen chamber and ozone therapy machines of international standard, were delayed because of the Iran-Iraq war. Their consignment will reach us on December 15.

The hotel has already started, and its soft launch and dry run are underway. We have not started paying our rent because if I had started, the rent would have begun. My rent will start on December 15, so I will start charging from December 15. Until then, training is underway, and the international-standard machines that I had commissioned will also arrive.

Panchakarma, Ayurveda, and Naturopathy will be offered, and all the protocols for modern longevity, healthy aging, and anti-aging will also begin.

Divya Agrawal – Fincom Family Office: Okay, sir, I understand. Thank you, and all the best.

Operator: Thank you. Ladies and gentlemen, in order to ensure that management is able to address questions from participants in this conference, please restrict your questions to two per participant. Should you have a follow-up question, please rejoin the queue. The next question is from the line of Kaushik from AK Investments. Please proceed with your question.

Kaushik – AK Investments: Thank you for the opportunity. Greetings, Acharya. Greetings, how are you? The numbers were somewhat disappointing, but okay. If I look at the year-on-year numbers according to your guidance of a 35-40% margin, we can achieve a maximum PAT of Rs.200-220 crore this year. That is my assumption, and next year may show strong growth.

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First, if we were incurring or trying these expenses, you should have highlighted them earlier. A surprise is generally not appropriate for investors or shareholders. That is my feedback.

My question is about the decline in ARPOB from Rs.8,400 to Rs.7,300-7,400. Is this decline sustainable? Should we assume that Rs.7,400 is sustainable, or will it return to Rs.8,400?

Management: Please ask your second question as well, and I will answer both together. We will take this back to Rs.8,200-8,300 over the next 2-3 quarters.

We had run a scheme for certain Ayushman cardholders at our smaller hospitals at half the rate, effectively reducing our profit to zero, so that Ayushman cardholders would learn that we were operating in Ayurvedic Panchakarma. This reduced ticket size. We also launched preventive packages for diabetes, blood pressure, and joint pain, which reduced both my length of stay and my rate.

However, a new public became aware of us. We paid the price through lower profit and lower ticket size, but I will make up for this over the next 2-3 quarters, or 4 quarters.

Kaushik - AK Investments: Understood. What guidance should we assume for next year? Year-on-year growth of 25-30% or 20%?

Management: Growth of 25-30%, and I will maintain EBITDA at 35-40%. That is the plan for next year.

Kaushik - AK Investments: My third question is about shareholders selling the company's shares in the market, while no buyers are coming in, including mutual funds and other investors. What are we doing to bring in a strategic investor who can guide us on how to build a Rs.10,000-20,000 crore company? Are we considering an independent director or someone else who can guide us and help us avoid such mistakes in the future?

Management: I do not have knowledge of these matters. I held a meeting with my management team this morning. We are going to hold a board meeting this week to discuss acquisitions, buybacks, and strategies for these matters. Whatever plan emerges, and based on the suggestion you have given, I have noted this point and we will certainly plan for it. We will discuss this matter.

Kaushik - AK Investments: Okay, sir. All the best, and I hope we return to our previous heights.

Management: Certainly, certainly, sir. Thank you.

Operator: Thank you. The next question is from the line of Priyanka from Nirmal Bang Securities. Please proceed with your question.

Priyanka - Nirmal Bang Securities: Thank you for the opportunity. Greetings, Acharya.

Management: Greetings.

Priyanka - Nirmal Bang Securities: I wanted a clarification. You said that media expenses increased significantly in Q2. Was the increase primarily product-related, and are we no longer going to continue with that? Has the strategy changed?

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Management: When we acquire a customer, there is a cost involved. We studied models such as Kapiva and Gynoveda. These companies operate at a loss because their acquisition cost is very high, and they are loss-making companies.

However, we generated monthly e-commerce sales of Rs.25 crore, which averaged Rs.25-28 crore in the previous quarter. Nanaji, what was our total e-commerce sales for the quarter?

Management: For the quarter? We recorded 4,63,000 e-commerce customers in Q2, compared with 2,64,000 in Q1. My sales in Q2 were Rs.58 crore, compared with Rs.32 crore in Q1.

Management: The Rs.15 crore increase in sales from Q2 to Q3 came entirely from e-commerce, whereas it should have come more from IPD services. This happened because of our experiments and one or two decisions that did not work. However, we have drawn the lesson from this. Our team has started pitching Panchakarma services and smaller packages to these patients, and we have again adopted the strategy of targeting both patients and healthy people.

Priyanka – Nirmal Bang Securities: Okay, sir, I understand. Thank you, and all the best.

Management: We have started working on the same strategy again. [pause] We will also divert e-commerce patients to hospitals so that I do not incur the acquisition cost again.

Priyanka – Nirmal Bang Securities: Okay, understood, sir. My next question is about employee expenses. We saw a very significant increase this quarter. What will be our target for FY27 and next year? Are we going to hire more?

Management: We were acquiring a company, and everything had reached the final stage. However, when it reached the GT stage, during Grant Thornton's consultancy, we saw that companies demanded a very high multiple for acquisition, while we could build that business ourselves.

Therefore, instead of acquiring the company, we established our own 300-seat call center in Noida. Compared with the cost at which we were acquiring the product-selling company, assume that we established our own center at 20 times lower cost. Its business will start coming in January-February. Training is underway for the team we have created.

We hired a professional team and are going to launch a new model that will sell products for us without cost, refer patients to our hospitals, and, once the Ayushman Yojana is launched, become our hub points.

We launched a course in which 500 people enrolled initially. We will now expand it to approximately 10,000 people, and select 1,000 of them to work with us through a small-clinic and yoga model. This will allow me to maintain my 5-year journey so that the numbers I provide after 5 years remain intact and do not fluctuate. A force of 1,000 people will be working for me.

We are currently in the growth stage, which is why our expenses appear higher this time. I am also personally setting up the gynecology, orthopedics, eye-care, and other operations. Earlier, I was focused on acquiring a company, but I applied my thinking and built it ourselves.

Priyanka – Nirmal Bang Securities: Okay, sir, just one...

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Operator: [cut off] Sorry to interrupt, Ms. Priyanka. Can you please rejoin the queue for the follow-up questions? Thank you. The next question is from the line of Bhavya Gandhi from Badridge Alternative Investment Management. Please proceed with your question.

Bhavya Gandhi – Badridge Alternative Investment Management: You were discussing the possibility of a buyback. You have significant cash on your books, and your capex is Rs.3-4 lakh per bed, so you do not need that much money there. You should definitely consider this. What were your views in today's discussion? Can you tell us something?

Management: [pause] We have planned a meeting this week. If the board allows it and all the parameters are appropriate, we are considering announcing a buyback. However, before announcing it, we will discuss it with the entire management team and our consultants. We will also need to know the opinion of our old and major shareholders. That is why we have taken one week.

Bhavya Gandhi – Badridge Alternative Investment Management: Regarding Ayushman Bharat, the government may be promoting Ayurveda, but later there could also be payment problems. You said you would limit it to 15%, but if you want to increase occupancy, you will have to go above 15%, correct?

Management: We conducted a new experiment in the previous quarter, because of which margins certainly declined, but we learned something. Patients with blood pressure, diabetes, thyroid problems, and joint pain also come for Panchakarma.

The experiment is reflected negatively in our profit numbers, but it was very useful for learning. We learned that patients pay Rs.25,000, Rs.20,000, or Rs.30,000, and health insurance companies also approve claims for this. By launching smaller packages, we will expand all of this alongside Ayushman. We have now addressed all seven diseases...

Bhavya Gandhi – Badridge Alternative Investment Management: [overlap] If we look at Ayushman Bharat as a standalone business, what will the margin be? Can it achieve 35-40% EBITDA, or will its margin be lower than the company-level margin?

Management: The government has set a rate of Rs.3,400, which is the rate for CGHS, CAPF, and ECHS. From next month—December, January, February, and March—you will see my CAPF, CGHS, and ECHS business growing again because payments have started arriving on time.

However, we will initially keep that business below 15% for 6 months to 1 year. Once their payments are completely regular and arrive on time, we will increase it. Until then, we will not take it above 15%.

Bhavya Gandhi – Badridge Alternative Investment Management: Understood. My last question: EBITDA of 45%...

Management: [overlap] Out of Rs.100 crore, I will have Rs.15 crore from government business.

Bhavya Gandhi – Badridge Alternative Investment Management: Okay, okay, sir. My last question: historically, EBITDA reached 45%...

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Operator: [cut off] Sorry to interrupt, Mr. Gandhi.

Management: [overlap] I will maintain EBITDA at 35-40%, from Q3 and Q4 onward.

Bhavya Gandhi - Badridge Alternative Investment Management: Understood, sir. Could you explain the 45% EBITDA in the past?

Management: We will try to relive that month, but to be honest, many people told me not to make the company so profitable. People even advised me against it, saying that it would attract attention from the authorities and the government.

Now, people have reduced the prices of cancer medicines and lowered the rates. I believe 35-40% EBITDA is a very good margin, and we will maintain it at that level. I do not currently plan to exceed 40% because the Government of India has reduced the profits on cancer medicines, as you know. If EBITDA exceeds that, it will be good and will be a bonus, but I will put my full effort into maintaining 35-40%. If it exceeds that without additional effort, it will be a lottery for all of us.

Bhavya Gandhi - Badridge Alternative Investment Management: Okay, sir. All the best. Thank you very much.

Management: Thank you, sir.

Operator: Thank you. The next question is from the line of Ashu from Invesco PMS. Please proceed with your question.

Ashu - Invesco PMS: Greetings, sir. I have one or two questions. Two or three quarters ago, we said that we had tied up with DIMS hospitals and would use their facilities. Are the hospitals we are launching in Lucknow and Ahmedabad a different model, or are they based on our original model?

Management: The launch is based on the old model—the model we previously operated ourselves, with 50-100 beds. We have currently paused the government policy at three locations because we are waiting for a policy or for CGHS and CAPF payments to arrive on time.

We have tie-ups with 20 hospitals, but we have neither announced nor taken them over. However, over the next 2-3 months, we will announce 4-6 new hospitals with which we will have tie-ups, including government hospitals, because our costs are much lower under that arrangement.

Ashu - Invesco PMS: Will we work on that model?

Management: [overlap] That model has already been finalized. We have 20 hospitals tied up with us. We will announce our Lucknow and Ahmedabad hospitals over the next 2-4 months, with which we will enter into tie-ups.

However, we are now going to locations where we do not have a routine presence. We are number one in North India but have a very limited presence in the South. We have formed a new South India team. Our hospitals will also start in the South, Madhya Pradesh, Bihar, Bengal, and Tamil Nadu because our business there is currently very limited.

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We have only 3 hospitals in Chennai, Hyderabad, and Bangalore, and they are small. Therefore, our focus there will now be on increasing sales, increasing patients, and building hospitals.

Ashu – Invesco PMS: Revenue had remained stagnant for a considerable time, still moving around Rs.100 crore. You have given several indications on this call. Do you expect this to enter a 25% growth trajectory? That is one question.

Second, our margins increased in both segments this quarter. You indicated an overall 35–40%, but are these our base margins? Ideally, should we move above this level? I wanted to confirm the margin outlook.

Management: In the previous quarter, we conducted a new type of experiment to target Gen Z. It did not provide an immediate benefit, but it will provide a benefit over the next 2–3 years.

Suppose I had a product endorsed by someone like Rohit Shetty; it would cost me at least Rs.8–10 crore. I went to Khatron Ke Khiladi and endorsed the product, and I will derive the benefit from that going forward.

However, what happened was that the margin on a product sold through e-commerce remained low. If I convert that patient to Panchakarma, the margin remains intact and I receive that benefit. My company, team, and entire system will now work on this.

Ashu – Invesco PMS: My question was about revenue, which had stagnated at Rs.100 crore.

Management: [overlap] Your voice was cut off in the middle, so I could not hear you.

Ashu – Invesco PMS: Hello? Yes, sir. I was asking about hospital services revenue.

Management: [overlap] Yes.

Ashu – Invesco PMS: It had become stagnant.

Management: What happened was that the government business stopped. We had Rs.117 crore of government business in 2025, of which we brought in Rs.35 crore. Even if I had retained Rs.117 crore, an additional Rs.80 crore would have come from the government Panchakarma business. However, what would have been the point of doing it by increasing receivables and damaging the balance sheet?

Ashu – Invesco PMS: No, sir, I am asking about the current situation. Can we see 25% growth in overall services going forward?

Management: [overlap] Now that digital has been implemented, it will be visible easily. It will be visible easily.

Ashu – Invesco PMS: ...because government payments were not arriving. Maharashtra. Okay. Regarding other income, it was negative...

Management: The other income is not under my control. The impact came because of the price of Chandan Healthcare's shares. We have now said that we will make the entire payment and, within 6

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months, free our shares and ask them to free us from these matters. We do not want to do anything of this nature going forward.

Chandan has nevertheless provided us with significant benefits. Our health insurance claims have started getting approved, we have received benefits in health insurance, and patients have started obtaining health insurance because they need testing. Hello?

Operator: Thank you.

Management: Ma'am, the audio keeps cutting out in the middle.

Operator: It is coming through now. Yes. Ladies and gentlemen, in order to ensure that management is able to address questions from the participants in this conference, please restrict your question to one per participant. Should you have a follow-up question, please rejoin the queue. The next question is from the line of Shraynik Mehta from Indu AS. Please proceed with your question.

Shraynik Mehta – Indu AS: Greetings, Acharya.

Management: Greetings, sir.

Shraynik Mehta – Indu AS: Can you hear me?

Management: Yes, I can hear you clearly.

Shraynik Mehta – Indu AS: Can you hear me?

Management: Yes, I can hear you.

Shraynik Mehta – Indu AS: Good. You mentioned advertising spend of approximately Rs.28.6 crore within Q2 operating expenses, which is over Q1. You explained Rs.20 crore, comprising Rs.13 crore of advertisements, Rs.4 crore of staff expense, and Rs.2.5 crore of bad-debt provision. Where was the remaining Rs.8.6 crore spent?

Nanag: Hi, sir. Nanag here. We have explained Rs.20 crore. In addition, we incurred leasehold expenses for additional rental leases, and our courier expense also increased because our e-commerce sales increased. The courier component increased by Rs.2-3 crore.

The remaining Rs.8 crore is a split of small miscellaneous expenses. I have explained the major items, primarily leasehold expenses and courier expenses. The remaining items are small, approximately Rs.50-60 lakh each.

Shraynik Mehta – Indu AS: Will these be recurring expenses, or will some of them not recur in the next quarter?

Nanag: The expenses that increased this time will be reduced by 50% by the end of the third quarter.

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Shraynik Mehta – Indu AS: Your IPD volume also declined by approximately 4.5% compared with Q1, and revenue...

Management: [pause] I want to say one thing, and I request all of you to listen carefully. IPD means that we admitted a patient. Day care means that a patient came, was admitted, and received day care.

I have already clarified that I reduced the stay of IPD patients and converted them to day care. If you look at Q1, IPD was 11,500 and day care was 19,419. The total was 30,919.

In Q2, the total was 32,180. We reduced the rates to give people an experience, admitted them for only 2 days, and provided the rest as day care. This reduced my length of stay, but the number of insurance patients and healthy patients increased.

IPD was 10,980 compared with 11,500, but if you check day care, it increased to 21,200 from 19,419. Therefore, going forward, I request everyone to start looking at day care and IPD together because day care involves the same treatment as IPD.

There is only a difference of Rs.1,000–2,000 in the admission-related expense. We receive the same patient revenue because the therapies are the same; the only difference is that the patient is not admitted at our facility.

When a patient is admitted, my costs increase. Doctor costs increase, and the cost of night-shift nursing increases. We conducted this experiment in the previous quarter to focus on day care because health insurance companies have also started approving day-care claims.

Because of this experiment and the reduction in patient rates, the total number represents growth, but the number of patients increased while ticket size declined because I reduced IPD and increased day care. Yes, sir.

Shraynik Mehta – Indu AS: Okay.

Management: However, the benefit of this will certainly be visible going forward because a new business has opened up for us. We can now serve the entire world through day care. Local patients who do not get admitted can come, take the therapy, and return home.

Shraynik Mehta – Indu AS: Yes. We are waiting for your Manali center, so as soon as...

Management: Yes, I had announced it earlier. If I had started it then, my expenses would have started. For this reason, I am starting it on December 15; otherwise, it had already started on October 15. Their trial run is underway, and they have already conducted their soft launch.

However, I have not started my part because an expense of Rs.7 lakh or Rs.75 lakh per month would have started. I am waiting for my machines, which are arriving from the United States and Germany.

Shraynik Mehta – Indu AS: Thank you, Nanag.

Management: Thank you, sir.

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Operator: Thank you. Ladies and gentlemen, in order to ensure that management is able to address questions from participants in this question, please restrict your question to one per participant. Should you have a follow-up question, please rejoin the queue. The next question is from the line of Jaspreet Singh from Equentis PMS. Please proceed with your question.

Jaspreet Singh – Equentis PMS: Hi, thank you. Again, to Mr. Nanag, I want to clarify the other expense, which increased from Rs.40 crore to Rs.87 crore. How much was the advertising expense in Q2 last year and Q2 this year?

Nanag: Advertising expense this quarter was Rs.34 crore. It was Rs.21 crore in the previous quarter. No, sorry, this quarter's figure is Rs.34 crore, and the figure for Q1 FY25 was Rs.21 crore. The total booked for the 6-month period was Rs.56 crore.

Jaspreet Singh – Equentis PMS: So Rs.21 crore versus Rs.34 crore?

Nanag: Yes. The one-time expense we are considering is Rs.7-8 crore spent on brand building. In addition, some extra expense was incurred on the higher e-commerce sales. From the next quarter, we will bring this to a moderate level. In previous quarters, we incurred an average of Rs.6-7 crore per month.

Jaspreet Singh – Equentis PMS: Are you saying that incremental advertising expense from here will be between Rs.20 crore and Rs.22 crore quarterly?

Nanag: Yes, sir. Starting from Q3, the maximum for Q3 will be Rs.24 crore. After Q3, it will reduce to Rs.20-21 crore.

Management: [pause] Let me clarify. I am launching a new model in which my advertising expense will decline. I mentioned that I have started a new course and am creating CNH, Certified Natural Healers. I will place 1,000 people across India who will work as my agents in the healing zone.

They will create their own social media pages on YouTube, Facebook, and Instagram and promote us. In one way, they will become my mouthpieces. My advertising expense will begin to decline after Q3-Q4. You will see the impact.

Jaspreet Singh – Equentis PMS: In the future?

Management: Yes.

Operator: Ladies and gentlemen, in order to ensure... [cut off]

Jaspreet Singh – Equentis PMS: I am asking only this question. It is my first question. Please let me finish my first question.

Management: Go ahead.

Jaspreet Singh – Equentis PMS: Thank you. Nanag, you said the incremental increase in other expenses is Rs.46 crore year-on-year. You have explained Rs.13 crore of advertising. Where is the balance? Please provide both the categories and the numbers.

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Nanag: [pause] The increase in advertising is approximately Rs.32 crore.

Jaspreet Singh – Equentis PMS: That is already covered. What comes after that?

Nanag: Employee benefits increased by Rs.4 crore.

Jaspreet Singh – Equentis PMS: I am not asking about employees. I am asking about other expenses.

Nanag: Okay, understood.

Jaspreet Singh – Equentis PMS: Other expenses increased from Rs.40 crore to Rs.87 crore, an incremental increase of Rs.46 crore year-on-year. You have explained Rs.13 crore of advertising. Where did the balance increase come from?

Nanag: [pause] The balance increase came from leasehold costs.

Jaspreet Singh – Equentis PMS: How much?

Nanag: I do not currently have the year-on-year figure for leasehold costs in hand.

Jaspreet Singh – Equentis PMS: Okay, no problem. Leasehold is one item. What else?

Nanag: After that, our courier expenses increased.

Jaspreet Singh – Equentis PMS: Okay.

Nanag: Courier expenses increased because of e-commerce. We have also undertaken a development, so infrastructure development expenses, travel, and other miscellaneous operating expenses increased.

In addition, our ECL had an impact. Our expected credit loss and bad-debt loss also increased. These are the major items...

Jaspreet Singh – Equentis PMS: What is ECL? I did not understand. What is ECL?

Nanag: Expected credit loss, sir. This is where we make a provision for bad debts.

Jaspreet Singh – Equentis PMS: How much is it?

Nanag: [pause] In this quarter, we took Rs.3.1... [trails off]

Management: We took Rs.3 crore, but for the full year, if we discuss it, it will be approximately Rs.20-21 crore.

Jaspreet Singh – Equentis PMS: So it is Rs.3 crore in this quarter?

Management: Yes, it is Rs.3 crore in this quarter. The Rs.8 crore Chandan loss in the previous period belongs to other income. It is other income.

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Jaspreet Singh – Equentis PMS: Okay. From here, should we broadly estimate quarterly other expenses based on the Q1 run rate of Rs.62 crore—approximately Rs.60-65 crore—or will they be closer to the Rs.80 crore-plus reported in Q2?

Management: The expense component that increased incrementally will be reduced gradually. We will reduce it by 50% in the first quarter. If our expense increased by Rs.25 crore, the incremental amount will be approximately Rs.12 crore in the next quarter, and we will reduce the rest.

The one-time items, such as courier and advertising expenses, will reduce. In this manner, we will control costs as we divert the segments through business planning.

Jaspreet Singh – Equentis PMS: Okay, thank you very much for providing all this clarification. Amarji, regarding the buyback and other available opportunities, please evaluate them sincerely and carefully. This is a humble suggestion from your shareholders. Thank you, sir.

Management: Thank you, sir. Thank you, sir.

Operator: Thank you. The next question is from the line of Ranbir Singh from Nuvama Wealth. Please proceed with your question.

Management: Greetings, Ranbir.

Ranbir Singh – Nuvama Wealth: Greetings, greetings, sir. How are you?

Management: Yes, yes. We are very well, and we hope all of you are well too.

Ranbir Singh – Nuvama Wealth: This quarter was somewhat weak, but this is not the first time. It has happened once or twice before, and we bounced back very quickly, so we hope to do so again. I had one or two questions. There is a limit of two questions, and we can ask the rest later, but one important question is about other income. Amarji, could you explain the components by amount that were negative? One is perhaps the mark-to-market loss on Chandan, and what are the others?

Management: Hello, Ranbir. Let me explain it briefly. The components of other income are interest on our fixed deposits and our market investments. Our total positive income was approximately Rs.7 crore. Fair-market valuation of warrant valuation was negative by approximately Rs.7.5 crore. This wiped out our other income.

Ranbir Singh – Nuvama Wealth: I see. You also mentioned in the presentation that some items were one-off, including incremental advertising and employee-related expenses. Are all these components included in their respective segments, or are they adjusted in other income?

Management: Incremental employee costs are investment in nature. We will receive the benefit in the future from the new hiring and new segment launches, including the cost of acquiring new talent.

We will average out the advertising expense from the next quarter. The Rs.7-8 crore is a one-time expense. As we undertake segment planning, we are revising the budget and will reduce it by a moderate percentage.

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Ranbir Singh – Nuvama Wealth: And, Adarsh, regarding our OTC product launches, such as Pet Suddhi, has there been any incremental change in its run rate? What is its current monthly run rate? Pet Suddhi and the top 10 products?

Management: We are not pursuing OTC; we are conducting all our activity through e-commerce because no profit remains in OTC. We tried a new model because everyone had been asking for the past 3-4 quarters what we were doing with Entaro.

We tried extensively with Entaro, but the required speed did not come, and expenses were also increasing significantly. Therefore, we tried our own e-commerce model. In this quarter, the total product number was primarily driven by Pet Suddhi.

We sold 4,63,000 units in 3 months, primarily Pet Suddhi, Doctor Maa, Doctor Pa, Sea Buckthorn, Gut Care, and approximately 10 major products in total. We sold 2,64,000 units in Q1 and 4,63,000 in Q2. In other words, 2 lakh more people purchased our products.

However, the problem was that this affected our margin because e-commerce profit is very low. As a result, our other profit declined. Suppose the EBITDA of one business was 40% and the EBITDA of this business was 18-20%; when combined, EBITDA reached 30%.

Going forward, we will take care to maintain EBITDA at 35-40%. We will also bring the ROAS of this product business to 6-7, {? ROAT ?}, compared with 4-4.5 currently. We did not incur a loss in this business, but our profit margin declined because of it, and I will improve this in the coming quarters.

Ranbir Singh – Nuvama Wealth: So is Entaro now out of the picture, or is it still...

Management: We still have a tie-up and discussions with Entaro, but that business is not growing. Therefore, in a way, we have built Entaro ourselves. I generated product sales of Rs.25 crore last month and Rs.29 crore the month before, entirely through e-commerce.

A new business has begun in the market. However, my mistake was that our focus on Panchakarma declined. We have now separated the teams: one person will handle the Panchakarma business, and another will handle the e-commerce product business.

I have also brought in separate operating heads for the South, North, and East. We have hired a very strong team.

Ranbir Singh – Nuvama Wealth: What is our status with Satkartar? This is my last [cut off]

Management: The tie-up with Satkartar is fine, but it was a product-based company. We therefore decided to enter into a product tie-up with them. This will start in January. They will market our products, and in return they will send admissions to us in locations where they do not have hospitals.

The discussions with them are continuing, and we expect it to start in January. Business with them should start after December 15.

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Ranbir Singh – Nuvama Wealth: Okay, okay. Thank you, sir. We will ask the remaining questions offline later. Thank you, sir.

Management: Thank you, sir. Thank you, sir.

Operator: Thank you. The last question will be from Narere Investments Private Limited due to time constraints. The next question is from the line of Ravi Kumar from Narere Investments Private Limited. Thank you. Please proceed with your question.

Ravi Kumar – Narere Investments Private Limited: Hi, good evening. I was waiting for a long time. Sir, greetings. Amar, our occupancy is only 55%. Why are we being aggressive in expanding hospitals or building new beds?

Management: [pause] Our occupancy is calculated based on hospital occupancy. If you look at the previous quarter, my occupancy was 61%. What did we do in this quarter? We provided stays of only 2 days, 1 day, or 3 days and converted a significant number of patients to day care to determine whether health insurance companies would approve claims. Health insurance companies do approve claims for this.

Stays are easier in large hospitals, while patients do not stay in small hospitals. Therefore, in the new hospitals we are building, we are installing fewer beds and expanding day care and Panchakarma.

However, when the government policy is launched and CGHS, CAPF, and ECHS payments arrive, where will I install beds at short notice? I already have beds ready, so I will now expand the government business.

Ravi Kumar – Narere Investments Private Limited: Okay. Understood.

Management: [cut off] The government business had been paused because payments were not arriving. If I make an effort, I can bring occupancy next month. You may say that I can do it next month, but if the payment gets stuck, what is the benefit? It will not get stuck now because the portal has started.

Ravi Kumar – Narere Investments Private Limited: I would otherwise advise you to hire one of India's top four consultancy companies to guide us on how to operate and move forward. That was my only question. If you do this...

Management: I am coming to Mumbai on the 17th and 18th, and I have meetings scheduled with one or two management consultancy firms.

Ravi Kumar – Narere Investments Private Limited: Yes, sir. What this will do is make the model you have created much better and sustainable over the long term. That was my point.

Management: My meetings are scheduled for the 17th and 18th. Either you heard this from God, or you somehow knew, because I was already working on it. I will be in Mumbai on the 17th and 18th.

Ravi Kumar – Narere Investments Private Limited: Okay, sir. Thank you. Greetings.

Management: Okay. All the best. Thank you.

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Operator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand over the conference to management for their closing comments. Thank you, and over to you, sir.

Management: Greetings, everyone. Thank you very much. Finally, I would like to say that [trails off]

Management: We have the same team that, in 2024-25, when our turnover was Rs.469 crore and government business was Rs.117 crore, immediately turned around all the business and demonstrated the turnaround. It is the same team, which has now become more professional, and more skilled people have joined us.

When we undertake any business, we conduct experiments for the future because we have to reach 7,000 beds and 10,000 beds, and we need to bring in business at that stage. More than business, our motive is to ensure that people do not become ill and remain healthy, which is why we increased our focus on products.

However, we did not know that this would affect the Panchakarma business. We have learned from all the mistakes we made. Going forward, we will make new mistakes, but we will not repeat these mistakes. We hope to turn around the entire business and demonstrate this to you within 2-3 quarters.

I request all of you with folded hands: just as you do not wait for your vehicle to break down before servicing it and service it in advance, all of you should also start taking care of yourselves, start taking Panchakarma, and use your health insurance for Panchakarma. Come to Jeena Sikho, undergo Panchakarma, do it for yourselves and your families, and do not fall ill. That is our motive: prevention is the only cure.

Going forward, I will guide all of you in the same way. We have always hit boundaries and sixes. It is acceptable if one of our players was run out or scored fewer runs on one or two balls, but we will demonstrate the same run-making ability going forward. We will score centuries again and develop India's largest healthcare ecosystem over the next 3-5 years, demonstrating that the alternative healthcare business can also become a very large business.

Do not look for profit in selling a vehicle; look for profit in servicing the vehicle. This is my final appeal to you today, and we will meet you very soon with very good results. Thank you very much. Thank you, and greetings.

Operator: Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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