

August 07, 2025

<p>To The Secretary, Listing Department, BSE Limited, 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.</p> <p>Scrip Code: 540975</p>	<p>To The Manager, Listing Department, The National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051.</p> <p>Scrip Symbol: ASTERDM</p>
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Dear Sir/ Madam,

Sub: Transcript of earnings conference call for the quarter ended June 30, 2025

Reg: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

This is further to our earlier letter regarding call recordings of post earnings conference call of the Company with the Investors/Analysts held on July 31, 2025, at 11:00 AM (IST), for the quarter ended June 30, 205, please find enclosed herewith the transcript of the said earnings conference call.

The same is also made available on the website of the Company at
<https://www.asterdmhealthcare.in/investors/financial-information/earning-call-transcripts>

Kindly take the above said information on record.

Thanking you,

For Aster DM Healthcare Limited

Hemish Purushottam

Company Secretary and Compliance Officer
M. No. A24331



Aster DM Healthcare Limited

Q1 FY26 Earnings Conference Call Transcript

July 31, 2025

Management:	Ms. Alisha Moopen – Deputy Managing Director
	Mr. T J Wilson – Non-Executive Director
	Mr. Anoop Moopen – Non-Executive Director
	Dr. Zeba Moopen – Non-Executive Director
	Mr. Ramesh Kumar – Chief Operating Officer
	Mr. Sunil Kumar M R – Chief Financial Officer
	Mr. Hitesh Dhaddha – Chief Investor Relations & M&A Officer
QCIL Management:	Mr. Varun Khanna – Group MD & CEO, QCIL
Moderator:	Mr. Puneet Maheshwari – Lead - Investor Relations

Puneet Maheshwari:

Good morning, everyone. I welcome you to Aster DM Healthcare Earnings Conference call for the Q1 FY26. Today with us we have the senior management of Aster DM Healthcare, namely Ms. Alisha Moopen, Deputy Managing Director, Mr. T.J. Wilson, Non-Executive Director, Mr. Anoop Moopen, Non-Executive Director, Dr. Zeba Moopen, Non-Executive Director, Mr. Ramesh Kumar, Chief Operating Officer, Mr. Sunil Kumar, Chief Financial Officer, and Mr. Hitesh Dhaddha, Chief Investor Relations and M&A officer. We are also delighted to have Mr. Varun Khanna, group MD of Quality Care. Mr. Khanna is here solely in the capacity of a representative of Quality Care to give insights into the business and future plans of Quality Care.

The entity which is in process to get merged with Aster DM Healthcare, it is to be noted that the merger is subject to further regulatory approvals. All external attendees will be in listen mode only for the duration of the entire call. We will start the call with opening remarks by management, followed by an interactive Q&A session. Certain forward-looking statements we will discuss in this meeting are subject to certain risks and uncertainties like government actions, local, political, or economic developments, technological risks, and many of the factors that could cause actual results to differ materially. Aster DM Healthcare Limited will not be in any way responsible for any action taken based on such a statement and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances. With this, I will now request Ms. Alisha Moopen to start with opening remarks. Over to you, Ms. Alisha.

Alisha Moopen:

Thank you, Puneet. Good morning, everyone, and thank you for joining us today. I'm pleased to report that in the Q1 FY26, Aster DM Healthcare has delivered a marked improvement over the softer performance we saw in the last quarter. Revenue grew 8% year-on-year, operating EBITDA expanded by 21% and PAT rose 22%. A set of results that clearly show our momentum is back and our operating model remains both resilient and agile. With this strong start to the year, we're confident about sustaining growth and further enhancing profitability going forward. Before I move to the detailed performance, I'd like to start with an area that has been closely focused by both us and our investors, which is our Kerala cluster performance. After a couple of challenging quarters, Kerala's revenue grew 5% year-on-year, a sharp improvement from the 4% decline in Q4 FY25, driven by a 6% sequential increase in patient volumes. This has been a combination of stabilized leadership, a sharper operational efficiency, and improvement in our medical value travel business which has enabled us to deliver this growth. In fact, MVT revenues in Kerala has jumped 12% sequentially, reinforcing Kerala's standing as a preferred destination for international patients.

Taking a step back, our performance this quarter builds up on a solid multi-year trajectory. Over the past 5 years, leading up to FY25, revenues have grown at a 20% CAGR, while operating EBITDA has expanded at an even stronger 38% CAGR. This long-term growth has been powered by strategic capacity expansion, consistent ARPOB improvement, and sustained operational efficiencies, proof that we are scaling not just in size, but also in quality and profitability. In Q1 FY26, we achieved INR 1,078 crores in revenue, up 8% year-on-year. This was driven by a strategic shift towards high-value businesses, supported by two key factors. There's been a 14%

increase in ARPOB, crossing INR 50,000 per bed for the first time, a reflection of our specialty mix enhancement and focus on clinical excellence, and a 4% reduction in ALOS, which is the average length of stay, improving care efficiency and capacity utilization. ARPOB growth has been led by our continued push into higher value specialties like oncology and neurosciences. Oncology's share of revenue is now 11%, up from the 9% in Q1 FY24, showing a progress in building it into a key pillar of our clinical strategy. ALOS improvement comes from investments in advanced equipment, growth in minimally invasive procedures, better admission planning, and faster TPA discharges, all of which helps us deliver better patient outcomes while using our capacity much more efficiently. Together, these levers, specialty mix, the ALOS optimization, and the pricing discipline form a sustainable growth framework that is helping us move further up the value chain. Now moving to the bottom-line performance, our operating EBITDA grew 21% year-on-year to INR 215 crores with margins expanding to 20% from 17.7% last year. This reflects the combined impact of Kerala's recovery, the ARPOB gains, manpower cost optimization, and steady lab business improvement. The normalized PAT rose 22% to INR 90 crores, excluding one-time merger related costs, highlighting the underlying strength of our core operations. Moving to our core segment, the hospital and clinics continue to perform well with EBITDA margins improving to 22.6% from 20.8% a year ago. The mature hospitals, those operational for more than 7 years, delivered an EBITDA margins of 24.5% and an exceptional ROCE of 35%. Our lab margins have improved to 7.6% from 3.4%, supported again by efficiency gains. And in pharmacy, our strategic exit from certain loss-making wholesale segments have helped the business achieve EBITDA break-even as well this quarter. Moving to our Capex and expansion. Our growth story isn't just about performance, and it is also about preparing for the future.

Over the past year, we have added more than 300 beds, bringing our total capacity to 5,197 beds as of June 30, 2025. In the coming years, we plan to add another 2,600 beds, both Greenfield and Brownfield projects taking our capacity beyond 7,800 beds. Bangalore is a prime example of this strategy in action. We're adding 1,439 beds in the city, including a newly announced 500 bed hospital in Yeswanthpur. Once complete, our total capacity in Bengaluru will exceed 2,580 beds, firmly positioning us among the top 3 healthcare providers in this very high-growth market.

Moving to the update on the merger with QCIL, one of the most transformative steps in our journey is the proposed merger with Blackstone-backed Quality Care India Limited (QCIL). This is much more than just a transaction. It is truly a strategic leap towards creating one of the most comprehensive integrated healthcare networks in India. We have already achieved some significant milestones towards the merger. Shareholders have approved the preferential share issuance. The Competition Commission of India has granted its approval. We have completed a strategic share swap acquiring 5% stake in QCIL in exchange for a 3.6% preferential allotment in Aster. These shares are now listed on the stock exchanges. The combined entity with a scale of over 10,350 beds across 38 hospitals in 27 cities delivered a 12% growth in proforma revenues to INR 2,157 crores and 20% growth in operating EBITDA to INR 442 crores for this quarter, delivering a healthy EBITDA margin and ROCE of over 20%, a very solid indicator of the strength and the potential of the merged platform. Both QCIL and Aster delivered strong complementary results this quarter, giving us confidence in the ease of integration and the value creation potential up ahead. The merged platform will significantly

expand our geographic footprint, deepen our clinical capabilities and broaden our patient reach. As we move towards operational integration, our focus is clear. Unlock synergies, optimize resources, and deliver consistent high-quality care at scale.

Moving to our digital initiatives, while physical expansion is critical, the future of health care will also be shaped by digital integration. And here we are making strong strides. The Aster Health app has now crossed 1,00,000 downloads.

With the launch of its Malayalam version, we have become Kerala's first regional language healthcare super app. Our AsterCare platform designed to personalize patient journeys is delivering 79% engagement at our flagship hospitals. The next step is even more exciting, integrating diagnostics, pharmacy, and home care services into the app, creating a seamless end-to-end ecosystem. This will not only elevate the patient experience but also deepen loyalty to our Aster brand. We're also proud to share that Q1 FY26 has been a quarter of notable recognition for both our leadership and our institutions.

Our founder chairman, Dr. Azad Moopen, was named Healthcare Leader of the Year at the Financial Express Awards 2025, recognizing his visionary leadership and lifelong commitment to accessible healthcare. I was also humbled to receive the Women Entrepreneur of the Year Award at the same event. On the institutional front, Aster MedCity, Aster CMI, and Aster MIMS Calicut ranked among the India's Top 10 Hospitals by Times of India, Outlook, and Fortune India, while Aster RV and Aster Prime joined them in Newsweek's Global Best Hospital Rankings.

As we move forward, Aster DM Healthcare stands at an inflection point. Our core markets are performing strongly, our Kerala cluster has delivered healthy growth, and our specialty mix is moving us higher up the value chain. The merger with QCIL is a transformational milestone, one that will create an unmatched healthcare network in India and will drive operational synergies, expand our clinical depth and significantly extend our patient reach. We are investing in scalable, integrated care, combining physical infrastructure, digital platforms, and specialty depth with an unwavering commitment to excellence. With these strategic levers in place, we're not just poised for sustained growth and market leadership. We're truly reshaping the future of health care delivery in India.

I will now invite our Chief Operating Officer, Mr. Ramesh Kumar, to elaborate on our cluster-wise performance.

Ramesh Kumar:

Thank you, Ms. Alisha and a very good morning to everyone. So, I'm pleased to provide an update on our cluster performance for Q1 FY26. We have seen sustained growth and improvements in operational efficiency across all our regions. Let me walk you through the key highlights, starting with the Karnataka and Maharashtra cluster with a total bed capacity of 1,497 beds and 1,027 operational census beds. The cluster has demonstrated continued growth. Revenue grew by 13% year-on-year, reaching INR 372 crores in Q1 FY26, up from INR 329 crores in Q1 FY25.

Operating EBITDA has surged by 23%, amounting to almost INR 86 crores in Q1 FY26, resulting operating EBITDA margin expanded to 23.2% in Q1 FY26, from 21.2% in Q1 FY25. The performance was driven primarily by ramp-up at Aster Whitefield and also exit of some low margin businesses and improved operational efficiencies.

Moving on to the Kerala Cluster: With a bed capacity of 2,653 beds and 2,014 operational census beds, we are encouraged to see early signs of growth, recording a 5% year-on-year revenue growth this quarter and 11% quarter-on-quarter growth, regaining earlier revenue levels. This improvement reflects the positive impact of leadership enhancements and operational measures initiated over the past few months. While domestic volumes are stabilizing, we remain optimistic about growth in Medical Value Travel (MVT) through enhanced digital outreach, targeted engagement in high-potential markets.

Now moving to Andhra and Telangana cluster—which comprises a total of 1,047 beds, with 791 currently operational beds. This region saw a revenue growth of 7% year-on-year, reaching to INR 118 crore in Q1 FY26. Operating EBITDA stood at INR 9 crore in Q1 FY26, with margins at 7.9%.

Looking ahead, we are confident in our ability to accelerate the growth momentum. Our commitment to operational excellence, expanding our reach, and delivering exceptional care positions us well to continue building on this positive trajectory.

I will now hand it over to our CFO, Mr. Sunil, who will provide further insights into our financial performance.

Sunil Kumar:

Thank you, Mr. Ramesh. Good morning, everyone. For the quarter ended 30th June 2025, revenues have increased to INR 1,078 crores, up by 8% from last year Q1 FY25. Operating EBITDA has increased to INR 215 crores with a margin of 20.0% compared to INR 177 crores in Q1 FY25 with a growth of 21%. Normalised PAT (Post NCI) for Q1 FY26 is at INR 90 crores compared to INR 74 crores in Q1 FY25 with growth of 22% year-on-year.

For the quarter ending 30th June 2025, our operating EBITDA margin expanded by over 230 basis points, increasing from 17.7% to 20.0% year-on-year. This significant improvement has been driven by a combination of strategic initiatives, disciplined resource management and operating leverage across the business.

In Q1 FY26, ARPOB registered a strong 14% year-on-year growth, sustaining the double-digit momentum from FY24 (10%) and FY25 (12%). This performance was driven by a mix of strategic initiatives, including a reduction in Average Length of Stay (ALOS) from 3.2 to 3.1 days, contributing a 4% uplift in ARPOB. Aster Whitefield played a key role, with a 31% increase in total revenue and a 21% rise in ARPP, fueled by higher contributions from Oncology and Neurosciences. The discontinuation of a low-revenue scheme business in one of our hospitals also improved overall ARPOB by eliminating a drag on averages. Additionally, Oncology grew 16% across the group, further enhancing ARPOB due to its high-ticket size. Price revision in both Cash and TPA segments and favorable case mix further contributed to ARPOB growth.

Aster Labs has delivered a turnaround since the beginning of FY25, with EBITDA margins improving from 3.4% in Q1 FY25 to 7.6% in Q1 FY26. This margin expansion has been driven by a robust 46% year-on-year growth in external business, alongside enhanced operating leverage and significant material cost efficiencies. Reflecting its strengthened financial performance, Aster Labs now operates at a healthy ROCE of 13.7%, a notable recovery from the negative ROCE a year ago.

As part of a focused strategic shift, we exited loss-making unit within the wholesale pharmacy business, effectively eliminating a key drag on overall

performance. This move has resulted in a successful turnaround, with the segment now delivering a positive margin of 1.7% in Q1 FY26. With the foundation reset, margins in this segment are expected to expand further in the coming quarters, reflecting a more sustainable and profitable growth trajectory.

We have optimized our manpower costs by approximately 100 basis points across key functional areas by enhancing span of control, enabling leaner team structures and reducing supervisory layers. In parallel, we undertook targeted initiatives to rationalize overhead expenses, including the centralized procurement of services and non-medical consumables and adoption of renewable energy. Combined with the benefits of operating leverage, these efforts have resulted in a ~110 basis point reduction in overhead costs, reinforcing our commitment to operational excellence and margin expansion.

As of Q1 FY26, we've maintained a strong liquidity position with cash and cash equivalents totaling INR 1,455 crores, while a gross debt remains lower at INR 643 crores. Additionally, we are pleased to report a significant improvement in ROCE, which has increased by over 400 bps from 16.5% to 20.7%, demonstrating enhanced capital efficiency and disciplined financial management.

With this, we have laid a solid foundation for future growth. As we move into the future, we are confident of building on this momentum with the same discipline and focus. On that note, I conclude my remarks.

Now I request Mr. Varun Khanna to take you through performance of QCIL. Thank you.

Varun Khanna:

Good Morning and Thank you for joining us today, as you're all aware, we began this journey together a few months ago, united by a shared vision to transform the Indian healthcare ecosystem. In my previous address, I outlined how QCIL is evolving—touching upon our vision, leadership, performance and strategic initiatives.

I'm excited to share that the strategic interventions we implemented last year are now yielding outstanding results, driving a significant turnaround across several of our assets. This momentum has positioned us among the top quartile performers in the industry.

Most importantly, these initiatives are being embedded as long-term performance enablers, further strengthening our confidence for the quarters ahead.

So let me give you a sense of what the quarter 1 financial performance was like. In Q1 FY26, QCIL reported revenue of INR 1,079 crore, reflecting a strong year-on-year growth of 16%. This performance was primarily driven by both ARPOB and volume-led growth, further supported by an improved payor mix. Our payormix moved almost 2% or 200 basis points to about 80%.

So, cash and insurance are now 80% of the total business. ARPOB rose by 15% year-on-year, reaching approximately INR 45K in Q1 FY26. QCIL recorded a 4.2% year-on-year increase in inpatient volume and a 12% increase in OPD volumes.

EBITDA (Post Ind AS) stood at INR 227 crore, reflecting a 19% year-on-year growth and the margin profile improved from 20.5% to 21.1%.

We continued to witness strong momentum in our mature units, which delivered 16% year-on-year revenue growth along with a healthy EBITDA margin of 31%.

Our Cash Conversion Cycle remained healthy at 10 days as of end-June, while strong cash generation in Q1 drove a significant reduction in net debt—from INR 410 crores in March 2025 to INR 308 crores by June 2025.

Our ramp-up of initiatives in Emerging Units have also shown encouraging results, with revenue growing by an impressive 87.5% year-on-year. Notably, Nagercoil—operational since October 2024—has already achieved EBITDA breakeven and is showing strong growth potential. Further, Emerging Units recorded a 24% revenue increase over the previous quarter, underscoring the effectiveness of our expansion and operational strategies.

In parallel, our Focus Units posted a 10.3% revenue increase compared to Q4 FY25, reaffirming the positive trajectory and potential of these assets.

Let me provide a quick update on some of the key changes that have driven this turnaround. Foremost is leadership hiring. Our ability to attract diverse leadership was clearly demonstrated last year with the successful hiring of 10 CXO level leaders, each bringing unique and complementary skills to the table. Building on this momentum this quarter, we welcomed our group CHRO, further strengthening our leadership team. To enhance our execution capabilities, we introduced a regional structure aimed at ensuring effective strategy deployment down to the last mile. As a part of this initiative, we have appointed two regional chief executives to oversee operations outside of Hyderabad and outside of Trivandrum, bringing sharper focus and stability to our emerging growth regions.

Clinical augmentation, while last year our clinical talent in key markets faced some challenges, our doctor hiring efforts over the past two quarters have delivered strong turnaround in quarter one, resulting in a positive net revenue contribution of around INR 10 crores in monthly run rate for Q1. The newly on-boarded doctors have driven a significant shift towards high acuity care, with our converse share increasing 210 basis points to 58.4% for this quarter. Key specialties include ortho-neurocardiac sciences. Additionally, our average length of stay improved by 3%, decreasing from 4.0 to 3.9. With the launch of new clinical programs, we've also invested in advanced technologies. This quarter, we added two robots, two cath labs and three MRIs.

A lot of initiatives to accelerate growth. We've launched the first phase of Mock Call Center operations, partnering with Tech Mahindra to lead this transformation. As a complementary initiative, we've also introduced a new CRM-based patient enrollment system currently in its beta launch phase. This combined effort is projected to generate INR 18 crores in incremental revenue over the current fiscal. Our broader objective is to establish a centralized workflow-driven call center to manage the entire patient lifecycle, ultimately enhancing our ability to influence patient lifetime value. As a part of our sales transformation, we onboarded 11,800 doctors to our CRM system. We revamped our MVT organization structure, and Q1 has already shown a revenue growth of 80% indicating early success of these efforts. To drive operational excellence, let me give you a couple of initiatives that have scored very well.

Our initiative to drive sustainable procurement savings through formulary

compliance and platform led operations has delivered INR 20 crores of saving in quarter one. We've also launched a new company focused on food services. This venture contributed to INR 2.1 crores in net revenue and INR 0.6 crores in incremental beta for this quarter. In addition, we've initiated revenue cycle management, which will be instrumental in driving operational efficiencies in the coming quarters. As Alisha mentioned, there are a lot of awards that we've received this quarter, and let me mention a few. Firstly, QCIL brands were honored by Economic Times as the best healthcare brand in the country. In recognition of our ongoing dedication to sustainability, we were awarded the best sustainable initiative of the year by UBS Forums at the 2025 Green Sustainability Summits and Awards. Thank you, and it's a pleasure to be here. I pass it on back to you.

Puneet Maheshwari:

Thank you, Varun. Dear participants, during the Q&A session, you will get a chance to ask a question by raising your hand by clicking on the raise hand icon in the Zoom application at the bottom of your window. We will call out your name after which your line will be un-muted and you will be able to ask a question. Before now moving on to the Q&A session, I would like to request to all the participants if you can introduce yourself with your name and the company that you are associated with before asking the question.

If you are not associated with any company and you are an individual investor, you can highlight that as well. Moving on to the Q&A session. With this, the first question is from Mr. Tausif, can you please unmute yourself and ask the question?

Tausif Shaikh:

Hey, thanks, Puneet.

My first question is to Ramesh sir on the Kerala business. Can you provide some quality of color on the business such as what are the changes we have seen on medical tourism on a QoQ basis and what's the directional trend for Q2?

Ramesh Kumar:

Thank you, Tausif. I think, overall, as you see, the Kerala cluster has grown pretty well. The way the growth has been around 5% year-on-year in the revenue and volume growth from sequential quarter has been 6% overall, the performance of Kerala. I think, as we mentioned about the change in leadership has made the whole difference there. The team is stabilized. They are able to deliver. We are focused on, we have hired some of the good, able marketing team, leadership team there. And they are able to also deliver as far as the go-to-market strategy, what we have laid out. So, some of these strategies have really helped us to really increase the volume quarter-on-quarter as well. So, coming to MVT, back to the business, we have focused back again on Oman business as well as Maldives cases. It is really doing well now. I think most of the patients in between, again, it was the leadership concern. Now, I think we have, again, a good leader there to take care of the MVT. So overall, it has been, and you can be rest assured, second quarter performance is going to be much better than compared to the Q1 FY26.

Tausif Shaikh:

Ramesh, anything on the margin?

I think we have delivered a healthy 25% EBITDA margin for this quarter. Do we expect this trend to continue? For the Kerala business, we have reported a healthy EBITDA margin. So, do we expect this trend to continue? I think we have done some cost saving during this quarter.

Ramesh Kumar:

Yes. So, this is definitely going to continue the way especially operational efficiency is brought in. There is manpower optimization which has happened and overall, there is even the as far as the cost of the admin costs are also being under control. So, I think overall this efficiency will continue the second quarter as well also.

Tausif Shaikh:

Thanks Ramesh. I think my next question is to Alisha. Recently, we have seen exit of one of the CEO who has been with Aster for several years. How one should look at this exit means whether it's a part of restructuring, which is ongoing before the merger, and whether Aster is looking for the replacement of the CEO?

Alisha Moopen:

So, thank you, Tausif. Thanks for that, of course, as I had mentioned, the end state organization is going to be a very significant and very large organization. So, we are looking at it very holistically on what would be the right structure, how should we be doing the cluster-wise CEOs. I mean, we had Kerala as one cluster, we had Andhra Telangana as another cluster, Karnataka, Maharashtra as one cluster for Aster until now. Varun obviously alluded to a structure that he's putting in place at Quality Care as well. But of course, once the NCLT approval comes, we do have some thoughts around what that structure will look like eventually. So, we are being very mindful and conscious of how we are hiring on account of that end state of the organization. So, I hope that answers. So, we are definitely adding a lot of bandwidth across organization. And as Ramesh also spoke about, there's been extensive leadership hiring that has happened at different units and very key resources who have come on board in the last three months and a few more who are coming on board this quarter. So, the whole idea is to strengthen Aster as a whole for a combined strength of this 10,000 bed entity that we're going with.

Tausif Shaikh:

Thanks. That answers my question. I'll get back in the queue.

Puneet Maheshwari:

Thank you, Tausif. The next question is coming from Mr. Amey. Can you please unmute yourself and ask the question?

Amey Chalke:

So, the first question I have is on the low volumes. I believe you explained the part on the Kerala side, but I guess during this quarter, even the Karnataka volume seems to be on the lower side. I guess you mentioned in the opening remark that there was some discontinuation of the contract. Is it the only reason for the lower volumes in the Karnataka or is something else also we should look at?

Sunil Kumar:

Thanks Amey. Yes, in case of Karnataka, I think we had posted around 5% negative volume. That's basically driven by our Aster Aadhaar. In Maharashtra, we discontinued the schemes. So, this is a 210 bedded hospital census beds, wherein occupancy was a little higher. And the scheme business was occupying more than 20% of our beds. So, we had to cut down that to make space for the other patients. So accordingly, that has also resulted in a good ARPOB growth in the unit and giving a good ARPOB drive in the Karnataka and Maharashtra cluster. Also, you can see that in the Q4, we had a ARPOB of approximately 15%. It has moved to almost 17% in the current quarter. At least 3% upside has come because of this discontinuance. And I think we already we have seen that we had a once we had discontinued sometime in April, we saw a dip of approximately a crore or so, but we were able to bring it back through walk-in and TPA patients in May and June.

- Amey Chalke:** So, we should consider this occupancy as a base going ahead for next three quarters as well.
- Sunil Kumar:** See, I won't give a guidance on the occupancy percentage because the occupancy percentage has got multiple impacts. For example, you look at the ALOS reduction. If ALOS gets reduced, occupancy percentage is reduced and even the occupied beds also reduced. If I add more beds, right, then also the impact occupancy percentage, I would suggest better to look at the volume growth.
- Amey Chalke:** Sure. Second question I have on the Bangalore hospital strategy, this is the 5th hospital we have announced in Yeswanthpur. How are we going to think about this Bangalore city? Like is it because of the aggressive competition which is expected in future that's the reason why we are becoming more Bangalore focus or like, how are we thinking about Bangalore as a city, also considering Bangalore already has a good bed density, if you can elaborate more on the Yeswanthpur locality as well, how does it fare in terms of bed density versus the city?
- Ramesh Kumar:** So, yeah, this is definitely one of the right locality to come up with a multi-specialty hospital of 500 bedded hospital. The reason being is, this is one micro market which is not catered to especially, it is an affluent market. And there is a requirement. If you know the geography of Bangalore very well, Malleshwaram, Vijayanagar, and Rajajinagar is towards that side. And there are not many bigger hospitals of this size. So, one, we would like to serve to that class of population. Second, on NH4, we have a good traction coming in, especially from the interior markets like Tumkur and the entire belt till Bellary. There is a whole lot of, not many big hospitals. So again, those patients would drain into this hospital. So, there is a huge potential out there despite all the smaller hospital. The largest hospital competition is having is just a 200 bedded hospital. So, looking to that we would be able to serve to that class of population. Then strategy wise we are looking at a different concept altogether. We wanted to create a center of excellence for our transplant program. We want to create a neurosciences center and also oncology would be a key strategy in this hospital. Not many holistic approaches to oncology, I mean I'm talking of the radiation and bunkers and others, not many in that micro market. So, we would like to have this and there's a huge potential there.
- Alisha Moopen:** I'll add to what Ramesh was talking. Of course, this is just in the last 10 years that we've kind of started in the Bangalore market. We've been seeing very good traction for Aster brand in Bangalore. And with the traffic in Bangalore, care is becoming extremely localized, right? People don't want to go beyond one hour to access care. And like Ramesh said, most of the hospitals in this area are 150, 200, max 250 beds. And there are limitations on the provision of services when you are at that size. So, for us, when we strategically look at the Bangalore map, it was to make sure that we are pretty much covering the entire city as the city is expanding. So, to your point on yes, there are a lot more, a lot of beds coming up, a lot of competition, but even then, when we did the supply demand scenario, we saw that there is a gap. And as the city is expanding and as the population is increasing, and with the connectivity that Ramesh was talking about with Mysore and the adjoining states and stuff, we think that this would be a great asset to kind of complete our story for the next at least 3-4 years in Bangalore.

- Amey Chalke:** Thank you so much. Just last question I have on the Ramesh acquisition, the stake which we have increased. This increasing stake is going to increase our control over the asset. That's how should we look at it or we would need a 100% controlling stake for us to see a visible change in these particular assets.
- Alisha Moopen:** Amey, Ramesh-we don't go into operating control with this as this was part of the initial agreement with the group and with Dr. Ramesh on having a put option over the course of the three four years. So, we are honoring that commitment. There is a larger discussion on how we want to look at Vijayawada, Guntur, and Ongole in the market. And those discussions are going along quite healthily. And we hope that we'll have an update on how we think about the market in the next three to six months.
- Amey Chalke:** Sure, I will join back. Thank you so much.
- Puneet Maheshwari:** Thanks, Amey. The next question is from Mr. Parth Agarwal. Parth, can you please unmute yourself and ask the question?
- Parth Agarwal:** Hi, thank you for the opportunity. Considering say we are going for a greenfield expansion in like next few years so how do you see your occupancy numbers and entire ROIC and margins shaping up in the next few years? And on the same point, when you do a greenfield expansion versus a brownfield expansion, what does a payback period look like?
- Sunil Kumar:** Yeah, Parth, thanks for the question. Let me answer the second question, what you have. See, payback period, if you ask me, if you're going to do your own hospital in a metro, like Bangalore, it'll cost you somewhere between INR 2 to 2.5 crores per bed. And in our case, you look at the numbers. We are doing between INR 1 to 1.1 crore per bed, if it's a leased asset in this case what happens that, I am not investing on the land I'm also not investing on the warm shell it's not a just a cold shell with the warm shell including the high-end MEP and everything I'm only investing on the interiors and medical equipment's right. So you know the question is that and also the thing is that another it gets evened out because in case, I'll have the cash flow to be paid out in terms of rent. Right. So, if you ask me on a lease basis on a cash, the payback period is approximately within 9 to 10 years. And going back to your other question, sorry, the first question was with respect to the EBITDA margins, right?
- Parth Agarwal:** Yeah, margins and in general blended occupancy when go for the greenfield, because greenfield takes longer time to get ramp up.
- Sunil Kumar:** Yeah, see with respect to the occupancy I would not like to give occupancy percentage guidance because I informed in the previous answer also is that because, always occupancy percentage gets diluted because when you add more beds it gets diluted, and we are also being very efficient in reducing the ALOS. So, I don't think so that's a great parameter to look at. Better to look at the IP volumes, that's a better way to look at and see the growth and what we always say I think in the previous sessions I called out is that, at a mid-term period basically between three to four year horizon, we look at a growth of between, mid-teen growth. In mid-teen growth, approximately volume should give a driving force of approximately 7-8% and balance 7-8% should come from ARPOB. I think that's a broad thing.

In terms of EBITDA margin dilution, see, maybe three, four years back when you start beds, the dilution used to be major because the capacity or the initial size was lower but in current case we are more than 5,000 beds so and also you see that whatever the capacity which you're operationalizing is less than between 5-10% every year we will have a some big basis points impact but there will be no material impact on the EBITDA margins.

Parth Agarwal:

Okay, just one thing, I understood the payback period for Greenfield is 9 to 10 years, what about Brownfield, is it 4-5 years or it's less?

Sunil Kumar:

See, in case of Brownfield, what happens is that, you know, for example, we have two examples in Kerala, we added 100 beds in Aster Medcity, and 100 beds in Kannur. I think initially someone had asked Mr. Ramesh about the EBITDA margin expansion in Kerala cluster, why it has gone to 25%. See, there is literally no drag in brownfield expansion. For example, in Kannur, we used to have occupancy of more than 90 to 95%. So, when we added 100 beds, the capacity got expanded and we were able to basically operationalize the additional beds with our existing resources. So literally there is no negative EBITDA impact. It's more of an EBITDA accretive. So immediately it starts flowing in. You'll have a positive EBITDA growth also as an absolute number, and EBITDA margin will expand. It's the same thing happened in Aster Medcity also. You can see that the EBITDA in the growth, what we talked about in Kerala overall. Last quarter we had shown a -4% growth. Now we move to more than 5% positive. That's almost a 9% movement, a quarter 4 to quarter 1. That has happened because of the capacity expansion. So, in Brownfield, I don't like to say it's all about payback period, because you have to look at the asset as a whole. So, what I'm trying to say is in Brownfield expansion, it is EBITDA accretive and margin accretive.

Parth Agarwal:

That's all from my side. Thank you so much and best of luck for the future.

Puneet Maheshwari:

Thanks, Parth. The next question is from Dr. Bino. Dr. Bino, can you please unmute yourself and ask the question?

Dr. Bino:

Hi, good morning. A couple of questions on the QCIL side. I believe most of the growth seem to have come from the Kerala cluster. What is driving this growth? And on the other hand, what's holding back the growth in Hyderabad area?

Varun Khanna:

Hi, Bino. Thanks for the questions. So, the way we look at our business, I think geography is one aspect and the maturity of assets is the other, right? And we gave this color last time as well, in terms of how we categorize, because each of our geographies will have different kind of units. And instead of getting into just the geography, I think I want to give you the color. So first, if you look at quarter on trailing quarter, even our hospitals in Hyderabad have done extremely well. It's a very competitive market, but even in that market, we've seen a growth rate, which is double digit over the trailing quarter. So, volumes have really picked up. In fact, if I was to give you some highlights, one of our units which used to do in the third quarter last year INR 14-15 crores have started to deliver in excess of INR 20 crores on the top line on a monthly basis. So, there is a significant ramp up that's happening there as well. If I look at the four categories that I defined earlier, let me give you some color on YoY as well as quarter and trailing quarter. So, our mature units, which is the bulk of our business,

grew 16% and 27%, 16% on the top and 27% on the bottom for this quarter. And what's interesting is that these units grew 5.5% on the top quarter and trailing quarter as well. And while you know sometimes, we see the impact of seasonality and this is a quarter where we haven't seen any seasonality which is where our complexity of work has gone up, our CONGO mix has gone up and that's reflecting in our ARPOB as well. So, the other categories that we've put together is the emerging units, which is Vizag, Chattogram, Nagarcoil, the new hospital that we opened. I mentioned in my talk, that's grown 87.5% over last year. And because these are new units, you should always look at quarter and trailing quarter as well. It's got a 25% top line growth quarter and trailing quarter. So that means the ramp up that we are building up is phenomenal. In fact, now that you asked me this question, a Nagarcoil facility has grown up from almost, I think it started in October last year, and we are now doing positive EBITDA. And the run rate of EBITDA seems to be double digit. So that's the level that we've been able to achieve so quickly. I know the previous question was about payback etc. So, some of these markets really turn around very fast and I can go into one such example. The third category is where I think that there's a little bit of which is where I would say focus units like Banjara comes in, Hi-tech comes in. Now, what's interesting is that these units have also shown significant growth over the last quarter. So, quarter on trailing quarters, 7% growth on the top and 60% on the bottom. So essentially, the way I look at our performances, it's not exclude only by one cluster. While we may have seen, volume growth coming from one cluster value growth coming from another. So, if you look at the performance is quite blended across on it, but hope that answers your question.

Dr. Bino:

Great, thank you for the detailed answer. Just couple of quick questions. In Bangladesh operations, are you seeing any difficulty managing the operation of your given the geopolitical situation?

Varun Khanna:

Well, I shared a story last time, I'm happy to repeat it again. Even during the worst times at Bangladesh, there was one, you know, our assets were not impacted at all. In fact, the patients around us ensured that we were working pretty fine and that's not changed. Bangladesh continues to grow, do exceptionally well. In fact, the Dhaka facility is continuing to get better every passing quarter.

Dr. Bino:

Got it. And one last more question. At a consolidated level, is there any debt on the QCIL books? If I could get the quantum, that would be great.

Varun Khanna:

Well, a debt is, you know, maybe generally, I don't know the exact number, but the way I see it is a debt is significantly lower than a current EBITDA, if that's a question.

Hitesh Dhaddha:

Yeah, let me add to that, you know, the number that we had reported, we know for FY24, when we announced the merger, we on the combined level had almost a zero net debt, for Aster + QCIL. So, I don't expect the numbers to materially, move from that direction. And then that kind of also supports what Varun mentioned, you know, around the number should be lower than their EBITDA.

Dr. Bino:

Thank you, Hitesh and Varun.

Puneet Maheshwari:

Thanks, Dr. Bino. Next question is from Mr. Harith. Mr. Harith, can you

please unmute yourself and ask the question?

Harith Ahmad:

Hi, hope I'm audible. So, the beds that you've guided for commissioning in the first half of FY26, I see Kasargod which is a greenfield expansion and then the brownfield expansions at Ongole and Whitefield. What's the status of these expansions? Are these already commissioned, or should we expect these in this quarter?

Ramesh Kumar:

First let me start with Whitefield. Whitefield it is 159 beds we'll be adding that is the tower 4 we call it as the D tower. So, this will be another 2 months' time, we should be able to commission this. And then it'll be moving the women and children, which is in tower C into tower D. So that's our strategy, adding few more clinicians there. So, by another 2, maximum 3 months' time, we should be able to commission this tower additional 159 beds and then moving on to Kasargod we are already there and it's a matter of another 2 months' time to fully function the hospital, already we have onboarded the clinicians, the staff and everything and we'll be kickstarting the hospital another 2-3 months' time. And of course, Ongole is getting ready, and we are yet to fix a timeline for that and slowly we will be tracking it very closely and then we should be able to tell you the exact timeline, maybe another 2 quarters down the line.

Harith Ahmad:

Okay, thanks for that. And the pipeline that we've shown for Aster around the 2,600 beds over the next few years, is there a similar number that you can share for QCIL or any color on what QCIL pipeline looks like?

Varun Khanna:

All right, I'll take it. So, from a pipeline standpoint, we're looking at about 1,200 beds. We've added a couple of hundred already, and 1,200 beds across various projects or expansions within the hospitals. We've laid out earlier, and that numbers not changed.

Alisha Moopen:

Yeah, so at a group level, the goal was, I mean, we expect at least 14,000 beds in the next 2-3 years. So, like what Varun was saying, the combination of that 1,200 plus the 2,600 that we're talking from Aster will get us to that.

Varun Khanna:

Harith, wherever we are mature and we're doing well. We identified that we need more bed capacity, and all those projects are underway. There is a significant capacity addition in our existing hospitals, which means the scale-up will also be fast. We will come in for the next 6-8 quarters.

Harith Ahmad:

All right. And then last one with your permission on ARPOB growth, we've seen very strong momentum for the last few quarters and this quarter as well. We saw a very strong year-on-year growth there. And you talked about a few reasons on what's driving this growth. But what is the sustainable level that we should look at? Because we've seen some moderation when we look at some of your peers. So, is that something that we should make in, you know, a moderation in ARPOB growth?

Alisha Moopen:

So, Harith, you know, I think we feel the trends are likely to continue. I think it's more the specialty mix, right? So right now, on oncology, we're still only at 11%. We do think that there is an opportunity for us to go further up and take it to sort of higher teens, which will definitely help sort of increase the ARPOB. We also, so I think overall, when we look at the specialty mix, the equity mix, there is a tendency, we don't see any moderation and the mix of where our beds are coming as well. So, when

we were talking about almost 1,000 beds coming in from Bangalore, that will actually be at a higher ARPOB, which is why Whitefield coming up has sort of enhanced the ARPOB levels for us. And then also the way we are kind of looking at scheme patients where we need to reduce it, how to sort of optimize as capacities increasing in units. We feel confident that we should consistently be able to see growth on the ARPOBs.

Sunil Kumar:

Just to add to what Alisha called out, there is a one time, the impact in the ARPOB currently 14% by 4% is coming from ALOS. And ALOS we're already efficient at 3.1, right? So, we don't see much of a change in the ALOS, at least it should be between 3 to 3.1. Keeping in mind that, and I think previously called out, on a long-term basis, it's a 3-4 year term, you're looking at a 7-8%, and that could get only tweaked, as Alisha called out, because of oncology. If oncology has been the driving the growth, that should yield more better ARPOB. But on a neutral apple to apple comparison, we are looking at around a 7-8% over a period of 3-4 years.

Harith Ahmad:

All right. Thanks for taking my question.

Puneet Maheshwari:

Thanks, Harith. We request you to please limit your question to two, but not more than three per participant at a time. The next question is from Mr. Nikhil Mathur. Nikhil, can you please unmute yourself and ask the question?

Nikhil Mathur:

Hi, good morning. I hope I'm audible. My couple of questions are on QCIL side. Sorry, I have a bad throat. I hope I'm able to put across my question. I'm trying to understand the INR 20 crore EBITDA uplift that QCIL has reported this quarter. I mean, it's a pretty material number, almost 10% of your operating EBITDA. So, what was happening incorrectly? I mean, what was the procurement strategy previously and what is getting changed now? I mean, it's a big number. Why was the procurement so inefficient in the past and why is it so easy to change that? You're able to deliver this kind of EBITDA uplift.

Varun Khanna:

So, Nikhil, first of all, thank you. You've been very ably to put forward your question. I should also tell you that our medical director's name is Nikhil Mathur. And the moment we saw your name up there, we were thinking as to why he's asking a question. So, first of all, INR 20 crores in the quarter have not been easy. So, let me, it's taken us a lot of external help, etc. So, Nikhil, there are three things that we try and do when it comes to material cost optimization. One is scale. And this is the first time the 3 entities that we currently have, which is Care, KIMS and Evercare, has come together. And the procurement has got centralized across the board. So, the 3 entities are no longer operating independently from a procurement standpoint. It's a single source which is not procuring. When scale comes in and you're able to vendor optimize, you're able to bring down the cost quite significantly. Half of our, maybe more than half of our savings are coming in just from the efficiency on procurement optimization. The second part is formulary. Formulary compliance is a huge thing. There are various parts of our business. Our scheme business, cash business, insurance business. And when you optimize formulary, you are able to bring down your vendors from 10 different vendors for the same molecule to 2 vendors for the same molecule. Molecule is, it doesn't matter. So, optimization on demand also helps us in a very big way. Third, margins do vary from one pharma company to the other. And sometimes when you do this in a scientific manner, you're able to move to margin optimization

as well. The good part about all of this is this is sustainable. So, Nikhil, you'll see it not only in this quarter, but this is also something that you will continue to see quarter on quarter. I hope that answers your question.

Nikhil Mathur:

Yeah. So, basically, this initiative still continues and like you mentioned, F&B, insourcing, clinical talent, some other levers as well. So, this number can continue to improve in possible 1-2 years?

Varun Khanna:

Oh, absolutely. So again, these are pre-merger synergies. And while when we did the merger conversation, we told you that there are synergies that will be built on top of this. So, we have a synergy wheel, which takes care of our 10 to 15 initiatives, which either get impacted by scale or get impacted by efficiency. All of these will continue to be at play. I did mention in my comment earlier, we've currently in-source food, and that's already started to bring us savings. The savings will continue to grow. We are doing a lot more on revenue cycle management, which is a very focused exercise which will continue to bring us more from a procurement standpoint, as we as we close the merger, the group level synergies will also come into play.

Nikhil Mathur:

I have one more question on the OPD business, not specific to QCIL or Aster. But what is the level of OPD business in overall hospital mix today? And what is the outlook on the OPD business over 2, 3 years period? I mean, the reason I'm asking about the outlook is that if OPD were to grow faster than inpatient business, then that obviously is ARPOB accretive, right? If my understanding is correct. So, any thoughts on the OPD business over 2, 3-year period? Is it a very fast-growing space that most of the hospitals, not just Aster and QCIL, but pan India hospitals are kind of recognizing?

Varun Khanna:

Okay, so I'll take a part of the question. So, OP business has grown pretty well for QCIL, Nikhil. We've, one, we've grown the volumes about 12%. It's been a very focused thing that we're trying to drive. And OP volume impacts the ARPOB favorably. One of the questions that previously was asked, and I think Sunil addressed it on the ARPOB. So, we see continued growth in this network on OP. If there's anything specific around OP that you want to know, certainly. So OPD, OP diagnostics, OP radiology, the more numbers you bring in. So, I told you we grew 12% on OP. So that will have attraction on pharmacy, that will have attraction on radiology, etc. and diagnostics, which is good business to get.

Nikhil Mathur:

So, basically what I'm trying to understand is that obviously we are slightly confused with the level of ARPOB growth that continues to come in across hospitals, not just Aster QCIL, but across other hospitals as well. So just trying to understand that, can OP volumes sustainably outgrow the IP volumes and that itself leads to some bit of ARPOB accretion?

Varun Khanna:

All right, Nikhil. So let me add to what Sunil has already said. I think I'll take the QCIL view around ARPOB. So, ARPOB growth is happening on 4 factors, and let me break all 4 factors for you. One is price, and I think ARPOB should not be confused with price. A 2%, 3% increase in price over the year can also lead to a double-digit growth in terms of ARPOB because of the other factors. Now in our case, we've been very conscious of how we can enhance our CONGO mix. Alisha, alluded to the oncology mix and I'm going to use Congo because largely Congo does impact ARPOB very favorably. We are, I think we moved 200 basis points on the Congo mix

this quarter. We moved from 56% to 58%. Now, the question you may want to ask is what's the best in class? Who's the current leader in CONGO across the country? And that number sits in excess of 70%. So, can we get from 58% to 70%? Absolutely. As the network starts to mature, as the clinical hiring gets better, as the investments in technology get better, you'll certainly see that number growing. And that number will continue to grow and therefore, ARPOB will get favorably impacted. Second, oncology does play a very significant role when it comes to ARPOB expansion. Right. And there the focus of the group is quite strong. Now, the other element that's impacting for us favorably, our cash and insurance mix is also moving northwards, which means we were again, 210 basis points of the quarterly improvement. We moved from 77 change to 80 odd percent now. And that has a very significant upside, very, very significant upside because the scheme business comes at 40% of the cash tariff, sometimes not even that. Right. So, as you move the needle towards cash and insurance, and as the brand gets stronger, the paying propensity of people and people who can pay start to get to your hospital and therefore making it stronger. So, we are about 80% there. ALOS, and you have seen Alisha and Sunil report the ALOS for Aster at 3.0 or something. QCIL is at 4. We have got down to 3.9. So, we have a significant enhancement that will continue to happen over the next 6-8 quarters again on ALOS. And as you make the ALOS better, that's inversely proportional to the ARPOB as well. And lastly, I must also say that we are nowhere close to what the benchmark today has been set for ARPOB. So, I think we have a journey to grow is the way I'll see it. OP mix does play a role. And I think if you have the right level of diagnostics and services at play, and you're able to manage footfalls well, that revenue will also continue to grow. But that will not become so significant. I mean, at some point in time, the level to that is about 35 to 65. So, rupee revenues generally don't go below beyond the 35-36% contribution to the total business. So that's where the level will be. Nikhil, I'm sorry, it's a bit long.

Nikhil Mathur:

Yeah, it's very clear. Thank you so much.

Puneet Maheshwari:

Thanks, Nikhil. The next question is for Mr. Sumit Gupta. Sumit, can you please unmute yourself, and ask the question?

Sumit Gupta:

Hi, thanks for taking my question. So, I have few questions on the Bangalore market. So, first is on the new hospital, which is coming in the Yeswanthpur. So how do you plan to fund it? And second is on the overall Bangalore market. So can we expect this Karnataka and Maharashtra cluster to go over the next 2-3 years to contribute more towards the overall business and Bangalore market in particular to the overall business.

Sunil Kumar:

Yeah, thanks Sumit. So, on the funding bit of it, it will be a mix of internal and external funds. And we don't get into because we have a very good cash flow from operations conversion from the Pre-IndAS. Today we're running at more than 80 to 85%. So, I think we should be able to do with the internal accruals itself. And, you know that this is a greenfield project. The CAPEX funding will be required over a period of a year. And in our case, because you're only doing the interiors and the medical equipment's, it should be more around 20 months on the project. You know, that's how it is going to be. What is your second question Sumit?

Sumit Gupta:

So, basically outlook on the Bangalore market. So how do you see?

- Sunil Kumar:** Yeah see in Bangalore market if you look at the quality beds today right I'm not talking about the other beds where there are 50 beds and 25 beds I'm talking about the quality beds right more than 100, 150 bed hospitals it's approximately between 8000-9,000 beds and that if you look at a population or the quality, I would say that patient density, it comes to around 0.6 to 0.7 per thousand population. And very specifically in the micro market, which we are talking about, that's the central to northwest zone. There you see almost a 4 million plus population. But only the way, if you look at the bed density, it's only 0.5 on the quality beds bit of it. That is also, I think Alisha also very clearly called out, there is no oncology in the extreme northwest zone. It's only 100-200 bed hospital. That's where we want to make a difference by adding the hospital there and with a complete oncology and super specialty including the transplants. And this particular hospital is situated exactly on the NH 4 and that is where it links to the upcountry in Karnataka and complete referral channels can be built into this.
- Sumit Gupta:** Understood. So, with regards to the profitability, so let's say on the EBITDA per bed size, so Bangalore would be how much like what kind of growth can we expect on the profitability side per bed? What can we expect on the EBITDA per bed growth over the next 3 to 4 years considering Bangalore market in particular?
- Sunil Kumar:** Yeah, you can calculate we know you know the ALOS is around 3.0 in Bangalore overall K&M cluster ARPOB is approximately at INR 70,000 but when you look at the Bangalore market alone it's between INR 80,000 to 85,000 per bed the revenue ARPOB and margins are approximately around you know 25-27% only in Bangalore.
- Sumit Gupta:** Understood. Thank you.
- Puneet Maheshwari:** Thanks, Sumit. Next follow-up question from Tausif Shaikh. Tausif can you please unmute yourself and ask the question?
- Tausif Shaikh:** I just want to understand your thoughts on the diagnostic business post the completion of merger. Since the rest of the large hospital chain has got into this business very aggressively and becoming a pan India play. What's your thought on this business going ahead?
- Alisha Moopen:** So, Tausif, the diagnostic business for us is much more to make it a full ecosystem play in the markets that we operate. So, as Sunil was talking about the lab business, it has become positive, and you have seen a good improvement in the margins as well. So, at this point in time, we're not talking about becoming a pan India player. For us, it is about an extension of what our patients in our key clusters will need. So, we'll continue to focus on building that in Kerala, Karnataka. And if you think that the business model is working well, we'll, of course, look at expanding to the other regions that we've now got as part of the merger. But at this point, it's more about stabilizing the model that we've built. And we're seeing it at least moving in the right direction right now.
- Puneet Maheshwari:** Thanks, Tausif. The next question is from Mr. Amrish. Can you please unmute yourself and ask the question?
- Amrish Kacker:** Thank you for the opportunity. The first question is relating to ARPP.

We've been reporting this now for a couple of quarters and I'm just trying to understand what information we get from ARPP beyond what is there in ARPOB assuming I mean I can understand if ALOS changes we get we get some additional information and some specific questions the ARPP we've got Bangalore increasing 19% is this just again back to what you earlier explained about the numerator and denominator changing.

Sunil Kumar:

So Amrisha, 2 parts. ARPP we are trying to give because in case of ARPOB, ARPOB growth always have a linkage to ALOS and that whatever the plus or minus the growth or degrowth which happens in the ALOS that doesn't get reflected immediately, right. It's always skewed. For example, in our case 14% ARPOB growth that has already inbuilt a 4% ALOS efficiency. But you look at the ARPP, that doesn't have the ALOS impact. So, it's very clear. So, you can always look at the volume and the ARPP. That's one of the reasons why we are trying to give an understanding there. What was your second question, sorry, Amrisha?

Amrisha Kacker:

Yeah, so the ARPP number for Bangalore has jumped 19%. And I'm just trying to see if that's the same.

Sunil Kumar:

There are 2 parts. The ARPP is for both Karnataka and Maharashtra cluster. It has two impacts. One is the impact for the Aster Aadhaar, I called out, where we had this scheme because of the capacity bottleneck capacity bottleneck to drive more walk-in and TPA patients. That has helped at least 2% into the growth here. And second biggest, I would say at least 4 to 5% growth is coming in the ARPP only because of the Whitefield. And you know that Whitefield started only in the, you know, I would say one and a half year back and only in the last quarter one it was just a ramp up stages. And after that we have seen a very good growth in the oncology and in the neurosciences. And specifically, Whitefield, I very clearly called out, it's a grown year-on-year for the quarter one at 31% and ARPP itself has grown more than 20%.

Amrisha Kacker:

Thank you. Just a side comment on that. I think there's some discrepancy between the ARPP reported in Q4 and the ones reported in this quarter. There's nearly a 20, 30% difference. I'm not sure what the reason is for the same quarter. The second question is a broader question just relating to robotics. I mean, we've been calling out robotics, you know, the robotic surgeries. And again, last 2 quarters, we've now put a whole separate page in the annexure showing our improvements in modernization and automation and the robotic equipment. I think Mr. Khanna also called out a little bit about robotics. Is there something structural we need to be thinking about over here? Or is it just like a feel good that we are up to date and technology advanced and so on?

Alisha Moopen:

So, Amrisha, I'm trying to understand your point. I mean, there's obviously the associated benefits in terms of ALOS reduction as well that comes from robotics apart from the, you know, early, so early discharge, better outcomes, precision. So, I think it's much more than feel good now. I think it's really, it's gotten to a point where patients are coming in, asking if some of the surgeries for specific departments, if a robot is available. So, there is a preference where patients are leaning towards this as options for specific modalities, for specific procedures. And that's why we are seeing increased adoption as well as increasing sort of the installation of robots within our network as well.

Amrish Kacker: And it doesn't change the dynamics of the number of doctors we need to run hospitals and run surgeries. They're still supervised. So, it's just a moment.

Alisha Moopen: Yeah, exactly.

Amrish Kacker: Thank you. All the best.

Varun Khanna: If I may, start with what Alisha mentioned. So, it's a good trend to track, an important one, because it impacts ALOS, which has already been alluded to by Alisha. It impacts your realization as well. So, the consumer is willing to pay more, because there is a consumer preference around it. And in this market, outcomes also get significantly better with robotics because you're able to get back home faster, the scars lesser. So, there is a preference that is at play. And most importantly, I think doctors also prefer to have an establishment which can bring them all of these tools so that they can enable the level of care that is desired of the brand. And that's how we are able to move large teams from hospitals that can't make it to that level of investment to our kind of networks.

Amrish Kacker: That's helpful. Thank you very much.

Puneet Maheshwari: Thanks Amrish. The next question is from Mr. Mohammed Patel. Mr. Mohammad, can you please unmute yourself and ask the question?

Mohammed Patel: Hi, I'm Mohammed Patel from Edelweiss Public Alternatives. So I have two questions. So, we are guiding for 7 to 8% volume and 7 to 8% ARPOB, but currently volumes are flat and ARPOB is growing at 14%. So, when do you expect this to transition to equal contribution from volume and ARPOB?

Sunil Kumar: So, Mohammad, if you recall, look at the FY24 and FY25 growth in the first half, right? We were giving more than and look at the CAGR of more than 5 years of Aster. Revenue has been growing at a 20% CAGR for 5 years. What has happened is that only in the last 3-4 quarters, or I would say it's very specifically from Q3 FY25, you've seen the, I would say, subdued performance in terms of volumes because of multiple reasons. And I think we alluded to it very specifically towards the leadership change which has happened, and in Q4 FY25, very specifically to the Ramadan impact which has come through. And certain very specific, I would say, decisions which were taken in the MVT also. For example, Maldives related payments. We used to get the revenue, but we did not get the payments. We have to ensure that whatever the revenue booking, we need to collect that also. To ensure that our DSO is better, we have taken certain interventions. And you can see that from Q4FY25 2% growth has gone to 8% growth in the Q1 FY26. And I see that in couple of quarters we'll start getting back into the double-digit growth what we're talking about.

Mohammed Patel: Okay, my second question is, what is the CAPEX number that we should look at for Aster and QCIL in the next 2-3 years?

Sunil Kumar: Quickly on the Aster, we know we are adding almost 2,600 beds. That entails to approximately INR 2,500 crores of project capex what we require. Out of 2,500, around INR 400 to 500 crores are what we already incurred as on 30th June. And balance INR 2,000 crores approximately will be spent over next 3-4 years.

Mohammed Patel: And for QCIL?

Varun Khanna: So let me add to that. So essentially, you look at about 5% of the top line, which is the CAPEX required each year, and it's got to be no different this year. And outside of that is the project CAPEX, which is not in one particular year, so it will get spanned over the beds that we open is about INR 1,100 crores. This year, the cumulative CAPEX outlay, including the projects that we are coming up with is about INR 800 to 900 crores.

Mohammed Patel: Okay, thank you.

Puneet Maheshwari: Thank you, Mr. Mohamed next question is from Mr. Harsh Bhatia. Harsh, can you please unmute yourself and ask the question?

Harsh Bhatia: Thank you. Good afternoon. Just two quick follow-ups. One on the ARPOB side, you mentioned 4% from the ALOS part. I missed the initial comments. Was there anything linked to the insurance pricing as well? And for the entire year as well for FY26, could we see some incremental insurance benefit coming through?

Sunil Kumar: Yeah, Harsh. So broadly, I had put across saying that out of 14%, 4% from ALOS and price increase from the cash patients and the TPA should be between 2.5% to 3%. And specifically in case of TPA, we across India, our percentage contribution approximately 31% from the insurance patients. And these contracts are basically for each unit. So, we don't have a central contract for these TPAs. And every month, there's one or the other TPA renewals which comes in, in one of the other geographies. So, you'll see that renewal happening across the year. And we see that at least in the second of coming in, that's at least in H2, there's a major contract which is going to get renewed very specifically for the GIPSA in Bangalore. That's going to give us a considerable increase. But overall, as a price increase guidance, what we always give is that including the cash patient increase and the TPA renewals, which happens once in two years, we're looking at somewhere between 3% to 3.5% contribution to the ARPOB.

Harsh Bhatia: Just one bit in terms of the scheme business, you highlighted the rationalization of some asset in Maharashtra. Some scheme business was discontinued. Going forward for the next few quarters, is there anything incremental in the pipeline? That is something related to the scheme business rationalization?

Sunil Khanna: Nothing very specific, Harsh. It all depends on the dynamics of each unit. What we always put across is that we'll try to ensure that the scheme business is a single digit. And even currently, if you put across both the ESI, ECHS and the CGHS and the state and central government schemes, they're approximately at 6%. So, it all depends on whenever we add the brownfield expansion, immediate requirement is there to fill in the capacity. And we are not open to all departments in the schemes. We are very much very clear about very specific departments where the yields are better. So that at least at the contribution level, we are not negative. So that's a broad understanding here.

Harsh Bhatia: Just one last quick. FY27, your Aster additions close to 1,000 beds, Tiruvandrum, Sarjapur, Hyderabad, largely Greenfield. Broader break-even timeline for these assets or if you will be able to call out the drag for the first 12 months, if possible. I understand it's a little bit more forward-

looking but anything.

Sunil Kumar:

So, Harsh, what we always say is that for example, I'm just giving an example here, it all depends on, you know, with the which Micro Market, you know, this is the first entry or we've already been there, and we are, you know, expanding. For example, Aster CMI, when we entered almost 8 years back, that was the first hospital and Aster brand was not known. We took almost 18 months to break even and when it came to Aster RV which is our 2nd hospital in Bangalore, it happened almost 3-4 years after the Aster CMI. The brand recall was better, we were able to get attract better doctors and that ensured that we were able to break even within 12 months and for example in Whitefield, which is our 3rd hospital, the ramp up was so quick, we were able to break even in the 3rd month. Right, it all depends on that. So, I want to try to give you the exact guidance. It's all about the micro market we get in and the feedback from the doctors and the patients.

Harsh Bhatia:

Thank you.

Puneet Maheshwari:

Thanks, Harsh. We would like to highlight that we will be giving preferences to attendees who have not asked a question before. So, in that line, next question is from Ms. Nancy. Nancy, can you please unmute yourself and ask the question?

Nancy Yadav:

Hi, I'm Nancy and I'm from Electro Advisors. So, I just wanted to get some color on the EBITDA dip in the Andhra and Telangana cluster in this quarter. So, there is ALOS optimization, the ARPOB has also improved, and even then, there's a very small increase in the revenue, and there's a dip with the EBITDA. So, I just wanted to understand the reason for this.

Sunil Kumar:

Nancy, it's very much straightforward. Two reasons. One is that because of the case mix changes, we have seen a material cost going up by at least 1%. So that's taken away 100 bps in our EBITDA margin. Second is that both in our Hyderabad and Andhra region, we had certain attrition in the clinical talent. And we have brought that new clinical talent into these hospitals. That has ensured that our revenue growth has come in. At the same time, the cost has been initially at a higher stage. But as we've always seen that in Andhra & Telangana cluster, 2-3 years back, which was 8%, we have slowly, I would say, optimized it to more than 12% to 13%. And we expected it to go back to the similar numbers in the coming quarters.

Nancy Yadav:

Sure. That was helpful. Thank you.

Puneet Maheshwari:

Thank you, Nancy. If there is anyone, any other attendees who would like to ask a question, please pick and raise your hands.

So, there is no more question to the management. Thank you all. This concludes the earnings call for this quarter for Aster DM Healthcare. I thank the management and all the attendees for joining us today. If you have any further questions and queries, please do get in touch with us. Thank you.

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The contents of this transcript may contain modifications for accuracy and improved readability.