



## Max Healthcare Institute Limited

### Q1 FY26 Earnings Conference Call Transcript

August 14, 2025

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**Moderator:** Ladies and gentlemen, good day, and welcome to Max Healthcare Institute Limited's Earnings Conference Call.

Please note that this conference is being recorded.

I now hand the conference over to Mr. Suraj from CDR India. Thank you, and over to you, sir.

**Suraj Digawalekar:** Thank you, Nirav. Good afternoon, everyone. And thank you for joining us on Max Healthcare's Q1 FY '26 Earnings Conference Call.

We have with us Mr. Abhay Soi – Chairman and Managing Director; Mr. Yogesh Sareen – Senior Director and Chief Financial Officer; and Mr. Keshav Gupta – Senior Director, Growth, M&A and Business Planning.

We will begin the call with opening remarks from the management, following which we will have the forum open for an interactive Q&A session.

Before we begin, I would like to point out that some statements made in today's discussion may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Abhay to make his opening remarks. Thank you, and over to you, Abhay.

**Abhay Soi:** Good morning, everyone, and thank you for joining us on Max Healthcare's Q1 FY '26 Earnings Call.

We are pleased to report a strong start to the financial year, with year-on-year growth of 27% in revenue and 23% in operating EBITDA for the Network. This marks the 19<sup>th</sup> consecutive quarter of year-on-year growth, underscoring the success of our strategy and strong execution capabilities of the team. This performance is driven, in part, by the successful integration of the hospital acquisitions made in recent years, which have significantly bolstered both our top and bottom-line results.

Looking ahead, our focus remains on commissioning the new bed capacities scheduled to come on stream during the course of the year. We expect to add approximately 1,000 brownfield and 500 greenfield beds. Trial runs have already been initiated at the new 160-bed brownfield tower at Max Mohali.

In addition, our Board has recently approved the execution of an agreement-to-lease for a “built-to-suit” 130-bed hospital in Dehradun. The site is located approximately

100 meters from our existing 220-bed Max Dehradun facility, which reported over 80% occupancy in Q1 FY '26. The new facility is expected to be commissioned by the end of 2028 and will primarily focus on advanced oncology services, including radiation therapy, which is presently missing at our Max Dehradun facility.

As part of our strategy to focus on super-specialty care in selected geographies, we have executed a binding term sheet to divest Chitta and Anoopshahr hospitals for Rs. 40 crores, with completion expected by September '25. Of the two, only Chitta hospital was operational and reported approximately Rs. 5 crores in revenue and Rs. 1 crore of EBITDA loss in Q1 FY '26. These assets were part of the overall Jaypee Healthcare acquisition and had limited strategic alignment.

Now coming to the performance highlights of the first quarter. Please note that the term "Existing Units" hereafter refers to the Network facilities that were operational prior to Q1 FY '25, while Max Noida and Max Dwarka are categorized as the "New Units".

- 1) Average occupancy for the Network stood at 76% compared to 75% in both Q1 last year and the trailing quarter. However, Existing Units achieved occupancy levels of over 78%.
- 2) Occupied bed days increased by 26% year-on-year and 4% quarter-on-quarter.
- 3) Average revenue per occupied bed for the quarter was Rs. 78,000, growing nominally by 1% year-on-year as well as quarter-on-quarter. For the Existing Units, like-for-like ARPOB grew by 5% year-on-year and 2% quarter-on-quarter.
- 4) Network gross revenue was Rs. 2,574 crores, up from Rs. 2,028 crores in Q1 last year and Rs. 2,429 crores in the previous quarter. This reflects an increase of 27% year-on-year and 6% versus the trailing quarter. Of this, New Units reported a gross revenue of Rs. 231 crores. Like-for-like revenue growth in Existing Units was 16%, driven by an increase of 10% in occupied bed days and 5% in ARPOB.
- 5) Digital revenue from online marketing activities, web-based appointments and digital lead management was Rs. 744 crores, accounting for approximately 29% of the overall revenue. Website traffic witnessed over 69 lakh sessions during the quarter, growing by 61% year-on-year and 7% quarter-on-quarter.
- 6) International patient revenue reached Rs. 208 crores, registering a growth of 32% year-on-year and 3% quarter-on-quarter despite airspace restrictions and geopolitical volatility in certain regions.
- 7) Network operating EBITDA stood at Rs. 613 crores, reflecting a growth of 23% year-on-year and a 3% dip quarter-on-quarter, primarily due to the impact of annual increments and additional manpower hired for new capacities. New Units contributed Rs. 27 crores to the Network EBITDA, representing a growth of 19% compared to trailing quarter.
- 8) Network operating EBITDA margin was 24.9% for the quarter. Existing Units reported an EBITDA margin of 26.2%, which is 44 basis points higher than Q1 last year. Also, adjusted for the one-time donation of Rs. 12 crores, the margin increased to 26.7% for Existing Units.
- 9) Annualized EBITDA per bed for the Network stood at Rs. 68 lakhs. Like-for-like EBITDA per bed for Existing Units was Rs. 75 lakhs, reflecting a 7% growth year-on-year.

- 10) Profit after tax for the Network was Rs. 345 crores versus Rs. 295 crores in Q1 last year and Rs. 376 crores in the previous quarter, reflecting a growth of 17% year-on-year.
- 11) Free cash flows for the quarter were Rs. 389 crores. We deployed Rs. 435 crores towards ongoing capacity expansion projects and facility upgrades at newer units, while Rs. 131 crore was spent towards land purchase for brownfield expansion at Max Vaishali. As a result, net debt for the Network stood at Rs. 1,755 crores compared to Rs. 1,576 crores at the end of March 2025.
- 12) Continuing our efforts to support the local communities, we provided free treatment to approximately 40,000 patients from economically weaker sections of the society, worth Rs. 62 crores at hospital tariff.
- 13) Both our strategic business units continued to report steady growth in their revenue and profitability.
- Max@Home reported a top line of Rs. 60 crores, reflecting a robust growth of 22% year-on-year. It offers 15 specialized service lines across 15 cities, with over 50% repeat transactions.
  - On the other hand, Max Lab reported a revenue of Rs. 48 crores, reflecting a growth of 19% year-on-year. It provides services in over 55 cities through its network of more than 1,300 collection centres and active partners.
- 14) Now coming to the status of our expansion projects:
- 268 beds at Nanavati in Phase 1 – We are in the advanced stages of commissioning three basements, ground to third floors, along with the seventh floor, over the next few weeks.
  - 400 beds of Max Smart at Saket Complex – Interior and MEP fit-out works are progressing as planned, with phased commissioning expected to start towards the end of Q2 FY '26.
  - Max Lucknow – The current capacity of the hospital stands at 413 beds, and we expect this to increase to 520 beds by end of the financial year. Of the 107 additional beds, 32 beds are ready for commissioning. The oncology bunkers are also in advanced stages of completion, with LINAC installation expected to start in early September of this year.
  - 500 beds at Sector 56 Gurgaon – Structural MEP work is currently in progress, with high side equipment under installation. We expect to commission the facility by the end of this financial year.
  - 100 beds at Max Nagpur – We are currently awaiting formal environmental clearance, while the project has been otherwise approved. Civil contract has been awarded and we expect to complete the project within 24 months.
  - 397 beds at Patparganj – Post receipt of environmental clearance, barricading and tendering work is in progress. The D-wall designs, etc., have been done and work is now being awarded accordingly. This is also in line with what we had projected.
  - 550 beds at Max Vikrant at Saket Complex – We are still awaiting clearance from the Forest Department for tree transplantation. A fresh application has been submitted in line with discussions with the department. In any case, this project is to start upon commissioning of the 400 beds at Max Smart by the end of this year.

- 400 beds at Zirakpur, Mohali – Partner has received approvals for the drawing and construction, and site work is progressing at a very fast pace. The project is expected to be completed within the next 24 months.
- 140 beds at land adjoining Max Vaishali – Demolition of the existing structure is underway, and the building plans are being filed with the authorities. We expect to complete this project within the next 30 months.
- 500 beds at Thane – Partner is in the process of finalizing the master plan for the larger site. Detailed drawings for the hospital are being prepared, and we expect submissions to begin by the end of this quarter.
- 250 beds at Pitampura, Delhi – Partner has submitted drawings for approval, while site clean-up and barricading works have been completed. Construction work to commence upon receipt of necessary approvals.

With this, we open the floor for any questions you may have.

**Moderator:** Thank you very much. The first question is from the line of Tushar Manudhane from Motilal Oswal Financial Services Ltd.

**Tushar Manudhane:** Sir, just in terms of the operational beds have increased by almost 25%, and that is how the revenue growth it seems to be given the stable ARPOB at the headline level. So, if I exclude these additional operational beds, which would have happened over last one year, then the remaining beds performance, how it has been, if you could throw some light.

**Abhay Soi:** Like we mentioned, Dwarka opened in July'24, and Jaypee Noida was acquired in Oct-November'24. If we just take these two facilities out, then the growth in revenue has been 16%.

**Tushar Manudhane:** And that is driven again by further sort of optimizing payor mix? Or is it a combination of --?

**Yogesh Sareen:** Basically, for the Existing Units, that means including the Lucknow and Nagpur hospitals, the growth has been 16% and 18% in revenue and operating EBITDA, as Abhay mentioned. If we take out these two new hospitals, i.e., Lucknow and Nagpur, the acquisitions of which happened in the Q4 FY '24, in that case, the growth would be around 13% in revenue and around 15% in operating EBITDA, excluding one-time donation. So that means even the base level of existing hospitals, after taking out Lucknow and Nagpur, has seen quite a robust growth.

Also, I want to mention that in that case, the growth in ARPOB will be 7% instead of 5% that Abhay mentioned over the Existing Units. The base level existing hospitals growth is 7% in ARPOB, 5% in the OBDs and overall growth in the revenue is 13%.

**Tushar Manudhane:** And of course, the occupancy would be, any which ways, going sort of 80% plus, right? I mean, because the headline occupancy itself is at 75%, 76%.

**Yogesh Sareen:** Occupancy in the base level hospitals will be around 79.9% in this quarter.

**Abhay Soi:** Almost 80% in the quarter for the base hospitals. But if you add Lucknow and Nagpur to it, then it comes down to 78%. And then if you add the other two (Dwarka and Jaypee) which we did last year, then it comes down to that 76%, which is similar to what it was last year.

- Tushar Manudhane:** Got it. Yes, fair. I mean, the further extension to this is that if I exclude this new whatever that got added over last year, then the base hospitals, given that we have already grown in this year as well, and we are already at 80% occupancy --
- Abhay Soi:** That's right. But I just want to tell you that we are calling the two hospitals that were added in the last 12 months, as existing hospitals, right? But if we extend this argument to 15 months, then it becomes four hospitals. So therefore, we are just telling you for the existing hospitals that we are only counting the 12 months. In spite of that, the occupancy has gone up from 75% to 78%. But if we take out the two, which were added in last March, then it goes up to about 80%.
- Tushar Manudhane:** Got it. So subsequently, new growth because of these new additions is very much intact as we for FY '26 to '28 or '29. Just trying to understand if I exclude all these and only on the base hospitals, probably now the base, it's been dynamic in nature. So, I cannot do much about it. But let's say, if I exclude last 12 months additions, then subsequently whatever there's a recent comment and we are reaching at 80% occupancy, in the next two to three years is there still scope to grow and further increase the occupancy? Or that becomes more or less the base, and so the addition of beds is what is going to drive the growth going forward?
- Abhay Soi:** No. See, for your base hospitals itself, the nomenclature changes. You see whatever has been added really over the last 12 months or the 15 months has been acquisitions and greenfield, right?
- Tushar Manudhane:** Yes.
- Abhay Soi:** For example, what we are going to be adding in the next 30-60 days are the three brownfields that are coming through. So, they add on to the existing facilities. Then it's difficult to say that, look, in a brownfield, the earlier beds are growing by this much and the newer beds are growing by that much. And since it's brownfield, the take up should be very quick.
- Tushar Manudhane:** Understood. And sir, just secondly on this international patient flow, which all other geographies we have been sort of engaged with to get this kind of high growth?
- Abhay Soi:** So, I do not want to go into details of specific countries. There have been newer geographies, including some of the developed countries as well. But of course, some time back, we had guided you to the fact that we were opening direct-to-fly offices in other countries. There was a focus towards international marketing, and that business is something we had called out much earlier even a few years back. And I think what this has led to is that we have got increased traction through that strategy. And we have been doing more of that and being able to drive more patients.
- Tushar Manudhane:** Got it. And just lastly from my side in terms of net debt, given the projects at hand, without considering any inorganic opportunity at this point of time because that will be as and when it comes, how should one sort of think of net debt at the end of FY '26?
- Yogesh Sareen:** Yes, the net debt will go up to some extent because we have tied up some funds for the projects underway. By the end of FY '26, we may probably have addition in the net debt to the extent of around Rs. 400-500 crores.
- Abhay Soi:** Rs. 400-500 crores. It will translate into Net debt-to-EBITDA of still less than 1.0x I believe.

**Moderator:** Thank you. Next question is from the line of Damayanti Kerai from HSBC Securities and Capital Markets (India) Private Limited.

**Damayanti Kerai:** My first question is on your focus on the oncology segment. So, this is largest for you, and year-on-year also I think it has gone up. So, it's already 25%, 26% of your total hospital revenue. And I understand in newer hospitals also you are trying to offer these services. So, in terms of further growth from current level, what kind of headroom do you think is available here?

**Abhay Soi:** First and foremost, some of the newer hospitals, particularly Dwarka and Lucknow, do not offer radiation oncology at this point of time, because the bunkers are not there. But in the third quarter, we are expecting the bunkers to come through in both of these hospitals. Therefore, you will see a larger share of oncology certainly in these hospitals, and that will impact the overall share as well. We do not believe that there is any reason for the growth in oncology to abate. These are structural factors and we are essentially catering to the market. Essentially, the market is growing at what it is, and that is what is leading to increase in our share of oncology.

**Damayanti Kerai:** Okay. And do you think the kind of demand out there in the market and your leading position here, this therapy could be upwards of 30% in, say a few years from now. And why I am asking because I guess what we are hearing from your peers also, they are focusing a lot more on oncology compared to a few years back, from that perspective?

**Abhay Soi:** I think to a large extent we can say we are focusing on it, but we are also all reacting to what is happening in the market. And yes, we have seen growth in oncology numbers, perhaps more than other specialties. And if you compound it at that, then certainly you will start increasing the share of oncology, and it will be a higher market share. It has been growing, and it's not necessarily that the new facilities that we acquired that has led to this growth in oncology alone. Because the newer facilities, like I mentioned, have a lower component of oncology at this point of time since the radiation-oncology is not there yet.

For example, Nagpur does not have radiation-oncology. Lucknow did not have radiation-oncology. Dwarka does not have a radiation-oncology. Jaypee does have, so that's really only one out of the four new hospitals. And like I said, when we are able to expand our suite of services, which is in Q3, in at least two out of these four hospitals, then the share should go up.

**Damayanti Kerai:** Got it. My second question is on your newer hospitals, which will open soon. Say, Nanavati will start in next few weeks or so, and then Smart is also coming up by end of this current quarter. So, what is the status right now on the doctor hiring part? Like when do you onboard most of the doctors, like before start of the unit or you will add on gradually as you offer more and more services? And what kind of numbers you are looking here?

**Abhay Soi:** All the brownfield expansions largely offer the entire suite of services. Like I mentioned earlier, some amount of hiring that was required for augmentation of these newer hospitals has already happened, particularly at Nanavati, Mohali and Smart (Saket). For instance, when we open 400 beds, we are not opening 400 beds on day one. As and when you get the floors, you open it up but we have more than adequate clinicians already onboarded to be able to support the operations. Then incrementally you will keep growing thereafter as well. But that will only be incremental, so you would not feel it. So, whatever has been absorbed is absorbed and you will not see any impact because of that.

- Damayanti Kerai:** Got it. That's helpful. Thank you and I will get back in the queue.
- Moderator:** Thank you. Next question is from the line of Shaleen from UBS Securities India Private Ltd.
- Shaleen Kumar:** Hi, guys. Thank you so much for the opportunity. So, one question which I want to understand, you made a comment Abhay also that direct cost has gone up, and it's largely because of the New Units. But is this going to be stable from here? For example, I can see that your direct cost is Rs. 1,000 crores right now from Rs. 917 crores to Rs. 1,015 crores. So now the growth of this unit would be inflationary or there will be more additions will be that? And the subsequent impact on the margin. So, from Q4 to Q1, I understand this is seasonally weak. But if direct cost shouldn't go up, then one should expect margin to expand from here onwards meaningfully?
- Abhay Soi:** As far as direct cost is concerned, the significant majority of it is manpower cost. And on 1st of April we have increased salaries, so you get that bump up from 31st March to 1st April. We have always maintained that brownfields do not really have an impact, but 30 days before or a few weeks before when you are doing trial runs, etc., you have staffed the hospital. It may not necessarily only be clinicians, but also people down the line. You staff for the hospital before fully commissioning and you are kind of carrying that cost. So yes, I think that little bit of cost may not be generating extra revenues, but it will do so over the next few weeks, once these brownfields kick in. Coming to your point, theoretically, it should increase.
- Keshav Gupta:** On the direct cost specifically going to about Rs. 1,000 crores. Yes, a bunch of doctors have joined, which are part of the system that was basically a prebuild up for the new capacities coming in. But a lot of them will also join alongside when the capacities get commissioned phase by phase. They will go in tandem to the revenues kicking in as well.
- Abhay Soi:** Yes. But there's no negative impact of that.
- Yogesh Sareen:** Shaleen, also as we progress into the coming quarters, the share of the institutional beds will come down as far as these hospitals are concerned. Because you know that our strategy is to fill up the beds and then distil the payor mix. So, this ratio should improve. The institutional share has gone up because of the new beds, etc. and as we speak, the occupancies in hospital like Dwarka, which started only 12 months back, is already 81-82%. It's because we said let's fill it up with whatever demand we have. Once the payor mix ratio improves, the direct cost percentage will also come down.
- Shaleen Kumar:** Sure, sir. Because typically when we move from Q1 to Q2, there is a sequential reasonable jump of 5%, 6% happens on the revenue. It may be more or less depending upon ramp-up of the new facility. I hope it's more. But we should not expect direct cost to also move up in the same line, right? It may not move up, right.
- Yogesh Sareen:** Yes, as a percentage, this should be moderate.
- Abhay Soi:** You are right, your hypothesis is correct.
- Shaleen Kumar:** Correct. All right, sir. So, we should expect a decent margin expansion then. This Rs. 12-crore donation, is it part of your CSR expense? Or is it outside of that?
- Yogesh Sareen:** No. CSR expense is generally incurred by the companies and not by trusts. This is a spend, which has been incurred by the Devki Devi Foundation (DDF) and done on

the recommendation of its governing body. Nevertheless, it's a one-time donation that has been made from the DDF society.

**Shaleen Kumar:** So, this is a part of our indirect cost?

**Yogesh Sareen:** It's part of the indirect overheads, yes, at this point of time.

**Abhay Soi:** It's one-time.

**Shaleen Kumar:** One-time. So, net-net, yes, so I just wanted to ask because it is CSR then it's not onetime. But it's ex of CSR, then it's one time.

**Yogesh Sareen:** In a charitable society, there is no CSR. CSR only applies to companies. That money has been spent by the DDF society. So that's the reason why it is a donation and not CSR.

**Shaleen Kumar:** Basically, when I think about it, let's say, everything remains same next quarter, then I should add back this Rs. 12 crores to the revenue, right, to the EBITDA.

**Abhay Soi:** That's right. Rs. 12 crores will never happen again, yes.

**Shaleen Kumar:** Yes. So yes, so that's my Rs. 12 crore, which I can add back to my EBITDA, right, next quarter?

**Abhay Soi:** That's right.

**Shaleen Kumar:** And the last bit, any colour if you can give us on the 2Q? How has it been going for you guys, right? How is the season on the vector-borne, etc? Typically, it's a strong season for us.

**Abhay Soi:** I am going to avoid giving any forward-looking statements. I will just tell you that normally the vector season happens towards the end of monsoon. This year the monsoon has been long. So only at the end of monsoon, we will start seeing it. There has to be stagnation of water for vector-borne diseases to kind of set in. It normally happens when the monsoon starts receding. But right now, the monsoon has been sort of continuing.

I think the important thing, to look at, is that at the existing hospitals, excluding any additions that we did over the last 15 months, there's a 7% growth in ARPOB and there is a significant increase in revenue and EBITDA. And occupancy has certainly gone up to 80% for the base hospitals.

Second thing to look at is the two hospitals (Lucknow and Nagpur), which were added 15 months ago, both these will have a better sense of maturity about them because they have been with us for longer. Both of these have also contributed to increase in the occupancies. And in spite of both of them, you still see ARPOB move up by maybe 5% and occupancies go up by a couple of percentage points.

And then if I add the two hospitals, one we really acquired in October-November '24 (Noida), the other was a Greenfield (Dwarka) in July '24 that we started. In spite of those, we see flat occupancies on an overall basis. So, even the newer facilities haven't really dragged down our operations or our numbers significantly. And yet they provide us an opportunity as they mature.

- Shaleen Kumar:** Got it. Absolutely, I can see that. Thank you so much, guys. I will get back in the queue. Thank you.
- Moderator:** Thank you. Next question is from the line of Rajat Shah from PGIM India Asset Management Private Limited.
- Rajat Shah:** Yes. So, I just wanted to know regarding the growth trajectory of the acquired hospital on revenue and EBITDA basis. How has it been post the acquisition?
- Yogesh Sareen:** You are talking about Nagpur and Lucknow?
- Rajat Shah:** Including Lucknow, Nagpur and also Noida, Dwarka.
- Yogesh Sareen:** Yes. So, Lucknow has been doing very well. On a Y-o-Y basis, the revenue growth is 97% and EBITDA growth is 191%. At Nagpur, we have grown the revenues by 27% Y-o-Y and EBITDA growth is also in the same range. Noida has been a bit subdued, with around 14% Y-o-Y growth in revenue and EBITDA growth is 32% Y-o-Y. Again, this is based on the numbers that we have of the last year. These are not our numbers, but basically the numbers that we could get from the erstwhile management.
- Rajat Shah:** Okay, perfect. That's it from my side.
- Moderator:** Thank you. Next question is from the line of Neha Manpuria from Bank of America Securities India Limited.
- Neha Manpuria:** First question, Abhay, when does Nanavati's new block fully become operational? You said that we are currently operationalizing one of the floors and I think the basement. When can we see the unit becoming, let's say, fully operational from a bed perspective?
- Abhay Soi:** The basement is also used for onco services, nuclear medicine, etc. So, we will be starting over the next few weeks with a couple of floors. And then by October-November '25, we should be starting the rest of the beds, including operation theatres, etc.
- Neha Manpuria:** Okay. Understood. And my second question is, if I look at the New Units numbers that you have given for fourth quarter versus this quarter, it seems like its broadly similar to what we did in the fourth quarter. I thought that Dwarka had achieved breakeven last quarter, and that should be positive. So, is it just a seasonality thing? Because I thought the seasonality isn't as stark quarter-on-quarter from fourth to first. And I would have expected that, or should I assume till the time we do not see onco come in, in Dwarka, you would not really see that big ramp-up happening?
- Abhay Soi:** No, on the contrary. You are right that there is seasonality. But for a new unit, there is no seasonality because your growth momentum itself takes care of the seasonality and beyond. We have seen very high ramp-up of occupancies and everything else at Dwarka. So no, I do not think we are waiting for anything to come in. In fact, we are already planning brownfield expansion at Dwarka because we are running out of capacity over there.
- Yogesh Sareen:** Dwarka's revenue growth is 24% quarter-on-quarter, which means that we have grown the revenues from the Q4 FY '25 to Q1 FY '26 by 24%. EBITDA is also up by Rs. 7-8 crores from Q4.

- Abhay Soi:** Yes. And I think we have passed the breakeven and any seasonality questions over there. We are already at capacity run out status.
- Neha Manpuria:** Okay. And so, in which case, then I am wondering if Noida could have done better this quarter, but because I would have assumed that you would see a much larger improvement given the ramp-up in Dwarka and also Noida starting to improve performance. So just trying to get a sense, is Noida on track with what we are expecting? Or should I expect an acceleration as we go through the rest of this year?
- Abhay Soi:** You will certainly see acceleration in Noida as well. Like I had mentioned, we acquired it in October-November '24. The first couple of quarters are always the most crucial because you are kind of integrating it into your IT systems, etc. We changed the name of the company when we bought it from the NCLT. In this particular case, all the licenses, including transplant licenses, blood bank licenses, etc., had to be reapplied. So those have been coming through gradually.
- So, literally, we have been operating a little bit with our hands tied behind our back. And then again, this was a company which has been in liquidation for many years. The equipment is out of life. We have ordered all the equipment, which have been coming in phases. All the building blocks have been put in place.
- So typically, in any acquisition that you do of this nature, the second year is better than the first year. The first quarter will always be the weaker quarter, right? It will be the weakest quarter because that's perhaps the time you have been able to implement the least number of changes that you wish to because whether it's equipment, management, doctors, etc., the onboarding does take 3 to 6 months.
- And like I said, in this particular case, even though it's an acquisition that we did, but somewhere it was a greenfield because we lost all the licenses. And then we had to get them all renewed in the new company. But yes, most certainly, what's going to happen is that going forward, you are going to have a snowballing effect. In the quarters to come, you should see significant upside there.
- Neha Manpuria:** So, it's fair to assume that all of the grunt work that needed to be done for Noida in terms of licensing, equipment, etc., will be done. I mean you should start seeing that from the subsequent quarters.
- Abhay Soi:** It is already done. But when you order the equipment, the supply chain itself comes from overseas. There is a 6-month process from the day you indent it for you to get some of these equipment in place.
- Neha Manpuria:** Understood. Yogesh, sir, what did you mention the Noida EBITDA at? Sorry, I missed that number.
- Yogesh Sareen:** For Noida, Y-o-Y growth in operating EBITDA is 32% and in revenue is 14%.
- Neha Manpuria:** And would you have the absolute number, sir, for the EBITDA, sorry?
- Yogesh Sareen:** It will be around Rs. 24 crores for the quarter.
- Neha Manpuria:** Okay. Thank you very much. That's helpful, sir. Thank you.
- Moderator:** Thank you. Next question is from the line of Kunal Dhamesha from Macquarie Capital Securities (India) Pvt. Ltd.

- Kunal Dhamesha:** Just continuing on the Dwarka and Noida thing. I think the total EBITDA contribution is around Rs. 23 crore or something?
- Yogesh Sareen:** It is Rs. 37 crores.
- Kunal Dhamesha:** Total contribution for Dwarka and Noida, which we have mentioned, the new hospitals, it is Rs. 27 crores, of which we are saying Rs. 24 crore is Noida, right?
- Yogesh Sareen:** No. You will also need to consider that the unit EBITDA will be 2.5% higher because we also cross-charge the HO cost when we report numbers to the investors. But when you see a unit performance, then it will be 2.5% higher in terms of EBITDA margin. 2.5% of the revenue is allocated to units as HO cost.
- Kunal Dhamesha:** So, this Rs. 27 crore is unallocated?
- Yogesh Sareen:** Rs. 24 crore that I mentioned is the unit EBITDA.
- Kunal Dhamesha:** And which would come down to what, around Rs. 20 crores, because Dwarka is...
- Yogesh Sareen:** It will come down by Rs. 2 crores.
- Kunal Dhamesha:** Because Dwarka, you said Rs. 7-8 crore, right?
- Yogesh Sareen:** That's right. Rs. 27 crore EBITDA is after 2.5% of Rs. 231 crores being allocated to these units. If you take out this HO cost, you will add Rs. 5 crores to this number. So, Rs. 32 crore is the combined unit EBITDA for Dwarka and Noida.
- Kunal Dhamesha:** Sure. Second question on the ARPOB. You suggested that including Lucknow and Nagpur, the ARPOB is around, what, 4.9% growth, right, excluding Noida and Dwarka. And then you are saying that the 3,500 bed that we originally had at 7%, that translates to around 7% ARPOB degrowth for Lucknow and Nagpur. Is that a correct math?
- Yogesh Sareen:** No. I think there's some confusion. So first of all, let's take the existing hospitals, excluding even Nagpur and Lucknow, the ARPOB growth is 7%. These are the hospitals which were operational in December '23.
- Kunal Dhamesha:** Correct.
- Yogesh Sareen:** So, factoring in Nagpur and Lucknow, which are the hospitals that we acquired in February '24 and March '24, then the ARPOB growth is 5%. If I factor in Dwarka as well as Noida, then the ARPOB growth is 1.2%.
- Kunal Dhamesha:** Correct. So, I am saying that for 3,500-bed to do 7% ARPOB growth, the ARPOB should have been degrown in Lucknow and Nagpur, right? Then only 7% comes down to 5%.
- Yogesh Sareen:** No, I am not sure what you are saying because there's no Y-o-Y number for the Dwarka. There's no number for last quarter in Dwarka.
- Kunal Dhamesha:** No, no. Just exclude Dwarka and this thing.
- Abhay Soi:** There is no degrowth in ARPOB in any of the hospitals. There's only increase in ARPOB.

- Kunal Dhamesha:** But then numbers are not basically connecting. How was that 7%? So, 3,500 beds, you are saying 7% ARPOB, right? We include Lucknow and Nagpur, which is around 600 beds, our presentation says that 4.9% growth or 5%, let's say, right? So then 7% is coming down to 5% by addition of Lucknow and Nagpur in the mix, which means -
- Abhay Soi:** It is average revenue per "occupied bed".
- Yogesh Sareen:** You are getting confused. Let me just give you the numbers. In the hospitals, which were operating until December '23, the occupied beds were 2,732. If we factor in the two hospitals, which is Nagpur and Lucknow, the occupied beds were 3,117. And if we take Dwarka and Noida, the occupied beds were 3,556. Now you can do the math.
- Kunal Dhamesha:** I will maybe connect offline on this.
- Yogesh Sareen:** The math will work out.
- Abhay Soi:** Please get your formula right. I have seen your formula and in spite of us saying that occupied bed days have gone up and ALOS has gone down, I believe that statements have been made in your formula that footfalls have come down for IPD. Theoretically, that's not even possible.
- Kunal Dhamesha:** Sure. I will do that, sir. Second question is, we have seen significant increase in institutional business, right? Even, let's say, because last year same quarter, we would not have Noida or Dwarka, right? But there is a significant increase. And I assume that Lucknow and Nagpur are not the centres for a lot of institutional patients, right?
- Abhay Soi:** No, we started institutional in Bombay also in view of the new beds coming in. We started it in Nagpur as well, where it was not there prior to our takeover. It was started last year, and so it is in Lucknow.
- Kunal Dhamesha:** Okay. But then existing beds, on the 3,500 beds, what would be your view? Is it more or less stable in terms of bed days from institutional or?
- Yogesh Sareen:** For example, Mohali, we are adding 160 beds. You cannot take institutional at that point of time. And so, we have taken institutional in the last quarter and the occupancy has already gone up. We are basically preparing for the new beds coming in.
- Abhay Soi:** So, it is in Mumbai, because it takes you six months to empanel yourself. Mumbai, for example, erstwhile there was no institutional business. Now we have empanelled for institutional.
- Kunal Dhamesha:** So, wherever the new expansion is coming, it is more strategic?
- Abhay Soi:** That's right.
- Kunal Dhamesha:** Great, sir. Thank you and all the best.
- Moderator:** Thank you. Next question is from the line of Mohammed Patel from Edelweiss Financial Services Ltd.
- Mohammed Patel:** I have a question on ARPOB growth. It has been flat overall. So how should we think of overall ARPOB in the near term?

- Abhay Soi:** Well, it has grown. For existing hospitals, it has grown by 7%. If you add the two hospitals that we acquired 15 months ago, then it has grown by 5%. If you look at all of the hospitals, then it looks flat. If you are going to start a new hospital or you acquire a new hospital, the ARPOB of that particular hospital is going to be lower. Therefore, it is going to bring the average down. Otherwise, for the existing hospitals, ARPOB and occupancy have gone up significantly.
- Mohammed Patel:** So, the overall ARPOB growth will take some time to reflect, right?
- Abhay Soi:** Yes. When you acquire a new hospital, you acquire it because it has lower ARPOB, and you acquire it at that price. And the whole idea is to increase the occupancy and the ARPOB of that hospital. Going forward, you will see ARPOB move up.
- Mohammed Patel:** Okay. So eventually, after a few quarters, the overall ARPOB growth will again start inching towards the high single digit?
- Abhay Soi:** That's right.
- Mohammed Patel:** Okay. And my second question is should we...
- Abhay Soi:** Having said that, it also depends on where you are acquiring. We buy for ROCE. We may acquire something in a tier-2 city, where the ARPOB is, let's say, half of the present ARPOB. The ARPOB of that place may never go up to our existing cluster ARPOB. The fact is, we have to figure out what ROCE are we buying it at. If we are buying it at a 20-25% ROCE, or if we believe we can get it to a 20-25% ROCE in spite of the hospital having a lower impact on our overall ARPOB, we will still acquire it, right? I think the cadence you are looking at is not correct. Looking at ARPOB by itself or margin by itself, of any capacity that you are acquiring or you are starting today, is not correct. What we have to see is do we have superior return on capital profile over there or not.
- Let's say, if we get an opportunity to buy a chain of hospitals, which operates at less than half of the overall ARPOB we are operating at, and we are able to buy it at 25% ROCE, should we or shouldn't we acquire it? We should, right? What it would do is bring down our overall ARPOB and then we may never be able to climb up to the same present levels of ARPOB, so be it.
- Mohammed Patel:** Yes, yes, I get your point. My second question is, so should we expect EBITDA margin improvements in FY '26?
- Abhay Soi:** We do expect improvement. But having said that, EBITDA margin is not the correct metric to assess. Our international business is growing by 32%. It is supposedly higher margin business in value terms, but it's a lower margin business in percentage terms. When you do robotics, transplants or any of the high-complexity surgical work, it gives you less margins in percentage terms, but it gives you more in value terms.
- Please consider EBITDA per bed as the right cadence and not EBITDA margin. On one end, because of better occupancy, higher utilization, etc. your margins will increase. On the other end, because you are going for a superior payor mix and a superior clinical mix, your margins should decrease. But your EBITDA per bed and ROCE will increase.
- Moderator:** Thank you. Next question is from the line of Sujit Shah from SK Enterprises.

- Sujit Shah:** Yes. Firstly, I want to appreciate the entire Max Healthcare team. At this scale expanding so rapidly while maintaining profitability is not easy task. And my all question is already asked and answered. So not any question I have to ask.
- Abhay Soi:** Thank you.
- Moderator:** Thank you very much. Ladies and gentlemen, next question is from the line of Rajesh Gajra from Informist Media Pvt. Ltd. Please go ahead.
- Rajesh Gajra:** Yes. Earlier in the call, you mentioned that at the end of FY '26, the net debt will be and you gave some figure for that. I was not able to catch that number. Can you please repeat that, the net debt level at the end of FY '26?
- Abhay Soi:** What Yogesh mentioned is that between now and end of the year, your total debt for project purposes may go up by another Rs. 400-500 crores.
- Rajesh Gajra:** Okay. Alright. That's it. Thank you very much.
- Moderator:** Thank you. As there are no further questions, I will now hand the conference over to the management for closing comments.
- Abhay Soi:** Thank you once again. We appreciate all your time and look forward to connecting with you next quarter. Thank you so much.

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