



**Apollo Hospitals Limited**  
**Q3 FY '26 Earnings Conference Call**  
**February 11, 2026**

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**Moderator:** Ladies and gentlemen, good day, and welcome to the Apollo Hospitals Limited Q3 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this call is being recorded.

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

**Mayank Vaswani:** Thank you, Yashashri. Good afternoon, everyone, and thank you for joining us on this call, hosted by Apollo Hospitals to discuss the financial results for the third quarter and 9 months of FY '26, which were announced yesterday.

We have with us today the senior management team represented by Mrs. Suneeta Reddy, Managing Director; Mr. A. Krishnan, Group CFO; Dr. Madhu Sasidhar, President and CEO of the Hospitals Division; Mr. Madhivanan Balakrishnan, CEO of Apollo HealthCo; Mr. Sriram Iyer, CEO of AHLL; Mr. Sanjiv Gupta, CFO of Apollo HealthCo; and Mr. Obul Reddy, CFO of the Pharmacy business.

Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. Please note the disclaimer mentioning these risks and uncertainties, which is on Slide 2 of the investor presentation shared with all of you earlier. Documents relating to our financial performance have been circulated earlier, and these have also been posted on the corporate website.

I would now like to turn the call over to Mrs. Suneeta Reddy for her opening remarks. Thank you, and over to you, ma'am.

**Suneeta Reddy:** Thank you, Mayank. Good afternoon, everyone, and thank you for joining us on today's earnings call. I trust that you have all received our earnings material that we shared yesterday.

We are pleased to report a strong performance during what is typically a seasonally weak

quarter. Importantly, we have sustained the positive momentum from the first half of the year into Q3, delivering double-digit top line growth across all three of our business verticals, Healthcare Services, Apollo HealthCo and AHLL.

On a consolidated basis, revenue grew by 17% year-on-year to INR 6,477 crore. Within this, the Healthcare Services business recorded revenue of INR 3,183 crore, reflecting a healthy 14% year-on-year growth. This growth was driven by a well-balanced mix, 5% from volume growth, 4% from case mix, and the remaining 5% from pricing.

Surgical volumes grew by 6% during the quarter, supported by our continued focus on CONGO-T specialties, cardiac, oncology, neurosciences, gastroenterology, orthopedics and transplant. These specialties remain a key growth engine for us and delivered a robust 16% year-on-year revenue growth. Group-wide occupancy stood at 67% in Q3 FY '26.

Insurance and cash patients together accounted for 83% of inpatient hospital revenues for quarter 3 FY '26, underscoring the strength and resilience of our payer mix. Average revenue per patient was INR 180,917 in Q3 FY '26 compared to INR 173,246 in Q2 FY '26, reflecting an increase in clinical intensity during the quarter.

Apollo HealthCo reported revenues of INR 2,827 crore, 20% year-on-year growth. Revenues from Apollo Health & Lifestyle increased by 20% year-on-year to INR 467 crore during the quarter.

Consolidated EBITDA for the quarter was at INR 965 crore, registering a robust growth of 27% year-on-year. Within this, Healthcare Services was at INR 719 crore, up by 18% with margins at 24.8%. Within Apollo HealthCo, the pharmacy distribution business recorded EBITDA of INR 195 crore compared to INR 159 crore last year, reflecting a 23% year-on-year increase.

Losses in the Digital business were at INR 67 crore. Cumulatively, Apollo HealthCo more than doubled EBITDA to INR 128 crore in Q3 FY '26 compared to INR 57 crore in Q3 FY '25. Cash losses in the Digital business were at INR 29 crore, the lowest in any quarter by far.

The private label and generics accounted for 15.53% of total pharmacy sales. Our digital platform, Apollo 24/7 added 2 million new users during the quarter and now serves over 46 million users. Platform GMV stood at INR 525 crore, a 28% growth over last year.

AHLL delivered an EBITDA of INR 48 crore, a strong 39% year-on-year growth with margins improving to 10.2% from 8.8% in quarter 3 last year. With all three engines of the business performing well, evidenced by double-digit top line growth alongside accretive margin and profitability expansion, we reported a consolidated PAT of INR 502 crore in Q3 FY '26, a growth of 35% year-on-year.

Turning to the 9-month performance. Consolidated revenue for 9M FY '26 stood at INR 18,623 crore, growing 15% year-on-year, supported by balanced expansion across all three verticals.

Healthcare Services reported revenues of INR 9,287 crore, up by 12% year-on-year, driven by continued traction in high-acuity specialties and an improving payer mix. Apollo HealthCo delivered revenues of INR 7,960 crore, registering a 19% year-on-year increase, while AHLL revenues grew 19% to INR 1,376 crore.

Consolidated EBITDA for the 9-month period stood at INR 2,758 crore, reflecting a 22% year-on-year increase and PAT grew at 34% year-on-year to INR 1,412 crore.

During the quarter, we operationalized 75 beds in our Pune facility. As we enter the next fiscal, we will be commissioning four new hospitals, one each in Hyderabad, Kolkata, Bangalore and Gurgaon, further strengthening our presence in key metropolitan markets with strong fundamentals. These facilities, along with the ramp-up in our recently commissioned Pune hospital, will approximately add 1,500 additional operating beds to our network, representing a significant step-up in capacity and a clear runway for medium-term growth.

We expect to operationalize roughly half of this capacity in the upcoming fiscal year with the balance coming online early FY '28. This phased commissioning approach allows us to calibrate ramp-up efficiently, optimize capital deployment and drive occupancy-led operating leverage as demand scales.

Together, these additions position us well to capture growth opportunities in high-acuity care, deepen our market penetration and enhance long-term shareholder value. We have also made progress with respect to the regulatory integration process for the composite scheme of Keimed merger and demerger of Apollo HealthCo and remain well positioned to capture the full benefits of scale with the combined entity to achieve a run rate of INR 25,000 crore in combined revenues with 7% EBITDA.

Let me conclude by reiterating that Apollo's performance over the recent quarters reflects the depth, resilience and scalability of our integrated Healthcare ecosystem. Consumer interactions across all formats of care have increased and cross-format journeys are becoming more visible.

These results are a reinforcement of our patient-centric strategy. We have and will continue to invest ahead of the curve on in-hospital technologies such as robotics and the benefits of such investments are reaching the patient as evidenced by our growth in high-end surgeries.

More importantly, we believe these results demonstrate the deep level of trust that our consumers place in Apollo. We value this trust and engagement and we will continue to sharpen our clinical differentiation, expand our capabilities across high-acuity specialties and strengthen our omnichannel healthcare platform to improve access, efficiency and high-quality care outcomes.

On that note, I would like to hand it over to the moderator and open the line for questions. I have Krishnan, our CFO; Dr. Madhu Sasidhar, the CEO of the Hospitals Division; Sriram Iyer, CEO of AHLL; Madhivanan, CEO of Apollo HealthCo; and Obul Reddy and Sanjiv from Apollo HealthCo with me to take all of your questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We will take our first question from the line of Binay Singh from Morgan Stanley. Please go ahead.

**Binay Singh:** Hi team. Congratulations on a strong set of numbers across businesses. I will first start on the hospital side. It is a very busy time for you, two hospitals you have ramped up and we also have Sarjapur and Kolkata around the corner. Could you -- last time we discussed about INR150 crore cost headwind coming out of this ramp-up. Any updated thoughts on that? How much of it is already built into these numbers? How much should we expect in the coming quarters? That is the first one.

**A. Krishnan:** So we will come back to you by Q4 one more time, but we continue to believe that INR150 crore is a good number for now. And we have started Pune and Athena just by the last month of the -- in the previous quarter. And we are hoping to ramp both of that up over the next 2, 3 quarters well.

Currently in the embedded numbers, we have approximately INR15 crore of losses in the overall reported numbers for Pune and Athena, which is part of the deferred numbers that has been reported now. As we go into next year, we are hoping that by Q1, we should be operationalizing Hyderabad, the Calcutta facility as well as the Bangalore, which is the Belenus one.

Gurugram would be more like Q2, because it is still, because of all these issues with the environmental related delays, which we could not complete our construction. There is a 2, 3 months delay. So it will be mostly in Q2.

**Binay Singh:** Okay. So to an extent, some of the costs of that would start to come up in the March quarter, right, all your hiring costs and all?

**A. Krishnan:** March or more likely April.

**Binay Singh:** Okay. And secondly, just on the GMV of the Digital business. We have seen a sequential drop in GMV. And in fact, our revenue to GMV ratio also went up. Could you share your thoughts on that?

**A. Krishnan:** Madhi?

**Madhivanan B.:** Sanjiv, you want to explain the reinstatement of the GMV, please?

**Sanjiv Gupta:** I can take that question. Thanks, Madhi. Yes, it is a good call out. See, there are two things which has happened. One is that on 31st of September, we had a very large reduction in the GST on the pharmacy and the other products, which resulted into GMV impact of roughly INR30 crore to INR35 crore a quarter.

And secondly, we had one channel of e-commerce, which was Amazon. We were supplying to Amazon and then we stopped that business or that segment somewhere in early Q2 of this fiscal year.

And for us to compare apple-to-apple, we had to remove these two. A cumulative impact of these two would be roughly INR75 crore for Q3. These are the only two adjustments that have been done to ensure that we compare apple-to-apple between the last year figures and current year figures. Thank you.

**Binay Singh:** Thanks, team. I will come back in the queue.

**Moderator:** Thank you. Ladies and gentlemen, in order to ensure that management is able to answer queries from all participants, kindly restrict your questions to two at a time. You may join back the queue for follow-up questions. The next question is from the line of Neha Manpuria from Bank of America. Please go ahead.

**Neha Manpuria:** Yes. Thanks for taking my question. Just extending the question on the Digital business. I see that the revenue growth here has also been low, sort of, I would not say lower, but there is been a moderation in revenue growth as well quarter-on-quarter. One, can you take us through what should be the revenue base for the digital business? What drove this moderation? And second, from a guidance perspective, do we still keep our guidance for cash EBITDA breakeven for the Digital business? I think it was supposed to be at the end of fourth quarter? Any update there?

**Suneeta Reddy:** Madhi?

**Madhivanan B.:** Yes ma'am. No. So, our revenue projections continue. So let me -- the entire focus is on trying to build a sustainable operating model. So, if you have to peel the onion a little bit, our pharmacy online business, which is our main stay of the GMV, has actually grown by 32%. There has been a little bit of pull down in some of the other areas, because of which our revenue at an overall level, GMV level, is at a flatter basis.

However, the quality of the business is improving. If I were to give you some highlights, our discount is stabilizing. Our average order value has gone up by almost INR 111 net of the GST, which has a positive impact on our unit economics. Our cost of delivery, which is one of the biggest component of our cost structure on the revenue side is also coming down. So while -- and our marketing spends, we have been extremely frugal in the way we are building the business.

But in spite of this, showing a 32% growth in our GMV and proportionate revenue is holding on. In fact, at a CM1 level, we were positive last quarter. We have made it even better in this quarter and the trajectory continues. There have been some little changes in the way we recognize the income/revenue for the hospital business, which we are recalibrating in terms of the attribution and the kind of campaigns that we are driving.

So there was a little bit of a pause which we will reactivate it again from the next quarter, but it is a full reoperating model that we are doing. The third area on the revenue side, where we

are facing a little bit of a mismatch, I would not say is the way our insurance business, which we started off is getting recognized. Till September, any collections, any gross return premium, which is the equivalent of revenue was coming to our commissions on a full basis. We are almost getting 80% to 85% of the total log-ins that we do. We were able to generate commission.

However, post September, given the GST change, which happened in the health insurance industry, there has been a bit of a mismatch between the business that we book and the collections that we do. That is impacting our revenue a little bit. So it is a mismatch in the sense that my revenue recognition is getting deferred over the next 12 months for the money that I am collecting.

So some of these changes is normalizing it a little bit. So we are on our course. On our -- the forecast about our ability to close it in Q4, given this insurance story, which has sort of pushed us back by around INR17-odd crore, given this mismatch of our revenue recognition, we will be able to close this loop in Q1 of FY '27.

**Neha Manpuria:** So, if I were to understand it correctly, you are saying that the digital -- sorry, the digital cash EBITDA breakeven is now probably pushed out by a quarter?

**Madhivanan B.:** By one quarter. By one quarter, yes. Because of this insurance mismatch that has happened. Otherwise, we are very much on course. That is why you see the minus INR29 crore, which, the cash EBITDA that you are speaking about, the biggest negative is coming from the INR17 crore negative from the insurance business, which has got deferred into the next year.

So we will recognize that income as we go along. And some of these revenue recognition modules that we follow in the hospital business is undergoing a change. So these are two things. So we hope to catch it up in the next quarter. But rest assured, all the primary indicators are on course.

**Neha Manpuria:** Sir, on the revenue front, if I were to understand it correctly, we will see this revenue plus the IP/OP that will get resumed from next quarter. Would that be a fair understanding? Because this quarter's number is an aberration?

**Madhivanan B.:** Correct. Correct. Yes, we will reactivate those.

**Neha Manpuria:** Okay. So only thing that has changed in the insurance bit.

**Madhivanan B.:** Yes. That is the one which has a bigger impact. And there are some businesses wherein our revenue gets recognized at the end of the year, because some of them are back ended, that will also come into play as we go along.

**Neha Manpuria:** Understood. Okay. That is helpful.

**Sanjiv Gupta:** Just correcting one number. I think, Madhi said -- I wanted to say, INR7 crore of insurance impact into Q3, not exactly INR17 crore out of INR29 crore. Just as a correction.

**Neha Manpuria:** Okay. Got it. And my second question is, in the cluster numbers that we are giving, other than probably AP, Telangana and Chennai cluster, we have seen the IP volumes pretty much

moderate in most other clusters year-on-year. So just wanting any color as to why we are seeing this trend, whether I see it in North, West or East cluster, there seems to be a moderation in the IP volume trends.

**Madhu Sasidhar:** Yes. So, I think you are seeing different phases of optimization. Especially in our West market, we have undertaken a lot of work to improve the quality of revenue. So I think volume by itself may not be the right indicator. We took a more holistic look into it, especially at the quality of revenue and the average revenue per patient. So especially our Navi Mumbai unit has been performing very well on that basis, especially with higher specialty care.

**Neha Manpuria:** All right. Okay. Got it. Thank you so much.

**Moderator:** Thank you. Next question is from the line of Karan Vora from Goldman Sachs. Please go ahead.

**Karan Vora:** Thank you for taking my question. My first question is with respect to the bed expansion. So I think we have mentioned other than Gurgaon, all the other greenfields or the larger units will come up by Q1. But just wanted to get a sense on like how many beds will be operationalized in Q1?

And how will the ramp up look like? I guess you will not operationalize all the beds, right? So at a hospital level, how the ramp-up could look like over the next 6 to 9 months or even 1 year, that will be helpful for each hospital.

**A. Krishnan:** So, we will come back again by Q4 on this. But broadly, if you look at it, Sonapur is around -- Calcutta has 225 beds. Half of that should get operationalized in Q1. Hyderabad is 300. Again, we think that at least 50% should get operationalized by Q1. Pune also, we have now operationalized 75%, but we think by Q1, we will add another 100 beds, which will also get operationalized. And Gurugram would be by Q2 200, 250 beds. Sarjapur, 150 beds, we are hoping that we should be able to operationalize 100 beds out of that.

**Karan Vora:** By Q1?

**A. Krishnan:** That is right. So roughly around 50% of these beds, right, 1,500 beds, if you look at it in these -- we have Jubilee Hills expansion and Secunderabad which will come a bit later, which will be during the year. But of these four new hospitals, almost 40% to 50% will get operationalized by Q1.

**Karan Vora:** Got it. Got it. And like when we operationalize the remaining half in Q1 FY '28 or somewhere around that time, will there be any more start-up losses or fixed cost or elevations, which we need to keep in mind?

**A. Krishnan:** It will be there. So we will have to look at it as in a phased manner. So, we will see that Q1 should have -- so when we are saying at INR150 crore, there will be quarters which will have some higher losses also, right? There could be a quarter where there is a INR50 crore loss, which is coming in. But otherwise, we should look at overall at INR150 crore for the next year is how we would look at it.

So it is difficult to guide now quarter-by-quarter. We will definitely, as we operationalize these, give you a broad guidance. But you can -- we have said that this is something that we are hoping that can be defrayed by the overall volume and revenue growth in the existing hospitals.

**Karan Vora:** Okay. Got it. And my second question is with respect to the ARPOB growth. So, I understand that we have moved away from ARPOB. But just if we back calculate ARPOB growth, it is healthy at around mid-teen levels. So just wanted to get a sense that what is driving this growth? And in the opening remarks, there was a mention of 5% price growth. But in the PPT, it is mentioned 3% price growth. So what is that mismatch, if you can just tie it down, whether it is 3% or 5%?

**A. Krishnan:** Sure. 3% was the tariff increase that we had taken during the year, whereas 5% is the effective price realization that we have done in this year, because there were some insurance contracts which got reset also during the year. So the tariff, what has been presented in the PPT is more the tariff increase, which was done in this year. So this is -- that is the difference between the two numbers. Your other point on ARPP, of course, we do not give ARPOB, you can compute the ARPOB, of course.

But because we do not do ARPOB because the reason is, again, we have OP, we have radiation therapy. We have other stuff also and a lot of daycare procedures also now come in. ARPP has gone up, which is a combination of, as we said, higher complexity cases that we have seen across and the CONGO-T growth and surgical growth. This is what has increased the ARPP at a broad level. Pricing realization in that has been 5%, the balance has been case mix.

**Karan Vora:** Okay. Got it. Just one last thing, if I can squeeze in. So Apollo 24/7 or the digital piece, overall breakeven EBITDA breakeven, is there any target, not the cash, but even after including ESOPs?

**A. Krishnan:** Sanjiv, you have -- you want to give them a color of ESOPs for the next year?

**Sanjiv Gupta:** I think, it is better would be that when we meet again, somewhere in the Q4 earnings call, We will have a better understanding about all this as we get into AOP. But I think one point clearly that the ESOP cost maximum is getting consumed until this year. And after that, We will have a very less cost on the ESOP specifically. But overall question about including ESOP, I think, I would request just to wait for quarter. We are into the middle of annual operating exercise, planning exercise. We will be in a better position to tell next time.

**Karan Vora:** Okay. Got it. Thanks a lot.

**Sanjiv Gupta:** Thank you.

**Moderator:** Thank you. Next question is from the line of Bino Pathiparampil from Elara Capital. Please go ahead.

**Bino Pathiparampil:** Hi, good afternoon. Congrats on a great quarter. Just following up on the previous question, the price increase and realization increase that you are talking about, did that kick in Q3? Or

was it already there in Q2 and Q1?

**A. Krishnan:** It was there in Q2 also.

**Suneeta Reddy:** But mostly in Q3.

**Bino Pathiparampil:** Mostly Q3. So, if I look at the kind of growth you delivered in Q1 and Q2 versus Q3, there is a big step jump. And from your competitors, we have not heard about a great season or anything in the healthcare side. So can I assume a significant part of that is coming from this realization improvement?

**A. Krishnan:** No. See, you have to remember that some of our competitors are in various different geographies. See, please appreciate that we are a pan-India player. If you look at the in-patient volume growth in Q2, we saw 2% volume growth, whereas in in-patient volume growth in Q3 is 4.5% versus last year. So there will be various different reasons on the way that our numbers can go versus people like who are more North centric or somewhere else because each of the competitors, not many players are as pan-India as we are. So you have to keep that in your mind.

Of course, we have got the benefit of the price realization from Q2 onwards and which has moved into Q3. But the more important point that you should also consider is the fact that there has been a higher complexity of cases also that we are focused on in the CONGO-T specialties, and we should be able to sustain as we move forward.

**Bino Pathiparampil:** Got it. Second, in AHLL, we have seen quite a few number of additions in the number -- sorry, quite a few additions in the number of centers. Are these mostly on the diagnostic side? Or is it all across?

**Suneeta Reddy:** Sriram?

**Sriram Iyer:** Yes. So most of these additions are on the diagnostics side. And we also launched two new clinics, one in Chennai and one in Hyderabad. Otherwise, most of these additions are on diagnostics.

**Bino Pathiparampil:** Okay. And when you say diagnostic, are these like full-fledged labs or just collection centers?

**Sriram Iyer:** No, these are -- obviously, we have expanded into new lab, new geographies also, but most of these are the infrastructure that you create in the existing geographies. So we opened the collection center and our company-owned outlets. So that is what you can see as expansion.

**Bino Pathiparampil:** Understood. Okay. And finally, an update on what is happening on the HealthCo side regarding the corporate action about demerger, et cetera. How is the progress on the Keimed side in terms of accumulation of the different pieces of business that were separate, et cetera, would be great?

**Obul Reddy:** We have obtained Competition Commission approval and SEBI approval. We have filed with NCLT. NCLT started -- it has listed and started the hearing. And we await for the next step.

**Bino Pathiparampil:** Okay. And Keimed was supposed to buy out some of the associates, which were holding part of shares in different entities. How is that progressing? Is that all progressing on time?

**Obul Reddy:** Keimed has progressing on time and Keimed has streamlined the entire subsidiary network, and they are 100% subsidiaries of Keimed, which is going to get -- I mean, Keimed is going to merge into AHLL.

**Bino Pathiparampil:** Great. Thank you very much.

**Moderator:** Thank you. Ladies and gentlemen, we request you to restrict to two questions at a time, please. You may join back the queue for follow-up questions. Next question is from the line of Damayanti Kerai from HSBC. Please go ahead.

**Damayanti Kerai:** Hi, Thank you for the opportunity. My first question is on your hospital business. So not specific to you, but I just want to understand your negotiation with the health insurance companies. Like how is it going? Because we heard some of your peers had some issues. So, from your hospital, either for existing as well for some of the new hospitals, how things are progressing on contracting or onboarding of health insurance?

**A. Krishnan:** It does not -- So we have a good relationship with all the insurance companies across. We have always been maintaining that and we have a central relationship with them as well. And as of now, basis, yes, there has been some delays in getting certain insurance approvals in some of the markets and which is why even last quarter, we saw some of that contracts getting pushed out for renewal. But with that said, I think we are on course, and we are seeing that we are fine going forward.

**Damayanti Kerai:** Okay. And these contracts are generally for 2 to 3 years or you are moving for some annual renewal contracts as well?

**A. Krishnan:** We would prefer annual, but as of now, it is still 2 years.

**Damayanti Kerai:** It is generally 2 years contract. And when do you start this empanelment process for the new hospitals, say four hospitals coming next year. So when do you start your negotiations to empanel the company there?

**Madhu Sasidhar:** We start the negotiations much before we operationalize the hospital. To give you an example, some of the hospitals that Krishnan spoke about, some of the agreements have been in place or there has been an agreement by both parties on the terms. So we started much before operationalization, if that answers your question.

**Damayanti Kerai:** Yes. My second question is again on 24/7. Actually, I am not still very clear. So you mentioned the majority of changes happened on the pharmacy post GST changes. But when we look at other metrics, say doctors' consultation number or doctors and platform, diagnostic samples, all of these numbers changed compared to what we saw in the September number? So actually, if you can help us understand what all changes were there when you are booking GMV? And if you can just clarify, you mentioned INR75 crore kind of number, which would adjust in the 2Q numbers, right? Some clarification will be great.

**Sanjiv Gupta:** Madhi, let me just take this question. I think what we are trying to say is a very simple point that, when you compare numbers across previous year, on the overall GMV side, there are

two factors which has undergone change. One is the GST and secondly, one of the channels that we closed. So obviously, when you compare GMV to GMV, this factor has to be taken into consideration while seeing growth things. So this is one change that has happened.

Now as far as -- you also checked -- I think you asked this question also that total revenue for Q3 versus Q3 FY '25 versus Q3 FY '26, you are seeing a little lesser growth or 15% growth. I think the answer there lies with the Amazon channel, which is part of the sales for Q3 FY '25, which is not part of the sales in Q3 FY '26.

And if I minus that out, you would see a growth of 32% on the overall revenue versus 15%, which is now mathematically can be calculated. So this is just, I would say, a small correction because of the GST came in somewhere in Q2, 21st of September, as I said. So we had to change the numbers for Q3 for comparative purposes. And somewhere in April month -- somewhere in June end, we closed the Amazon channel and hence, those numbers from Q2 had to undergo change. So this is just a change in the numbers consequent to these two things to arrive at a better growth factors.

On the diagnostics and the consultation side, there is no change. The business remains as it is. Whatever commission rates are there between the entities, those related party agreements are still good to go. There is absolutely no change.

And I think you also touched upon IP/OP GMV, I think IP/OP is one -- in the last earnings call, we did -- Madhi did mention this that the new arrangement with the hospital is more of a flat fee that we get on a quarterly basis. And it is like a booking or ensuring the tech platform for the entire Apollo ecosystem.

And that is where the commercials are between both the organizations. I think this should be helpful. In case you still think that you have got some doubts, maybe separately, we can connect and then we can discuss about this.

**Damayanti Kerai:** Sure. So just like in terms of annual GMV, any target we are looking for, say, a month -- this quarter, we did around INR425 crore. So will this be the run rate to look ahead? Or you think we can see much better numbers going ahead? Thank you. That is my last question.

**Sanjiv Gupta:** You can expect a consistent growth of around, say, 30% of the GMV for this financial year. And once we are done with the numbers, we will come back for the next year plan.

**Damayanti Kerai** Thank you. All the best.

**Moderator:** Thank you. Next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.

**Tushar Manudhane:** Thanks for the opportunity. Sir, on the base hospitals per se, if I exclude the new hospitals, at the metros we are already at 70% occupancy, non-metro 62%, ROCE of 31%. So, if you could just elaborate in terms of what is further scope for these hospitals to sort of drive EBITDA going forward, maybe through CONGO or patient mix or let us say the payer mix? That is my first question.

**Madhu Sasidhar:** Yes. Yes. So I think, even in Q3 of last year, we had reduced a little bit. You are right, the occupancy at our metro units is fairly high. There are several levers that we are depending on. One is, I think there is a little bit more opportunity on length of stay reduction through operational excellence, a lot of investment in digital technologies that is helping us with that.

The second is there is still some volatility, I think, day-to-day, week-wise and seasonal volatility, and we are looking at ways in which we can minimize that volatility. And the third is, of course, a consistent focus on case mix and especially in our flagship hospitals, making sure that there is an intentional shift to high-complexity cases.

**Tushar Manudhane:** Any broad number, if you could share like the seasonality impact for the quarter or, let us say, for the 9 months, how much it has been?

**Madhu Sasidhar:** Yes. It is very hard to tell because, as you know, it varies from year-to-year, right? And it especially shows up on the medical cases. Some years, we have a bad dengue year and that skews the occupancy number. So that is the unpredictable part of our business.

But there is a lot that we can predict, which is usually on the elective and semi-elective cases, the surgical cases and the high complexity cases like solid organ transplant, where we have made a lot of commitment and a lot of investments. Transplant, as an example, this quarter compared to last quarter is about a 50% increase in revenue at the group level.

**Tushar Manudhane:** Got it. And just secondly, on the overall combined Keimed plus offline plus online, we are at a quarterly run rate of INR50 billion. And the target is to reach INR250 million annualized by Q4 FY '27, which is effectively INR60 billion, INR62 billion. If I go by earlier quarter numbers, we are sort of growing at 4%, then what could be -- while we have explained that in detail in terms of the online pharmacy or the HealthCo, but any other factors which will drive this number to INR62 billion by Q4 FY '27?

**A. Krishnan:** Sanjiv?

**Sanjiv Gupta:** I think all the business lines, whether it is the frontend or Keimed or online, as you rightly said, online pharmacy is growing by about 30%. We are seeing a decent growth in the other business lines also. I think where we stand today at Q3 annualized number, we are roughly at say, INR20,000 crore, and we have got five more quarters to hit the run rate of about INR25,000 crore, which is roughly about 25% from now to there.

Five quarters also, I think, if we continue to see the business with a growth trajectory of about 20%, 22% annually, we should be able to meet this number easily. At this stage, we do not see any challenge coming our way with respect to hitting the top line number. Thank you.

**Tushar Manudhane:** Got it, sir. Thank you.

**Moderator:** Thank you. Next question is from the line of Lavanya from UBS. Please go ahead. Lavanya, your line is unmuted. Please go ahead with your question.

**Lavanya:** Yes. Thank you for the opportunity. So I just wanted to check how sustainable you see the hospital margins, given the new hospitals being operational over the next couple of quarters?

**Madhu Sasidhar:** So, I think, we will continue to be able to maintain margins. We are carefully balancing the EBITDA deterioration in our new hospitals with how we are managing our existing hospitals. Also, I think for the new hospitals, we are very, very focused on quickly ramping up to profitability by both making sure that our recruitment and our human capital costs are aligned with the occupancy numbers.

**Lavanya:** Just a question in this. Actually, here, even in this quarter, we have some new operational beds, but still if I see consol employee cost, it has been down on a sequential basis. Any specific reason there?

**A. Krishnan:** So in Q2, there were two one-offs which are there also. So if you look at Q2, there was a sick leave encashment provision that was required under the accounting standard that was a INR12 crore number. And there was also an additional cost of PLVP or performance-linked variable pay that we have in Q2, because July is when we do the -- we do the increment. So this was there in Q2, and that is not there in Q3. Otherwise, it is aligned with the numbers.

**Lavanya:** Okay. Okay. Got that. Just on the physical pharmacy, how do you see growth in terms of on sustainable basis, like store addition plus same-store growth overall, like how do you see it 18%, 20%? Or what is the level that you expect in terms of physical pharmacy growth?

**Obul Reddy:** Now, we are currently at about 20%, 20.5% on the total network. On the same-store growth, we expect about 18% and store additions will continue to be in the range of 600 per annum.

**Lavanya:** Okay. We should maintain this kind of run rate going ahead in near to medium term? Is that the right assumption?

**Obul Reddy:** Yes. We are confident of.

**Lavanya:** And 18% of the same-store, how should one should look at it? Like what should drive 18% to 20%?

**Obul Reddy:** 16% same-store growth as against the 20.5% overall growth.

**Lavanya:** Okay. Key drivers for the 16% is increasing private label or how should one see it?

**Obul Reddy:** Private label then, we even doing the refresh store, changing the model, changing the inventory, particularly with the – dynamically. All those things adds to that growth.

**Lavanya:** Okay. Okay. Got it. Got it. Thank you. Thank you so much. All the best.

**Moderator:** Thank you. Next question is from Vivek Agrawal from Citigroup. Please go ahead.

**Vivek Agrawal:** Hi. Thanks for the opportunity. So one question on hospital ARPP growth. So 10% growth in 9 months looks quite impressive. So I just want to understand how sustainable it is. So can you maintain this 10% kind of growth? Or there is a possibility that it can come down? Thank you.

**A. Krishnan:** So see, we have been always guiding saying that we would like to achieve more volume growth, and we would continue to focus on getting the volume growth to a higher number. And then the combination of volume plus the case mix focus, which Dr. Madhu already said.

So that is the mix that you would get to.

So maybe it is -- this is a very dynamic number in the industry, right? As we focus on a certain clinical programs in a quarter and then depending on how the clinical programs ramp up, you will see the ARPPs come up accordingly. So we would like to believe that when it is a 12%, 13% organic growth that we look at of 14%, we would like to be half on the volume and the balance half on combination of case mix and pricing.

**Vivek Agrawal:** Just one question again on margin trajectory next year as you are guiding for INR150 crore kind of loss in the new units. So just want to understand, do you have levers in the existing network that can mitigate the impact of losses in the new units? Or are you seeing a significant dip as far as the margins or the hospital business margins cumulatively in the next year?

**Suneeta Reddy:** No, I think the lever that we have is asset utilization. So as we look at our assets and occupancy and even in spite of bringing down the ALOS, we have a headroom for lifting volume and asset utilization by another 8%. We will focus on this as we go forward into the New Year. The second, of course, we have not done any significant cost cutting, which we hope will bring us another 80-100 basis points. With this, we hope to minimize the losses coming from new hospitals.

**Vivek Agrawal:** Understood, madam. So just one more thing. What kind of a margin expansion that is possible, let us say, in the existing business?

**A. Krishnan:** At least 100 basis points is the margin expansion, which is possible in the existing business next year.

**Vivek Agrawal:** Thank you. Just last question from my side. It is on talent retention. So as we are seeing that hospitals in India are expanding capacities, it looks like that Apollo can become a hunting ground for big doctors. And very recently, we have seen one of the star oncologists in Delhi has been poached by one of your peers. So just trying to understand how you are tackling this issue.

**Suneeta Reddy:** Well, I think the reverse is also happening. So I think we should be aware that Apollo will continue to attract the best talent. Because, number one, I think we have created a platform that invests not only in technology, but in terms of reach, in terms of market and market share, we will continue to lead with market share. And I think this is what doctors want.

Our systems are strongly embedded so that clinical outcomes at Apollo continue to be the best-in-class. And in terms of innovation research and collaborations with other hospitals, this will continue to drive very high-end procedures. This is -- I think this is what doctors would like to see. Madhu, you want to add to that?

**Madhu Sasidhar:** No, I think, Ms. Suneeta is absolutely right. And I will just share our experience in recruiting in the new markets that we have opened hospitals in like Pune or existing markets where we have new hospitals is that we have had a very good brand recognition and brand affinity with the doctors in the community that has made it easy for us to recruit.

I think that you will see the sporadic cases of doctors leaving and sometimes it is for personal reasons that has nothing to do with the hospitals that we operate in. So I do not see that in the next year as being a problem, either retention or recruitment.

**Moderator:** Next question is from the line of Madhu Marda from FIL.

**Vivek Agrawal:** Thank you. That is from my side.

**Moderator:** Thank you. Next question is from the line of Madhav Marda from FIL. Please go ahead.

**Madhav Marda:** Hi, good afternoon. Thank you so much for your time once again. Sir, just on the margins again, if you look at our reported margins, 24.8%. I think you said INR15 crore of cost is already there for the new units. So base network margin seem to be 25.3% approx in quarter 3. You are saying that, that 25.3% has scope to go up by 100 basis points. So base network can be above 26% next year. Is that how we should read it?

**A. Krishnan:** Yes.

**Madhav Marda:** Okay. And then so basically, the impact of the losses from the new unit, the INR150 crore should come on this 26%, right? Basically on that, we should assume the drag?

**A. Krishnan:** That is correct.

**Madhav Marda:** Okay. Understood. Okay. And sir, just a second question is on the hospital business growth. Given the time line for the expansions that we have of the new beds coming in, how should we think about hospital business revenue growth next year on the base network? And then how much revenue can we add from the newer beds, which are coming in?

**A. Krishnan:** So we would not want to guide specifically around that, right, because it is forward-looking. So as you know that we are looking at -- we continue to look at seeing how we can at least be at the 12%, 13%, 14% growth on the existing hospitals, but we will see -- how the year starts and how we progress. And then we should -- the additional beds we should clearly add another 3%, 4%.

**Madhav Marda:** Understood. Thank you very much.

**Moderator:** Thank you. Next question is from the line of Avnish Burman from Vaikarya Change LLP. Please go ahead.

**Avnish Burman:** Yes. Hi. Good afternoon. Thanks for taking my question. I just have a couple of questions on Keimed. We saw some good margin expansion this quarter on a Q-o-Q and a Y-o-Y basis. Can you just articulate what were the key reasons for that?

**Suneeta Reddy:** Sanjiv?

**Sanjiv Gupta:** So I think what you saw was the aberration in Q2 and as well as in Q1, where the overall EBITDA percentage was low because of the restructuring and the necessary legal cost associated with them. I think -- so now those are removed. And this is what we discussed in the last earnings call also that in Q3, you would see we will be coming back to operation of 3.1 upwards and 3.3% is what we have in Q3, but it is more as an aberration that got cleared

in Q3 then plus the business efficiencies.

**Avnish Burman:** Okay. And because of the GST change that happened in September, did we see some kind of revenue push out from the 2Q to 3Q because I am guessing the retailers would be reducing inventories in 2Q and then building again in Q3. Does that happen? Or on a quarter-wise basis, it was just normal Q2 and Q3 operations in revenue?

**Sanjiv Gupta:** No, we did not see any such impact.

**Obul Reddy:** We have seen very good improvement in the FMCG and pharma slightly plus or minus sales at the same level, but FMCG consumption is very good, and we have seen good growth on that.

**Avnish Burman:** Okay, understood. Thanks. I will get back in the queue.

**Moderator:** Thank you. Next question is from the line of Kunal Dhamesha from Macquarie. Please go ahead.

**Kunal Dhamesha:** Sir, just one on the potential losses from the new units. You suggested that the first month from just two hospital is around INR15 crore, and we are guiding for a full year losses of INR150 crore. So, is it more conservative number because the annualized losses itself would be more like INR180 crore. I am sure it would improve in the existing units. But the 150 number, is it more conservative on the side, given we are also opening a greenfield in Gurugram, which would definitely take some more time versus the brownfield that we are doing.

**Moderator:** Kunal, can you mute your line please. There is some background disturbance.

**A. Krishnan:** See, we have two quarters of Pune to ramp up from here on before some of the other hospitals come on stream also. So that is one that should kind of benefit us as we move into the next year. And then you will start see some of the other hospitals coming in. And so it is going to be like three quarters of next year when you will be seeing the other new hospitals coming in. So that is what we are looking at.

And -- but I think broadly, as of now, we would like to keep it at INR150 crore. That is what we would like to keep it for now. And this number of INR15 crore is really for 3 months of Pune in terms of costs of Athena. The revenues have more been in the last 1 month or 1, 1.5 months, but the cost has been for 3 months. So you should -- so that is the way you should look at it. So now we will go with INR150 crore. We will see during the next year.

**Kunal Dhamesha:** Sure, sir. And second one on the GMV growth that we guided, we suggested that we would be ending the year with 30% GMV growth. So that means Q4 would be 30% or we guided for the 20%, 30% for full year FY '26?

**Suneeta Reddy:** Madhi.

**Madhivanan B.:** Yes. This is on a full year FY basis. We will obtain our 30% to 35% growth on the GMV basis. In this quarter, we remove around 4% to 5%.

**Kunal Dhamesha:** And sir, for 9 months, this number looks much lower, right, in terms of -- so you are adjusting

the base for the GST impact and the Amazon impact -- for this 39%?

**Sanjiv Gupta:** Correct. Correct. Because the Amazon business, the reason why we walked out was because it was a negative business for us. So while it has impacted the GMV on the revenue side, it is been much more beneficial. So that is the new normal now.

**Kunal Dhamesha:** Yes. What was the full year number for Amazon last year for us to adjust the base?

**A. Krishnan:** Sanjiv, can you give the exact number, please?

**Sanjiv Gupta:** It was roughly INR160 crore.

**Kunal Dhamesha:** INR160 crore on a INR3,000 crore of GMV, right? So, yes, roughly, 5%.

**Sanjiv Gupta:** I think another important point that you need to keep in mind is that the -- what we are talking here about is the entire platform GMV to grow year-on-year, this year growth as well as for the next year. And when we are defining platform GMV, while obviously, we discussed about GST and Amazon impact.

In this platform GMV, we are not adding IP/OP GMV. And IP/OP GMV is -- and that is the reason you would see in the earnings call presentations also, we have highlighted this as separately. Because this is this -- in the earlier year, this used to be a variable pay model. From this year onwards, it has converted into more of a fixed fees to us, supporting the technology side of expenses that we are incurring for the group as a whole.

So I think going forward, our guidance would continue to be excluding IP/OP, what is the growth that we will be looking at. And I think Madhi in one of the questions did say that next year, you can expect in the range of about 30%. This year also, if I just look at some numbers, we should be in the range of about 28% growth for the full year versus previous year adjusted for the reasons that we just discussed.

**Kunal Dhamesha:** Basically IP/OP, GST and GMV. These are the three impacts that should address right?

**Sanjiv Gupta:** Perfect.

**Kunal Dhamesha:** Thank you.

**Moderator:** Thank you. Next question is from the line of Ronak Agarwal from Ithought PMS.

**Ronak Agarwal:** Yes, thank you for the question, madam. So, I just want a broad overview for the hospital. So 1,500 beds will be coming in the next year out of which 50% will be operationalized. So what is the 50%, 60% -- what is the time period which we are looking for, let us say, occupancy of 60%, 70%?

**A. Krishnan:** On the overall -- all the beds or half of the beds?

**Suneeta Reddy:** So we will open 750 beds next year -- sorry, in the coming year. And post that, another 750 beds. In 2 years, we should be breakeven on 1,300 beds that we are talking about.

**Ronak Agarwal:** So I am asking, like, let us say, we are opening 750 beds. So what is the occupancy rate we are looking in the first year itself?

**Suneeta Reddy:** It will be around 40%.

**Ronak Agarwal:** Okay. Okay, madam. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you.

**Suneeta Reddy:** Thank you all for your presence. I am sure that in the upcoming quarters, we will continue to remain focused on phased capacity operationalization and the opening up of new beds in Healthcare Services and a continued ramp-up of revenue and profitability in AHL and AHLL.

Disciplined execution leading to volume and value growth, sustained investments in clinical excellence and technology and market share gains across key markets will help us to sustain momentum over the medium term.

We are committed to delivering consistent performance while creating enduring value for our patients, consumers, partners and all of our shareholders. So, thank you all for your support.

**Moderator:** Thank you, members of the management team. On behalf of Apollo Hospitals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.