February 12, 2026

Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Plot C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

Symbol: MAXHEALTH

Listing Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Scrip Code: 543220

Sub.: Transcript of Earnings Call held on February 6, 2026

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

Dear Sir / Madam,

Please find enclosed copy of transcript of earnings conference call, organised on February 6, 2026, on financial results of the Company for the quarter and nine months ended December 31, 2025.

The said transcript is also available on the website of the Company at www.maxhealthcare.in/financials#earnings-call.

Kindly take the same on record.

Thanking you

Yours truly,
For **Max Healthcare Institute Limited**

Dhiraj Aroraa
Digitally signed by Dhiraj Aroraa
Date: 2026.02.12 22:22:22 +05'30'

Dhiraj Aroraa
SVP - Company Secretary and Compliance Officer

Encl.: As above

Max Healthcare Institute Limited

Q3 & 9M FY '26 Earnings Conference Call

February 06, 2026

Moderator: Ladies and gentlemen, good day, and welcome to Max Healthcare Institute Limited Earnings Conference Call. Please note that this conference is being recorded. I now hand the conference over to Mr. Suraj Digawalekar from CDR India. Thank you, and over to you, Mr. Suraj.

Suraj Digawalekar: Thank you. Good morning, everyone, and thank you for joining us on Max Healthcare's Q3 and 9M FY '26 Earnings Conference Call. We have with us Mr. Abhay Soi, Chairman and Managing Director; Mr. Yogesh Sareen, Senior Director and Chief Financial Officer; and Mr. Keshav Gupta, Senior Director – Growth, M&A and Business Planning. We will begin the call with opening remarks from the management, following which, we will have the forum open for an interactive Q&A session. Before we begin, I would like to point out that some statements made in today's discussion may be forward-looking in nature and a disclaimer to this effect has included in the earnings presentation shared with you earlier.

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

Abhay Soi: Good morning, everyone, and thank you for joining us on Max Healthcare Earnings Call for the third quarter and nine months ended December 2025.

We are pleased to share that the Network delivered its 21st consecutive quarter of year-on-year growth in Q3, despite excessive unanticipated seasonal softness due to lack of vector-borne diseases and transitory external factors. Revenue increased by 10% year-on-year, while operating EBITDA grew by 4%. Overall occupancies remained strong, and ramp-up of the new brownfield beds progressed in line with our expectations.

During the quarter, we commissioned 63 brownfield beds at Nanavati Max, of which 45 beds are currently occupied. At Max Mohali, 53 brownfield beds were commissioned in second quarter, of which 46 beds are currently occupied. The remaining beds at both hospitals are expected to be commissioned during the Q4

FY '26. The incremental bed capacity at both these locations is already EBITDA and margin accretive. At Max Smart, infrastructure for around 200 beds, along with operation theaters and OPDs is ready for commissioning, and we are currently awaiting the occupancy certificate, which is expected by the end of February.

We also took an important step to expand our geographic presence in Western India to develop a 450-bed hospital on a prime piece of land in Pune by 2030. In addition, driven by the exceptional ramp-up in operations at Max Dwarka, the Board has approved the addition of another 260 beds at the existing site, taking the hospital's total capacity to 560 beds.

On a sequential basis, revenue and EBITDA were impacted primarily due to a temporary shift towards institutional patients following the disruption in cashless services with stand-alone health insurers, which was fully restored towards the end of the quarter. Performance was also affected by the discontinuation of select high-value patented chemotherapy drugs in light of the revised CGHS pricing guidelines and by the reduction in GST on drugs and consumables. Further, the results reflected pre-commissioning expenses related to brownfield bed additions and other non-recurring costs.

Looking ahead, with cashless services now fully restored, upward revision in CGHS tariffs expected to fully kick in by April 2026 and margin accretive incremental capacity coming on stream, we believe the Network is well positioned to continue delivering sustained growth.

Now coming to the Q3 performance highlights:

1. Average occupancy for the Network stood at 74%, compared to 75% in Q3 last year and 77% in the trailing quarter, despite an 8% year-on-year increase in operational bed capacity.

2. Occupied bed days were up by 7% year-on-year, but dipped by 4% quarter-on-quarter due to seasonality.

3. Average Revenue Per Occupied Bed (ARPOB) for the quarter was INR 77,900, registering a 3% growth year-on-year and 1% sequentially.

4. Network gross revenue stood at INR 2,608 crore, compared to INR 2,381 crore in Q3 last year and INR 2,692 crore in the previous quarter. This reflects an increase of 10% year-on-year.

5. Digital revenue from online marketing activities, web-based appointments and digital lead management was INR 803 crore, accounting for approximately 31% of overall revenue. Website traffic crossed 71 lakhs sessions during the quarter, growing by 44% year-on-year.

6. International patient revenue was INR 230 crore, registering a growth of 14% year-on-year and accounting for 9% of the revenue from hospitals.

7. Network operating EBITDA stood at INR 648 crore, reflecting a growth of 4% year-on-year.

8. Network operating EBITDA margin was 26.1% for the quarter, compared to 27.3% in the third quarter FY '25 and 26.9% in the trailing quarter. Margin was largely impacted by payor mix change, pre-commissioning expenses for brownfield beds and GST rate changes.

9. Annualized EBITDA per bed for the network stood at INR 71 lakhs versus INR 73 lakhs in both Q3 FY '25 and the previous quarter.

10. Profit after tax (PAT) for the Network, after exceptional items, was INR 344 crore against INR 316 crore in Q3 last year and INR 554 crore in the previous quarter. During the quarter, there were exceptional items aggregating to INR 55 crore relating to impact of the Code on Wages, 2019 and provision for stamp duty on the merger of two of our subsidiaries.

11. The Network generated free cash flows of INR 281 crore during the quarter. INR 408 crore was deployed towards ongoing capacity expansion projects, facility upgrades at newer units.

12. Net debt for the Network stood at INR 2,166 crore compared to INR 2,067 crore at the end of September 2025, while the net debt-to-EBITDA ratio continued to be less than 1.

13. Continuing our efforts to support the local communities, we provided free treatment to approximately 40,000 patients from economically weaker sections of the society, worth INR 61 crore at hospital tariff.

14. Both our strategic business units continue to deliver steady growth in revenue and profitability:

- Max@Home reported a revenue of INR 68 crore, reflecting a robust 23% year-on-year growth. It offers 16 specialized service lines across 15 cities with over 56% repeat transactions.

- Max Lab reported a revenue of INR 47 crore, reflecting 13% year-on-year growth. It provides services in over 60 cities and served more than 5 lakh patients during the quarter.

15. Now moving on to the status of our expansion projects coming on stream in the next 2 to 3 years:

    - Max Lucknow – The current capacity of the hospital stands at 413 beds, and we expect this to increase to around 500 beds by the end of this financial year. Radiation bunker and nuclear medicine services have now commenced at the hospital.

    - 500 beds at Sector-56, Gurgaon – The pace of work at site has picked up post GRAP-related disruptions. We now expect to commission the first phase by end of H1 FY '27.

    - 100 beds at Nagpur – We have received Consent-to-Establish (CTE) and civil work has started. We expect to complete this project within 24 months, as communicated earlier.

    - 400 beds at Zirakpur (Mohali) – Project work continues to be on track, and we are scheduled to commission the hospital in FY '28.

    - 200 beds at Max Vaishali – We are awaiting environmental clearance and approval of building plans to commence the work on site. We expect to complete this project in 24 months post receipt of these approvals.

    - 397 beds at Patparganj – All approvals have been received and barricading work is complete. New design for D-wall has been firmed up and the project is now expected to be completed by FY '29.

And finally, coming to the overview of the company performance for the nine months ended December 2025:

16. Network gross revenue stood at INR 7,874 crore, reflecting a strong growth of 19% year-on-year.

17. Overall Network operating EBITDA grew by 16% year-on-year to INR 1,956 crore, translating to a margin of 26% and EBITDA per bed of INR 71 lakhs.

18. In the nine months, we generated INR 960 crore of free cash flow from operations, after interest, tax, working capital changes and routine capex. Further, INR 1,299 crore was deployed towards ongoing expansion projects and facility upgrades at newer units, INR 131 crore towards land purchase at Vaishali and INR 146 crore distributed as dividend.

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

Moderator: Thank you. We will now begin the Q&A session.

The first question comes from the line of Damayanti Kerai from HSBC Securities and Capital Market (India) Private Limited.

Damayanti Kerai: Hi. Thank you for the opportunity. My first question is on your oncology contribution. So during the quarter, obviously, we saw some softness, which you attributed to discontinuation of patented chemo drugs for institutional patients. So do you think you can go back to the prior level of contribution from oncology? And what could drive it back?

Abhay Soi: Well, when you say contribution, this is high-value drugs. So, the pricing was high in terms of the revenue, but the margins were not substantive, compared to the rest of the business. Do you mean in terms of revenue, or do you mean in terms of margins?

Damayanti Kerai: In terms of revenue. Yes, when we look at the contribution from oncology, I think which is part of the presentation, it is around 24% or so compared to 26%, 27% last year. So, I was referring from that context?

Abhay Soi: This impacts the institutional patients only. These are high-value drugs, which were low-margin, and were being used actually for the institutional patients. What they have asked now is to sell them below your purchase cost. So obviously, everybody has discontinued it.

Keshav Gupta: And oncology's contribution to the revenue mix may increase, but it is a future addition. Its just that it was increasing in the past as well for last 4-5 years as an outcome of what was happening in the society. So directionally, will that number increase? It should follow the same trajectory but let's see.

Damayanti Kerai: Okay, sir. So we see this as like a one-time adjustment and then going ahead, the growth will be...

Yogesh Sareen: So we continue to talk to CGHS, right? There is a lot of noise among the institutional patients. For example, CGHS has their own dispensaries to supply these medicines. They said that they will supply these medicines directly to the patients. That means when the doctor writes the prescription, the patient pays to the CGHS dispensary and brings the medicine from them.

Similar tariff has been applied to ECHS patients also, but ECHS does not have any dispensaries. So obviously, there is a lot of noise out there. And let's see how the things shape out, but we are in continued discussion with CGHS. Obviously, they prefer to supply it themselves.

Secondly, they are saying otherwise, we will give it to you at 70% of the MRP, but our margins are less than 20% in these drugs. So, there is no question about supplying these drugs. We cannot be cashed out of these drugs while supplying these drugs. I think that is where the discussion is on and we are asking CGHS to give us some top-up on cost-plus basis. So, if our cost is, let's say, INR 80, then we are saying give us some margin, say 10%. We will be okay to supply at INR 88 rather than supply at INR 70, because we are buying at INR 80.

Abhay Soi: We believe it is the error on their part when they revised the CGHS rates. This is something that does not make sense because these are branded drugs and if your margins are already, say less than 20%, and you are being asked to supply them at a 30% discount to MRP, then obviously, nobody is going to supply and we are going to have a problem. So, we have been talking to them.

Damayanti Kerai: Sure. And in oncology, again, I guess, we heard about some doctors' team departure, etc. So has team fully back in strength? And what kind of further pickup we can see in the oncology space, leaving aside the CGHS issue, which will, I think, be cleared in some quarters to come?

Abhay Soi: Typically, what happens is that for organizations like us, if there is a departure of a certain clinician, then there are almost immediate replacements from equivalent institutions. In this particular case, while you may have heard the noise of departure, there has already been an addition and there were big advertisements in the papers about it. You may have seen it. We hired a very large team who has just joined us from one of our peers, who sort of replaced that particular team that has gone to that peer. It has been a swap effectively.

Damayanti Kerai: Yes, okay. My last question is on your regulation with the insurance partners. So have you like done renewing all the insurance contract for this cycle and you have nothing like pending on that part?

Abhay Soi: I mean, of course, this was disruptive in some manner to us in this quarter. It did not happen in the previous quarter. And you may have also read in the papers today that number of complaints of some insurance companies actually moved up by over 40% in this quarter. So obviously, there was a lot of noise because of this sort of disruption.

But all of it has been restored. We have got an increment and a mechanism has also been put in place that there will be annual increments rather than having the sunset periods. Typically, your insurance contracts expire and those negotiations take time. So, now, a process has been put in place where at least with these insurance companies, there is automatic renewal on pre-agreed sort of increments.

Damayanti Kerai: So these annual increments, it is already like pre-agreed or how this mechanism will work out?

Abhay Soi: That is right, pre-agreed.

Damayanti Kerai: It is annual revision for all the contracts now instead of, say, 2 to 3 years cycle earlier?

Yogesh Sareen: So, you know that this whole issue started from the tariff revision. We were asking for price increase, they were asking for price reduction and that is where this whole stalemate started. So eventually, we got a price increase. Also, while we got the price increase this time, we also sorted that out for the next year. There is a mechanism in place now. So hopefully, they will live up to it and we should not have the same kind of stalemate coming up. But this is only with the companies that we had a problem, in fact, four companies basically.

Damayanti Kerai: Okay. Thank you.

Abhay Soi: So now with those four, like Yogesh has said, this was the issue at the end of the cycle. Now mechanism has been put in place that you have automatic renewal of the contracts. So, we should not have these issues coming into the next cycle or anything like that now.

Damayanti Kerai: Got it. Thank you, Abhay. Thank you.

Moderator: Thank you. Next question comes from the Shaleen Kumar with UBS Securities India Private Ltd.

Shaleen Kumar: Hi, sir. Continuing from some of the question asked by the previous participant, possible to get the quantum of increment -- and like -- or at least can we compare like what kind of increment will be getting compared to the past year for insurance company?

Yogesh Sareen: Shaleen, tough to really give actual numbers. We got an increment, that is for sure. It is a moderate one, but then we will not be able to give you a number.

Shaleen Kumar: Okay, but is it in the ballpark of kind of increment?

Abhay Soi: Yes. I would say it is not adverse.

Shaleen Kumar: It is not adverse, right.

Abhay Soi: It is in the ballpark of what we were seeing earlier. It is an upward revision and it is in the same ballpark.

Shaleen Kumar: Got it. Sir one concern which we kind of – there is a debate this happened with these four companies, can it happen with others as well? So do you think that can happen? Second, do you think that this kind of mechanism can smoothen out? Are you trying to do this?

Abhay Soi: I think clearly there are learnings when something like this happens, right? It has also led to a lot of noise both ways and inconvenience to patients, not only our patients, but also to insurance patients. And you would have read the article in ET today about the number of complaints, which have increased for these insurance companies. So hopefully, everybody has learned from it.

By the end of the day, and I keep saying this, that medical inflation is in very low single digits. If your ARPOB growth has only been 8% or 9 historically, which has included growth in oncology by around 25%, growth in robotics by around 40%, growth in international patients, etc. and you actually back it all off, what is the real growth in medical cost, apples-to-apples?

And then you apply that to 70% of the billing, because 30% of the billing is for drugs, which are at MRP, in any case. I do not think there is much sort of play there. You keep hearing anecdotally of various issues. But the fact of the matter is, that the apples-to-apples inflation has only been so much, right?

Shaleen Kumar: Sure. Fair enough. Moving on, I heard partly of your initial commentary maybe I missed something. I heard that you talked about the EBITDA contribution from new facilities in Nanavati and Saket has already accretive. So is it possible to understand that? Obviously, when you started these things there will be some incremental cost which would have hit you in the quarter? Is it possible to quantify that kind of cost?

Abhay Soi: I think what happens is that, and this is something we have guided to in the past as well when people have had concerns on capacity expansion, etc., essentially what you are doing is that you are moving cash from your balance sheet and you are creating an asset.

Because of the operating leverage, you do not have any suppression of margins. In fact, the breakeven is almost immediate and is accretive very quickly. This is what we have seen in the past and this is what we have demonstrated by both of these. Even with whatever little additional cost there is for every incremental bed, which gets commissioned now, your margins will only expand.

And we have had 39% and 30%, respectively, margins from both these units, where we have only started about 60 to 70 beds, right? As we keep adding beds, and all of those beds are coming through now as we speak, and will be all through before end of March, so you should see us continue on this accretive journey.

Now we did have GRAP-related delays but we did build close to 2.5 million square feet over the last 3 to 3.5 years. But the fact of the matter is that there has been a delay of 3 to 4 months, collectively, if you look at it. And nothing has actually moved out more than 6 months from a time line standpoint.

But at one point of time, yes, this is what we had guided to in terms of timelines, etc. On the other standpoint, if you look at it, 3-year projects will take another 4 to 5 months, but it is perhaps faster than what most developers deliver from that standpoint. And we, of course, continue to ask more of ourselves and there has been a lot of learnings in this.

Yes, there are pre-commissioning costs sitting, but it is not as if they are only sitting and not contributing. If you bring doctors along, they perhaps do not contribute as much, but they do contribute to the existing facility. So, it is a little difficult to dissect the costs from that standpoint because there is no management cost as I already explained.

Largely, the clinician cost is the same. So, you bring more housekeeping people, more nurses, more front-end staff and so on. But they are also training in the current facilities. You're overstaffed in the current facility and then you are going to start to move them into the new one. So, it is a little difficult to thread that cost out because it is not like a typical greenfield.

Shaleen Kumar: Sure. Basically, the reason to ask you a lot of things have happened in the third quarter and that has kind of hurt our profitability. We understand that there is going to be a step jump from third quarter or fourth quarter in terms of profitability because a lot of things have been corrected. And even new facilities are coming, it will just help us to understand what kind of a step jump because one you are...

Abhay Soi: So, I think these are the smaller factors that have affected the profitability. If you ask me, the two big factors, perhaps, which have affected it would be, first and foremost, the seasonality. Last year, right up till Diwali, we had a very strong vector-borne season, and high occupancies because of dengue, which has happened historically as well.

This year, the rainy period continued straight into winter. There was really no stagnation of water from that standpoint. Normally, what happens is that rainy season gets over, there is a humid period in between and then winter starts. So, in this humid period is when you have the vector-borne diseases. But this year, the rains continued right into the foot of winter.

So, we had very bad seasonality. You may have seen results of other companies as well, particularly North-based companies, and you will see this effect. And the second was, of course, the insurance disruption. Now when the disruption happened with the SAHI companies, we replaced all of that with institutional patients because that is the easier part to replace it with. So, you see our institutional business has moved up. As a result, occupancy did not get impacted, but our quality of revenues got impacted and therefore, our profitability.

Shaleen Kumar: Got it, sir. Got it. So, Abhay, any sense on this quarter, like fourth quarter fiscal like almost end of February, right?

Abhay Soi: We are unable to give you any forward-looking guidance. We have never given guidance on forward-looking numbers. We typically only give it in terms of the new capacities that will come in and what the current run rate is, etc.

Shaleen Kumar: Sure. It is okay. Last question from my side if I can. And this is more on the industry level. So a lot of debate again on this as well, it is like too much capacities

are coming, too many hospitals are coming, and in certain micro markets for example Gurgaon right? And the hospital is, you know, it is not just the local market, it is also the intercity market, where I also come from north, right? So I know that.

But what is your take on it, right? Do you think that a lot of hospitals coming in Gurgaon can impact Saket or customer types are different? Do you think there will be enough demand because there is enough intercity travel happening. So I just want to hear your thoughts?

Abhay Soi: I think there are two or three things over here. If you look at it on a holistic level, I think over the next 4 to 5 years, there are about 20,000 beds, which are coming up across the country. It does not really move things. Over 5 years, the capacity increment CAGR is, I think, 5% per year.

Let us look at Gurgaon specifically. Now if a couple of hospitals are coming out of Gurgaon and we happen to be actually one of them. So, I think we are less likely to take a hit at Saket or anywhere else because if any of our doctors want to move to Gurgaon, then they will choose our hospital, right? That is sort of easier, if that location advantage is valuable to somebody.

Shaleen Kumar: Sure.

Abhay Soi: What happens after these 2 or 3 hospitals have come up? There is no visibility of another hospital coming up in the next 5 years, because if there was one coming up, then some plans would have already been passed and something would have been built, which is not the situation, right?

Shaleen Kumar: Yes.

Abhay Soi: Now when that happens, there may be some temporary disruption of costs. So, your clinician cost at that point of time may go up because, one, you are attracting in your new hospital, say, when we put up Gurgaon, so we are going to be approaching doctors and bring them, and paying them more than what they are perhaps earning at the peers.

If somebody is trying to take your doctors again, you know, they are going to offer something more. So temporarily for some time, the cost goes up. But that is also a temporary factor, right? Eventually, if there is any cost inflation, it does get passed off to the customer, and that is what we have seen historically.

It is not the first time that you are seeing all of this capacity come up. If you look at the numbers, now we are building another 400 beds in Saket, which is the center of the city. Now it is very different from Gurgaon. Gurgaon typically does not affect Delhi but Gurgaon will affect other hospitals in Gurgaon.

Normally, it would have affected our small hospital in Gurgaon, but we are coming up with a big hospital in Gurgaon. If there were hospitals coming up in Mumbai, they may affect our hospital, but a brownfield will always be de-risked.

Keshav Gupta: And directionally what you were asking earlier, right from our own sites, right? So, you can see that the capacity we created in Mohali is already occupied, Nanavati is already occupied. Gurgaon converges entire Haryana and Rajasthan also directionally comes here. So, there is a significantly large pool of demand that gets absorbed by Gurgaon.

Moderator: We will take our next and is from the line of Karan Vora with Goldman Sachs. Please go ahead.

Karan Vora: Yes. Thank you for taking my question. The first question is with respect to insurance. So just wanted to get a sense what would be the rough share of, say, top 5 insurers for us as a percentage of hospitals revenue? And when we set up a new hospital, two ways. One is a greenfield and the other one is when we do a new tower in the existing setup, how easy or difficult is the empanelment? So do we get the same rates as our other hospital in the same city or we have to negotiate from scratch? How does that work? That is my first question.

Abhay Soi: So, on a brownfield, you do not need to negotiate because the same hospital license continues into the new. So, in case of brownfield, there is no re-discussion or re-empanelment. In case of a new hospital, that means a new hospital license, right? If you do not have the empanelment terms already agreed, then you need to empanel. That means you will make those applications for a new hospital.

Karan Vora: Okay. Got it.

Yogesh Sareen: Yes. Karan, basically most of the insurance companies, we have agreed a category of the hospital. It is CAT 1, CAT 2, CAT 3, CAT 4, right? So, whenever a new hospital comes up, the discussion is always around which category it will fall in. For example, Dwarka now is in CAT 2, Saket is CAT 1. It is basically that discussion, and then the rates automatically apply. We don't need to get into a negotiation for each hospital separately.

We already have a set of rates. And obviously, we agree, say, for CAT 1, we know CAT 1 to CAT 2 the difference is so much, and so on. That is how the tariff gets driven to the insurance company. Typically, it is not that we have to get into discussion with each hospital, but the discussion is which CAT it will fall in.

Keshav Gupta: And the top 4 insurance companies would contribute about 24%-25% of the group revenue coming from insurance segment.

Karan Vora: And just one clarification here. So when you say we have categories determined so how long does it take? So when, say, for example, Gurgaon, whenever it comes online in the next 1 or 2 quarters, what is the expectation of the full empanelment across insurer? Like does it take 3 months, 6 months, 12 months? Any rough sense there?

Yogesh Sareen: Within 6 months.

Abhay Soi: Yes, because typically, you require NABH and to get NABH, you typically require 6 months of data. Even the institutional patients, take about 6 months to onboard. And you have different rates for NABH and non-NABH.

So, I think the first gating item for a new hospital would be to get NABH. Also, concurrently you need various licenses in a greenfield, such as transplant, blood bank, etc. So, it is not as if on a brownfield, where all existing licenses continue.

In a greenfield, you need to apply for each one of those licenses. You cannot just start doing liver transplant or kidney transplant or whatever it is. So, the full range of services does not start.

Karan Vora: So basically, broadly 6 to 9 months is where you can get the NABH accreditation as well as the insurance empanelment. That is the rough sense we should have?

Abhay Soi: That's right. But I mean, it depends on hospital to hospital. Now of course, this was the same in Dwarka as well for us. But as you are aware, we started Dwarka last July. By now, we have already been fully occupied on the 300 beds for a while. And we are already planning a brownfield for another 260.

We had a breakeven within 6 months over there, because it was cash patients, etc. So, it is about how you also sequence it. I think the very important part over here is how do you preserve cash flow and how do you sequence your beds. Now we could have started all 250 beds over there. But we have to forecast the number of beds, we have to plan accordingly and we have to staff accordingly.

If you are going to staff all the beds, then you are going to lose money, be it with a brownfield or a greenfield. I think that somewhere you need to be a little more tactful about it. Our total loss for Dwarka in 6 months till breakeven was about INR 30 crore – in a greenfield in a brand-new micro market, where we did not have any presence.

Karan Vora: And my second question is with respect to -- I think, Abhay, you mentioned on the -- in the opening commentary that we should be back with respect to growth from Q4 onwards. So just wanted to get a sense. So do we foresee a step -- like a stepped or phased manner of recovery growth that Q4, you might be partially back and Q1, you should be fully back? Or from Q4, it is a complete clean quarter and there should be no one-offs or no deterrent from Q4 itself?

Abhay Soi: I think the big deterrent on our growth has been capacity. I mean, essentially, if we go beyond the seasonality of it and whatever one-time disruptions were, which are back to normal. I mean everything that we have acquired over the last couple of months or the new capacities that we set up have been ramping up very well.

Two years back, the issue was where is growth going to come from because the fact is that we were operating at very high capacity and the growth was going to be coming in essentially from the capacity addition. And there has been a delay of a quarter or two. So now that it is online, then we should be back to trajectory.

Karan Vora: And the last question is with respect to Gurgaon. Sorry, if I missed in the opening remarks, like do we expect it to commission like by Q4 end or Q1? And what would be the impact like maybe a quarter or 2 impact of losses from Gurgaon since it is like a large Greenfield? Any color there will be helpful? Thank you.

Abhay Soi: I think towards the end of H1 FY ’27 is when we should be able to sort of commission the first phase over there. We are not going to give you any guidance on the losses there, but you have the history in front of you.

And I will tell you why we are not doing that. Because it is a function of the clinicians you are able to get and what sort of programs you are able to start. We are happy to make a bigger loss over a shorter period of time and to have a deeper trough. That essentially means that we have been able to get the clinicians on day 1 in a greenfield.

Karan Vora: Got it. Thanks. That is helpful.

Moderator: Thank you. Next question comes from the line of Vivek Agrawal with Citigroup. Please go ahead.

Vivek Agrawal: So one question on CGHS, ECHS rate revision. So you earlier talked about approximately INR 200 crore kind of a positive impact on revenues, but that is including the impact of discontinuation of some patented drugs, etc., right? So is it possible for you to split it like what is the absolute impact of rate revision? And how much of that is likely to be netted off from a discontinuation of patented drugs etc.?

Yogesh Sareen: Vivek, we already said that the net impact is INR 200 crore. We have net off the onco impact, because onco is part of that MoU when the price got revised. So, I would say it will be probably INR 280 crore minus INR 80 crore. But I must also mention to you that the whole price increase has not happened in Q3. ECHS has revised the prices only in December. Some of the PSU are asking for new budgets, etc., to increase the prices to the CGHS levels and so that is also yet to come in.

Also, the super specialty rates within that category will be available from 1st of April. So, to my mind, the full impact of this will start to come from Q1 FY27. But I think a large part will start to flow from Q4 FY26.

Vivek, I must also mention that there is a negative impact of GST both on the revenue side and the margin side. Then you have to net off another INR 60 crore out of INR 200 crore number. So, it will be INR 140 crore sustained positive impact in the margin.

Vivek Agrawal: So actually, is it right to understand like the impact of the discontinuation of patented drug, etcetera, or the negative impact as well as including the GST, etcetera. So that is largely in this particular quarter. Basically, the GST plus discontinuation of patented drug is there in the quarter and that the positive impact, let is say, around INR 280 crore only on the rate revision that is likely to come from...

Yogesh Sareen: No, the INR 200 crore is sustained impact of CGHS prices. So, the onco effect will continue because under their MOU, they are saying you will have to give discounts on the chemotherapy drugs of 30%. So, some of the drugs where the margin was less than 30%, we discontinued to supply and where the margin is more than 30%, we still continue to supply, but still at a lower revenue.

So, there is impact -- there are two main impacts on the CGHS price increase of the oncology drugs. One is that we discontinued some drugs and second is that some we are giving 30% discounts. So, total of both impacts will be, as I said, INR 80 crore.

INR 80 crore is sustained impact, so that means net is INR 200 crore. And then you have to reduce out of that the GST impact. So INR 140 crore is the net impact if you ask me on an ongoing basis. So, it is not one time, I am saying sustained impact, that means you will have both going forward.

Vivek Agrawal: Understood. Thanks. This is helpful. And just one more question again on insurance side. It looks like that it has been targeted towards Max, while we are not seeing this kind of impact and for the other -- or some of your other peers, etc., in Delhi NCR. So, any specific reason for this, basically why it has been targeted towards Max? Separately, what kind of the safeguards that you have that the other insurance companies, let us say, does not do it again in future?

Abhay Soi: I think, hopefully, everybody has learned from it. Because I do not think the disruption is only for Max. I think the disruption would also be for other insurance companies. And there is a reason that other insurance companies did not join in. I think it just made some more media this time. And it has been disruptive to patients, and these patients are also customers of the insurance companies. And therefore, you have seen higher number of complaints.

Vivek Agrawal: Understood. And last question on institutional patient share. So, it has gone up quite a bit, 36% and part of this disruption. So, any color how to look at this number, let us say, 1 year down the line or 2 years down the line?

Abhay Soi: Well, I think the important thing is that when you are coming up with capacity, the more capacity you come up with, you will have institutional, exactly to what extent is another matter. But the fact of the matter is still the EBITDA per bed is higher -- even with the lower rates for the brownfield capacity additions. That is what we are kind of demonstrating right now.

Vivek Agrawal: Understood, sir. Thanks, that is it from my side.

Moderator: Thank you. Next question comes from the line of Bansi Desai with J.P. Morgan India Private Limited. Please go ahead.

Bansi Desai: So, my first question is on the growth of our existing hospital beds. So traditionally, if we see barring any seasonality impact, you still managed to see good low teens kind of growth for our existing beds despite the fact that they have been operating at like 75% plus occupancy levels, partially, it could be because of higher onco share or robotics, etc., which you mentioned?

But as we go forward, do you think theoretically, this has to normalize at some point in time? And for us, therefore, what could be the levers which can keep the growth momentum high over the next 2, 3 years?

Abhay Soi: Look, I think seasonality, if you look at the past 10 years has been a reality. The big difference is that last year we had big seasonality, and this year, we had actually no seasonality. So, it is a little bit of a double whammy. If you look at the numbers last year, we had some 30%-35% growth as a group year-on-year basis in Q3.

So, it was a very high growth. A lot of it was also due to a little higher part on the seasonality. And whereas this time, it is lower. Now having said that, the big jump in the current year was going to be coming through capacity additions.

And clearly, there has been a quarter or two of delay as far as that is concerned. So that is something which should have contributed to increase in revenue. And I think as and when we start getting that on stream, we are going to see that.

Bansi Desai: Yes. So Abhay, actually, I was just trying to say that if I actually look at this quarter and if I map it over a 2-year CAGR, this number still suggests a 20% CAGR over 2 years. So, if I remove that seasonality impact, and this is beside the fact that we have not added as many beds?

So, what I was trying to understand is that it does mean that our existing beds are still growing well in that low-teens rate. And we have seen that peers that most mature beds beyond a point once you reached your optimal occupancy levels, will probably come down to high single-digit kind of growth rates, etc. So, I was just trying to understand that from our side, if seasonality were to remain favorable, then do we continue to see the kind of growth that we have seen?

Abhay Soi: There two aspects to it. One is we are not looking at peaks and troughs as far as seasonality is concerned, and we are just looking at it on a static basis, saying that if you were to put a line straight line through to it, then what would the mean be. So, we are not looking at extensive seasonality or it happening or not happening. I think secondly, in terms of where the existing beds are concerned, we have always sort of guided that there are levers. Some of those levers get obfuscated, because we are opening new beds.

But the fact of the matter is there is higher institutional business, which will be getting distilled through it. But it gets obfuscated by the fact that we are opening new beds. So, there are levers in the current capacity, it is not as if they are not. I mean it depends how you look at it, how you bifurcate this.

Yogesh Sareen: I think also as management our job is to make sure that even the existing hospitals grow. So, on one hand, they can grow on the ARPOB side, the case mix side, etc. and on the other we are also adding more beds in these hospitals. We are trying to do brownfield expansion, where in the same campus, when you add more beds, then the existing hospital will also grow. So, there is no existing bed versus new; it is the same one hospital that we are trying to grow.

For example, wherever we have higher occupancies, we try to get brownfield beds there. So, you know we are now adding 260 beds to the existing Dwarka hospital. That will make the existing hospital grow.

Abhay Soi: In Dwarka, while we are putting the additional beds over there, our current mix has almost got 50% institutional patients over there. And in the first year, as you are going to ramp up capacity, you are going to take all sorts of business. And as you go along, you are going to see that distilling.

Bansi Desai: And my second question is more clarificatory in nature. You mentioned that the GST rate has also had a bearing on our margin. So just wanted to understand this would have not impacted our absolute EBITDA, right? It was just impacted our margins because your realizations go down?

Yogesh Sareen: No, it does because when you bill to the patients, the bill is at MRP, but you do not pay the GST on the margin because these goods are used for delivery of medical services. So, there is an impact on the margin as well.

Abhay Soi: So that is how Yogesh led to INR 200 crore net of onco drug impact and then minus another INR 60 crore for GST. You are coming to about INR 140 crore as a result of this entire CGHS revision as well as GST.

Bansi Desai: Because I would assume that GST realization or EBITDA would have been net of that tax amount, right?

Yogesh Sareen: Probably we will have to get online separately. I will walk you through as to why it impacts the margins.

Bansi Desai: Okay, okay, got it. Thank you.

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

Tushar Manudhane: Thanks for the opportunity. Sir, first, clarification, the top 4-5 insurance companies from the 25% of the insurance business, right?

Abhay Soi: Yes.

Tushar Manudhane: Yes, secondly, we have been doing roughly INR 400 crore -- INR 420 crore plus/minus sort of a capex per quarter. But FY '26, I guess, the target is up to INR 1,900 crore. So are we on track to do that kind capex?

Yogesh Sareen: Yes.

Abhay Soi What typically happens is that a lot of the capex is back ended. You don't necessarily relate work done to capex. I do not think it works in tandem necessarily.

Yogesh Sareen: Also, when you do a cash flow projection, you will always do a conservative projection, right? That is how we plan for it. We do not want the project to suffer because of financial closure, etc. So, you will always find that we will be spending less than what we are projecting because of the fact that we project a conservative number.

Tushar Manudhane: Even if I take roughly INR 400 - 450 crore per quarter sort of a capex, subsequently for FY '27, also, it will be higher capex, right? I am not referring to bed addition. I am not even connecting that to bed addition. I am just referring to the amount that would spend for the new hospitals effectively?

Yogesh Sareen: I think, you have the numbers already in the slide. We will revisit the numbers at the end of March'25 in any case, and then probably we will float the new numbers, but as of now you have the numbers available in our presentation.

Abhay Soi: They are fairly conservative numbers. So, we would certainly not be doing more than that.

Tushar Manudhane: And given the current sort of cash flow, which is like roughly INR 300 crore ±cash flow from operations, I am referring to. So does it mean that you still have some more debt coming on balance sheet?

Yogesh Sareen: I think the incremental beds that we are getting on stream now, they will start to give us operating margin. And we mentioned that all these beds are EBITDA as well as margin accretive. So, we obviously expect better cash flows from these operations now that the new beds are getting operationalized.

Tushar Manudhane: So, which means effectively INR 2,100 crore net debt is that the number in FY '27 as well. Does that -- I mean is that the safe assumption?

Yogesh Sareen: I think last time also the question was asked, it will go up by around INR 500-600 crore in terms of net debt, but it will be still less than 1 unless we do any M&A, etc.

Tushar Manudhane: And just lastly, Smart, there has been like almost 5, 6 months delay. So -- and still like the regulatory approval is to come through, so February '26, is that sort of now largely certain or that might get pushed for this?

Abhay Soi: So as far as Max Smart is concerned, the original time given was FY '28. This project has taken us about 24 to 25 months, in its entirety. We expect approvals by end of Feb'25. It has just gotten ready now, and we have just applied for approval. So, there will be no delay in approvals. I want to put that also in place. So, it is not as if the project has been lying ready and sort of approvals is what is delaying it.

The project has been delivered now and approvals have been applied for and we are expecting it by end of Feb'25. In fact, whatever attendant approvals are, they have been coming through very quickly and very smoothly. Actually, in this one, we have been ahead of schedule. This one and Zirakpur, we seem to be ahead of schedule.

Moderator: Thank you. The last question comes from the line of Nitin Agarwal with DAM Capital. Please go ahead.

Nitin Agarwal: Thanks for taking my question. Abhay, you have talked a couple of times about the Dwarka hospital and the fact that we have seen encouraging progress on it to go in for expansion. If you can just give us some more colour on what's been the progress -- financial progress of the hospital in terms of where it is reached right now, which prompted you to go for expansion at this early stage?

Abhay Soi: We are already operating at close to 75% capacity, although almost half of the business continues to be institutional. Like I said, early -- the life cycle of a hospital, you would first think about ramping up occupancy. And you ramp up occupancy with all sorts of business, and then you start distilling it. So we are already doing 20% margins at Dwarka while 50% of the business is institutional. When we put up capacity going forward, it will take us at least 2 years to put up that capacity. That means in the better part of two years, I would not have enough beds, easy to surmise that from 75%, we will probably go to 85%, so we will be distilling our beds. We are already seeing month-on-month, there are more cash and insurance patients coming through and the institutional patients are reducing. And therefore, you will see the margins move up. That is the encouraging part.

Nitin Agarwal: And secondly, on the Jaypee Hospital, can you give us any update on the progress on that?

Yogesh Sareen: So Jaypee Hospital is doing well now. I think the occupancy has improved over the period in the hospital. So, are you looking for some specific numbers for that?

Nitin Agarwal: I am just curious in terms of where -- from where you acquired to where it is come to, what the distance we have covered in terms of performance improvement in the business?

Yogesh Sareen: So I think if I consider year-on-year, it will be more than 30% growth. We acquired this in same quarter last year. The revenue is up by 30%-35% and EBITDA has also improved. Obviously, we cannot give you specific numbers in terms of revenue but I think that is the status. And when I say 30% increase in revenue, that obviously means that the revenue has come down first because when we acquired the hospital, we stopped all the referrals, etc., the revenue tanked a bit and then we brought it back.

So, this 30% growth Y-o-Y same quarter is basically after that dip, which happened in the first quarter after acquisition and then we built it up. The real growth would actually be around 40%.

Nitin Agarwal: And in terms of profitability, is it now closer to your network profitability? How far is it from there?

Yogesh Sareen: No, it is not. It is less. So, I think the first endeavour was to stabilize the operations. We had a lot of complaints in that hospital, so we were working on that. I think the margin is probably 3-4% lower than the overall margin that we have in the Network.

Nitin Agarwal: And secondly, when we look at our business for the next couple of years, the EBITDA per bed for us has been a pretty dramatic journey, which we have had over the years, around 7.5 million to 8 million is where we are at. I mean, does the network EBITDA stabilize around that? Or do you see opportunities for us to significantly increment it from these levels? And how should we think about EBITDA per bed take a 2-3 year view from here?

Keshav Gupta: No. We do not go towards the direction for chasing EBITDA per bed also as a base. Our trajectory is to deploy capital efficiently to have yields on the capital.

Abhay Soi: We may have a lower EBITDA per bed, but you have to focus on ROCE over there. I mean we are not focusing on making EBITDA per bed or ARPOB accretive or whatever. We are focusing on ROCE.

Nitin Agarwal: And last one. Over the next 2 years, from where do we see our operational beds sort of fitting out, we are about 4600 operational beds right now. Where do we end up in the next 2 years?

Abhay Soi: We are around 4,800 right now. And we are adding another 1,200 beds, including Gurgaon. So that is around 6,000 and by FY '28, we should be hitting 8,000. It is available in the presentation.

Nitin Agarwal: About 8,500 beds should we look at that…

Abhay Soi: Please look at the presentation for the exact year-wise listing. The presentation has beds mentioned location wise and how many brownfields, how many greenfields, etc.

Nitin Agarwal: With respect to the delays and all that you foresee by the time we finish F28, you still brought more or less in the same ballpark that we had in the presentation, is what I meant.

Abhay Soi: That is right. So, I mean we have given it out in the presentation, updated numbers. The current quarter numbers will be updated for any delays.

Nitin Agarwal: Okay, perfect. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

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