May 28, 2025

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

Dear Sir/ Madam,

Sub: Transcript of Earnings Call for the quarter and year ended March 31, 2025
Reg: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

This is further to our earlier letter regarding Video/ Audio recordings of Earnings call of the Company for the quarter and year ended March 31, 205, held on May 21, 2025, please find enclosed herewith the transcript of the said Earnings call.

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

Kindly take the above said information on record.

Thanking you,

For **Aster DM Healthcare Limited**
HEMISH PURUSHOTTAM
Digitally signed by HEMISH PURUSHOTTAM
Date: 2025.05.28 15:23:34 +05'30'
Hemish Purushottam
Company Secretary and Compliance Officer
M. No. A24331

Aster DM Healthcare Limited

Q4 and Full Year FY25 Earnings Conference Call

May 21, 2025

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

Puneet Maheshwari: Good afternoon, everyone. I welcome you to Aster DM Healthcare Earnings conference call for the fourth quarter of FY25. Company declared the Q4 and full year results for FY24-25. With us we have the senior management of Aster DM Healthcare namely Ms. Alisha Moopen, Deputy Managing Director, Mr. T J Wilson, Non-Executive Director, Mr. Anoop Moopen, Non-Executive Director, Dr. Zeba Moopen, Non-Executive Director, Mr. Ramesh Kumar, Chief Operating Officer, Mr. Sunil Kumar, Chief Financial Officer, and Mr. Hitesh Dhaddha, Chief Investor Relations & M&A Officer. We are also delighted to have Mr. Varun Khanna, Group MD of Quality Care. Mr. Khanna is here solely in the capacity of a representative of Quality Care to give insights into business and future plans of Quality Care, the entity which is in process to get merged with Aster DM Healthcare. It is to be noted that merger is subject to further regulatory approvals.

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

Alisha Moopen: Thank you, Puneet. Good afternoon, everyone, and thank you for joining our Q4 and full year FY25 earnings call. Financial year 2025 has been a year of continued and significant strategic progress for Aster DM Healthcare, starting with the demerger of the GCC entity and then ending with the linking of the Quality Care merger, which is in progress. We remain focused on execution, efficiency, and building a strong foundation for a long-term value creation. Our overall business recorded a 12% revenue growth reaching INR 4,138 crores in full year FY25. This was driven by a 7% increase in in-patient volume and a 12% year-on-year increase in ARPOB, with an improvement in ALOS by 6%, reflecting much better clinical protocols.

We have successfully reduced the Average Length of Stay due to several key initiatives, which includes preponing the discharges through third-party application for TPA patients, improving the admission management of elective cases, higher number of targeted therapies in medical oncology, and increased minimally invasive and robotic surgeries that enable quicker recoveries. Additionally, a reduction in scheme-based admissions have also contributed to shorter hospital stays, all of which have collectively improved efficiency as well as the ALOS.

Operating EBITDA grew by 30% reaching INR 806 crores, with EBITDA margins expanding to 19.5% in FY25, up from 16.8% just a year ago. This improvement was driven by ongoing cost discipline, operational efficiencies, and enhanced EBITDA performance from our lab business. We also reduced material cost, which is excluding the wholesale pharmacy, to 20.9% of revenue from 22% in FY24, reflecting much stronger procurement and pricing controls.

Our normalized PAT, excluding the NCI, excluding exceptional one-off items such as the project unity cost of the merger, rose 49% to INR 357 crores, aided by improved operational leverage and higher other income related to the GCC business restructuring. Now coming to the Q4 performance. During Q4 FY25, we witnessed revenue reaching INR 1,000 crores, up by 2% year-on-year, factoring revenue impact in the Kerala cluster, primarily due to a full month impact of Ramadan in March, a lesser day in February, and lower international patient volumes.

But despite having a modest revenue growth in Q4 FY25, overall operating EBITDA has grown by 16% year-on-year, and operating EBITDA margin has reached 19.3% in Q4 FY25, which is up from 17.1% just a year ago. While focusing on profitability, we also strategically exited loss-making segments in our wholesale pharmacy business.

We have delivered strong double-digit growth in our key operating regions, Karnataka and Maharashtra cluster, which grew by an impressive 16%, and the Andhra and Telangana cluster by 11% in Q4 on a YoY basis.

These results reinforce the strength of our co-operations and strategic focus in high-performing markets. We have strengthened the Kerala leadership team by onboarding experienced professionals who bring renewed focus and execution strength. On the MVT front, we are actively re-engaging with partners in key geographies and expanding our outreach into newer markets such as Africa and Southeast Asia by a more structured digital engagement strategy and an enhanced referral partner network. Based on this momentum and leadership team firmly in place, we anticipate a return to normal growth patterns over the next few quarters.

We remain confident in the long-term potential of the Kerala cluster and view this phase as a short-term correction with a broader trajectory of sustainable growth. Now moving to our core business of hospitals and clinics, our hospital business continues to perform well with operating EBITDA margin improving to 21.9% in FY25, up from 19.5% last year. Specifically, our mature hospitals, those that have been operational for more than six years, have expanded their EBITDA margin to 24.3% in FY25, up from 22.4% a year ago with the return of capital employed of 34%.

Our strategic focus on a well-diversified specialty mix ensures that no single specialty accounts for more than 15% of the total revenue. This enhances our resilience and strengthens our long-term growth prospects in the healthcare sector. Moving to some of the new businesses, such as labs and pharmacy, as of March 31st, 2025, we have 262 labs and patient experience centers and 203 Aster Pharmacy branded retail stores. Our lab business has demonstrated a strong performance, achieving 12% year-on-year growth of revenue in FY25, while maintaining a positive EBITDA margin of around 8% post-break-even in Q4 FY24.

While focusing on profitability, we have also taken a very strategic initiative to exit a few loss-making segments in the wholesale pharmacy business during the year. Moving to our CAPEX plan for the future, our expansion plans at Aster DM Healthcare are multifaceted and ambitious, designed to further solidify our position as a leading healthcare provider in India. Apart from our recent merger announcement with Quality Care India Limited, we are also focusing on both organic and inorganic strategies to drive further growth. Over the past year, we've added around

300 beds, including 100 beds in MIMS Kannur and 100 beds at Aster Medcity, bringing our total capacity to 5,159 beds as of March 31, 2025. We are significantly strengthening our presence in South India through strategic capacity expansion of the 2,100 plus beds year mark for India expansion. In Bengaluru, Aster will add a total of 939 beds, including 350 beds at Aster CMI hospitals, another 159 beds at Aster Whitefield, and 430 beds at the newly announced fourth hospital on Sarjapur Road, with 300 beds expected by H2 of FY27 and the remaining 130 beds by FY29. Strategically located in the fast-growing Sarjapur corridor, the new hospital strengthens our presence with Bengaluru's expanding IT hub and enhances our citywide coverage across key zones.

With this addition, Aster's total bed capacity in Bangalore will exceed 2,000 beds, reinforcing our position among the top three healthcare providers in the city for the future. In Kerala, we will add 818 beds over the next three years with two major greenfield projects, Aster Kasargod, a 264-bed hospital, and Aster Capital in Trivandrum, a 454-bed facility, and in Hyderabad, a 300-bed state of the art Women and Children Hospital are planned to be commissioned.

Now moving to the update on the merger, under the proposed merger with Blackstone-backed QCIL. We have achieved some key milestones over the last quarter. Shareholders have approved the preferential issuance of shares. The CCI have granted the approval. We have also completed a strategic share swap: Aster acquired a 5% stake in QCIL in exchange for a 3.6% preferential allotment. The transaction now awaits final regulatory clearances, including approvals from the stock exchanges and the NCLT, and it is expected to be complete by Q4 FY26.

Through the merger with Aster DM Healthcare, the combined entity will emerge as one of India's top three hospital networks, with 38 hospitals and over 10,300 beds across 27 cities. For FY25, the combined entity reported a pro forma revenue of 8,105 crores and an adjusted EBITDA of 1,661 crores, translating to a healthy EBITDA margin of 20.5%.

Aster and QCIL each contributed meaningfully to this performance, and this complementary financial profile not only enhances margin visibility but also strengthens the long-term resilience of the entire platform. As we move forward into integration planning, one of the key synergies that we anticipate from the merger lies in the procurement and the supply chain optimization. Leveraging the purchasing power of the combined entity will enable better supply terms, cost efficiencies, and streamlined inventory management, ultimately reducing material costs and boosting margins. Operational integration will further strengthen our clinical capabilities and through the sharing of pooled medical expertise and combined infrastructure to improve patient care and enhance revenue potential.

Additionally, the expanded scale will support investments in advanced technologies and digital platforms, driving innovation, improving patient experience, and creating long-term value for all stakeholders.

Coming to the promoter’s pledge, in line with our strategy, the promoters of Aster DM Healthcare have successfully reduced their pledge from 99% to 41% after completing a debt refinancing transaction with top tier global financial institution. This is a testament to our financial strength as promoters.

Moving on to exciting digital initiatives, I'm happy and pleased to inform that we have now rolled out Aster Health app across Aster units in Kerala, Karnataka, Telangana, and Maharashtra in the first phase of deployment. Further, we plan to integrate the services of hospitals, labs and pharmacies and going live with full in-hospital digitization and personalized care. By leveraging data-driven insights, these initiatives will not only expand our patient funnel but also enhance lifetime patient value and clinical outcomes. Ultimately, this robust digital ecosystem will help in driving sustainable growth as well as delivering superior value to our patients and stakeholders.

We are very proud to share some of our recent recognitions during the financial year FY25. We are honored that Dr. Azad Moopen, our founder and chairman, received the prestigious Lifetime Achievement Award from AKMG (Association of Kerala Medical Graduates), recognizing his visionary leadership and contributions to global healthcare.

Also, he was awarded the Global Entrepreneur of the Year at the second ET Entrepreneur Summit and Awards. It is also a moment of great pride that Aster DM Healthcare has earned the prestigious Great Place to Work certification. We also had Aster MIMS in Kozhikode making history by becoming India's first hospital to receive the prestigious comprehensive stroke center accreditation from AHA. We were also honored at the ASSOCHAM awards, winning the title of the best multi-specialty hospitals as a group.

Additionally, Aster DM Foundation was recognized as the first runner up for best CSR excellence in healthcare.

In conclusion, as Aster embarks on this transformative journey through this merger with QCIL, we extend our sincere gratitude to our stakeholders for their unwavering trust and continued support.

The strategic merger represents a significant milestone, establishing Aster as one of India's top three hospital chains operating 38 hospitals, with over 10,300 beds nationwide. It significantly expands our geographic footprint, especially across South and Central India while unlocking operational synergies under a robust governance structure. With a dedicated commitment to quality, accessibility and patient-centered care, Aster DM Healthcare is well-positioned to accelerate growth, operational excellence, and continued innovation.

I now invite our COO, Mr. Ramesh Kumar, to further elaborate on the cluster-wide performance. Thank you all.

Ramesh Kumar: Thank you, Ms. Alisha. Very good afternoon to everyone. I'm really excited to provide you an overview of our cluster performance for the FY25. We have witnessed a continued growth and improved operational efficiency across all our regions during this year. And I'd like to provide a few highlights around the same.

Starting with Karnataka and Maharashtra cluster, this cluster has demonstrated significant progress with a total bed capacity of 1,479 beds and 1,014 beds operational census beds. Occupancy has improved by 90 basis points year on year, rising from 61% to 62% in FY25. Especially when it comes to revenue for Karnataka and Maharashtra cluster, it grew impressively by 28% year on year, reaching 1,408 crores in FY25, compared to 1,100 crores in FY24.

The operating EBITDA also surged by 48% to INR 321 crores in FY25, climbing from INR 217 crores in FY24. Our operating EBITDA margin expanded to 28.8% in FY25, up from 19.7% in the previous year. This performance underscores our commitment to enhancing the profitability while expanding services, particularly through high-end treatments, hospital like Aster CMI, and especially at Aster Whitefield in Bengaluru. Witnessing the growth of quality healthcare offering in Bengaluru, we have announced the fourth hospital at Sarjapur with a total capacity of 430 beds in two phases, with a primary focus on Onco care. With this addition, Aster's total capacity in Bengaluru will be exceeding 2,000 beds, reinforcing our position among the top three health care providers in the city for the future.

Turning into the Kerala cluster, this cluster with a total bed capacity of 2,633 beds and 1,974 operational census beds exhibited the occupancy rate at 71%. Financially, the Kerala cluster posted a revenue growth of 5% reaching INR 2,108 crores in FY25, up from INR 2,007 crores in FY24. Operating EBITDA grew by 15% year-on-year to 493 crores in FY25, with the margins improving from 21.4% in FY24 to 23.4% in FY25. Highlighting our effective cost management and focus on operational efficiency, revenue growth in Kerala cluster was impacted by the month-long Ramadan and the short February month compared to the previous years.

Advancing in Andhra and Telangana clusters, the total bed capacity stands at 1,047 with 781 operational census beds. Performance improved notably with occupancy rate rising by 460 basis point from 50% in FY24 to 54% in FY25. Revenue for the cluster grew by 15% reaching INR 473 crores in FY25, up from 412 crores in FY24.

Operating EBITDA rose sharply by 45%, moving from INR 41 crore in FY24 to INR 60 crores in FY25, with the margin strengthening from 10% to 12.7%, underscoring our strategic growth and efficiency improvements. Looking ahead, we remain confident to maintain our growth momentum by prioritizing operational excellence, broadening our reach and staying committed to delivering exceptional care. We are very well positioned to continue building on the positive trajectory.

Now I request our CFO, Mr. Sunil, to elaborate more on our financial performance. Thank you very much.

Sunil Kumar: Thank you, Mr. Ramesh. Good afternoon, everyone. I'm pleased to share Aster DM Healthcare's financial performance for FY25, a year in which efficiency has been the central theme of our strategic execution.

We ended the year with a robust 12% revenue growth, with the top line increasing from INR 3,699 crore in FY24 to INR 4,138 crore in FY25. This growth reflects not just scale but quality and resilience in our revenue streams. We rolled out revenue assurance initiatives across units and also undertook a reduction in low margin scheme business, enhancing the overall quality of revenue. ARPOB increased by 12% driven by multiple levers, a 6% improvement in ALOS, strong growth from Aster Whitefield Hospital and impressive performance across key specialties such as oncology, neurosciences and cardiology. The reduction in ALOS is a result of both strategic and operational changes, including a shift in case mix, a streamlined discharge process, enabling by a third-party partner, and increased use of minimal invasive and robotic procedures and targeted therapies, which have significantly reduced patient recovery times.

On the profitability front, our operating EBITDA grew by 30%, increasing from INR 620 crores to INR 806 crores, with a 270 basis point margin improvement from 16.8% to 19.5%. This performance is a result of relentless focus on cost efficiency. One of the key contributors was the significant improvement in material cost management. Material cost, excluding wholesale pharmacy, is a percentage of revenue, declined from 25.3% in FY20 to 20.9% in FY25.

This is a direct outcome of our disciplined procurement practices, centralized vendor negotiations and optimized usage of consumers. We have further streamlined our manpower cost by approximately 70 basis points within key functional areas. This has been achieved by enhancing the span of control, allowing us to manage teams more efficiently and reduce supervisory layers, ultimately improving organization productivity and cost effectiveness. We also implemented measures to rationalize overhead costs, including consolidation of services, non-medical consumables through centralized procurement. A standard development this year has been the exceptional turnaround in our lab business.

This segment has moved from negative EBITDA of INR 9 crore last year to a positive EBITDA of INR 10 crore this year has been the exceptional turn around in our lab business. This transformation reflects our focused approach towards operational efficiency, scale up in volumes and a lean cost structure. Our wholesale pharmacy business also underwent a strategic shift. We chose to exit a loss-making operation through outsourcing, which resulted in a temporary dip in revenue growth. However, this decision has made with a clear view to restore profitability. We are confident that this will lead to a profitable turnover in wholesale pharmacy segment starting Q1 FY26. From a capital allocation standpoint, FY25 was also a year of efficient deployment. We have made a capital expenditure investment of INR 342 crores while maintaining our gross debt at lower levels than the last year at INR 642 crores.

We continue to operate from a net cash position of INR 739 crores, leaving for reinforcing our strong balance sheet. Our upcoming organic expansion includes over 2,100 beds, which will increase our total network capacity to 7,300 beds. I want to highlight that this expansion will be funded through internal accruals and existing cash reserves without putting pressure on our balance sheet.

Furthermore, we are pleased to report an improvement of over 300 basis points in ROCE, from 16.4% in the last year to 19.5% in the current year. Most notably, our core hospitals now operate at ROCE of over 25%. To summarize, FY25 has been a defining year in Aster DM's growth journey, driven by efficiency across every dimension of the business, from revenue improvements and margin expansion to the turnaround of previously loss-making segments. We have laid a solid foundation for future growth. As we move into FY26, we are confident of building on this momentum with the same discipline and focus. On that note, I conclude my remarks.

Now I request Mr. Varun Khanna to take you through the performance of Quality Care India Limited. Thank you.

Varun Khanna: Thank you, Sunil, and thank you all for joining today's meeting. As you know, Aster and Quality Care are embarking on a transformative merger, bringing together two leading healthcare organizations to create one of the country's largest and most distinguished medical institutions.

Over the next few minutes, I'll try and cover three key aspects, a brief recap of Quality Care, our vision, and the initiatives that we have to achieve it, and our recent performance. While we've discussed some of these points before, I'd like to provide additional context on QCIL and its latest developments.

Quality Care is a leading healthcare platform in India, operating under three trusted brands, Care, KIMS Health, and Evercare. Ranked amongst the top five hospital chains, we have a network of 19 hospitals and seven medical centers, offering 4,000+ operational beds across 14 cities and 10 states. Our financial strength reflects our solid foundation. Annual revenues exceed INR 39 billion, with strong profitability and EBITDA margins above 20%. More than 55% of our case mix consists of complex, high equity treatments supported by 2,500 highly skilled consultants.

All facilities are NABH accredited, with one achieving the prestigious JCI accreditation, reinforcing our commitment to quality care. Last year, we defined a five-year strategy focused on transformational and structured advancements. Our goal is to enhance service delivery, clinical outcomes, commercial operations, and digital transformation, and all of this while expanding our network. To drive this strategy forward, we have assembled top industry talent from diverse backgrounds to foster a collaborative and growth-oriented culture.

Over the past year, we welcomed eight senior level leaders, including our group CFO, CTO, and CHRO, key appointments that will strengthen our leadership foundation. In terms of network expansion, we are on track to add 1,200 new beds over the next three years, a 25% increase in capacity. We are expanding our cancer footprint to six additional centers during the next six to eight quarters, managing the need gap in our micro markets.

Additionally, we are making significant strides in digital transformation, including the launch of our call center, CRM, single ERP, digital patient channels, and multiple tools to improve patient service delivery. This year, we embarked on prioritizing our Synergy Wheel with five key Synergy initiatives, which will contribute INR 50 to 60 crores in EBITDA, with INR 20 crores as run rate for Q4 FY25. As we complete the merger, scale will bring significant Synergy savings, which we will share in due course. On the performance front, despite significant investments in talent and technology,

Quality Care delivered strong financial growth in 2025. Revenue increased by 12% year on year, EBITDA rose by 14%. In Q4 FY25, the revenue growth was 12% compared to Q4 FY24, while EBITDA grew 16% due to the impact of our strategic initiatives.

These results were primarily driven by 10% growth in inpatient ARPOB, fueled by a higher surgical complexity, particularly in the field of oncology, cardiology, and orthopedics. Procurement strategies that contributed to an additional realization in Q4 with full potential expected next year. Comparative pricing adjustments which had a marginal impact in late Q4 but are expected to drive a full year benefit in FY26. Clinical advancements remain a priority. Over the past three quarters, we strengthened our clinical complexity by introducing robotic surgery programs, enhanced super-specialized oncology centers, interventional neuro, and more, fostering cross-learning across our hospitals.

Our teams also demonstrated exceptional resilience in navigating complex challenges, managing political instability in Bangladesh, overcoming operational disruptions from the revamp of four hospitals within our network, ensuring swift response and strong cross-functional coordination to maintain continuity, and merging and optimizing three market-leading brands and operations across India and Bangladesh.

For a simpler understanding of the network, I've broken it down into certain cohorts, which is four hospital groups, mature and established, because each one of them would need a tailored strategy. Mature and established, which is hospitals like Trivandrum, Dhaka, Bhubaneswar, Raipur, it gave us a 14% YoY revenue growth and 22% EBITDA growth. The strategy here is expansion and we are focused on adding more beds. Emerging units, which is the likes of Nagercoil, Chattogram, Vizag, 78% YoY revenue growth and they're all ramping up extremely well.

Renewed strategy, which is largely the Hyderabad cluster, which had a flat growth this year, but the turnaround initiatives have already been launched. A new DMS for doctor relationship, leadership changes across the network, cost optimizations, and lastly, infrastructure upgrade. In fact, Banjara, our flagship facility, will see a relaunch in this quarter. The expected full year impact will be seen in the upcoming quarters for the renewed strategic focus cluster.

Other focus units like Alshifa, Kottayam, Kollam, Nampally, we saw a revenue growth of 12%. And the strategy is to enhance our case mix and ARPOB for the improvement. Looking ahead, we are committed to advancing our clinical outcomes, complexity and patient-centered care. With strong momentum across the organization, we remain focused to becoming the most impactful healthcare provider in the country. Thank you.

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

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

Amey Chalke: Thank you for giving an opportunity and thank you for the insightful presentation. So, first question I have is on the Kerala cluster. I understand team has been changed over there. However, our expectation was that last quarter would have been kind of a bottom out quarter. However, this quarter also we have seen a worsening occupancy.

So, what is the expectation here? How long can it take for the new team to revive this cluster? And is it the issue with one or two assets within the cluster or it's across the assets?

Alisha Moopen: Thank you, Amey. So very good point. I think I had touched upon this briefly. So definitely, we've had a little bit of a challenge in Kerala over the last two quarters, which was largely the management change that has happened. Having said that, we have kind of strengthened the teams there.

We've had the new CEO, COO, who has come in, especially at our flagship

Medcity, which is a large part of our network in Kerala. But I think what's very important to note for Q4 is the significant impact of Ramadan. So, in North Kerala, definitely, you know, Ramadan does have a significant impact for us not only in the local business on footfalls, as well as elective cases, but it also has an impact on MVT because a lot of people who come in are from Maldives and Oman, which also which also kind of gets impacted with the timing of Ramadan.

So, when we look at Q4, definitely, all of March was Ramadan, and when it comes to MVT specifically, people usually start planning a few weeks in advance, right? So, we believe that almost 2.5%-3% of the revenue hit has been caused because of the Ramadan impact.

Now, going to your question on do we see this as a very transitionary phase, this team has been set up, we've kind of got the full team now firing quite well. So, we expect that in the next quarter and two, things should kind of move back to start seeing the growth. I will let Sunil and Anoop also come in for further comments, but Q4 was largely because of Ramadan and obviously things like having an extra day last year when you compare it, there's a half percent difference on revenue that comes on account of that as well.

Anoop Moopen: Yeah, so thank you, Alisha. I'll also just add to that. I mean, Alisha has covered most of the points of why that all was there in the last quarter. But as we all know, the team has been strengthened, there was a leadership challenge over there and new CEO and COO coming in. And again, to add to it, I think the major effect was in our flagship unit. And we have gone through a focused approach over and now the team is in place and we have added more beds.

We have also added the onboarding of a new clinician, and we are seeing the traction in the first quarter and we are in line with the expectations.

Amey Chalke: Sure, thank you so much. The second question I have is on the Care performance, basically. So, thanks for Varun being here on the call. So, the first question I have on the Care is related to Hyderabad cluster.

That has been the underperforming cluster for us within the Care hospital chains. So, what are the steps we have taken so far over the last one year on the Hyderabad cluster and how has the performance improved over the last one year? And is this also an issue with one or two assets within the Hyderabad cluster or overall performance of the across units have been poor so far?

Varun Khanna: Thanks, Amey. Thanks for your question. Quite an anticipated one though. So, Amey, you know, if you heard me speaking today, you know, there are four cohorts that I've created to solve for this problem. One is mature established, the second is emerging, the third is the renewed strategic focus. And Hyderabad cluster really, I'd say, falls into that. Hyderabad, we currently run five hospitals, and of which two hospitals have needed significant help, I'd say. So let me give you a narrative of what's part of your question in terms of what we've done. We've done a lot of hiring. We've changed the leadership teams across. We have brought in the medical head of the company. Our clinical recruitment has now got far stronger. We've looked at the operating elements, and we are working with external consultants to ensure that there is no operating leakage, and we are also driving efficiency. And most importantly, we've renovated Banjara. Now, Banjara needed an uplift. It had been a hospital asset that was not invested in adequately, I'd say, and that turnaround has happened. So, during the year, we did go through this entire renovation, which was a complex job, but it's now got completed. And we're looking forward to inaugurating this asset.

So, I think a significant turnaround is underway, and you'll start to see the performance of the Hyderabad cluster getting significantly better. Hope that answers your question. Any follow up on this, Amey?

Amey Chalke: On the 1,200-bed expansion, which we have spoken about on the brownfield expansion, how much would be coming from the Hyderabad cluster, that is the final question? Thank you so much.

Varun Khanna: Let me just give you a break up of Hyderabad. You know, Hyderabad, we have a new ramping up facility as well, which is Malakpet, which started to perform pretty well. So that facility will see an expansion of about 100 odd beds over the next three years. Outside of that, we do see our flagship facility, Banjara, also add about 80 to 90 beds. So collectively, about a couple of hundred beds will be in Hyderabad. Thanks

Puneet Maheshwari: Thanks, Amey. The next participant who will be asking a question is Mr. Tausif Shaikh, if you can unmute yourself and ask the question.

Tausif Shaikh: Thanks for the opportunity. Good afternoon. Just a follow up question on Kerala piece. I think we rightly understand this performance is not comparable because this quarter we might have seen an impact of nearly about 40 to 45 days of Ramzan. But just wanted to understand in last one year have you seen any attrition rate at the clinician level for most of the flagship hospitals in Kerala? Can you highlight something on this?

Anoop Moopen: Yeah, I would come in here. There has not been any major attrition in the Kerala hospitals. I mean, the unit leadership level, we had a strong leadership level at most of our units. And we have a legacy factor also in Kerala. If you look at the MIMS cluster, it's a long-known brand. And the clinicians especially, they have a bond within the unit and they feel that ownership and more than many of us, they believe that it's a unit and they're never thinking of moving on. So, we have been very blessed in that area.

Tausif Shaikh: So, this quarter we have seen a 6% decline in IPD volumes in Kerala. So, can you give us a clarity? It's mainly alluded to a medical tourism patient.

Anoop Moopen: Yeah, so medical tourism is one and see one of our flagship units as you know, there was a leadership challenge over there. So, we have to admit that the focus was not that much because of the lack of leadership. So, that have led to the decline in the numbers and focused marketing and referral approach and all that.

So, we have got the leadership back in place. In fact, we have reinforced it much better, and we are seeing the traction now.

Tausif Shaikh And what kind of occupancy level one should see for FY26 for Kerala cluster?

Sunil Kumar: So, Tausif, thanks for the question. I don't think so we should be like to give a guidance, but from the growth point of view, right? You know, because if you look at last four to five years, we've been growing in a very ramp up phase of more than 20% and Kerala was growing more than 30%. Now we are reached the capacity where you know 70-75% of the occupancy had reached but as I said the quarter four has been a temporary dip and going forward also what we look at is that more than occupancy because occupancy is a factor of the new beds coming in also.

So, Q2 we added 100 beds in Kannur because it was running at 95% plus occupancy. Then we also added in our flagship hospital, we added 100 beds. As Anoop also alluded, we also started adding a few doctors also in the majority of the specialties to drive the volumes. But going forward, we are looking at least a mid-teens growth.

Tausif Shaikh: On the Kerala cluster?

Sunil Kumar: Yeah.

Tausif Shaikh: Follow-up question to Ramesh Kumar on the Bangalore part. I think we have announced a new project in Sarjapur. So, if you can highlight what's the competitive landscape over there and how Aster is placed in this market.

Ramesh Kumar: So, Tausif, Sarjapur is one of the fastest growing micro markets in Bangalore as you know. It has been having approximately around 35 to 40 lakh population concentrated in that belt and that is one reason. Affordability, insurance penetration is the highest there because of the mostly software people are with that background people are staying in and around that area. So, we have affordability is also, it's good. So, it is right to have a hospital there.

Competition, as you rightly asked the next question, competition is also, Sakra was doing exceedingly well. And Manipal, if you really look at, they also done in that market very well. It's a huge potential out there in Sarjapur market. Others are also coming and pitching in, but definitely we'll be much ahead of time and we'll have the right clinicians there onboarding to immediately ensure that that's a very good successful project for us.

Tausif Shaikh: Thanks. I'll get back in the queue.

Puneet Maheshwari: Thanks, Tausif. The next question is from Mr. Aditya Chheda. Mr. Aditya, if you can unmute yourself and ask the question. Mr. Aditya, can you please unmute yourself and ask the question? I think he's not able to hear us.

Okay, so I'll move on to the next participant. The next question is from Mr. Kunal. Kunal, can you please unmute yourself and ask the question? Hello, good afternoon.

Kunal Randeria: Hello, good afternoon. So, my first question is again on the Kerala cluster because I am not sure I fully understood the impact of Ramzan. Because in 2024, I think you had 20 days of Ramzan in Q4.

Occupancy was fairly healthy, you know, in mid to high 70s. So, I'm just trying to understand how much of the dip is because of Ramzan and this year because you have 30 days and how much would be because of you know the other factors that you mentioned.

Alisha Moopen: Sunil do you want to give a little bit more?

Sunil Kumar: Thanks for the question. See if you look at quarter four, we've grown at 2% across you know at the overall level but if you remove but only look at the hospital space, right, in the core entity, it has grown 4%. The other 2% dip has happened because we consciously reduced the wholesale pharmacy segment. See, wholesale pharmacy has got two segments. One is the segment which supplies to all B2B and trade business. And another is the one which was supplying to the retail pharmacy. So, there we thought that the logistics was not working out really well and we used to have a cash loss. So, to address that one we have done that. So that way it's artificially come down to 2 but actually it's a 4 percent. Then I think Alisha also alluded to that 2.5% to 3% has come up because of Ramadan.

Because see last year Ramadan started only in the late March and ended in the mid-April and we saw the pickup happening in the month of May. In this case what happens that it started the beginning of the March and ended in the March right so there is a full month impact which is coming to Q4 so that that itself has contributed to 2.5%- 3%. Second is also the third one I would say is the MVT. See, MVT, we had a major drive. If you look at the last year, MVT also, from quarter three to quarter four, there's no reduction. It was almost flat.

But now we have seen a major reduction. One of the other because of a conscious decision there, Kunal, specifically through Maldives. Maldives, we've seen major ramp up in the business in last year and we have also seen that they are not very good paymasters. We had to control the receivables and that's where you also see in the Q4 because we were able to reduce the Maldives, the business very consciously.

Even though revenue dip has happened, our collections have been even better. Overall, our receivables used to be at somewhere 85 to 90 days DSO. We are able to reduce to below 80 days and because of which our ECL, the provisions have become better in Q4. And that is also one of the reasons why, even though we have a 2% to 4% growth in the Q4, we're able to drive a 16% growth in the EBITDA.

And also, it's very important to understand that whatever the dip which you have seen, it's a very temporary phase it's just a couple of quarters, we should be able to bounce back very soon. We're putting all the leadership all the systems in place to ensure that something like this doesn't recur again.

Kunal Randeria: Sure, so if we were to kind of you know going into Q1 now that the Ramadan is over. I think we should see occupancy back to what close to 70% just from the Ramadan impact.

Sunil Kumar: So, see, usually, when I say I won't give occupancy because occupancy is very skewed. Let us look at the volume growth here. When we say that we grown at mid-teens, at least 7-8% will be with volumes and balance 7-8% will come from the ARPOB. Now volumes is something which we are very, very confident that will continue to grow at around 7-8% going forward.

So, occupancy you can model it out, but we are back to high single digit volume growth is something which we are make it happen.

Kunal Randeria: Sure, now since you touched upon the lower ECL provisions there was also you know some rent reversals in this quarter. I mean these are not something which is sustainable right, going forward. So, this you know 19% margin would that be sustainable, or you may just see a temporary dip because this time the profit was slightly bloated because of these.

Sunil Kumar: So if you look at the all the four quarters EBITDA margin we started with a 17 plus margin then we bounced in Q2 to more than 21% and Q3 also we closed at 19.3%, Q4 also it's 19.3% right so you know you've seen that it's a consistent increase and if you look at last year all the four quarters, if you observe properly, we were hovering between 15% to 17%, right? We were at 15% quarter one last year, quarter two, it was around 16.8%. Then we moved to 17.7% and 17.71% is the how we ended in the last year quarter four. Then from there, we cashed on to 17%, went to 21%. And as I said, 21%, because quarter two, always you see now that is the biggest quarter of all the four quarters. That's one of the reasons why EBITDA margin really jumped. But you can see that even though there has been a slowness in the revenue growth, we were able to maintain the margin of 19.3%. But what I can say is that going forward also on a full year basis, these numbers what we published is more of a sustainable. And as I said, we have talked about the future margins, we are also aiming to reach 23-24% in next 3-4 years' timeline. So, we are very much committed in this regard.

Kunal Randeria: That's great. That's 23-24% without the QCIL synergies, right?

Sunil Kumar: No, with QCIL

Kunal Randeria: Sure, sure. And the last one is for Mr. Khanna. You did speak of several senior level hires and leadership changes. Just trying to understand, what is the hiring you have made on the operational front? And on which clusters have you done? And any more roles that you need to still fill in?

Varun Khanna: Thanks, Kunal. So, Kunal, largely what we've done is at two levels. So, one, we've created another layer, which is the operating layer, which is what we call the regional chief executive layer. We've got a senior industry leader coming into that role already. He came on board last month. At the group level, we've been able to bring a group CFO. We've got a CHRO coming in, I think the guy's coming on-board next week. We've also got HR head and sales and marketing head at the Care level for the business. Outside of that, we've brought in a regional CEO for outside of Trivandrum business, which is the KIMS business of ours. So, there's a lot of hiring in total, actually 10 odd people have come on board. Each one of them, you know, have a great pedigree, given what they've done in the past. So, we've been fairly successful in getting the right people on board.

Kunal Randeria: Sure. And sorry, one more if I can squeeze in that support to Alisha and Mr. Khanna. See, I mean, Aster had this, you know, cluster-based approach, right? And obviously, Kerala is the biggest cluster for QCIL, you know, Trivandrum is a big, you know, contributor. So, going forward after the merger, how will the operational structure look? Will you still follow a cluster-based approach, or would it be something different?

Alisha Moopen: So, Kunal, I think we're still thinking through the best structure for the organization, right? I think it would be really premature for me or Varun to comment on this right now. Of course, you are aware Kerala will be one of our biggest markets. So, we do think it needs to be a cluster, but is it a Kerala whole or break Kerala into two? Those are all discussions we are having to make sure that you find the right people and have the right structure in place. So maybe give us a few more quarters to come back with more details on that.

Kunal Randeria: Sure. Thank you and all the best.

Puneet Maheshwari: Thanks Kunal. The next question is from Mr. Nikhil Poptani. Mr. Nikhil, can you please unmute yourself and ask the question please?

Nikhil Poptani: Yes, sir. I thank you for giving me the opportunity. So, in the Kerala cluster, last time we spoke that we are going to focus more on the profitability, ARPOB growth rather than the volume growth. So, is this still now after such a quarter, are we still focusing on profitability over volume growth?

Alisha Moopen: So, Nikhil, I think it's really about a combination strategy, right? I mean, as you're aware, there is a lot more competition in Kerala, but we are the market leaders, and we don't want to go down a discount-based strategy for Kerala. For us I think it is very important to continue to maintain the ARPOB. We have been price leaders in the market; we don't want to dilute that. We've been service leaders in the market; we don't want to dilute that. So, with that we've been taking a very balanced approach and making sure that we're not really talking about a dip in occupancy, but we also don't want to just show revenue growth and have an erosion on our margins. So, it is about kind of maintaining that balance as much as possible. So, when we're looking at occupancy also, I think it's also very important to note we've added 300 beds out of that 200 beds in the last quarter have been in Kerala. So naturally, arithmetically, there'll be some dips that you will see. But I think it's also very important to note that even with that, we have improved on our profitability, which I think is a good place for us to be in.

Nikhil Poptani: That's great to hear. And the second thing that I want to ask, are we still focusing on the corporate segment? Because now we need to also grow the MVT segment again. We said that we are looking at different regions to grow MVT segment too. So how will be the focused approach over attracting the new patients?

Alisha Moopen: So, I think, again, in Kerala, a big focus was on Oman and Maldives. In Maldives, since the change of the government, there's been a lot more pressure on the payment and the receivables. And we didn't want to get caught up in that challenge. So, opening up new markets has been a key focus for us. So again, strengthening the MVT team has been something which Ramesh and the teams are working on. I think it's very important for us to open up a lot more markets. I think there've been challenges with Bangladesh also, which used to kind of yield some traffic for us. So, we said, how do we make sure that we are able to diversify that portfolio of MVT patients? So, a much more structured approach in building the portfolio for MVT. Ramesh, you wanna come in here on MVT, please?

Ramesh Kumar: So as rightly mentioned, and we are looking at onboarding leadership where they can take on expanding the team of MVT, certain geographies like the African countries we are looking at. Iraq is another market which is still continuing to yield well. As rightly said, Oman is still continued to yield as there is a lot of traction from Oman still coming in. And of course, Maldives market as you rightly said, cautiously we would be approaching. So overall, we will be expanding mainly into African countries and Onco is also one of the focus area so we get large, good number of patients for oncology from African market. So that's going to be our focus as well.

Nikhil Poptani: That's great to hear. So, can you just summarize what is our strategic outlook for each of the clusters, like Kerala, Andhra, and Maharashtra? Like how we are approaching those clusters in terms of adding patients, beds, and everything, if you can summarize that. And even for the QCIL, for their four segments.

Alisha Moopen: Nikhil, you wanted to understand what on the Aster side and then if could you just repeat that?

Nikhil Poptani: Yeah, in our Aster side of four clusters Kerala, Andhra and Karnataka cluster, like how we are approaching this clusters in FY26, what is going to be our major focus in each of the cluster? And similarly, on the QCIL side, on the four segments that they've bucketed.

Alisha Moopen: Ramesh, you want to start with that?

Ramesh Kumar: So let me start with the Karnataka Maharashtra cluster. As you have seen, all the three units have been yielding very well. Aster Whitefield is doing exceedingly well. We are anticipating good growth coming in there, within one year's time it has registered a very good growth. And both Aster RV and Aster CMI would also continue to feeling the growth of Karnataka and Maharashtra from Aster Aadhar, we continued, it's still growing. We are looking at how to add more number of beds there. And of course, we have the Mother and Child hospital expanding around 159 beds, additionally coming up in Whitefield. That will also add to the revenue of FY26. So that's about Karnataka and Maharashtra.

And moving on to Kerala, we have right now Medcity, as we said, the change in leadership. We are looking at onboarding. None of the clinicians have moved out. So, all our clinicians are intact, and we are adding more clinicians. So that is the strategy. We are adding all these specialty-wise. We are focusing a little bit more focus on oncology and we are also trying to add in other specialties as well. So, the flagship will continue to perform and further grow and we are trying to add more volumes. We have added another 100 beds there.

Second, MIMS, Calicut and of course, Aster MIMS and Aster Kannur. Aster Kannur is really doing well, there also we have added another 100 beds. So, there we are going to continue to actually look at focus on volumes and focus especially on certain specialties like again going back to oncology and some renal transplant and other things. And MIMS specifically we have seen it is steadily growing, doing very well, that has been contributing very well. So, I think MIMS, we continue to have the same strategy. We will have volume focus. We are trying to focus on how to create additionally more volume growth as far as MIMS Calicut is concerned.

And shortly we would also be adding Kasaragod hospital as well for the

FY26. So that is also going to give us a growth in entire Kerala. So that is the Kerala cluster.

Moving on to Andhra cluster, Tirupati, Narayanadri Hospital is really one of our good strategies and Tirupati is really doing very well. Both top line revenue and good EBITDA margins. We are planning to add again, expand further specialties like oncology. We're looking at a bunker adding there. And then so Narayanadri will do very well for us and I mean Ramesh hospitals, Aster Ramesh, we have been focusing on Guntur and Vijayawada. Vijayawada especially the cardiology team has been doing very well, we are trying to add more call clinicians there and accelerate the cardiology part of it.

And Guntur, yes, there has been a thing we are adding on more clinicians now, especially cardiology and gynecology. There has been one or two doctors' attrition has been there, but we are adding more clinicians at Guntur as well. Ongole, we are trying to focus, ensure that, add more clinicians to augment the entire oncology, entire Ongole business as well, top line revenue as well. So, this is what the overall strategy for all the three places. We'll be driving both some of the additional units, some expanded beds, driving volumes, and looking at adding more clinicians on board.

Nikhil Poptani: That's great to hear, sir. I have one more question.

Puneet Maheshwari: I would request you to put on the queue, please. I'd like to request each participant to ask two questions, please. Okay, next, we have Ms. Damayanti Kerai, If you can unmute yourself and ask the question.

Damayanti Kerai: Yeah, hi. Thank you for the opportunity. I want to understand your EBITDA margins trajectory better. So, this 23% -24% number, which you indicated for next three to four years. So, you mentioned that on the procurement side, you have seen good synergies, which is one of the key driver in last year or so. So that's one, just want to understand what kind of headroom you have, where you have visibility to improve on this part from here on.

So, what kind of contribution will come from, say, procurement synergies, and then some of the initiative which you mentioned on the other cost line items, if you can elaborate on those. Also, this 23-24%, I understand is it at the network level right, hospitals plus your other business.

Similarly, if you can give that number for hospital business, the core hospital business over next three to four years. Thank you

Sunil Kumar: Thank you, Damayanti. So, on that question, see, with respect to the, because I said that as a group put together, which we can achieve a 23% - 24% in the next three to four years. Looking from the material cost point of view, because we are just a 5,000-bed hospital, when the volume doubles, the leverage comes in. So, there are at least another 100 basis points should really kick in. Second most important point I see a leverage is the manpower cost.

Manpower cost is very important because we track it as not only as a percentage of cost, but also, we look at what is our manpower per occupied bed. And we see that there is another 1-1.2% per occupied bed is the efficiency which we can do it. And accordingly, I think I called it in my speech also, even in the current year, from the last year to current year, when we say manpower cost, I'm talking about including the junior doctors plus the employees and the outsource manpower. We already done a 70 bps efficiency reduction in the current year.

So, we see a major reduction coming from there. Second, to a small extent, we should also bring a consolidation of the functions which should give a synergy, that's the third part. And the fourth part would be the more of overheads. So, overheads also is something which is more disintegrated and also fragmented. So that's where you can look at a consolidation of insurance, consolidation of the lot of AMCs, CMCs, consolidation of non-medical consumables, and also bringing efficient electricity also.

We are already in the way to bring more than, I think, 30-32 megawatt plants, which is in the works today. So that is something which is going to kick in sometime in the second half of the year. I think all these things put together; we should be able to look at another 300 to 400 bps improvement in the margins. Now second is that you know because we also talked about the wholesale pharmacy. See we apart from that we've got two more verticals right that's the labs and wholesale pharmacy.

Labs already we have reached around 7-8% margin in the current year and also today the most important thing is that it has to be more dependent on the non-Aster business and already we are from 23% in the last year. Current year we moved the proportion of the contribution to 28% there. So, once we are able to take it to 40 to 45% or near 50% we can really move the margin supports of 20% in the labs. So that way it will not be a drag.

And in terms of wholesale pharmacy, I already told you that we have moved out the second segment of the business. So, we don't expect a major growth coming in the wholesale pharmacy. And wholesale pharmacy is always known to have a lower EBITDA margin. So, keeping that in mind, I think overall, 23-24% and I think maybe another 100, 200 bps higher it should be for the hospital segment.

Damayanti Kerai: Okay, that's clear. My second question is on your women and child hospital which you have planned in Hyderabad. Did that unit saw some delay like because earlier I remember you are planning to launch that in the second half of this fiscal and as per the presentation now it moved to FY27. So, if you can clarify that and in FY27, when we should expect it in the first half or second half, that will be useful, thank you.

Ramesh Kumar: So, this is slightly, as rightly said, we were looking at certain, since it was a warm shell, which we have taken over and infra-wise, we had to really do some more work on it. So that was a slight delay which has happened.

Now I think it is almost, well, most of these plans as well as most of these things are in place. We are able to accelerate further. We'll be able to ensure that we could kick off the project and by 2027 we are very positive. At least the second quarter at least we should be able to kickstart the hospital.

Damayanti: Second quarter of fiscal year 27, right?

Ramesh Kumar: 2027.

Damayanti: Ok, that's it. I'll get back in the queue, thanks.

Puneet Maheshwari: Thanks, Damayanti. The next question is from Mr. Bino. Dr. Bino, can you please unmute yourself and ask the question?

Bino: Hi good afternoon, everybody. Couple of questions. One, in your slide on synergies, I see a 30-crore synergy in QCIL in FY26. May I know where it comes from, given that the merger is actually happening only towards the end of FY26?

Varun Khanna: Yeah, so let me take this. So, I think a large part of the synergy essentially comes from the procurement side of it, which is where the material cost, as you grow your scale, you're able to bring down the material cost. You're also able to optimize when you start working as a group, you're able to optimize your formularies, use the right mix. A couple of other things that we're doing is the repair and maintenance contracts. We're looking at them again, and we've been able to bring some degree of improvement there. Food and beverage is another significant piece that we're looking at. In our Kerala cluster, we actually have an in-sourced F&B company. We've started to do that the same way for Care as well.

So those are the three prominent things that we're looking at. Outside of that, there's a lot happening which will be EBITDA accretive. For instance, working on medical value travel as a group, that's going to have a significant benefit emerging this year.

Bino: Got it. So, you have given your FY25 EBITDA at about INR 855 crore. I mean, just trying to model it out, I can possibly add about INR 30 crores to that and maybe apply the usual INR 15 sort of crore.

Varun Khanna: You know, can you be a bit louder, please? Get closer to the mic

Bino: So, I was looking at the QCIL FY25 EBITDA of INR 855 crores. If I add INR 30 crores to that, and maybe grow it by the usual 15% roughly, which you are doing. Is that the right direction in which, I am moving to estimate your FY26 and maybe FY27 numbers?

Varun Khanna: Bino, I'll let you do the calculation but let me give you some color around it so that the favorability that you're trying to build, you are able to. See, INR 50 to 60 crores is the synergy number that we're looking at the QCIL level. And this is outside of synergies that will be driven post the merger. So, of which, from a run rate standpoint, we've been able to get to about INR 20 crores is what I told you in Q4, largely driven by procurement and some of the other elements are to kick in, which I alluded to. So, we do see significant favorability on the synergy side of it.

Bino: Ok, Can I ask a question

Varun Khanna: Yes

Bino: Sunil, a quick question. In your breakup of other expenses, there is a benefit coming from about INR 7 crore coming from movement in contingent payable number. What is that related to? And is that something which continues?

Sunil Kumar: Yeah, thanks for that, Bino. So Bino, if you recall, we had recognized a gross obligation for the put option, which is available for our Ramesh hospitals. They were holding around 42.5%. So, we recognize that. And they had a put option, I would say limit up to, to basically the right was there up to March 2025. And beginning of the March, they actually raised a put option notice of around 13%.

Now, what has happened is that because of that, we have unlocked the liability which is sitting there and because in the quarter one, quarter two and quarter three of this current year we had recognized the liability because whenever you're nearing to the put option date the liability keeps going up right that we had recognized and Q4 because the complete 42.5% was not exercised and only the 13% was exercised, the balance got reversed. So that is a benefit, and good thing is that it's a more of a permanent benefit because after this year, next year onwards, there is no hit coming into the P&L from Q1 onwards.

Bino: Got it. And what would be the total number of shares outstanding once the merger takes place?

Hitesh Dhaddha: I think, It's around 870 million but you can kind of look at the exact number you know in our publicly disclosed documents

Bino: Okay, thank you very much.

Puneet Maheshwari: Thanks Dr. Bino. We would request participant to limit to your question to two but not more than three per participant at a time. In this line we have next question for Mr. Angad.
Mr. Angad, you can unmute yourself and ask the question.

Angad Ambekar: Hi. I just wanted some guidance on debt in the future and considering the bed expansion that you've guided for, how are you looking to finance the same?

Sunil Kumar: So Angad, let me, rather than putting a number, let me give the how we are looking at. So currently Aster DM is a net debt company with a net cash of around INR 700 crores plus. We have 2,100 beds in pipeline, which will cost me approximately INR 1,900 crores. Out of INR 1,900 crores, we already incurred INR 350 to 400 crores. So, balance INR 1,500 crores, which we need to spend over a period of next three to four years, right? And from the pre-IndAS or post-IndAS of view, my cash flow from operations, it's approximately 78% to 80%. I think that should help you do the modeling.

Angad Ambekar: Thank you

Sunil Kumar Thank You

Puneet Maheshwari: Thanks, Angad. The next question is from Mr. Sidharth, if you can unmute yourself and ask the question.

Sidharth Negandhi: Hi, thanks for the opportunity, just 2 questions one I wanted to understand what is the guidance on pre-IndAS EBITDA considering a large part of the expansions going forward are leased rather than owned land. The second question was on the drop in EBITDA margin in the Kerala and the Karnataka and Maharashtra clusters on a sequential basis.

That drop is much sharper this year than it was last year. So, is there anything that you have to say on that? What drove that sharper drop?

Sunil Kumar: Yeah. Siddharth, the second question, let me answer first. With respect to the margins, as I said, it's all to do with the revenue. There have been certain unlock of the provisions, which is I talked about receivables and everything that has happened at the corporate level at the Aster DM Healthcare legal entity.

But whatever the decline which has happened, it's just a one-time dip because of the revenue not being there. But on a YTD or a full year basis, the Kerala cluster still boasts a margin of 23.4% plus, and also Karnataka cluster is still maintaining a margin of operating EBITDA 22.8%. So, we only think that it will keep going up. As I said, I already given a broader guideline of our next 2, 3 to 4 years and that's how we look at the numbers.

I'm sorry, I didn't get the first question, please.

Sidharth Negandhi: The first question was, you have, you mentioned a 23-24% EBITDA margin going forward, right? I'm assuming that's a post-IndAS EBITDA. Considering most of your expansion is leased. How do we look at pre-IndAS EBITDA margins going forward?

Sunil Kumar: Got it. See, currently, if you look at the gap between operating to post-IndAS, there is a revenue variable rent which is approximately INR 8 crores per quarter accumulating to INR 32 crores per annum.

And when you look at the difference between a post-IndAS to pre-IndAS, there is around INR 92 crores, right? So that's approximately INR 26 crores or 27 crores per quarter, now 23 crores per quarter. Now if you look at both put together the variable rent and the fixed rent what we pay to the leased assets, it comes to approximately INR 124 crores which may amount to approximately 3% of my top line so going forward also yes see it's not like okay we have we are making by choice going to lease the asset it because in a Bangalore city for example, the recent one Sarjapur, it's not easy to purchase land, a lot of these lands are ancestral land. They don't want to sell it off. So, you have to work with the builders to do a JDA and accordingly take asset on the lease. So keeping that in mind, even in the going forward, because when the business increases, the majority of the thing being in Kerala, where the volumes and the new hospitals like Kasargod and Trivandrum coming into the picture, as a percentage of revenue, the rental, both fixed and variable, you can model it out somewhere between 2.5% to 3% for the next three to four years.

Sidharth Negandhi: Ok, that's useful. The second question was on the delay in projects. We have seen all the brownfield expansions being sequentially delayed from the last quarter to this quarter. Bangalore, Ongole, CMI, Medcity and even the Hyderabad which you addressed. Any specific reasons? Are we seeing competitive intensity and therefore pushing these out? Is there any other reason?

Alisha Moopen: Yeah, I don't think it has been per se by design. I think as Ramesh had called out, there has been just some challenges with projects, different reasons for each of them that has delayed. I don't think we've had anything more than three to four months of delay for these projects. So it's not definitely not because of any competition. We had some change in the project team as well. We've just changed the project lead recently so I think that has also been one of the reasons for some of these delays I don't know Mr. Wilson if there was anything you wanted to add to that.

T J Wilson: You're right Alisha, like we are in control at the moment actually projects are going as per the schedule like whatever happened in the past will not be repeated in future. Now we have a team and we are recruiting more people also. So, things will be on plan as per the schedule now.

Sidharth Negandhi: Clear. The last question was on QCIL and the funding of the expansion there. How do you propose to fund that expansion, Mr. Khanna? And what's the net debt position for QCIL currently?

Varun Khanna: Sidharth, thanks. So, of the beds that we're looking at, so that on the CapEx side of it, the few projects that we have, we're looking at raising some debt at the entity level. And my sense currently, I may not have the exact numbers, is about 70% of what we'll invest in the project, CapEx. Details can be furnished later is the way I see it.

Sidharth Negandhi: Thank you

Puneet Maheshwari: Thank you, Sidharth. We would request each participant limit to two questions only. Next, we have questions for Mr. Deepak. Mr. Deepak, can you please unmute yourself and ask the question?
Mr. Deepak, can you hear us? I shall now move on to the last question. Mr. Nikhil, can you please unmute yourself and ask the question?

Nikhil Poptani: Yeah, thank you for giving me the opportunity again. So, my question is like, basically, what is the price hike that we are planning for FY26 across our payor mix? And now we have like the two green fields coming up in H1 FY26 and the other one in H2 FY27. So, what is like a break-even occupancy on ARPOB level that we are supposed to target to achieve the break-even EBITDA?

Sunil Kumar: See, Nikhil, on the price increase, usually whatever the ARPOB growth what we achieve, the price increase would be somewhere between 3 - 3.5%. That's a price increase. That's how I'm saying cumulative of the walk-in cash patients plus the TPAs. And usually, insurance companies we renew every two year once. So that's a jump what you say. That's where I'm giving average number of 3 to 3.5%.

And there's no right time to take the price increase because it all depends on the geography of each hospital. It's based on the hospitals we take that call. That's you know on the price increase bit of it.

Nikhil Poptani: On the greenfield side what is like the break-even occupancy or ARPOB level?

Sunil Kumar: So, I won't say ARPOB you know it's usually 30% you should be able to break-even Nikhil. I'm talking about on a full capacity basis if it's operational on a 30% capacity, you should be able to break even.

In terms of timing, Nikhil, it all depends on where are we really commissioning this project. For example, Bangalore, Aster-CMI was the first hospital which we operationalized sometime 8 years back. That time it took more than 18 months to break even. But when our second hospital in RV, when we opened up, that's the south of Bangalore, we were able to break even between 12 to 15 months.

And the third one, which we opened up just a year back, we were able to break even in 3 months. It's also about brand recall, right? We will be able to get the right doctors in place. So that's the whole reason why we are developing a cluster approach. That's where in the Bangalore market, as even Ramesh alluded. The idea is to ensure that there's a fourth of our hospital. Today we are in the top three and we will continue to be the leader in the Bangalore market. So similarly, it's all about if you go to the new cluster, you know, geographic location where you're not present, it usually should take around 18 months.

Nikhil Poptani: Okay, thank you. That's it from my side. All the very best for FY26 and great work on margins. All the very best.

Puneet Maheshwari: Thanks, Nikhil. We have the last question from Mr. Sidharth.

Sidharth Negandhi: Hi, can you hear me?

Puneet Maheshwari: Yes, Sidharth

Sidharth: On the Andhra Pradesh Telangana cluster, just wanted to understand that was on a turnaround path. And we've suddenly seen a very sharp sequential drop in occupancy from 55% in Q3 to 51% in this quarter and therefore, you know, there do you see that along with the fact that the Ongole piece is also pushed out a little bit. Do you see that coming back to mid-50s, late-50s occupancy next year or how do we look at that? That was one part, and the second part was to understand on the guidance if you could share anything on the proportion of non-Aster business in the labs business next year.

Ramesh Kumar: Yeah, the first part coming to Andhra if you really look at, we had some certain impact as far as the one or two clinicians leaving as far as the Guntur is concerned.

So that is the cardiology, and the volume was driven by the gynecology. So that is the dip which happened in Guntur. So, we have immediately corrected that cardiology we had sustained because we are very strong as far as Ramesh Babu is concerned. So, it is not a concern. So, cardiology we could retain at least the angioplasty, angiogram, whatever we are doing.

But only the OPD numbers and a little bit of inpatient for gynecology has come down. We are quickly rectifying that. And that's a temporary dip, which has happened at Guntur. Whereas Vijayawada continues to do well. And coming to Ongole, Ongole also have the same reasons.

We had two or three clinicians moving because of competition, and we are quickly filling up that, and it will happen. And we have already onboarded one or two clinicians and adding a few more and augment, and we are trying to ramp up the place as well. So, both the places, it will be up and running in this quarter.

Sunil Kumar: Just on the second point with respect to non-Aster business in the labs, as I said FY24 it was 23%, FY25 we moved to 28%. This year a lot of consolidations happened in terms of the ramp up of the lot of FPECs which we opened up. So we look at somewhere between 36 to 38% is the non-Aster business which we want to drive in the labs.

Sidharth Negandhi: Thank you. Thanks for your time and great performance.

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

Alisha Moopen: Thanks everyone.

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