



Max Healthcare Institute Limited

Q2 & H1 FY26 Earnings Conference Call

November 17, 2025

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 Digawalekar from CDR India. Thank you, and over to you, Suraj.

Suraj Digawalekar: Thank you, Michelle. Good morning, everyone, and thank you for joining us on Max Healthcare's Q2 and H1 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 Q2 and H1 FY'26 Earnings Call.

We are pleased to report that the Network has maintained its strong growth momentum through the first half of FY'26. For the second quarter, revenue grew by 21% year-on-year, while operating EBITDA increased by 23%, thereby extending our track record to 20 consecutive quarters of consistent growth. Importantly, this performance reflects the continued strength of our core operations, with Existing Units achieving revenue growth of 14% and EBITDA growth of 19%.

Building on this strong performance, we continued to enhance our capacity and service offerings through brownfield expansions. At Max Mohali, the new 160-bed

brownfield tower has been commissioned, including the additional radiation oncology program. At Nanavati-Max, the new 268-bed brownfield tower is set to be commissioned this week, and at Max Smart, the new 400-bed brownfield tower will be ready for commissioning within the next 30 days.

Alongside our expansion efforts, we also streamlined our corporate structure. Divestment of hospitals in Chitta and Anoopshahr was completed in September 2025. Further, the merger of our two wholly owned subsidiaries was approved by the Hon'ble NCLT, Chandigarh Bench with an appointed date of October 5, 2024, which has resulted in a one-time benefit of INR 149 crore during the quarter.

After long last, CGHS has revised the prices effective October 13th. While some of it is yet to kick in, we expect a favourable impact of over INR 200 crore once fully implemented. Further, with regard to insurance renewals, there was an impasse with certain players leading to temporary stoppage of cashless facilities. The same has been resolved.

Now coming to the Q2 performance highlights. Please note that the term "Existing Units" hereafter refers to the Network facilities that were operational prior to Q3 FY'25, while Jaypee Hospitals are categorized as "New Units".

1. Average occupancy for the Network stood at 77% compared to 79% in Q2 last year and 76% in the trailing quarter. Existing Units reported occupancy levels of over 79%.
2. Occupied bed days (OBDs) were up by 19% year-on-year and 4% quarter-on-quarter.
3. Average Revenue Per Occupied Bed (ARPOB) for the quarter was INR 77,300, registering 1% growth year-on-year. For the Existing Units, like-for-like ARPOB grew by 3% year-on-year and remained stable sequentially.
4. Network gross revenue stood at INR 2,692 crore compared to INR 2,228 crore in Q2 last year and INR 2,574 crore in the previous quarter. This reflects an increase of 21% year-on-year and 5% versus trailing quarter. Of this, New Units contributed INR 144 crore, while the Existing Units delivered a 14% like-for-like revenue growth, driven by an increase of 11% in OBDs and 3% in ARPOB.
5. Digital revenue from online marketing activities, web-based appointments and digital lead management rose to INR 803 crore, accounting for approximately

30% of the overall revenue. Website traffic crossed 79 lakh sessions during the quarter, growing by 53% year-on-year and 15% quarter-on-quarter.

6. International patient revenue reached INR 231 crore, registering a growth of 25% year-on-year and 11% quarter-on-quarter.
7. Network operating EBITDA stood at INR 694 crore, reflecting a growth of 23% year-on-year and 13% quarter-on-quarter. Of this, New Units contributed INR 23 crore, while the Existing Units delivered 19% like-for-like growth in EBITDA.
8. Network operating EBITDA margin was 26.9% for the quarter. Existing Units reported an EBITDA margin of 27.5%, higher by 90 basis points year-on-year and 200 basis points sequentially.
9. Annualized EBITDA per bed for the Network stood at INR 73 lakhs. Like-for-like EBITDA per bed for Existing Units was INR 76 lakhs, reflecting a 7% year-on-year growth.
10. Profit after tax (PAT) for the Network was INR 554 crore, against INR 349 crore in Q2 last year and INR 345 crore in the previous quarter. This includes one-time favourable tax impact of INR 149 crore pursuant to the merger of Crosslay Remedies Ltd. and Jaypee Healthcare Ltd. Excluding this impact, PAT stood at INR 406 crore, reflecting 16% year-on-year growth.
11. The Network generated free cash flows of INR 291 crore during the quarter. There was a buildup of accounts receivable in the institutional segment, which impacted the cash flow from operations. INR 456 crore was deployed towards ongoing capacity expansion projects and facility upgrades at new units, while INR 146 crore was distributed as dividend. As a result, Net Debt for the Network stood at INR 2,067 crore compared to INR 1,755 crore at the end of June 2025.
12. Continuing our effort to support the local communities, we provided free treatment to approximately 44,000 patients from economically weaker sections of the society, worth INR 61 crore at hospital tariff.
13. Both our strategic business units continued to deliver steady growth in revenue and profitability:
 - Max@Home reported revenue of INR 63 crore, reflecting a robust 20% year-on-year growth. It offers 15 specialized service lines across 15 cities with over 60% repeat transactions.

- Max Lab reported a revenue of INR 54 crore, reflecting a 16% year-on-year growth. It provides services in over 60 cities and served more than 6 lakh patients during the quarter.

14. Now coming to the status of our expansion projects.

- Max Lucknow – The current capacity of the hospital stands at 413 beds, and we expect this to increase to 550 beds by end of this financial year. The onco radiation program, including PET-CT, will be launched in the next two weeks.
- 501 beds at Sector 56, Gurgaon – The project is progressing well at site, while GRAP had some impact on the pace of work.
- 100 beds at Max Nagpur – We have received environmental clearance and are awaiting the Consent-to-Establish (CTE). We expect to complete the project within 24 months, post receipt of the CTE.
- 397 beds at Patparganj – All approvals have been received and barricading work is complete. The project is expected to be completed by FY '28.
- 550 beds at Max Vikrant (Saket) – The project work will start immediately upon commissioning of the 400 beds at Max Smart. We expect to complete this project within 40 months.
- 400 beds at Zirakpur, Mohali – Project is continuing faster than anticipated and is now expected to be completed by end of calendar year 2027.
- 140 beds at Max Vaishali – Demolition of the existing structure is complete and approvals are in process. We expect to complete this project in 24 months, post receipt of the requisite approvals.
- 500 beds at Thane - Master plans for the site have been finalized by the partner. The project is expected to be delivered in 42 months.
- 250 beds at Pitampura, Delhi – The partner is expecting the building plan approvals during the quarter, post which the project is expected to take 36 months.

And finally, moving on to the overview of the company's performance for the first half of financial year 2026:

15. Network gross revenue stood at INR 5,266 crore, reflecting a growth of 24% year-on-year. Of this, New Units contributed INR 278 crore, while the Existing Units delivered a 17% like-for-like revenue growth.
16. Overall Network operating EBITDA grew by 23% year-on-year to INR 1,308 crore, translating to a margin of 25.9% and EBITDA per bed of INR 71 lakhs. While Existing Units delivered an EBITDA margin of 26.5% with EBITDA per bed of INR 74 lakhs.
17. In the first half, we generated INR 679 crore of free cash flow from operations, after interest, tax, working capital changes and routine capex. INR 891 crore was deployed towards ongoing expansion projects and facility upgrades at new units, INR 131 crore was spent towards land purchase for brownfield expansion at Max Vaishali, and INR 146 crore was distributed as dividend.

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

- Moderator:** Thank you very much sir. We will now begin the question-and-answer session. The first question is from the line of Damayanti Kerai from HSBC and Capital Markets (India) Private Limited.
- Damayanti Kerai:** Hi. Thank you for the opportunity. My first question is to Abhay. So what we have heard, there has been some senior doctor departure from your team in NCR hospitals. So first, have you rehired the required doctors? And what kind of impact was there, if any?
- Abhay Soi:** Yes, that level of iteration is normal. You have certain teams always sort of move out, and new teams come in almost immediately. And that is what has happened. So, we do not expect any impact.
- Damayanti Kerai:** So approximately, like what is the attrition rate in your doctor's team, which you said is in line with the normal trend?
- Abhay Soi:** Less than 1% of the doctors.
- Keshav Gupta:** When the new facility comes, another 0.5% happens.
- Abhay Soi:** Yes, so you could say, between 1% to 1.5% at best. I mean anecdotally, if two or three doctors' leave or certain doctors leave, it does not have any major impact. We have got close to 6,000 doctors, right?
- Damayanti Kerai:** Okay. Okay. So no impact as such and then it is a normal trend. Okay.

- Abhay Soi:** Absolutely.
- Damayanti Kerai:** Okay. My second question is on your settlement with issues on the insurance company. So has like all the matters now been put to rest and do you have any further contracts which are coming up for negotiations and there might be some updates there?
- Yogesh Sareen:** So Damayanti, first of all, whatever issues we had in terms of these three insurance companies, that we have already sorted out. And not only sorted out for now, but we are also sorted out for future. In the sense that when we concluded this arrangement, we also agreed the next revision with them. There are other companies, which are also up for renewal this time, including GIPSA. Those negotiations are underway, I would say.
- Abhay Soi:** But this sort of impasse happens once every few years, and we do not expect a repeat of this.
- Damayanti Kerai:** Okay. So -- but we have not heard such instances in recent past. So that is what I was a bit curious whether things are now put in place for permanently and then we might not see similar situations coming up.
- Abhay Soi:** We have had suspension of cashless facilities in the past too. It happened a few years ago as well.
- Yogesh Sareen:** We have had issues with GIPSA also, at one point of time.
- Keshav Gupta:** And everyone has it. These are resolved and cashless is active.
- Damayanti Kerai:** Okay. Okay. And one last question. You said CGHS revision when it happens fully like for your portfolio exposure, that will be additional INR 200 crore kind of revenue which will come in?
- Abhay Soi:** That is right.
- Damayanti Kerai:** Okay. And approximately, like in your portfolio, what has been the tariff increase after this division comes into effect very broadly?
- Yogesh Sareen:** So Damayanti, we cannot give you the numbers of what the increase is because obviously, it is a negotiation with the insurance companies. But I think the CGHS part is clear, which is that around 10% of the CGHS revenue will increase. We have around INR 2,000 crore of revenue coming in from CGHS, and so we will have a 10% jump there with this additional revenue.

- Abhay Soi:** But this is a net increase because for certain medicines, etc. they have also capped the rates.
- Damayanti Kerai:** Thank you. I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal.
- Tushar Manudhane:** So just on the international patient side where the growth has been quite robust even this quarter, almost 25%. So if you could just sort of help break down into volume and realization growth?
- Yogesh Sareen:** Most of it was volume growth. I do not think there is any increase in the ARPOB in that segment. So, you can assume that 25% is entirely volume growth.
- Tushar Manudhane:** And more so, sort of -- if you could also elaborate in terms of the geographies, like in terms of diversification.
- Abhay Soi:** Broadly, the geographies remain the same. Like we mentioned in the past, it is Middle East, Eastern Europe, African cluster, etc. We do not want to give any specific countries because it is privileged information.
- Tushar Manudhane:** Got it, sir. And lastly on this clarity, the MSSH Saket 400 bed hospital in terms of the time line for the commissioning? Or is -- I missed -- I probably missed it on the opening remarks, if you have already highlighted.
- Abhay Soi:** Currently, there is deep cleaning happening at Nanavati-Max, and we are expecting it to be commissioned within this week. Max Smart will be commissioned within the next 30 days.
- Tushar Manudhane:** Got it, sir. And so how do you see the scale up now that post commissioning, not literally in terms of numbers, but in terms of the time line, in terms of ramp-up of occupancy or maybe the EBITDA breakeven?
- Abhay Soi:** EBITDA breakeven is almost immediate. We have also stated that in the past, for brownfields, we do not have any EBITDA drags necessarily.
- Tushar Manudhane:** Understood. Thanks, that is it from my side.
- Moderator:** Thank you. We take the next question from the line of Andrey Purushottam from Cogito Advisors LLP.

Andrey Purushottam: Hi. Congratulations for the consistent set of good results. I had just 2 questions. One is that your profit growth after correcting is 16% year-on-year which lags a little behind EBITDA and revenue growth. Is there any insight you can provide to us on this?

Yogesh Sareen: You would have seen that the finance costs have gone up, and depreciation has gone up as well because we have added new hospitals in Q3 last year. And their EBITDA margins are lower. We have also taken borrowings to fund these acquisitions. As their EBITDA growth comes in level with the other hospitals, you will find that the PAT growth number will also start to follow the same pattern.

Abhay Soi: Yes. Last year, Jaypee was not there, right? So that is about INR 2,000 crore of acquisition that we have done.

Andrey Purushottam: Okay. My second question was, I wanted your view on ARPOB. Are you getting a feeling on what is the internal discussion in the company that the ARPOB is kind of -- the rate of growth of ARPOB is becoming slower, at least that is what optically it looks like? I first want to know whether this assessment from our side is something that you share. And if so, is there any discussion on what to do about ARPOB going forward?

Yogesh Sareen: ARPOB growth is 3% y-o-y. But it also includes the impact of the new hospitals that we acquired and started last year. If we take that out and consider all the existing hospitals – existing hospitals mean the one that were operating before Q4 FY24 – then the ARPOB growth is around 7% y-o-y. It is basically the impact of the mix that is bringing this number down since the share of the new hospitals (Lucknow, Nagpur and Dwarka) has gone up in this quarter compared to Q2 last year.

Andrey Purushottam: So, thank you once again and congratulations for a good set of results. And I also like the disclosures that you make in your presentation, they are very comprehensive. So, we appreciate that as investors.

Abhay Soi: Thank you.

Moderator: Thank you. The next question is from the line of Amit Thawani from Clear Blue Capital Advisors LLP.

Amit Thawani: My first question is on insurance. I think you have spoken about the issues in insurance that we had this quarter. And because of that, our growth in insurance has actually been one of the lowest amongst all our peers. And then you have mentioned that the cashless has been reinstated. Can you confirm that for December quarter,

like we have already -- we have done with half of November and October, are we back on track? I mean, with industry level growth in insurance business?

Abhay Soi: I think you need to look at it on an overall basis. Insurance growth may have come down, but your self-pay growth has gone up. If you are not providing cashless, it is not necessary that you lose the patient. The patient gets converted to self-pay, because he can get it reimbursed later. He does not necessarily change the hospital. That's why you need to look at what is the overall occupancy between cash and insurance, and what was the impact? You will not see any major impact on the occupancy of the hospital.

Amit Thawani: Right. Just by -- I mean, my only worry is that are we doing more institutional business because the insurance patient is not coming, but that does not seem to be the case.

Abhay Soi: Yes, that's not the case. You have seen that the self-pay business share has moved up, and you will see that the occupancy has moved between cash and insurance, because that is fungible, right?

Amit Thawani: Right. That is fungible.

Yogesh Sareen: If you come to me as a doctor, you will use your insurance while you can. If you cannot, then you will just sort of pay cash.

Amit Thawani: Correct.

Abhay Soi: And if you do believe there was an impact, then the point is just that going forward, you will see the benefit of it coming back now that it is all back to normal.

Amit Thawani: Got it. Got it. Our cash flows were weak. And as you rightly mentioned, it is because of our institutional business. Just wondering because now we are coming up with Nanavati and Saket, do we expect some kind of further deterioration because of this?

Abhay Soi: No, no. Institutional payments have historically been lumpy. They do not necessarily come on time. There are certain months when there is a build-up because various PSUs, whether it is ECHS or CGHS, run out of budgets. Then they write to the ministries, get their budget replenished and pay. They have been lumpy in the past as well. So, there is nothing to be concerned about.

Amit Thawani: So we do not expect further deterioration in the cash flows?

- Abhay Soi:** No, not at all. I mean, even this is not a deterioration. It as a one-time thing. In the next quarter, you will probably see a large amount of cash flows coming through.
- Amit Thawani:** Got it.
- Abhay Soi:** If you put a line through the year, it will pretty much be the same number of days. At a given point of time, lumpiness happens in institutional payments.
- Amit Thawani:** Got it. I understood. My last question is on Mohali. So we added 160 beds, but the presentation shows an operational increase of 53 beds only. So is it that the next 107 beds will move into operational in Q3? And the Mohali is an O&M agreement with the government. So -- I mean, because in O&M, the entire revenue does not get recognized. So does that mean that these beds really do not have a material impact on our P&L?
- Abhay Soi:** No, no, two things. One is, for Mohali, it is a revenue share arrangement. So, let us say, 5% of our revenues are given to the government.
- Amit Thawani:** Okay.
- Abhay Soi:** Second is, as far as the beds are concerned, the entire tower has 160 beds. Now you do not wait for the last bed and the last light to be put to commission the whole facility. For example, of 160 beds, if the first 4 floors are ready, then we start the first 4 floors. And the rest of the floors as and when they come online, you start them.
- Amit Thawani:** So in Q3, how much will get operational in Mohali?
- Yogesh Sareen:** As we speak, 90 beds are operational. Out of the 160 beds, 53 were made operational from August 1st. That means the impact in the quarter is around 35 beds because you will have to consider the weighted average. And that is the reason why the operational capacity will be lower. We are obviously not short of beds there. As we see the occupancy ramp up, we will open more beds. But in quarter 3, we will have all the beds ready. We will open them as we see the demand there.
- Amit Thawani:** Okay, got it. Got it. And in Lucknow and Noida, we are seeing a lot of interest from a lot of our peers as well. They are coming out with some big capacities. Any comments on the competitive intensity out there?
- Abhay Soi:** Not really. The new Noida capacity, I mean, it will not come overnight. It has been under construction for the last 4 years. Any competitor coming up with any capacity has been constructing for the last 4 to 5 years. In fact, we purchased Jaypee later.

That was like it fell from the sky and we purchased it, right? So, I mean that was a cold start.

Amit Thawani: Okay. My last question, on the ARPOB growth, Yogesh ji mentioned we are trending at about 6% now this quarter. Is that a fair comment for our existing units?

Yogesh Sareen: We are around 7% ARPOB increase if I take the existing units. When I say existing units, I mean units which were operating in Dec'24 or before.

Amit Thawani: So this December quarter is clocking a 7% on our pre-existing units?

Yogesh Sareen: Not December quarter, I am talking September quarter.

Abhay Soi: We have not given any guidance for Q3.

Yogesh Sareen: In the September quarter, the ARPOB increase was 3.3%. If I take out the impact of the new hospitals that we added in Q4 FY'24, then the ARPOB increase in the existing units is 6.8%.

Amit Thawani: Understood. Thank you so much.

Moderator: Thank you. The next question is from the line of Kritika Damani from Prospera Financial Solutions.

Kritika Damani: Thank you. Congratulations on a strong quarter. My first question is that you have an occupancy of over 75% and a consistent trend on the ARPOB because of the strategic push in your high-acuity care like the new oncology-focused hospital. Since the case mix naturally increases the average length of stay, how are you balancing its trade-off to maintain patient throughput at your already busy hospitals?

Abhay Soi: You do it by opening new capacities, improving patient services, reducing discharge times and such. Having said that, you have to keep it in mind one thing. Unlike a hotel, when a hospital is full and there are people sitting in the emergency, I cannot send them away by saying, my hotel is fully booked, please go somewhere else, right?

There will be a point of diminishing returns where patients will wait in emergency, wait for a bed sometimes for 6 hours or even 1-1.5 days. Then the complaints increase. You try to do your best, but we are also in the job of serving every patient who is coming over there. So, I think that is a very important differentiation.

- Kritika Damani:** Okay. My second question is that for the first half of your FY '26, can you quantify what percentage of your total hospital revenue came from the international patients? And what is the yield profile of this business? Like how does the ARPOB and the average length of stay for an international patient compared to that of the domestic patient portfolio?
- Abhay Soi:** It is about 9% of the revenues. And I think typical ARPOB is about 30% higher for international patients compared to our average.
- Yogesh Sareen:** ALOS is 1.2x.
- Abhay Soi:** 1.2x, because people who come for international visiting are coming from more acute diseases, right?
- Kritika Damani:** Right. And last question is that your asset light divisions like the Max Lab and Max@Home are posting excellent revenue growth. So my question is about the profitability and capital efficiency. For the first half FY '26, what is the consolidated EBITDA margin? And what is the long-term margin target for these segments as it scales?
- Yogesh Sareen:** That is already there in the investor release, right? So Max Lab reports an EBITDA margin of around 16%, right? And for the Max@Home business, the arm's length EBITDA would be around 20%. But if I take the global EBITDA, that will be probably more than the hospital EBITDA.
- Abhay Soi:** These are also subdued right now because, as you mentioned, we are growing at a fast pace. It is because we are investing for the growth.
- Kritika Damani:** All right. Thank you. I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Neha Manpuria from Bank of America.
- Neha Manpuria:** Yes. Thanks for taking my question. Abhay, last call, you had mentioned that in probably 6 months' time, we should start seeing traction in Noida with insurance empanelment. So is that on track? Should we start seeing that improvement in Noida, let us say, in the December, March quarter? And at what point do you see Noida getting to, let us say, mid 25% margins?
- Yogesh Sareen:** Noida is currently around 18%.
- Abhay Soi:** Insurance empanelment has already happened as far as Noida is concerned.

- Yogesh Sareen:** Well, on Q-on-Q, you see that there is 8% growth in Noida, right? And the EBITDA margin has also grown compared to last quarter. We do expect that to continue. And if we pick up the revenue of this hospital since January of this year, every month has been higher than the previous month. So, we are seeing the traction. We hope that, you know, this will also come up to Network level.
- Abhay Soi:** I think it was not insurance empanelment. You know, it was licenses for various clinical programs, which had to come through.
- Neha Manpuria:** Yes, yes.
- Abhay Soi:** Such as transplant and so on and so forth. All that has come through. So now we are seeing traction with that.
- Neha Manpuria:** What is the occupancy in Noida currently then?
- YS** So it is around 64%.
- Neha Manpuria:** Okay. So this, therefore, should improve as we see these, I mean, as you have seen these new clinical programs getting added, right?
- Abhay Soi:** That is right.
- Neha Manpuria:** Okay. Understood. My second question is on Dwarka. What is the occupancy in Dwarka on our operational bed and what margins are Dwarka at currently?
- Yogesh Sareen:** Dwarka is 81% plus occupancy in the quarter. We have 285 beds operational now. It is a 300-bedded hospital, once we get the oncology block, then we will be able to vacate some onco day-care beds and move them to the onco block and have this hospital's capacity restored to 300 beds. EBITDA (Unit) margin will be around 15%, currently.
- Neha Manpuria:** Okay. Okay. Okay. Understood. So, I was just -- sorry.
- Abhay Soi:** The typical trajectory for a greenfield would be that you sort of ramp up the occupancy first, right?
- Neha Manpuria:** That is correct.
- Abhay Soi:** And then after that, you see expansion of margins.

- Neha Manpuria:** Yes. So it would then -- in that case, given that we are at 80% occupancy already for Dwarka, Dwarka should -- I mean by next year, it should be in line with corporate average in terms of margins. Would that be a fair assumption?
- Abhay Soi:** Well, hopefully, that should be the case, yes. But do keep in mind, even oncology bunker is not operational over there right now, right?
- Neha Manpuria:** Okay. Okay.
- Yogesh Sareen:** Yes. It also has a very high level of institutional occupancy. So, we have to bring that down. Basically, the idea was first to fill up the hospital, and then start to distil the payor mix. I think we are at a stage where we have started to distil that now.
- Abhay Soi:** Yes. So, you are going to see higher ARPOBs and expansion of margins. You are going to see that happening through both patient mix and clinical mix, including higher share of oncology. Once the radiation oncology starts over there, you are also going to see us planning and implementing another 200 beds on that site. I think the idea is to do the brownfield. Like I said, we have already run out of capacity there.
- Neha Manpuria:** Yes. Understood. Okay. Because I was just wondering about the ARPOB growth of 3%, including all hospitals, except for Noida, right? That is your existing ARPOB growth that you mentioned. Given that, you know, I am assuming Lucknow and Nagpur should have also seen very strong ARPOB growth. The 3% number and the 7% that you mentioned for existing network, how should I read those two numbers?
- Yogesh Sareen:** By the way, Dwarka's ARPOB has come down. When we started it, we did not have any institutional business, right? The institutional business started in Q3 FY'25. So actually, the ARPOB has come down.
- Neha Manpuria:** All right. Okay. Understood. Okay, okay. That is helpful.
- Abhay Soi:** Because typically, when you do a greenfield, for you to get any institutional business, it takes you about 6 months to get empanelled.
- Neha Manpuria:** Okay. Yes, understood.
- Abhay Soi:** You start off immediately with high ARPOB, low occupancy since it is only self-pay business. You do not even have any insurance contracts in the first six months.
- Neha Manpuria:** Okay. I would assume that we will probably do more emergency cases, which then move to higher acuity?

- Abhay Soi:** That is right. We started in July last year, so till the end of the year, it was high ARPOB simply because we did not have institutional or insurance empanelment. The self-pay segment is high ARPOB but low occupancy, and the payor mix starts changing thereafter which drags your ARPOB down eventually.
- Neha Manpuria:** Okay. And the CGHS, you said INR 200 crore upon completion -- so once fully completed. So what is the duration by which this will fully get reflected? Would it be a phased manner in which we will see the realization of these price increases?
- Abhay Soi:** They have introduced a new category called super specialty hospitals. On the portal, they have not completed the codes for that. We are expecting that in maybe the next 15-20 days.
- Neha Manpuria:** Okay. Okay. So that is the only thing that is pending for this to be implemented?
- Yogesh Sareen:** Yes, it is partially implemented -- the super specialty will be implemented once they update their portal.
- Neha Manpuria:** Got it. Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Sumit Gupta from Centrum Broking.
- Sumit Gupta:** Hi, good afternoon. Thanks for taking my question. The first is like what was the growth on the ARPOB growth of the segments, be it international or institutional -- for the ARPOB growth of the segment basically be it cash or institutional mix, what was the ARPOB growth?
- Yogesh Sareen:** The walk-in business, both insurance and the self-pay, grew by around 8% to 10%, on a like-to-like basis. It is basically the impact of the new hospitals that got added into the existing hospitals, which has brought down the overall growth to 3%.
- Sumit Gupta:** Yes. So, no, so with respect to institutional mix like have we witnessed any ARPOB growth?
- Yogesh Sareen:** No, ARPOB growth is flattish in the institutional.
- Abhay Soi:** We will have growth coming in, going forward, right?
- Yogesh Sareen:** And because the rate got revised only in October, so in Q2, there is no growth in the institutional ARPOB. But in the self-pay and insurance, the growth is in the range of 8% to 10%.

- Sumit Gupta:** Understood. And sir, second question is like what was the performance of Lucknow and Nagpur unit in this quarter?
- Yogesh Sareen:** We do not share the hospital-wise performance, but suffice to say that Lucknow did grow over the previous quarter. On a quarter-on-quarter, we reported 17-18% growth in revenue and the EBITDA has also grown by more than 30%.
- Sumit Gupta:** Okay. Okay. So you are maintaining the 30% plus margins in Lucknow. So we can expect this to sustain?
- Yogesh Sareen:** Yes.
- Sumit Gupta:** Okay. And for Nagpur?
- Abhay Soi:** Again, we do not give specific hospital by hospital numbers.
- Sumit Gupta:** Okay, understood. Thank you, sir. All the best.
- Moderator:** Thank you. We will take the next question from the line of Prashant Kshirsagar from Unived Corporate Research Private Limited.
- Prashant Kshirsagar:** My question is on the Noida hospital facility. In the -- one of the earlier presentations, you had mentioned you have land parcels with further bed potentials in Greater Noida, 400 beds and Sector 128 Noida, 700 beds. I just wanted to ask you which of the -- is the land adjacent to the existing hospital facility or it is at a different location?
- Abhay Soi:** The present one (Sector 128) we have in Noida is 18 acres of land. You can imagine we can keep building over there. It is a contiguous land parcel. Similarly, in Lucknow, it is 27 acres of land. So we can go for another 2,000 - 2,500 beds there. We also have another land parcel in Lucknow. At Noida, in addition to that, we have land in Greater Noida.
- Prashant Kshirsagar:** So that is what I am seeing. So the location is different from the existing...
- Keshav Gupta:** Greater Noida and Noida are separate locations. So, in your question, the 700-bed site, which is a very faraway project, is adjacent site to the recently acquired Noida Hospital, the Jaypee Noida Hospital. And what you mentioned as a 500-bed site, that is a separate site in Greater Noida.
- Prashant Kshirsagar:** So this sector 128 is adjacent...
- Yogesh Sareen:** It is the same complex, yes. It is the 18-acre complex that we mentioned.

Prashant Kshirsagar: Yes, that is the 18-acre complex. Yes. Okay. That is what I wanted to clarify. Thanks a lot, sir.

Moderator: Thank you. The next question is from the line of Kunal Dhamesha from Macquarie.

Kunal Dhamesha: Hi. Thank you for the opportunity. One clarification. Can you please share the international patient bed share for this quarter?

Abhay Soi: Yes, so similar to what it used to be earlier -- yes, it would be around 5-5.5%.

Kunal Dhamesha: And sir, for the other channels, for self-pay and TPA? Can you also share for those?

Yogesh Sareen: Self-pay is around 26-27%, insurance is around 34-35%. And international, as we mentioned, is 5.5%. The rest is institutional.

Kunal Dhamesha: Right. Okay. Second one for Mr. Soi on the sorting of issues with the insurance. So sir, how should we think now with whatever negotiation which would have gone between you and the insurance companies for the next 1 or 2 years, for us, the procedure rates, do we keep getting similar hikes with what we had taken in historically in the last 2, 3 years? Is it going to be higher, lower? If you can share, some colour would be great.

Abhay Soi: Well, I am not going to give you specifics, but yes, it is in line with what has been happening historically -- within the band.

Kunal Dhamesha: And then, sir, let us say, the 4 insurance companies, which at least media suggested, had suspended cashless, all 4 of them are now on like where they are doing cashless?

Abhay Soi: That is right.

Kunal Dhamesha: And then for us, are they material in terms of, let us say, out of a 35% insurance revenue, are they material in terms of contribution to our top line?

Abhay Soi: Yes. I mean they are material. But like I said, you need to look at cash and TPA as a homogeneous body, right? I mean when you cannot do cashless for patients, the question is do the patients not come or do the patients come and pay out of pocket and then claim later from the insurance companies. Their cashless facility gets suspended, not their insurance policy.

Kunal Dhamesha: Sure. So patient did come. It is just the change of the channel for now. And then now it will be went back...

- Abhay Soi:** Yes, we saw a spike in our cash patients.
- Yogesh Sareen:** So Kunal, the share of the insurance segment went down and the share of self-pay went up in terms of bed share, right? And the overall occupied bed days also grew quarter-on-quarter. So, this is not a major impact, right?
- Kunal Dhamesha:** Sure, sure. And sir, this 7% ARPOB growth on a like-to-like basis, I know you shared that Dwarka has gone down a bit and hence, the overall is 3%. But would not the specialty mix also helped us given the medical patients are down quite a bit in this quarter on a year-on-year basis?
- Abhay Soi:** Yes, it takes into account that, right?
- Kunal Dhamesha:** Right? But then with Medical going down, should not the growth be higher for our existing hospital is like my question because oncology has also gone up in terms of the contribution. So shall we continue to maintain this around 7% plus or minus 1% going forward for existing hospitals?
- Abhay Soi:** But that has been historical as well, right? I do not see any changes there.
- Kunal Dhamesha:** Sure, sir. Sure.
- Yogesh Sareen:** So, if you think that internal medicine is basically the impact that you generally used to have in quarter 2. But for the new hospitals, the share of internal medicine is low. So, while there is some impact, and you can see that in the earnings update, but it is not that big of an impact.
- Kunal Dhamesha:** You are saying new hospital it grew and existing hospital it was not that?
- Abhay Soi:** Yes.
- Kunal Dhamesha:** And lastly, sir, on the operationalized bed, because we are opening the capacity at Nanavati and Max Saket, how should we look at operational beds in Q3 and Q4 like what the potential number from where we are in Q2?
- Yogesh Sareen:** It is tough to really give you the exact number because we will also have to see for how many days we open those beds, when do we get the approvals, NOC, etc.
- Abhay Soi:** And I want to avoid any forward-looking statements on that.
- Kunal Dhamesha:** Okay, but let us say, is the trajectory should be in line with more like Dwarka? Is it something like in one year we are almost up with all beds?

- Abhay Soi:** I mean, its greenfield (Dwarka) versus a brownfield (Nanavati & Max Smart), right? It is very different.
- Kunal Dhamesha:** Sure.
- Abhay Soi:** Because the EBITDA ramp up for these two segments is very different. Normally it is immediately positive in a brownfield. I am going to avoid giving any forward-looking statements.
- Kunal Dhamesha:** Sure, sir. Thank you for all the clarity and all the best.
- Moderator:** Thank you. The next question is from the line of Neha Manpuria from Bank of America.
- Neha Manpuria:** Yes, thanks so much, sir. Just a quick question. What was the network capex intensity in the first half?
- Yogesh Sareen:** We spent around INR 900 crore.
- Neha Manpuria:** Okay. And second half would be a similar number?
- Yogesh Sareen:** A bit higher probably. Hopefully around INR 1,100 crore.
- Neha Manpuria:** All right. Okay. Got it. Thank you so much.
- Moderator:** Thank you. We will take the next question from the line of Gourav Bhama from JM Financial.
- Gourav Bhama:** Yes. Hi, sir. Good morning. First of all, congratulations on a good set of numbers. I just wanted clarification on two fronts. The first being that when we say that ARPOB of this quarter was subdued, that was largely due to the insurance issues and the impact of the new hospitals, right?
- Abhay Soi:** Not so much the insurance, I would say. Like I said, any reduction in insurance perhaps was made up because we had that many people shifting to self-pay. But I think, it was perhaps because of the new hospitals.
- Gourav Bhama:** Understood. And the second question regarding the impact of CGHS, the INR 200 crore positive impact that we are expecting. I know you answered it before, but there were some disturbances. Just wanted to clarify again, what is the estimated timeline we are expecting for that to reflect in our numbers?

- Yogesh Sareen:** I think some of it has already started from 13th October. But I think there is a super speciality rate that will also kick in, I think, by the end of this month. I mean, we do not know how much time it will take, but I think the expectation is that by the end of November, that rate should also be up and working.
- Gourav Bhama:** Understood. Thank you, sir. That is all from my end. Thank you for the opportunity.
- Moderator:** Thank you. Ladies and gentlemen, we will take the next question from the line of Nitin Agarwal from DAM Capital.
- Nitin Agarwal:** Thanks for taking the question. Just following up on the CGHS question, sir, the CGHS impact you talked about, it is largely for CGHS or you have also included possible, I mean, the expectation is similar rate revisions will happen for all other central government agencies also. So, is that over and above this?
- Abhay Soi:** All central government agencies are linked to CGHS. So, this number we mentioned is for CGHS and CGHS-like accounts. So, new rates, including super speciality rates, etc. are also expected on ECHS & others accounts because they are normally in-line with CGHS. However, they have to go through the paperwork.
- Nitin Agarwal:** Okay. So, that essentially, our estimate pretty much includes that inflation also?
- Abhay Soi:** That is right. So, this is CGHS and CGHS-linked accounts.
- Nitin Agarwal:** Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Shaleen Kumar from UBS.
- Shaleen Kumar:** Yes. Hi. So, just continuing regarding the past participant. Is it fair to assume that the benefits start tinkering in from FY27? What are the benefits we should talk about of around INR 200 crore?
- Abhay Soi:** Of what?
- Shaleen Kumar:** The CGHS pricing increased benefits. You know, you said in next 15-20 days we should resolve it. And then beyond CGHS also the similar CGHS-like institutions will follow it. So, FY27 is the year where we can expect the total benefit to come in?
- Abhay Soi:** Yes.
- Shaleen Kumar:** So, then what kind of a flow-through will it have on your operating profit EBITDA?
- Abhay Soi:** Pretty much 85%.

- Shaleen Kumar:** So, if you are looking at roughly INR 200 crore of top line, something like INR 150 crore, 160 crore of EBITDA addition can happen through this?
- Abhay Soi:** We are looking at INR 200 crore and hopefully good numbers should flow through.
- Shaleen Kumar:** Got it, sir. Got it. Regarding Smart and Nanavati, I understand both are Brownfield, but there is a bit of a cost. Is it fair to assume that a large part of cost is already in our P&L reflecting in 2Q or can we expect some more increase in 3Q as well?
- Abhay Soi:** I mean, you are talking about fixed cost or variable cost?
- Shaleen Kumar:** Variable cost.
- Abhay Soi:** Variable cost, of course. Variable cost would be related to the...
- Shaleen Kumar:** Sorry, sorry, sorry fixed cost. Fixed cost sorry, I made a mistake.
- Abhay Soi:** No, I mean, these are Brownfields, right? So, your fixed cost is largely absorbed by the existing hospitals.
- Shaleen Kumar:** Yes. So, my point is right, because we have been in a process of keep on adding new beds, right? So, our top line goes, then our EBITDA, and then our PAT. And I think the point, we will be there where, you know, most of our hospitals reach a stage where our EBITDA start growing faster. I think we are reaching that stage. So, is it a fair assumption that even in 3Q, we should see the same kind of phenomena, that margin expansion despite adding to or despite starting to Brownfield?
- Keshav Gupta:** You are right. There would be a bit of operating leverage that will kick in once those brownfields start getting full up, that may be 15 days here or there. But, yes, operating leverage should come in. That is the whole concept of brownfields.
- Shaleen Kumar:** Yes, yes.
- Abhay Soi:** So, you should have expansion of margins with brownfields because they give you higher margins than existing hospital beds.
- Shaleen Kumar:** Yes, there are two things happening, right, in our growth journey, right? One, our new hospitals, which we have added in the past, they are significantly improving in their profitability. But at the same time, also, we are adding new hospitals, right, which are coming in at a lower margin. So, they are two balancing acts. So, given that we have added a substantial number of beds over the past 18 months, where

the flow-through of the profitability can be higher and will negate any negative impact of these new beds. That is what I am trying to understand?

Abhay Soi: That is right. My point is something even better, right? As a new bed, because largely what is coming is brownfield, which does not necessarily have a drag on EBITDA that you are trying to subsidize via your previous expansion.

Shaleen Kumar: For sure.

Abhay Soi: It would be not only will you have expansion or, you know, benefits coming out of what you expanded over capacity addition over the last 15-17 months, that is about 30% capacity, but majority of the capacity coming up now, another 30%, is brownfield. And that brownfield capacity should, soon after commissioning, get into higher EBITDA margin business to start with.

Shaleen Kumar: Got it. That is it from my side and thank you so much.

Abhay Soi: Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments. Thank you and over to you, sir.

Abhay Soi: Thank you everyone for joining us today. We appreciate all your time and look forward to interacting with you again next quarter. Thank you.

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