

Date: 21<sup>st</sup> November 2023

To,  
Listing Compliance Department,  
**National Stock Exchange of India Limited,**  
Exchange Plaza, Bandra Kurla Complex,  
Bandra East, Mumbai-400051

**NSE Symbol: Madhavbaug**

**Sub: Transcript of H1 FY 2023-24 Earnings discussion/Conference Call**

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With further reference to our earlier submission on Earning discussion and conference call on discussion of Financial Results for half year ended September 30, 2023. The transcript of the earnings/conference call is available on the website of the Company at [www.madhavbaug.org](http://www.madhavbaug.org)

This is for your information and records

For, **Vaidya Sane Ayurved Laboratories Limited**

**Abhishek Deshpande**  
Company Secretary & Compliance Officer

**VAIDYA SANE AYURVED LABORATORIES LIMITED**

**Registered Office Address:**

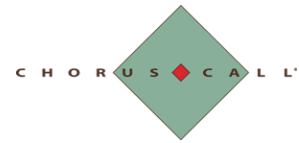
Fl.5 1047, Shriram Bhawan, Shukrawar Peth,  
Pune- 411002, Maharashtra India.  
CIN No : L73100PN1999PLC013509

**Corporate Office Address:**

Ishan Bldg. No. 2, 701, 7<sup>th</sup> Floor, Gokhale Road, Naupada,  
Thane (W)-400 602. Tel: +91 022-41235315/16  
[www.madhavbaug.org](http://www.madhavbaug.org)



“Vaidya Sane Ayurved Laboratories Limited  
H1 FY '24 Results Conference Call”  
November 16, 2023



**MANAGEMENT:** **DR. ROHIT MADHAV SANE – CHAIRMAN AND  
MANAGING DIRECTOR -- VAIDYA SANE AYURVED  
LABORATORIES LIMITED  
DR. VIDYUT BIPIN GHAG-- WHOLE-TIME DIRECTOR --  
-- VAIDYA SANE AYURVED LABORATORIES LIMITED  
MR. SHRIPAD UPASANI -- CHIEF EXECUTIVE OFFICER  
-- VAIDYA SANE AYURVED LABORATORIES LIMITED  
MR. YOGESH WALAWALKAR -- SENIOR VICE  
PRESIDENT, MARKETING AND CORPORATE  
RELATIONSHIP -- VAIDYA SANE AYURVED  
LABORATORIES LIMITED  
MR. DARSHAN SHAH – CHIEF FINANCIAL OFFICER --  
VAIDYA SANE AYURVED LABORATORIES LIMITED**

**MODERATOR:** **ADFACTORS PR**

**Moderator:** Ladies and gentlemen, good day and welcome to Vaidya Sane Ayurved Laboratories Limited H1 FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Dr. Rohit Madhav Sane, Chairman and Managing Director from Vaidya Sane Ayurved Laboratories Limited. Thank you and over to you, sir.

**Rohit Sane:** Hello everybody. Good evening everyone and welcome to Vaidya Sane Ayurved Laboratories earning call for the half year ended September 30th, 2023. I would like to begin by expressing my gratitude to you for taking the time to join us today.

I have with me on call Dr. Vidyut Bipin Ghag, the Whole-Time Director, Mr. Shripad Upasani, the Chief Executive Officer, Mr. Yogesh Walawalkar, the Senior Vice President, Marketing and Corporate Relationships, Mr. Darshan Shah, our CFO and AdFactors PR, our Investor Relations team. We have shared our results updated presentation. I hope you all must have received it.

I would like to share a brief insight about our company, some recent developments and industry scenario before we get into the business and financial performance of the half year ended 30th September 2023. Vaidya Sane Ayurved Laboratories works under the brand name Madhavbaug. Madhavbaug is a unique medical service institution which blends traditional medicine system with modern diagnostic techniques. We have more than a decade of expertise in treatment and cure of chronic ailments like cardiac disease, diabetes, hypertension and obesity.

Founded in 2006 with a vision to reduce the mortality and morbidity due to the heart disease and life-style disorders, our approach to treatment using non-invasive, multidisciplinary and innovative therapies has helped establish, Vaidya Sane as a dependable option for treating chronic ailments. We provide healthcare services through Madhavbaug clinics and hospitals.

Journey begins in 2001 where I learned the traditional Ayurvedic treatment from my father, Shri Madhav Sane, who was an Ayurvedic doctor. This was despite having an MBBS Degree in modern medicine and keen to pursue a specialization in surgery. I chose to serve the patients as per the traditional means using modern research-based methodologies.

We developed research-based customized holistic treatment plans. This is where the seeds of future success of Madhavbaug were sown. We developed research-based therapies with the success of total heart treatment process with the heart patients. We decided to build an exclusive residential Ayurvedic treatment facility for heart patients. This was -- we could offer a combination of Panchakarma with appropriate daily routine, yoga exercises, controlled diet under the best medical guidance.

The first hospital is spread across three and a half acres land at Khopoli, that's near Mumbai-Pune Express Highway. This is the world's first residential hospital treating heart ailments without an invasive procedure like surgery. This hospital started receiving continuous stream of

heart patients from far and wide. So, we thought to take Madhavbaug treatment closer to patients. With this thought, we decided to take up the new initiative which was supposed to set up Madhavbaug clinic at Dombivili.

After experiencing overwhelming response, similar clinics were opened at Thane, Vile Parle and so on. Realizing the benefits of these clinics, we introduced the franchise clinic model and first franchise was opened in Goregaon. As part of our strategy, with long learning towards knowledge-based and research-oriented work, we decided to set up an independent research centre named Madhavbaug Research Centre which catapulted the name of both Ayurveda and Madhavbaug in the medical field in India and abroad.

Another feather was added to the crown when at World Cardiology Congress held at Beijing, China, research papers from Madhavbaug on the utility of total heart purification treatment, Sampurna Hruday Shuddhi Karan were accepted and published over there. Several eminent heart specialists from all over the world were present over there. Similarly, our research papers had been accepted in World Cardiology Congress in Dubai as well. Patients from various parts of the world have been coming to Madhavbaug Hospital at Khopoli for treatment.

We started another hospital at Nagpur in 2012 on the Amravati Highway near Kundali village on a sprawling 6 acres plot. There is a lot of misunderstanding and fear about heart diseases amongst common people. To overcome this, Madhavbaug took an initiative called Arogyam Hrudya Sampada, which was a health awareness program. Several programs have been held all over Maharashtra under this initiative where stress tests were conducted absolutely free for the senior citizens.

We realized that in order to properly combat the rising threat of heart and other chronic illnesses, it would also be necessary to hire skilled medical professionals with an aim to properly educate and train new doctors with the help of Vaidya Sane Ayurvedic Trust, Madhavbaug Institute of Preventive Cardiology was established at the Maharashtra Arogya Vidhyan Vidyapeeth, the Maharashtra University of Health Sciences, as a tribute to and recognition of Madhavbaug's achievement. This is India's first Interpathy chair established in the Maharashtra University of Health Sciences.

As on September 30, 2023, the company operates 350 plus clinics across J&K, Punjab, Haryana, Uttarakhand, Delhi, NCR, Uttar Pradesh, Madhya Pradesh, Gujarat, Goa, West Bengal, Orissa, Karnataka, Kerala, Chhattisgarh. Out of these, about 54 are company clinics, while 62 are OPD clinics, while -- OPD as well as mini clinics and 234 are actual Madhavbaug franchise clinics.

We also operate two cardiac prevention and rehabilitation hospitals in Khopoli and Nagpur respectively. We empanelled with more than 30 insurance companies to offer cashless facility at the Khopoli hospital. At the company's clinics and hospital, it uses modern diagnostics, diet and physiotherapy and advanced Ayurveda to provide heart disease, diabetes, hypertension and obesity reversal treatments to its patients.

This helps in improving the exercise tolerance of patients, improvement in grade of symptoms, improvement in maximum oxygen uptake by the patient, as well as reduction in HbA1c and the metabolic equivalence improvement.

Now talking about some of the recent developments, past period was very eventful, where we achieved several milestones during our journey. We executed share purchase agreement with the shareholders of Dynamic Remedies Private Limited and UV Ayurveda Pharma Private Limited to buy 100% equity share capital, making them a wholly owned subsidiary of Vaidya Sane.

Dynamic and UV both companies have diverse medicine and product portfolio and it is one of the top suppliers to the company's Ayurvedic medicine. We would like to inform you that company has completed acquisition and has brought operations of target companies under the company's management. Both these transactions would help the company to achieve more effective economies of scale, better quality and maintenance and quality control of the products.

Recently we had a leadership transition where I took the responsibility as the Chairman and Managing Director of the company. I shall ensure continue to strive to devise and execute growth strategies for the company in this new capacity. Adding to that our core leadership team gets strengthened as Mr. Shripad Upasani takes up the role of Chief Executive Officer. Together we aim to pave the way for future growth for the Madhavbaug brand.

We have recently incorporated a company named Aaharshastra Foodz Private Limited with Ms. Pooja Patil on 6th September 2023, where company shareholding will be 20% of equity share capital of new company and rest 80% will be held by Ms. Pooja.

Aaharshastra will be in the business of arranging workshops, training for preparing, inventing new health food recipes and inculcating habit of having healthy diet and recipes for its consumers and patients. We have recently linked a Memorandum of Association and understanding with Andhra Pradesh MedTech Zone Limited, which is also called as AMTZ, a state government owned company to build Ayurvedic cardiac care hospital namely Madhavbhaug AMTZ hospital in Vishakhapatnam on revenue sharing basis.

AMTZ is India's first integrated medical devices manufacturing zone being created for a one-stop solution covering common scientific and manufacturing and commercial facilities for medical device manufacturers and innovators. We believe this consortium will be stepping stone for the company to provide its research-based healthcare services in the southern part of India more effectively.

This hospital will be spread across area measuring about 13,000 square feet approximately having 32 rooms which shall include Panchakarma rooms, adequate space for yoga practice and other related spaces.

Speaking about the overall industry, the healthcare industry in India is estimated about INR110 trillion by 2027 in INR with a CAGR of 30% with the digital healthcare segment having a 17%

market share. The pressing industry challenges including the growing population and increasing prevalence of chronic diseases are pressuring the existing healthcare infrastructure to raise demand for quality and healthcare services from patients and providers.

India has seen a growing acceptance of telemedicine post the pandemic. The telemedicine market in India was almost about \$830 million in 2022 and is expected to grow at a CAGR of 24% from 2023 to 2030. The drive to increase the availability of affordable internet and mobile connectivity has made it easier for patients to consult with doctors online.

The use of AI and machine learning for medical data are helping to improve patient outcomes and increase access to care while also reducing the cost. This will especially be beneficial in rural and remote areas and where access to healthcare is often limited. In addition, telemedicine can also help reduce the burden on India's already strained healthcare system by providing quicker and more efficient access to the medical care.

Proliferation of remote monitoring tools, the patient monitoring market in India is expected to grow a CAGR of 9.39% over the next five years. Remote monitoring tools are becoming increasingly popular in India and more and more people seek ways to improve their health and wellness.

With these tools, patients can take a proactive role in their healthcare and receive timely interventions when necessary. Some of the most popular remote monitoring tools today include fitness trackers, blood pressure monitors, heart rate monitors and glucometers. The patient can wear these devices or place them in their home, transmitting data to the healthcare provider regularly.

The data can then be used to identify trends and make necessary changes to the care plan. Transformational diagnostics. The Indian diagnostic market is expected to grow a CAGR of 7.12% till 2025. Transformational diagnostics are pivotal in population health management as they can help identify individuals at risk for certain diseases and conditions. Healthcare software as a service has become an increasingly popular solution for healthcare organizations looking to improve their efficiency and quality of care. Healthcare providers need solutions to store electronic health records and population health management data also.

SaaS-based solutions help healthcare providers manage patient medical records, appointment, and billing information. As healthcare organizations turn towards trusted third-party software providers to focus on patient care, the Indian healthcare SaaS industry is expected to grow by about 19.5% CAGR maybe till 2025. The Indian healthcare industry is expected to reach a valuation of about US\$132 billion by 2023, growing at a CAGR of 16%-17%.

The sector needs to be more cohesive and with many small and medium-sized startups. In such a scenario, mergers and acquisitions are expected to play a vital role in the growth and consolidation of the sector. Some of the key areas in M&A activity is expected to include expansion into new geographies, entering into new segments like senior care, wellness, and

preventive care, and increasing focus on specialty care, promoting digital health, and consolidating the hospitals into healthcare chains.

From telemedicine services becoming more widespread to an increased usage of artificial intelligence in patient diagnosis, the emerging trends illustrate how Indian healthcare will continue to evolve over the next few years. As India continues its journey towards better healthcare outcomes, it is at the forefront of healthcare services through several innovative initiatives to improve access to affordable quality care with technology at its core.

We can look forward to even greater progress in coming years and beyond with growing medicine, pharmaceuticals, and healthcare investments. Now coming to our financial performance half year H1 FY24. In the half year ended 30<sup>th</sup> September 2023 our company achieved a net revenue of INR51.10 crores and which is an increase of nearly 12% on half year. EBITDA excluding other income was INR2.68 crores in H1 FY24 as against INR4.17 crores in FY23 H1.

Profit after tax was about INR1.18 crores in H1 FY24 as against INR2.74 crores in H1 FY23. Basic EPS stood at INR1.12 crores in H1 FY24. And this is from our side we can now take questions from your end.

**Moderator:** Thank you very much. First question is from the line of Keshav Harlalka from BHH Securities Pvt. Ltd. Please go ahead.

**Keshav Harlalka** Thank you so much for giving me an opportunity to ask a question. Hi Dr. Rohit. The first question is for you. Can you comment on the FMCG push?

I have heard that Madhavprash has been a runaway success. Are you looking to replicate the same success in branded ghee and branded honey or any other products which will be primarily for disease reversal, which will be like a second thing for all the patients who come out of the Madhavbaug ecosystem?

**Management:** Yes, I would like to answer this question. You are absolutely right. Madhavprash has been a very great success in the online digital media as of now and we were able to sell about more than 65,000 to 75,000 units in last six months. As soon as we establish the offline retail distribution channel with this product of Madhavprash in the coming months, soon we will be also planning because we have already had those kind of products like honey and ghee, which are already been tested and the products are ready to be launched.

But once the retail distribution channel is set, then we will be introducing the rest of these products, which will be easy to be sold. So, at this moment, we will be concentrating on building the brand of Madhavprash along with the retail offline distribution and the online distribution, which is already going on. But yes, we do have those products of ghee, honey, as well as several more products like gummies also, which will be slowly and gradually, they will be pushed into the retail market so that the sale picks up from the retail chain itself.

- Keshav Harlalka:** Thank you. Yogesh Walwalkar, who is the Chief Marketing Officer of Madhavbaug. Sir, Yogesh, can you give us an update on the approval for clinic level insurance because we have been talking to some people for the last two years and I do not see any update over there. Can you give us what has happened and whether we are going to get a clinic level insurance in the next three months, whether the approval will finally come through?
- Yogesh Walwalkar:** So, Keshav ji for clinic-level approval, they have kept a mandate of having NABH approval for all these particular clinics. So, NABH approval is in the process because it takes time because it's a new process for the clinics, which has been now let down by the government. And the way we have done hospital NABH, we are also doing our clinics NABH.
- So once the clinics are NABH, the process will be complete. So, we are just waiting for getting our clinic NABH, the process is on.
- Keshav Harlalka:** Okay. So, can we assume it will happen in the next three months, say by December?
- Rohit Sane:** Yes, we are hoping that sir. We are hoping that. Okay.
- Keshav Harlalka:** Thank you. Thank you. Now, my question is for Dr. Rohit. Sir, can you comment on the Vizag hospital? How many beds are you looking at? Are you looking at 32 beds or totally how many beds? How big will this be? What is the project cost? What kind of gestation period? What can we look at over here?
- Rohit Sane:** Okay. Yes, Vizag hospital is a very important step for us. So, we have already inked a memorandum of understanding with the AMTZ, in which we'll be having 25 beds over there. And the total square feet would be somewhere about 13,000 square feet.
- And these 25 beds, along with the OPD section that we'll be having, we will be expecting a good amount of reach in the Andhra Pradesh area as well as in the Vizag area. And we having a good rapport with the management in the AMTZ, I hope for good amount of corporate tie-ups in over that area, as well as being a direct relation with the government sector, this is also a help in improving the recognition of Madhavbaug services all over the nation also.
- So, these would be the intangible expectations that we'll be expecting from the Vizag hospital. Along with that, we'll be expecting a good business because we have already started training the manpower over there. And in the first few months, we'll be expecting a good amount of OPD footfall over there through the surrounding general practitioners, as well as the local marketing that we'll be doing.
- We'll be expecting a good amount of footfall for OPD. And as soon as next couple of three months, as we go ahead, we'll be expecting the admissions to start in over there. The concept would be same as what we have it in Madhavbaug, Khopoli, as well as the Nagpur hospital, wherein the admissions for diabetic as well as heart patients would be open for treatment over there.



The management plan would be the same in which the treatments, the diet as well as exercises would stay the same. And in the coming months, we expect a good amount of ROI from the whole thing. We have tried to keep the expenses as minimal as possible, but we are again investing good in having the reach and awareness in and around the Vizag hospital, which I'm sure in coming six months, we'll see good revenue coming out from the same hospital.

**Keshav Harlalka:** So, will we have insurance tie-up for a person taking admission in the hospital as we have a Khopoli and [Nagpur]?

**Management:** Yes, we have already started with the process of Rohini registration, which is required for insurance tie-up. So once that is done in next couple of months, the insurance tie-up will be in place and we'll be able to admit patients with the insurance coverage as a cashless facility for these hospital treatments also.

**Keshav Harlalka:** Okay, now one more final question. Sir, you had mentioned briefly about Dubai. So, are we going to open clinics in Dubai, where the EBITDA margins, where the margins are much higher for us, or we are just exploring it, or are we going to give a FMCG push in Dubai?

Is there going to be any Dubai tie-up also with Madhavbaug?

**Management:** Yes, I'll explain you. The whole plan would be, we have just incorporated the company in Dubai. Now the bank formalities are going on. I think in next 15-20 days, those formalities should get over. Post that, there are a few doctors in Madhavbaug, India itself, who are now shifting to Dubai.

So those doctors will be giving an examination, which is required by the Dubai Health Authority. Once the doctor passes out this examination, the doctor would be eligible to practice in Dubai itself, under the Ayurveda brand name itself. Now these doctors who will be shifting to Dubai, these doctors will be starting with their own franchise clinics over there.

So, the company will not be investing into any kind of company clinics in Dubai. The most interesting thing for Dubai is going to be, if at all this doctor is being licensed by the Dubai Health Authority, we'll be able to have insurance coverage to the patients who join up with the Madhavbaug treatment in Dubai also. So that is going to be an OPD-based insurance kind of acceptance, once the doctor is registered under Dubai Health Authority licenses.

So that is going to be an interesting thing for Dubai Business Venture.

**Keshav Harlalka:** This sounds very very interesting. Thank you for sharing this. My final question is for Darshan Shah, who is the CFO. So, can you give us the cause for the tepid financial performance? What I've heard is that you have increased the clinic count from 300 to 330.

So, 30 clinics are under gestation. So, has that impacted the P&Ls? Can you comment on why we have such poor half-yearly numbers?

**Darshan Shah:**

Yes. So, thank you, Mr. Harlalka. Now, let me put it in this way, that we have increased clinic counts from 302 to 350 as on 30, September. And as of today, it is 358. So, it is almost an increase of 50 clinics, which includes, FOCO model, Franchisee-Owned Company-Operated, as well as a few of them are COCO model, Company-Owned Company-Operated. And a few are purely FOFO model, Franchisee-Owned Franchisee-Operated.

So, these are the mixture of the clinics, which we have opened 50 as a count in the six months. Obviously, to nurture this clinic and to bring it to the break-even level and to nurture further to the growth level, we have to spend in terms of marketing efforts, in terms of, the cost has increased to the salary, we can call it infrastructure support, which we have created, in terms of BTL activity and the ground level activity, which we are doing at present in North as well as the other region and other states where the brand presence is little less compared to what we have in Maharashtra.

So, this has increased, no doubt, the kind of fixed cost to a certain level. But we are very optimistic on those part that this is going to pay us in the future when this clinic is going to convert into the break-even and going to cross the break-even point and will give us the growth. So there the leverage effect will come and obviously this cost will also pay off in terms of good return.

**Keshav Harlalka:**

Okay. Thank you. Thank you so much. That's all from my end. Thank you so much. I wish you all the best for the coming six months. I hope we see a much better set of numbers for the full year. Thank you so much, Darshan. Thank you so much.

**Moderator:**

Thank you. Next question is from the line of Agam Shah and individual investor. Please go ahead.

**Agam Shah:**

So quick two questions I had. So, the follow-up only the previous participant, can you -- I get that we are in a building phase for the clinics and hospital and a lot of costs are being absorbed. But what I see is even the sales growth has not been happening on the revenue front. So, is it that there was a lesser offtake for this quarter for us or how is it?

**Rohit Sane:**

Yes, I would like to answer this. Now if at all we see the whole scenario, the second half is normally very strong as compared to the first half. That is first. At the same time, right now the focus in last six months was on building the brand for Madhavprash, which is an online sales product as of now. But in the future, we'll be looking out for the retail sales. So, we had an opportunity to sell about 65,000 units to 75,000 units in last six months, as soon as we started retailing this Madhavprash brand. So, we had focused majorly on that.

And at the same time, we had kept the marketing budget very limited for the clinics and the hospitals. And still we could have an equal amount of sale as that we had in the last year without having any kind of depreciating the sale as compared to the marketing budget. So, if at all you see, that is a good sign that we have shown that in spite of reduction in the marketing budget for the clinics and hospitals, we could get more number of patients to the clinic through word of mouth.

And the brand has been proven itself that in spite of reducing the marketing budget, we did not reduce down the sale. We did not grow to that level, but the focus was on the retail branding for Madhavprash. And that is how the sale has stayed to the same level. But in the coming six months, we will be able to concentrate on the clinics and hospitals, which will give a good boost to the sales.

**Agam Shah:** And margins will be back to the double digit?

**Rohit Sane:** Yes.

**Agam Shah:** And also on the Dubai front, can you explain so briefly what will be our investment? And what are we looking in terms of revenue? And will it start kicking in this year?

**Rohit Sane:** I'll explain you. I don't think so. This will start in this year, but in the coming year, it will surely start. That is one. Second, our investment in Dubai is going to be only for licensing the products. Whatever products will be used by the doctors as a franchise over there, those products would belong to us and we'll have to invest on those products. That is one.

As well as the second kind of investment is going to be the local awareness about the treatment brand that we'll have to make for the patient to come and accept the treatment. The corporate lectures, the corporate activities that we'll be conducting, that is going to attract some kind of investment, but no investment related to any kind of fixed asset.

**Agam Shah:** Will this be a kind of a clinic or just through a sales channel push?

**Rohit Sane:** No, it is going to be a clinic, but a franchise mode of clinic where the doctor will be having his own clinic and Madhavbaug will be giving his expertise.

**Agam Shah:** Okay. Great initiative.

**Rohit Sane:** Thank you.

**Agam Shah:** We are selling this Madhavprash and you told me we are launching the gummies. Hospitals are also coming up, Dubai initiative. So broadly, I mean, I am catching numbers, so broadly we are -- currently, at a INR50 crores run rate basis. So where does this number head to in the next couple of years or three years down the line, where everything starts kicking in, in terms of revenue and cost initiatives are also getting the operating levels? Where do we see ourselves in a couple of years at least?

**Rohit Sane:** Okay. We see -- in a couple of years, I see somewhere about, if at all we see it could be doubled as we go ahead. That is what we are hoping for. As a whole, if at all we talk about the CAGR, we'll be somewhere going towards about 25% of CAGR growth is what is expected.

**Agam Shah:** Okay, for the next couple of years?

**Rohit Sane:** Yes.

**Agam Shah:** Okay. Thank you.

**Moderator:** Thank you. Next question is from the line of Harsh Mulchandani from Tarson Products. Please go ahead.

**Harsh Mulchandani:** Thank you for the opportunity. Just wanted to understand, Darshan, a couple of pointers, like we were targeting much higher revenue run rate. So now that we've been falling behind our revenue run rate. Is there some challenge we are foreseeing now, which were not foreseen two months back or in terms of top line, are we seeing something which was supposed to come in, but is getting deferred?

And second question was on the hospitals. Do we see more tie-ups? The initiative which you've taken for Visakhapatnam is very good. But do we see any more such discussions ongoing, which can close in next 12 months or so?

**Darshan Shah:** Okay. Thanks, Harsh. This is a very good question. Let me put it in this way. Challenges, yes, every business has its own up and down. But what we did and what as a strategically we have moved in this segment, which is called Madhavprash, where we started moving out a product. And what we lastly, what we have explained as a marketing strategy, where we are promoting the products, where we were able to sell even a few months advertisement and promotion and push, which has able to sell more than 70,000 units, 75,000 units of Madhavprash.

So, this unit sold along with has brought in the patients, which is coming into the clinics and the footfall is also like in that way it has been maintained. So, this was a strategic call where we are trying to acquire the customer, newer segment through having the product push. Now, this was the point where we have limited our spans in -- marketing spans as the resources are -- we are very calculative about those things. So, resources were in that case, we have limited span on the clinical promotions or clinical advertisement or any kind of lead generation. So those things has in some sort of way, clinical revenue and growth is somewhat stagnant or somewhat in a marginally increased.

But at the same time, we were managed to get the product promoted and line-by-line, we are also have the few products which we are going to launch in time to come. So, this is going to help us into establish the newer territory and in the product segment, once there is a growth compared to service, I think product segment has a tremendous growth opportunity. So that was the whole mindset behind what we have taken a call.

Since, obviously, as you can see the result that what we are expecting and what your anticipation, about the target. Obviously, there is some lag because the lesser amount of spend in the clinical activity and hence the clinical revenue is to somewhat extent restricted. But now what as a strategy, we are moving forward as we what we have learned from this experience, we are going to increase those spend as well. And in the time to come, we are going to see that there is a good amount of revenue target, which we are going to meet. This is for the first question.

Now, the second question about the Vizag tie-ups, you said that hospital types and all. So, yes, internally, what we are planning that in Khopoli. In Khopoli, we are expanding the room facility, IPD facility, which is going to add up in the admissions as well as the other hospital communication is also in talk with a few like, the resort, which is not being closed or the hospitals, which are not able to operate or not efficient enough to work through where the Madhavbaug can come and play some operation management contract or a kind of hospital franchise terms, which can be negotiated and which can be in place for further spread of this Madhavbaug brand into the hospital segment. So, those hospital franchise concept can be the future in this time to come.

**Harsh Mulchandani:** Got it. So, no active discussions for more such tie-ups, right? This was one which got closed?

**Darshan Shah:** There are a couple of discussions, probably, but on this channel, I think how much it is wise to put up those active discussions on this front. I think it will -- we have to wait a little to come those things into the media. So, I just request that there are certain discussion and communication, which is there, which is in pipeline. And we are hoping that we will be soon signing of those MOUs and all. But yes, we have to wait for a while.

**Harsh Mulchandani:** Okay. Got it. Perfect. And I'll get back in the queue for my other questions.

**Moderator:** Thank you. We'll move to our next question from the line of Suruchi Parmar from Annex Wealth Management. Please go ahead.

**Suruchi Parmar:** Yes. Good afternoon, sir. Actually, I'm new to this Madhavbaug family. So, just wanted some clarification on the business. Like, what I see is that the first hospital we have built in 2006 and the second one is in 2012. But still, the hospital revenue is a small portion of overall revenue. So, can you tell me that what actually we do in hospitals and why are we keeping these hospitals, if it contributes to a small portion to revenue? Can you just clarify about this?

**Rohit Sane:** Okay. I will clarify. Right now, if at all we see the Khopoli Hospital and the Nagpur Hospital, we have two hospitals. The first hospital that is Khopoli is about 45 bedded, while the second hospital is Nagpur Hospital, it's 20 bedded. So, if at all we see a total 65 bedded, as of now, we are in Khopoli Hospital, we are about 90%-95% utilized with our beds, while in the Nagpur Hospital, we are about 75%-80% utilized with our beds.

So, yes, you are right that as compared to the total revenue, the hospital revenue is not so big. But as of now, they are completely utilized with their beds. And as we go ahead, we could see that the number of beds as we plan to increase in the coming couple of years, the revenue can double up with the hospitals itself. And if at all you see as a whole, in this six months also, there has been a 25%....

There has been some growth of about 15%-20% in these six months as compared to the earlier months. So, you are right that the total share of the hospital revenue as compared to the clinics is less, but we are concentrating on the hospital segment also. And as soon as the bed size numbers increases, the sale proportion also is going to increase as compared to the clinic sale.

**Suruchi Parmar:** Okay. One more clarification on your clinic business. The 60% revenue comes from service portion rather than the product. So, is margin lower on the service side or the product side? Because you have again less margin, correct?

**Rohit Sane:** Okay. Darshan will answer this question.

**Darshan Shah:** Okay. Let me put it through the unit dynamics, we call it, wherein typically, in any clinic, the revenue which is driven like 60% is out of 100% is service revenue, wherein 40% is typically a product revenue. Now in any clinic, once it is a franchisee-owned centre, typically they make the margin of 40% in the product, whereas the company, there is always a margin of more than 65% as far as the product is concerned.

But whereas at the time of services, when we consider, in case of services, yes, the franchisee-owned units always make the revenue or a margin of 70% in the case of service segment, whereas in case of company-owned centres, it is the same 70% which we make it in case of company. So, if we can see that the service always gives you a more margin, because typically the consultations or therapies are lesser in the cost as far as the product consumption and other things is concerned. But at the same time, it gives you a more margin.

As far as the product is concerned, obviously, there is a cost of consumption and all which is added to the comparatively, there is a less margin compared to service, but there is a good amount of scalability. So, this is what a unique dynamic is there as far as the service and product is concerned. I hope that has clarified your question.

**Suruchi Parmar:** Yes, I just wanted to have another clarification on your franchise model. How it works? Like, how much portion you help you provide to the franchise and how you cost to them or how your profit depends on the franchisee. What is the model? How you work on that?

**Darshan Shah:** Okay, so typically as I said, typically a franchisee which makes a INR100 of revenue, they are closely held franchisee wherein all the services and product which is provided and the provision has been done by the franchisee and centers to the patient is again procured and provision has been made by the company. So, in turn, all these services provided, they have to procure those products and consumables from the company.

So, typically, if we narrow down to or just to on a single statement, for every INR100 revenue which a franchisee makes, they ideally purchase for INR40 to INR45 of product or services altogether from the company. So, when they make the INR100 revenue, I make the INR40 to INR45 of revenue. Obviously, that variation is because of the stock. Sometimes they purchase more, sometimes they purchase less based on their requirements.

So, that explains the entire thing that out of every INR100 revenue done by the franchisee, I make the INR40 to INR45 of revenue from that. And then again, out of this, my cost related to the consumption in case of product and apart from that, the common overheads, which company owns, that is subtracted.

And if we consider that 50% is the cost which I subtract, then also that INR100 out of which I can make easily gross profit or gross revenue of INR20 as a whole. So, I think this clarifies the question.

**Suruchi Parmar:** Ok. In your presentation in slide number 19, you have shown the revenue from hospitals and clinics as for FY '23 as INR29 crores and INR148 crores. So, this hospital and clinics is company owned or it is a total of franchise and company owned as well as the overall Madhavbaug?

**Darshan Shah:** Hospitals are typically company owned. There are two hospitals as Dr. Sane has explained. One is at Nagpur Kondhali, which is owned by company and the other one is at Khopoli which is operated by company and managed by the company. Apart from the clinic, there are 302 clinics as on 31, March. Around 49 clinics is owned by the company and rest of are the franchisee including that FOCO, FOFO and other OPDs and many clinics structure.

**Suruchi Parmar:** So, this INR148 crores that is shown in the revenue...

**Darshan Shah:** Just to answer that last INR148 crores, that is an enterprise level collection and data which is presented to make the understanding very clear about the total enterprise level revenue of the organization which includes the revenue earned by the franchisee centre as well.

**Suruchi Parmar:** Understood. Thank you so much.

**Moderator:** Thank you. Next question is from the line of Akshay Shah from Kriis PMS. Please go ahead.

**Akshay Shah:** Thank you, sir, for giving me opportunity. Sir, my first question is that you have guided about 25% revenue guidance. It is in-depth as it would mean that, we would be doing INR70 crores- INR75 crores revenue in second half?

**Rohit Sane:** Yes. I did get your question. Now, we are looking out for it. As of now, whatever we have done, I could see about 20% of growth as compared to the last year. We will be able to achieve very swiftly, very easily. So, that is what we are aiming for and we are still trying to push ourselves ahead beyond what I have just mentioned. So, we are targeting for the revenue of that level as whatever we have asked for.

**Akshay Shah:** Okay, sir. And my second question is that, you have done backward integration by purchasing medicine supply companies and also marketing expenditure is also reduced. So, what is the reason for decreasing EBITDA margin?

**Rohit Sane:** The EBITDA margin has reduced down majorly because of two things. One is because of the additional manpower that we had brought in for the local marketing of the clinics. As we had reduced down the total marketing budget for the clinics, we had brought in business development executives which has attracted some amount of manpower utilization over there.

That is about INR1.50 crores. And the second reason for that was we have now tried to go ahead with a model which is a franchise owned company operator kind of model of about 29 clinics in the North India. So, we have established these clinics in Delhi, we have there in Uttar Pradesh

to some extent, Punjab as well as West Bengal. So, these clinics are in the format of franchise owned company operated. So, we have the manpower which is on our payroll. And that is how the total manpower cost has gone up, which has led to the reduction in the total EBITDA.

**Akshay Shah:** Okay, so will we recover EBITDA margin or it will be going this level?

**Rohit Sane:** Yes, we will be. We expect about going towards about 8% to 9% of EBITDA till the year end.

**Akshay Shah:** Perfect, Thank you, sir.

**Rohit Sane:** Thank you.

**Moderator:** Thank you. Next question is from the line of Siddharth Lakhanpal from Darshan Capital. Please go ahead.

**Siddharth Lakhanpal:** Hi, good afternoon. I just wanted to know one question on the enterprise level. Like we mentioned that, since we were focusing more on the Madhavprash part, and we limited our budget for marketing of the clinics and hospitals. So, going forward, once you incorporate different products in terms of ghee, and you set up new clinics on a similar base aggressively, and with the new hospital also coming up, do you feel that EBITDA margins will remain stressed for the next one year to two years? Because if you don't spend on marketing, your revenues have remained sluggish for those segments. However, if you increase marketing spend, EBITDAs will get strained. So, what are your views on the company level? How do you foresee this playing out?

**Rohit Sane:** Okay, yes, you're right to a certain extent that when we are trying to grow on several fronts, the EBITDA margin would be stressed to a certain level. But at the same time, we are taking certain measures due to which we'll be able to release down the pressure on the EBITDA margin. As you mentioned about having the AMTZ hospital that we are marketing, we'll be marketing for it in the local geography that is going to pull in extra marketing costs.

As well, when we are planning to have the marketing of Madhavprash in the retail section, yes, we'll be again attracting some kind of marketing cost to it. We are trying to come up with some marketing campaigns which is going to help the Madhavprash as well as the Madhavbaug clinics together so that both can be benefited because both belong to the same brand and related to the same category of preventing heart disease. So, that is how we are planning in the future.

But yes, you are right, the EBITDA margin would be stressed for a couple of years in the coming one or two years. But I am sure that we'll be able to again release down the pressure and reach to the set margin in the coming year.

**Siddharth Lakhanpal:** Okay, and just one follow-up question. So, as you mentioned, your new hospital will have about 32 beds. So, if I compare it to Kondhali hospital where you have about 20 beds, so revenue for last year was around INR6 crores, INR6.5 crores if I am not wrong. So, do you expect a similar number to come from this and when do you feel that you'll break even from the new hospital? How long will it take for you to break even?



- Rohit Sane:** The break-even if at all we see for the AMTZ Madhavbaug hospital, it's going to be about 4-5 months which we'll need for the break-even. And reaching to the level of Kondhali hospital, it will take about a year or two that we'll reach to that level with the number of admissions that we expect.
- Siddharth Lakhanpal:** So, about at similar 70%-75% bed utilization we reach?
- Rohit Sane:** Yes.
- Siddharth Lakhanpal:** Thank you.
- Moderator:** Thank you. Next question is from the line of Piyush Jain, an individual investor. Please go ahead.
- Piyush Jain:** Thank you for the opportunity. I want to understand how we understand whatever services you are providing in Ayurveda or something and the people are getting benefit of it. You have said in your PPT 10 lakh patients, you have treated. So, what I am trying to understand is how we can see the efficacy of your services, how regular the patients need to come? Is it a something, let say whatever our cardiac or diabetic you're prescribing whatever product or medicine, is it something a one time or 3-month, 6-month prescription or is it something the customer comes regularly and then it becomes like a regular medicine and something like this? Like what happens in allopathy and heart disease?
- Rohit Sane:** You have an excellent question. I'll try to explain it out. Like for example, the first question that how do we check the efficacy of the treatment So, Madhavbaug is a unique concept in which we have Ayurvedic treatments fused with modern parameters to check the efficacy. Like for example, if an angiography done patient comes to us with blockages, we have a treatment for about 3 to 6 months and post the treatment, we get repeated the same investigation for the patient where the patient can see the efficacy of the treatment.
- If the patient is a diabetic, we have a check parameter on HbA1c as well as a parameter called as GTT, that is Glucose Tolerance Test. If at all a patient of blood pressure comes in, we have a modern parameter called as ambulatory blood pressure monitoring as well as for various different diseases that we treat, we use the modern parameters with the Ayurvedic treatment. That is the most unique concept of Madhavbaug. That is first.
- Second, if at all we see the whole journey of the patient inside the Madhavbaug clinic or hospital, as you said, you are absolutely right, the patient when he comes down to the clinic, he is first assessed by our doctors on the protocols that have been decided. So, all these 358 clinics manage and perform the same protocols that we have designed for these patients' treatment.
- As per the protocol, the investigation parameter is fixed. The parameter is assessed. On the basis of this parameter which is assessed through the help of telemedicine, we have cardiologists who certify these reports and these certified reports go back to the clinic doctor and from there to the patient.

So, once the patient is handed over with the report, on the basis of the report, we have various different care plans available for various different parameters according to the severity of the disease. Based on that, each and every doctor is trained to provide that kind of services as per the fixed parameter. The fixed care plan is being prescribed to the patient.

As the patient enrolls in this whole care plan, the normal care plan is usually about for an year. We also have three-year care plans also wherein every month we have about 200 patients who get enrolled into it. But as of now, when a new patient comes in, about an year annual care plan is being advised to the patient.

And when the patient joins up in this care plan, the patient normally in the whole year comes down to this Madhavbaug clinic for about 21 times in the whole year. In this, when he comes down, he has about 1.5 to 2 hours of session inside the clinic wherein he meets the doctor, he undergoes a stress test or any kind of typical investigation parameter that is supposed to go through. He is been prescribed with medicines as well as the therapy. The Sampurna Hriday Shuddhikaran therapy or there is a Panchkarma therapy which is been prescribed by the Ayurveda age old text 5000 years ago, those therapies are been performed along with the modern parameters to be checked every time when the patient comes inside the clinic. So, this is how the patient as well as the doctor has a clear visibility of the improvement or disimprovement in the patient.

And I'm very proud to say that we have a compliance of more than about 85% of compliance with these patients who come down to the clinic and enrol in this annual care plan. 85% of these patients comply, and out of these 85% patients who comply with our therapy, 90% to 95% of patients improve with their disease parameters. And that is how we have published about more than 150 research papers in peer-reviewed allopathic journals that this Ayurveda therapy is beneficial for the patients in chronic disease ailments.

**Piyush Jain:** Thank you for the detailed reply. Sir, again follow-up question on this. Are you saying that from the ECG, you are able to understand if somebody is having a coronary artery blockage? Am I understood correct?

**Rohit Sane:** Yes, you have understood it correct but not completely correct. It's not going to be only the ECG but it's going to be ECG...

**Piyush Jain:** Because for blockages, you need that angiography.

**Rohit Sane:** Absolutely, you are absolutely right. So, we have several tie-ups with several centres like NM cardiac centres etc etc., in which we have a tie-up for CT angio to be done for those patients as well as CT FFR done with those patients as well as the patients also undergo these kinds of angiographies by themselves.

**Piyush Jain:** Okay.

**Rohit Sane:** All kinds of modern parameters are checked over.

**Piyush Jain:** Okay, just allow me. I believe we are not having any time constraint because I have some questions to understand the business and I believe this is the first call we are having. So, sir, are we saying that the blockages can be removed through this Ayurvedic medicine of Madhavbaug? Correct? That is understanding, correct?

**Rohit Sane:** Let me explain. Yes, there are two things that happens with the blockages. One is increase in the blood supply to the heart muscles. That is one thing that happens. And the second thing is reduction in the plaque size. The recent trial that we have published and it is supposed to get published, it has been accepted now. And that trial clearly says that when we had done a CT angio with volumetric plaque assessment of these patients, before the therapy and after the therapy, we had seen that in a span of six months, 30% of reduction of these plaque size was evidenced on the CT angio with plaque volumetric assessment.

That is one. Second, when we have done a pilot study with a process called as FFR, which is called a Fractional Flow Reserve in which whether the blood supply improves after this therapy in the patient's heart or not as compared to previous FFR angiogram. So yes, we have seen that the FFR also improves, that is the blood supply coming to the heart before the therapy and after the therapy we have assessed and the blood supply also improves.

So, both the ways the patient has to reduce down the future chances of heart attack. To reduce down the future chances of heart attack, only two things are important. One is the plaque stabilization. The plaque shouldn't rupture to create a heart attack. And second is going to be increase in the blood supply to the myocardium, that is the muscles of the heart. If these two things are taken care of, the heart attack chances reduces down and that is what the trial is about. About 92% of patients were free from heart attack for the whole year during the therapy. So that is how we have tried to promote our Madhavbaug services.

**Piyush Jain:** So again, closing on this point again, for blockages, we need to go through angiography. Then only we can get to know if somebody is having a blockage or not. Then if it is there, then your treatment can start. Correct?

**Rohit Sane:** Yes.

**Piyush Jain:** I have a further question sir. Please allow me. So, what is the, like you said, some people enrol for three months, some people enrol for your care for a one year or monthly. So, what would be the average size of this? Suppose somebody has come to you for a one-year plan. So how much he has to pay for a year plan? What is the cost of that?

**Rohit Sane:** I'll tell you; I'll tell you. Now several different categories of patients come in. If at all the heart patient comes to us, the average billing for the whole year is going to be about INR70,000 to INR80,000 for a heart patient. If at all he is a diabetic patient, the average cost of his treatment is going to be INR30,000 to INR40,000 to INR50,000 rupees based on his diabetes severity.

Same kind if at all a patient with hypertension joins, a blood pressure patient joins. So, the average cost that he pays is about INR25,000 to INR30,000 and the same for obesity. So, we

have different categories of patients, different disease wise patients and different disease wise care plans and the costing for the same.

**Piyush Jain:** Okay. Fair enough. And I believe our ratio would be largely in the heart and diabetes. Can you just give a breakup? Would be absolutely right?

**Rohit Sane:** If at all we see the ticket size, heart disease ticket size is more, but in case of volume, if at all we talk about the diabetic patient, volume is more than the heart patient.

**Piyush Jain:** Okay. So then how we, if it's your process or your medicine is that effective in something, so how we take this to a next level? Because I know we have around 250 to 350 clinics right now and we are, let me say we are just started now, correct?

**Rohit Sane:** Yes.

**Piyush Jain:** So how we make this like this gets authoritative or I want to say like the – let's say government approval or something because what happened, there is a misconception also in the people's mind with respect to Ayurveda. Because many times we read somewhere somebody was doing some Ayurvedic medicine and something and when they visited to a normal allopathy doctor or something, they get to know the problem is because they took some Ayurvedic medicine.

**Rohit Sane:** I'll answer you. The way to go ahead is like as what you said, the government recognition. Normally the government doesn't have any body so as to recognize any kind of therapy, neither angioplasty nor myocardial.

**Piyush Jain:** Any Ayurvedic regulatory authority body?

**Rohit Sane:** I will tell you. The Ayurvedic regulatory authority is nothing else but central council that is called as Ayush in India. So, this Ayush doesn't have the authority to give a yes or no to these therapies. Because these therapies are already been mentioned in the Ayurvedic text which are being taught in the Ayurvedic colleges.

But as what you said, the angioplasty and bypass surgery, if at all we go back into the history and understand how did these therapies grow? The reason behind it was the payer. Either the patient could be the payer or else the government can be the payer or else the third party's insurance. So, till now we have tried to achieve two pillars. One is the patient who is supposed to be the payer and second is with the insurance companies.

So as of now the insurance company and patient has been paying for us. But now the third most important pillar is the government. That is about the central government scheme, CGHS. Central Government Health Scheme. If now we are planning to go ahead, get ourselves empanelled with the CGHS, that is central government health scheme, due to which all the PSUs and corporates will get empanelled like any other hospital with us.

So, the way to go ahead is through this, through which we will get more number of patients and more number of therapies done and more number of research trials get published. The whole model gets concrete in the coming years.

**Piyush Jain:**

Okay. So, Ayush can also be a beneficiary of it? It comes under Ayush?

**Rohit Sane:**

Yes. Absolutely, we are under Ayush. We have our medicines which are been already approved by the FDA, the Ayurvedic FDA as well as FSSAI. So, we do have few medicines we have the Ayush mark also, so that is how we are going ahead. We have very good close repo with the government of India, Ayush government.

So, we have been invited for various different cardiological symposiums as well as we had been the prime sponsoring thing for the Ayush event that was held in the last year where I had the opportunity to meet the beloved Prime Minister. Prime Minister of India. Yes, I had presented the whole published article after which he had asked me to meet his chief cardiologist.

I had also met him and explained him everything. So now we are waiting for a good call from them. But in the meantime, I think the CGHS, the Central Government Health Scheme, if at all we get empanelled ourselves with them, every central government employee will be able to undergo our therapy as we go ahead.

**Piyush Jain:**

Okay. And any side effects to this which can have any claim to us in case of legally something possible or not possible?

**Rohit Sane:**

To be very honest adverse effect is very, very rare in case of Ayurveda treatment. Because when we tried it on animal trials, we could see that the minimum lethal dose for the animals is very huge. And that will be very huge for human beings. So, such a huge dose of no medicine has been administered through Ayurveda. So adverse effects is very, very least.

So, talking about any kind of legal complications, I think it is very, very least unless and until we don't go for tall high claims or something like that, which I don't think so, till I am alive, anything will be done in the organisation.

**Piyush Jain:**

Okay. Sir, then we are, whatever we are growing right now, the model looks like we are growing through a franchise model, right? We have some plan of around, I don't remember, maybe 1,000 or 1,500 clinics. So how somebody gets your franchise? Is it something the person should be a doctor or something? Or he just need only infrastructure because then you connect with the doctors. How that somebody, the people who are getting your franchise, are the people actually the brand ambassador of Madhavbaug brand? I just want to understand how do you select those people?

**Rohit Sane:**

Yes, I will explain you. So, till the recent past, the doctors who used to practice in the Madhavbaug company clinics, they used to get graduated with that knowledge and they used to start with their own franchise with Madhavbaug. That was the initial part of the growth. Now the word of mouth in the medical fraternity has grown to a certain extent due to which the doctors

keep on coming to us through the website, through direct meetings, as well as through college associations.

So, these doctors come to us and directly reach to us for the franchise opportunity. Then we evaluate those doctors. We have a training format. We have a training program through which the doctors have to pass and, on that level, then they are being awarded with the franchise concept.

So, in the recent few days back, we had also tried for a model, which is the franchise owned and company operated model in which the doctors would be on our payroll and we'll be providing the therapies over there. While the franchise owner is supposed to have just the infrastructure and the stock availability would be the responsibility of the franchise owner.

So, we are to a very good level. We have succeeded in that model also, but I think it will take about more six months or maybe 12 months for this model to completely prove its stability. If this model proves its stability, I am sure that growing to about 1500 clinics also will not be a great task if at all this model proves to be beneficial.

**Piyush Jain:** And whatever I think you explained earlier is that whatever INR100 a franchise sale, INR40 comes to you, correct?

**Rohit Sane:** Yes.

**Piyush Jain:** Sir, okay. I understood more or less business and with your detailed replies. So, what is the plan now? Because, okay, we will open the new clinics. Okay, in that way, the organic expansion will happen. Okay, we will grow whatever number of patients we will serve or something. But if let's say some person are coming, maybe they will be buying a one-year program care, then they will not be a repeat customer. Let's say somebody is cured, I believe then they will not require your medicine after one year. So, you need to keep bringing a new customer on your platform, correct? If my understanding is correct?

**Rohit Sane:** Yes, I will correct you to a certain extent.

**Piyush Jain:** Okay, so my question is like that, what is our target? Like I think you mentioned that it is 1000 clinics and 10 hospitals.

**Rohit Sane:** We have two targets. One is expanding ourselves to about 1000 clinics and beyond that, that is going to be one target. Along with that, we'll be also expanding with the number of hospitals also. But along with that, the second target is very important in which we will be planning to have more number of patients getting treated in these clinics. And the whole target that I am running ahead with is having a heart disease free India.

So, this is a complete mission that we are running with. And in this mission, we are trying to reach to those people through creating awareness programs. And if at all those patients need help of Madhavbaug to reverse their diseases, we are there with the help in the clinics and the hospitals.

So as a whole, if at all we see the total clinics that we have is about 350 clinics. And as a whole, we have a capacity of more than about a lakh Panchakarma procedures to be done in a month. And in the same time, we have about more than about 12 lakh Panchakarma that can be done in a year.

But as of now, we are only about 50% to 60% of utilization of the existing capacity. So, we still have a huge capacity. So, the second target would be utilizing the existing capacity in the clinics, which will again going to add up on the revenue and the turnover as well as the profitability.

While the number of clinics that we grow in, that is going to be our target. So about having about 1000 clinics and every clinic should have about a crore turnover every year. So that is what will be the plan as we go ahead.

**Piyush Jain:** Okay. And what is the margin inside? Because this business should have a good margin, like a hospital business should have. Because let's see, if I see a big hospital, I'm not comparing. I'm not comparing hospitals..?

**Rohit Sane:** There is no problem. You are absolutely right.

**Piyush Jain:** Like the hospital business, which some of the businesses which I frequently cover and see are making about 20%, 25% of EBITDA or something. I'm not comparing. And then further our clinic model also has a service model, service revenue of 60%. Still our EBITDA percentage is around 6%, 7%. So, I'm not able to understand what is the exact number?

**Rohit Sane:** I'll tell you. Right now, if at all you check out with the hospital margins, the hospital margins are as equal as that of the allopathic hospitals itself. So, the EBITDA in the hospital is quite strong. If at all you look at the stand-alone point through the hospital angle point of view. But if at all we talk about the gross margin, the gross margin is about 70% for the whole services that we provide.

So, if at all we talk about this gross margin, we have as of now -- we are a growing brand. So, we plan to grow as fast as possible with the limited resources, whatever we have. And with this, we are trying to burden ourselves with good manpower. And this manpower as it helps us in the growth, that is one.

And second is going to be with the marketing. So, if at all we see there are two big elephants in the room, one is the cost of expansion through the number of clinics as well as number of manpower that we need. That is one. And second is going to be about the marketing. So, these two elephants are the major responsible factors for reduction in the EBITDA.

But as we grow up, as we lead to a very good level of brand acceptance from the patient side, the cost of marketing will reduce as well as the cost of expansion will also not increase to that level after a certain level. So that is how we see that the EBITDA margins will improve as we grow ahead.

- Piyush Jain:** But I understood your doctor or advertisement cost has already been up-fronted and the further going forward, your operating leverage will increase and the margin will grow from here on.
- Rohit Sane:** Yes.
- Piyush Jain:** Correct? So, what could be the number? And sir, what you said that hospital business has a margin as compared to other hospital business, can you say, it's a 20%, 25% margin?
- Rohit Sane:** Yes, if at all you talk about individual hospital itself, because we don't load the cost of the management onto it. The individual hospital does have a good margin.
- Moderator:** Sorry to interrupt Mr. Jain. Due to time constraints, we will take this as our last question.
- Piyush Jain:** Just one last question. Thank you. Sir, what could be the, as a company overall margin can reach? It can reach to 10%, 12% in a one year's time or something? And second thing, as you said 10 hospitals we want to open and we are at two in Nagpur and I think Khopoli. So, have you identified the places where we want to open it and anything concrete has been done on that side?
- Third point, you said some EBITDA margin contraction because of the infrastructure, some costs, something we have mentioned, something. So, I do not understand that because the franchise model whatever the cost needs to be done should be incurred by the franchisee. So, what has impacted us? Thank you.
- Rohit Sane:** I'll try to answer all of them. The first is about the infra cost that you asked about. Infra cost, what do we explain is the Business Development Executives that we had developed for the local marketing of the clinics. That is what has been called as the infra power, infra cost. That is one.
- And second is the franchise-owned company operated model that we have started in the north. That has been termed as the infra cost. So, the total manpower that has been required in this, which has been the major culprit for the question that you asked. That was one. Second, the question that you asked, I just forgot.
- Piyush Jain:** Sir, hospitals, have you identified where the eight hospitals? And have you started any preliminary work on...
- Rohit Sane:** Sorry, so the third hospital already has begun. We have already signed a Memorandum of Association -- Memorandum of Understanding with the AMTZ, Andhra Pradesh Medical Tech Zone. That is the third hospital. We are also in talks with a few other sick nature cure hospitals, in which they want us to go ahead with their hospital infrastructure to manage that and to have a business. So, we haven't still evaluated them completely through the business angle point of view. Hence, we are not commenting on it as of this point over here. But yes, that is also in queue. And in the coming months, you'll be able to hear that also.
- Moderator:** Thank you, sir. Ladies and gentlemen, due to time constraints, we will take this as the last question for the day. I now hand the conference over to Dr. Rohit Madhav Sane, Chairman and Managing Director from Vaidya Sane Ayurved Laboratories Limited for the closing comments.



- Rohit Sane:** Thank you very much. I would like to thank you all for taking the time out and attending this call. I'm also thankful to each member of the Madhavbaug family, as well as the clients, patients, banks, investors, financial institutions, and all other stakeholders. So, for any other further inquiries or information, please get in touch with our investor relations team. Thank you. Thank you very much.
- Moderator:** Thank you. On behalf of Vaidya Sane Ayurved Laboratories Limited, that concludes this conference. Thank you all for joining us. And you may now disconnect your lines.
- Rohit Sane:** Thank you.