



“Max India Limited Q3 and 9 Months FY22 Earnings Conference Call”

January 27, 2022



Disclaimer:

This document is subject to errors and may or may not contain words which have been included / omitted due to human error while transcribing the conference call. Any and all information should be verified with the company by the reader

**MANAGEMENT: MR. RAJIT MEHTA – MANAGING DIRECTOR, MAX
INDIA LIMITED
MR. AJAY AGRAWAL – CFO, ANTARA SENIOR LIVING
LIMITED**



*Max India Limited
January 27, 2022*

**MR. VAIBHAV PODDAR – CEO, ANTARA ASSISTED
CARE SERVICES LIMITED
MR. OJASVI GHOSAL – CFO, ANTARA ASSISTED CARE
SERVICES LIMITED**

Moderator: Ladies and Gentlemen, Good day and welcome to Max India Limited Q3 and 9 months FY22 Earnings Conference Call. This conference call may contain forward looking statements about the Company which are based on the beliefs, opinions, and expectations of the Company as on date of this call. These statements are not guarantees of future performance and involve risk and uncertainties that are difficult to predict.

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 ‘*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajit Mehta – Managing Director, Max India Limited. Thank you and over to you, Sir.

Rajit Mehta: Thank you very much. Good afternoon, everybody. On behalf of Max India welcome to this Earnings Call. I hope all of you and your loved ones are safe in this current situation.

For the benefit of audiences who are joining the earnings call for the first time let me introduce I have with me my colleague, Ajay Agrawal, who is the CFO for the Company, Mr. Vaibhav Poddar who is the CEO for Antara Assisted Care Services and Ojasvi Ghosal who is the CFO for Antara Assisted Care Services.

I would just like to give a quick overview of the Company followed by the financial performance for the quarter.

As I have said in the earlier calls Max India aspiration is to make an integrated care ecosystem for seniors and we had spotted the opportunity like many other opportunities we had done in the past, so we spotted life insurance way back in healthcare in 2002. Similarly, we spotted the senior care opportunity in 2010 and since then I have been working hard to make sure that we are able to carve a niche out of it.

At this point of time, we are the only brand in India creating an integrated care ecosystem for seniors. In terms of market size, it is already a USD 10 to 12 billion market with value pools around residences for seniors assisted living care at home services and medical equipment and Antara and Max are quite uniquely placed to take advantage of the opportunity given our background in healthcare, infrastructure, hospitality because we do need to bring all these competences to be able to provide an integrated care ecosystems for seniors.

Antara is focusing on 4 million customers in the income segment of Rs 15 lakh per annum and above across three clusters of North, West and South. We already present in NCR and we will also look at the West and South cluster going forward. There are four value pools that we have selected you know to focus on. The first one is residences for seniors which is accommodation meant for people who are relatively healthy, but want to live in a safe, secure, hassle free community, they can choose residences like in Dehradun or in Noida or going forward in many other location that we will open up, but if there are seniors who have the age related issues and need help in their daily chores like feeding, bathing, mobility, medication, monitoring or have gone through a very intense medical episode like a cardiac bypass surgery or a transplant and need rehabilitation or a memory related issues for them the vertical is care homes and then we also have care at home in case seniors require services in the convenience or in the comfortable environment of their home whether it is to do with diagnostic, x-ray, physiotherapy, critical care we also offer care at home and medical equipment which is more in terms of bathroom accessories or ortho kit aid, respiratory aids, helping them made their recovery this is how we are creating the integrated care ecosystem for senior.

So, every need that they have depending on their lifestyle, depending on their personal health situation, depending on their age, we are able to provide them products and services within our ecosystem. So, we had commenced as journey as some of you know way back in 2013 when the first community in Dehradun was setup and since then that project has done extremely well, in that project we had bought the land, constructed it, developed it, sold, and also operating the facility. It gives me immense pleasure to share with you that 86% of Dehradun inventory has already been sold and inception till date we have

collected about Rs 486 crores till the end of December 2021. The sales velocity has gone up phenomenally on a quarter-on-quarter basis we have achieved a monthly sales velocity of 4 units and the collection of 12 crores in Q3.

The project debt has been reduced to Rs 18 crore it has further down in the month of January, but I am quoting to you the audited numbers for Q3 and a very high residence satisfaction score of 90%, 44% in fact of our sale additional sales are through resident referral which is a great testimony both to the brand and the quality of services that we have been providing to our seniors. In fact, the pandemic if everything accentuated the need for such safe and secure communities for seniors so that they can live in peace and the same is being reflected in our sales and collection performance.

From Dehradun all the learning were leveraged to launch a second community in Noida which was done in Jan 2020 that is a developer model where we have a partner who has contributed the land and the SPV has taken will take debt, but the design facilitation, the construction and the operation will be with Antara and it is a very healthy IRR. Since launch we have already sold 63% of this inventory this facility is in a marquee sport sector of Noida sector 150. It has many reputed players like Tata, ATS, Godrej also in the same sector despite that we have been maintaining a very healthy sales velocity which again goes to talk about the services and the brand that we have built.

Currently phase 1 has been launched as I said about 63% of the inventory is gone and we have collected about Rs. 66 crores till Q3 FY22 and achieved a monthly sales velocity of 6 units and the collection of Rs 5.3 Cr in Q3 FY22. Noida of course as I said earlier is a different format it is more affordable as compared to Dehradun both in terms of the capital outlay as well as the monthly maintenance. The other advantage in Noida is given our success we have been selectively increasing the prices every year which helps the IRR and going forward we would like to replicate this model of focusing on a core competency of designing, sales & marketing, and operating the facility as we expand beyond NCR. The success both of Dehradun, Noida is now giving us a confidence to scale up and look at geographies outside NCR and we will share those details as and when we do that.

The second big bet we took on the value pools of integrated senior care platform was through Antara Assisted Care Services. This comprises as I said earlier care homes, care at home and Medicare product verticals. We launched these in April 2020 so far we have served in 9 month about 5,000 patients we have launched three care homes with 70 beds, 10 beds for memory care, 16 products and services in care at home which are critical care, physiotherapy, diagnostics, nursing, patient care giver etc. We have also launched India's first mobile health checkup van, it is a van which is fully fitted out it has an x-ray facility with the necessary radiation precautionary measures, PMT, ECG, doctor consult, blood work all can be done through the van near the senior's house without the senior having to go for executive health checkup in the current circumstances it is even more relevant.

On the medical equipment side, we have launched about 1,000 products 3,000 SKUs a very robust backend in terms of inventory management, warehousing, logistics also fundamentals of the clinical, non-clinical processes for all the verticals are in place, happy to report we are the youngest organization to receive QAI certification for a care at home vertical. This is similar to for example NABH does for hospital, so we have certified all our processes in the vertical of care at home and find it good enough for the certification. Again, a great vindication of the fundamentals that we have put in place from a customer perspective also in the three verticals the customer satisfaction scores have been consistently above 80% and for December they were as high as 90%.

In the last two years the sector has also seen many new entrants, PE firms, private sector firms, heightened investor interest which augurs very well from a market expansion standpoint. In the end I will say in terms of our vision we are well on our way of becoming a loved in trusted brand, catering to life care, lifestyle, wellness, and care needs for seniors, shifting to quick highlights for our consolidated financial performance for Q3 and 9 months FY22. The Company during the third quarter of FY22 reported a revenue of Rs 43 crores against Rs 34 crores during the same period FY21 which is a 25% year-on-year growth. We have also witnessed a growth on the back of higher lease registration position in Dehradun a Q3 FY22 EBITDA loss reduced by 83% to Rs 0.7 crores in Q3 from Rs 4.4 crores in Q3 FY21.

Our PAT loss reduced by 56% to Rs 5.7 crores as compared to Rs 13 crores same period last year. Now looking at a 9-month performance our revenue has increased by 98% is gone up to Rs 186 crores versus Rs 94 crores 9 months last year. EBITDA has now turned positive to Rs 1.4 crores from a loss of Rs 22.5 crores registered in 9 months FY21. Similarly, our PAT loss reduced by 62% to Rs 16.5 crore in 9 months from Rs 43.6 crores in 9 months FY21. Again the numbers are a great vindication of all that I have been saying in terms of our strategy in terms of what we are doing and the Company continues to maintain a very robust balance sheet position with the consolidated net worth of Rs 638 crores.

So, we have enough treasury corpus of Rs 378 crores and other assets of about Rs 160 crores to support both capital reduction of Rs 92 crores and Antara growth aspirations. In terms of the assisted care segment which I will repeat our care home, care at home and medical equipment the revenue has risen by 256% on a year-on-year basis from Rs 0.28 to Rs 1 crore in Q3 FY22. The occupancy has gone up very sharply from 350 Q3 FY21 to 1,533 in Q3 FY22 revenues from care at home have also witnessed a 27% increase and at the medcare segment by 203%.

Just to summarize our endeavor is to achieve higher growth by having a sharp focus on all the four verticals mentioned above. Antara is outlined a 5-year vision where in the Company plans to invest Rs 300 crores across all verticals. As stated earlier we have enough liquidity in the balance sheet to fund the growth, in the residences segment our strategy is enter, expand and excel. We like to enter a particular geography expand our outreach and excel in operations to deliver best in class services to our seniors. In the care home segment, the emphasis on increasing occupancy, increasing scale and exploring other variants of short stay and low-cost offerings for care at home to expand the different products that we already have and create differentiation and Medicare is poised to grow on the back of industry tailwinds and Antara brand with seamless business.

Antara aspires to be a multi-location Company over the next 5 years to 6 years with 5 to 7 communities in the residences, 35 to 40 care homes, memory care

home, a very robust care at home and medical equipment business thereby achieving perhaps in 5 years to 6 years from now. A revenue of around Rs 400 to Rs 450 crores for the Antara assisted care business. So, in summary we are all set having taken a very early bet, having learned, leveraging the learning now to expand the USD 10 to 12 billion sector and creating an integrated care ecosystem for seniors we are the only one attempting to do so there is nobody else. Everybody else is playing part of the value chain nobody is stating the entire value chain we are the only ones doing it.

Just to give you an example in Dehradun we are seeing synergies now because as the residents aged their healthcare needs are going up and the healthcare services are now being provided by Antara assisted services. So, wherever we setup communities the healthcare services will continue to run by Antara assisted care. There are sometimes many people who come into care homes and want a long stay option and thereby they look at residences, the synergies are also playing out in terms of infrastructure, technology and staff. Therefore, we are quite convinced of the bet we have taken and we are well on our way of becoming a loved and trusted brand. We remain committed to offer an exit opportunity to shareholders who desire to do so through a capital reduction process. The process is well in its way in time will get completed by the end of this financial year as we had promised. At this point of time, we have enough liquidity to support the capital reduction and the growth strategy for Antara and the capital for reduction has been also allocated. So, once again thank you ladies and gentlemen for joining the call. I will stop here and welcome any questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Chaitanya Deepak Shah from Silver Light Capital. Please go ahead.

Chaitanya Deepak Shah: So, my first question is regarding the 9-month result that I am seeing here in the segment revenue we have Rs 141 crores from senior living, could you just give a breakup of where these Rs 140 crores is coming from?

Ajay Agrawal: Out of Rs 141 the majority money is coming from residences because last year we have seen the 9 months we have seen unprecedented sales and collection what Rajit sir just explained and so lot of registries and lot of possessions have happened. So, approximately Rs 120 crores have come from the financial lease income and rest has come from the operational income the non ACB revenue and revenues from Antara assisted care and care homes.

Chaitanya Deepak Shah: I just wanted to understand the operating profit in terms of senior living has been shown as around Rs 11.6 crores, so just want to understand if majority of your revenue has come from sale of lease, then why is the operating profits so low?

Ajay Agrawal: You are talking about consolidated results.

Participant: Yeah.

Ajay Agrawal: So, what is happening there are three arms so there is a Antara Senior Living Limited which is a corporate division which takes care of the admin expenses, Antara Purukul Senior Living Limited is a subsidiary of Max India which is recognizing all these finance lease income so there the profit is approximately Rs 19 crores against which there is a loss which is happening in Antara Senior because of the corporate cost sitting on Antara Senior plus there is a Op loss which is happening on Antara assisted care being a startup Company and just started business online and all that is why the profit of Antara Purukul get set off against these expenses. In this it is added the Max India profit to make the consolidated number I can share the respective details if it is required.

Chaitanya Deepak Shah: My second question is regarding the Noida project that we have I just wanted to understand the basic project finance for this project in one of the presentations I read that the total cost of this project including the land is going to be around Rs 330 crores, could you just share a brief on how this is going to be funded?

Ajay Agrawal: So, out of Rs 330 crores, Rs 40 crores is approximately the loan amount we are anticipating with certain conservatism and bringing some scenario in place we have built in a Rs 60 crore loan against it. So, we already have a term sheet in

place we will disclose it once we have the final sign off done. So, Rs 60 crore is going to come from loan for construction finance and rest everything is going to come from collections from customers. Antara as a capital has funded approximately Rs 40 crores towards the payment of the land and balance will come from advance from customers.

Chaitanya Deepak Shah: If I understand it correctly this project is being done by the SPV called contend builders?

Ajay Agrawal: We are developing this in the SPV while all the controls in rights and responsibility belongs with Antara, contend is only a land-owning Company.

Chaitanya Deepak Shah: The reason I am asking this is in the annual report I saw that Max India control 62.5% of contend builders, but it is still classified as a JV and I just wanted to understand why are these numbers not consolidated in Max India itself?

Ajay Agrawal: From a statutory perspective it is not a subsidiary it is associate only because we are not holding majority shares of this Company while as per the arrangement of our DM 62.5% of the net profit would belong to Antara and 37.5% will go to the landowner which is Contend owners. So, as per the Indian accounting standards you have to show it as a 62.5% associate and that is why only the line item has to be merged and that is what we are doing.

Chaitanya Deepak Shah: The amount of equity that we put in this project is just Rs 40 crore if I understand correctly from Max India is an entity?

Ajay Agrawal: Rs 28 crore has been put by Max India in which we have put in presently we have put in Rs 23.85 crore while the remaining is already committed to them once they required it. The balance Rs 12 crores was put in by the original landowners. So, total Rs 40 crore equity in the Company of which Rs 28 crore has been put in by Antara and balance by them. Our equity has gone in the form of ICD only because in the corporate structure we may not have subscribed for the share, so it has gone in the form of promoters' contribution, but not as an equity capital subscription.

Chaitanya Deepak Shah: I had one more question regarding one of the related parties in the annual report that I saw it is called Icare Health project and I read that we put a Rs 60 crores security deposit for development right, so just wanted to understand what this is exactly?

Rajit Mehta: So, that is a great parcel of land in Greater Noida where we thought we could develop memory care facilities, care home facility it already has a hospital in the campus and a nursing hostel as well. So, the land was coming very cheap compared to the market rate in Greater Noida. So, that is an upfront investment we had put in and we are waiting to see how the market develops and then we will take a call on how to develop that parcel of land.

Moderator: Thank you. The next question is from the line of Devendra Pandey from DP Financial and Services. Please go ahead.

Devendra Pandey: Sir I have two, three questions so my first question is on the industry side so what is the total industry size of senior care industry including assisted care and is these USD 12 billion opportunities only for residences or it includes segments like care homes, care at home etc?

Rajit Mehta: The total market size at this point of time is about \$10 billion to \$12 billion it comprises of all the verticals of residences for seniors, care homes, care at home and medical equipment.

Devendra Pandey: And who are the major players present in the residences for the senior and assisted care service business and where Antara stands and present in terms of market share investment?

Rajit Mehta: Residences for seniors has many players, but different formats so there is Ashiana in affordable format, there is Primus Mantri in Bangalore, there is Colombia Pacific holdings in Bangalore. On assisted care there isn't any big player actually at all. There are very small one or two assisted care home kind of operator. Therefore, as I said earlier Antara is the only branded player through a Max group Company which is now wanting to look at the integrated care ecosystem there is nobody else is doing it.

Devendra Pandey: And sir can you give separate market size for assisted care services like care at homes, care homes and medcare etcetera and what do you feel what were the potential opportunities for this segment?

Rajit Mehta: So, assisted care is about \$1.1 billion, the care home is about \$3 billion, medical equipment is about \$1 billion or so. This was a 2019 estimate done by Mckinsey for us. As I said if you look at the overall macro picture of India the age profile is going up. Today we have about 8% seniors going up to 12% eventually 20% by 2050 from 120 million to 330 million, life expectancy has gone up, the disease burden has gone up, 40% of our seniors are now reporting cardiac issues, 17% are reporting dementia, a large proportion are now staying alone without a care giver. So, if you look at the entire demand side there is a huge need for senior care operators to come in. On the supply side in the last few years, we have seen increased activity so besides Max we have seen Columbia Pacific holdings in Bangalore coming to residences segment, we are seeing Epoch and EMOHA on the memory care and the day care side, there are some investments made by some companies as well. Healthcare at Home it has just bought SuVitas. So, we are seeing a lot of activity in this space leading us to believe that the next 5 years to 7 years this is a sector to watch out for.

Devendra Pandey: So, any estimates how much would be the industry size in next 5 years to 7 years due to the drivers we just mentioned?

Rajit Mehta: Well as I said currently in 2019 the estimate was \$10 to \$12 billion which is large enough for the industry. There are not very many players playing in any case, so it is a huge market size at this point of time.

Moderator: Thank you. The next question is from the line of Priyanka Singh from Atidhan Securities. Please go ahead.

Priyanka Singh: So, I have few couple of questions firstly so basically currently 75% to 80% of our consolidated revenues is from residences businesses and just 7% to 8% is from assisted care, so can you just guide us on the long-term revenue mix for these businesses?

- Rajit Mehta:** In the next 5 years to 7 years, you will see a 50-50 mix.
- Priyanka Singh:** And what kind of revenues are we targeting from residences for seniors and assisted care services in next like three to five years and again which segment in assisted care services will be the main revenue driver in the coming years?
- Rajit Mehta:** Antara assisted care as we have said all these are directional numbers the pandemic has changed a lot so let us give you directional numbers. So, our aspiration is to look at Rs 400 to Rs 500 crore revenue only through Antara assisted care comprising of care homes which is our North star and then care at home and medical equipment. On the residences the revenue really is depending on projects that we do. So, that is what about Rs 400 crores again in next three to five years.
- Priyanka Singh:** And lastly how many units are unsold at Dehradun currently and when can we expect the complete sale of this community?
- Rajit Mehta:** We only have about 25 units now left in Dehradun and hopefully in the next 12 months we should be able to sell the entire inventory.
- Moderator:** Thank you. The next question is from the line of Isha Savla from Arya Securities. Please go ahead.
- Isha Savla:** I have couple of questions considering the monthly sales velocity of 6 units for Noida phase 1 property, can we expect Company sale of these 340 units in next 6 to 7 quarters?
- Rajit Mehta:** Yes absolutely.
- Isha Savla:** And sir our volume in care at home business have been declining sequentially since Quarter 1 FY22 we understand that Quarter 1 FY22 volumes were good because of the COVID second wave now what kind of quarterly volume run rate and contribution margin we can expect in this segment?
- Vaibhav Poddar:** As you rightly mentioned the Quarter 1 revenues had peaked because of the COVID pandemic and Quarter 2, Quarter 3 what we are seeing guys that in the hospitals right the elective surgeries as well as the medical tourism both

domestic and international continues to be a very low, international flights are opened very selectively for patients and that is why we see that the tourism market which is a significant demand for care at home also because they need pre and post-surgical support that has been reduced and also because of the pandemic a lot of people are avoiding having care giver come in and out of their homes. So, majority of the demand that we are seeing is for 24-hour support in homes, but the 12-hour support which is usually the larger part of the market is still recovering from the post pandemic here.

Isha Savla: And sir in the investor presentation you have mentioned that occupancy rate at Delhi care home was just 14% during the last quarter and Gurgaon care home occupancy at 36% is also not very high, so can you share what was the peak occupancy rates we have seen in the care homes and what kind of occupancy rate we can expect going ahead like also by when we can expect EBITDA positive for care home segment?

Vaibhav Poddar: So, first thing as already mentioned care homes is a new segment that we are entering into and that is why the ability to create awareness of this facility is equally a time taken thing. So, we have seen continuously two benefit side one is that the occupancy has gone up inching up every time that every quarter that we are spending and the ALOS or the patient who are staying with us has gone up significantly from around 14 days to 25 days now. So, I think the proposition seems to be strong and working. We are expecting that individually the care homes will breakeven once they hit around 45% to 50% occupancy.

Isha Savla: Sir last question on balance sheet side like what is the total gross debt and cash and cash equivalent position as on 31st December?

Ajay Agrawal: Gross cash and cash equivalent.

Isha Savla: Gross both in cash and cash equivalent?

Ajay Agrawal: I have to check that gross cash and cash equivalent I will share this with you separately.

Moderator: Thank you. The next question is from the line of Chaitanya Deepak Shah from Silver Light Capital. Please go ahead.

Chaitanya Deepak Shah: So, my question is for Vaibhav this is regarding the assisted care homes that we started running now I just wanted to understand what competitive advantage do we have vis-a-vis hospital starting this themselves because I am assuming they have the doctors and nurses and they will be able to sweat the assets much better than us and from a long term view how competitive are we vis-a-vis hospitals?

Vaibhav Poddar: I think principally what we have to understand is that care homes versus hospitals they are principally very different things. A care home is more a home which also has medical facilities imbibed into it. So, for any patient who is under active treatment would obviously be in a hospital, but once the patient comes out of a hospital and is not in an active treatment and just need care and support and cannot live his or her life very independently then they move into something which is known as care homes. So, if somebody has to be in an ICU or somebody has to undergo an active treatment they would obviously prefer in a hospital, but if somebody is unable to support themselves at home or are 70 to 75 plus and are staying alone and cannot manage the home themselves they will not want to check into a hospital, they would rather stay in a care home and our homes as I already mentioned are more focused on providing a home like environment while ensuring that all the medical facilities for care perspective is given to them. So, we do not treat any patients in our care homes so if somebody falls ill or somebody, they do not come into a care home for treatment. So, for any treatment they will go to hospital, but for care and comfort they will check into the care homes.

Chaitanya Deepak Shah: Do you expect hospitals to get into this segment in the future I mean it seems like it would be synergistic for them to get into something like this?

Vaibhav Poddar: So, if you look at it only from one perspective which is they have hospitals and nurses then that is an extension, but if you really see the principle on how they work versus how hospital and care home work is very distinct. Here the customers are long stay right the focus on hospitality and care is very important

while in a hospital the mindset is very focused on treatment and most of the big hospitals will actually reduce the stay off the patient within them because the way a hospital makes money is through surgery and interventions they do not make money if a patient stays with them for long term and this difference in mindset of how a hospital makes money versus how a care home makes money is very distinct. So, it is not something just because they have nurses and doctors it is not an ideal extension for them and even globally if you see there is not a single hospital chain which runs care homes themselves.

Chaitanya Deepak Shah: And how many homes should we expect in the next financial year if you have any sort of estimate that you are working on?

Vaibhav Poddar: So, currently we have around 70 beds and we are looking to reach around 200 beds by end of FY23.

Chaitanya Deepak Shah: And I just have one question and this would be for Rajit this is regarding the Max Bupa sale that we made a couple of years ago and I mean I just wanted to understand I was just seeing a number you know one sixth of Star Health Insurance at that time when the sale happened and the sale was made for enterprise value of I think Rs 1,000 crores now today Star Health is valued at Rs 45,000 crore so I have been a shareholder of Max since years as a shareholder I just feel that we might have made a big mistake because the valuation gap is too big right now, would you like to comment on this?

Rajit Mehta: You are talking about valuation of Star Health not Niva Bupa right?

Chaitanya Deepak Shah: I am talking about Bupa and comparing it to Star because we sold it for Rs 1,000 crore valuation.

Rajit Mehta: It is an apple orange comparison very different circumstances, very different build outs and therefore we had promised our shareholders at that time those who want to exit will give a very reasonable price of Rs. 85 per share for capital reduction. So, we had made that offer very clearly to our shareholders. So, very different comparison we can take it offline because I have also come from the insurance sector it is an apple-to-orange comparison actually.

Chaitanya Deepak Shah: I would really like to connect with you offline and understand the rationale for this.

Rajit Mehta: Sure.

Moderator: Thank you. The next question is from the line of Anant from Newport Capital. Please go ahead.

Anant: So, few questions on care homes because I think that seems to be segment which is going to drive growth over the next 5 to 7 years, so if I understand it correctly you mentioned earlier that you are targeting 35 to 40 care homes over the next 5 years to 7 years and assisted care revenue would be equivalent to your residence revenue, so I just want to understand how easy is it to setup a care home or how the build out will go through say in FY23 and FY24 because does not it involve like acquisition of land, making the whole care home flipping it, so I do not understand how easy it is going to be suddenly go from 2 to 35-40 Care home in the next 5 years to 7 years, can you just elaborate on that?

Rajit Mehta: So first of all, 35, 40 means about 1,500 beds or so and these are all asset light model. So, we do not buy a single care home. These are built out properties already lying there we just take them on lease and operate them. In some cases, we have taken the full property and now we are soon experimenting with taking out part of the property only and then take more as the occupancy builds up. So, it is an only money we spent is on putting in safety features like anti-skid tiles wheel chair access, grab bars, nursing station, emergency call button the physiotherapy unit. So, we do not buy the land and built it out it all build out properties like for example guest houses, Oyo town houses which we take on rent, refurbish them and start operating and if you look at the new model, we have now just come up with in the month of January which is taking part of the property that is immunity scalable. So, earlier as Vaibhav pointed out we already have 70 beds we will soon go up to 200 in the next 12 months. So, therefore expansion to 1,500 is not an issue these are not bought properties.

Anant: So, 70 to 200 in a year you are saying because these properties are already there it is a question of negotiating the deal and then refurbishing a little bit and getting started on this?

Rajit Mehta: Correct and of course there are compliances to be taken care of fire etcthat also.

Anant: So, now coming back to your breakeven of say suppose you acquire a property now you have two properties and the occupancy rate currently 14%, 35% odd percent and you said 45-50% plus is going to be the breakeven, so how long does it go take for you to go from starting off or launching to like reaching a 45% to 50% on an average what do you think it would lay out care?

Rajit Mehta: About 24 months or so but remember in the last 20 months where we have been up and running about 10 months has been pandemic disruption. So, we have not had any international patient, domestic outstation patients have been limited, access to hospitals has been limited despite that we are able to see a 36% occupancy in Gurgaon, but normally in the normal circumstance within 24 months we should see a 50% occupancy and a breakeven in first 24 months of any care homes and by the way despite all the issues we are able to see that both for Gurgaon and GK that trend visible to us.

Anant: So, you are happy with the occupancy rate that you are showing currently?

Rajit Mehta: I am not happy, but in the circumstances that we have we have no choice and therefore we also did an optimization of course and therefore instead of a 60%, 70% occupancy breakeven it come down to 45%, 50% now.

Anant: Now what I wanted to emphasize you are saying in spite of the pandemic these are the numbers that you have shown then as shareholders you are saying that this is the number which you should be contained with rather than pointing out that this is a loner because as it is if we come across it looks like low, but we have to put that in to context of the pandemic that seems to be what you are trying to say?

Rajit Mehta: Yeah, that is one and secondly in terms of our base model assumptions of breaking evening the first 24 months that we are able to see.

Ajay Agarwal: Just to add in this it is important that you know the building blocks are all in place. We have to move forward with our growth because this is COVID is going to stay. So, now things are as you see the first wave the intensity, they are of the second intensity and third intensity the intensity is shallowing down and so we have to be absolutely ready once this comes in as a business as usual at that time when people start coming back to the form which they were earlier pre COVID you should be absolutely ready to capture that opportunity.

Rajit Mehta: And as Vaibhav also said earlier this is a category creation job as well, it is not an intuitive category in India and yet I like the western world where assisted living is well known and accepted.

Anant: You said it is sort of not the intuitive in India, so I just want to understand what is the profile of your clients at care homes and this is like the middle class, upper middle-class rich who are the kind of people who are your clients at care home?

Rajit Mehta: So, normally these are people who are 70 plus who are facing ageing related issue or need rehabilitation after an intense medical episode. They are able to afford 4,000 to 5,000 or Rs 1.5 lakh kind of ticket size per month, but please remember this is all inclusive. They get boarding, lodging, nursing, access to physiotherapy, diagnostic, engagement activities all thrown in. So, we did a comparison to what would it cost a senior to stay at home and engage a nurse for 24 hours. This is actually a cheaper option for them so our target segment is household income of Rs 15 lakh per annum and above and we are seeing a profile of patients who are 70 plus who do not have the kids and kin around them mostly who are becoming customers to us and for short stay a different price point that is a little about 4,500 or 4,000 per day and that is purely for one week, two weeks, three weeks post or pre surgery.

Anant: Just one last thing so as you said Rs. 15 lakh per annum seems to be the target segment so these guys are typically the kids are abroad or kids are in a different city is that the setup that you are seeing in the families?

Rajit Mehta: Mostly.

Moderator: Thank you. The next question is from the line of Keshav Garg from CCIPL. Please go ahead.

Keshav Garg: Sir just wanted to get an idea that for the next financial year FY23 what kind of top line can shareholder expect and with some idea on the margin also?

Rajit Mehta: Keshav very difficult for us to give projections when the process of finalizing our business plans in the month of January and by March we should be done maybe in the next call we will be able to give you a flavor.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I now hand the conference over to Mr. Rajit Mehta for closing comments.

Rajit Mehta: So, thank you very much for engaging call great questions asked. As I said I will reiterate just two or three points. One, Antara is the only Company in India trying to create any integrated ecosystem for seniors for all the needs that they have. We have competencies under one umbrella given our background in insurance, healthcare, infrastructure, hospitality to be able to create this and differentiate ourselves. The last few months have been a great vindication to what we have built as a brand as a product, as a service in reputation both for residences for senior where we are seeing increased velocity as well as initial success, we are seeing in the build out of Antara assisted care. All the building blocks in terms of clinical processes, non-clinical processes, products and services, team are fundamentally in place, and you can see the validation in terms of trajectory as well as the certification that we got for our care at home services and the customer satisfaction of course. So, I would say we are in a good play as of now, need to now press a button on scaling up as we go forward. So, thank you very much, keep safe and all the best.

Moderator: Thank you. Ladies and gentlemen on behalf of Max India Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.