Apollo Hospitals Enterprise Limited

Transcript of Q1 FY27 Earnings Conference Call

August 13, 2026

Moderator: Ladies and gentlemen, good day, and welcome to Apollo Hospitals Limited earnings conference call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing 'star' and then 'zero' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mayank Vaswani from CDR India.

Mayank Vaswani: Good afternoon, everyone, and thank you for joining us on this call hosted by Apollo Hospitals to discuss the financial results for the first quarter of FY27, which were announced yesterday.

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

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

I would now like to turn the call over to Mrs. Suneeta Reddy for her opening remarks.

Suneeta Reddy: Good afternoon, everyone, and thank you for joining us on today's earnings call. I trust that you have reviewed the earnings material that we shared yesterday.

We are pleased to start FY27 on a strong footing, carrying forward the healthy momentum from the previous year. We have delivered strong double-digit revenue growth across all 3 of our business verticals – Healthcare Services,

Apollo HealthCo and AHLL - alongside continued improvement in profitability. The performance in Q1 reflects sustained demand across our integrated health care platform, continued traction in high-acuity specialties and execution across all three businesses.

On a consolidated basis, revenue grew by 21% year-on-year to INR 7,043 crore. Consolidated EBITDA for the quarter stood at INR 1,092 crore, registering a growth of 28%, with EBITDA margin improving from 15.5% to 14.6% for the Q1 last year.

Healthcare Services reported revenues of INR 3,567 crore, delivering healthy growth of 22% on a year-on-year basis. The established hospitals grew revenues by 18% to INR 3,475 crore. Our new hospitals contributed INR 92 crore for the quarter. This was driven by a combination of 11% volume growth, 4% from pricing and 3% from clinical case mix, bed and payer mix.

Total inpatient volumes grew by 13% year-on-year with occupancy at 70%. Average revenue per patient increased by 8% year-on-year to INR 186,630. The enhanced operating metrics reflect the incremental improvements in patient, clinical complexity and clinical technology utilization that have been able to drive in recent quarters.

Insurance and self-pay continue to form the core of our payer mix, together contributing to 83% of overall inpatient net revenues. Insurance revenues grew by 25%, while self-pay revenues increased by 16% during the quarter.

Revenue from international patients grew by 26% over the same quarter last year. The volume growth was broad-based across the network and across all specialties.

Our focus on high acuity Congo-T specialties - cardiac, oncology, transplant, neurosciences, gastroenterology and orthopaedics - continues to strengthen the quality of our clinical offering. Congo-T volumes increased 15%, while revenues grew 24% year-on-year. These specialties now contribute to 62% of inpatient net revenues, underlining Apollo's leadership in complex tertiary and coronary care.

Healthcare Services EBITDA increased by 20% year-on-year to INR 862 crore with margins at 24.2%. Established hospitals delivered EBITDA margins of 25.9%. This improvement is because of higher operating leverage, clinical case mix and the benefit of ongoing productivity optimization initiatives.

We believe there is further headroom for structural cost savings, which will support our margins in the upcoming phase of capacity growth.

New hospitals reported an EBITDA loss of INR 38 crore, reflecting the initial ramp-up costs associated with the recently commissioned operational beds.

Healthcare Services ROCE was at 28.5% during the quarter, supported by balanced performance across the network, spanning metro, Tier 1 and Tier 2 markets. We continue to make steady progress on our hospital capacity expansion program.

Our 180-bed facility in Sarjapur, Bengaluru was operationalized this quarter. Gurgaon remains on track for operationalization in Q3 FY27. We are committed to ensuring that our portfolio of new units performed to our expectations and losses are restricted within guided limits. In our earnings update, we have also provided a breakdown of our expansion plans up to FY31, which will take our census bed capacity to 14,100 beds. This is a carefully thought through expansion in the North and West, along with brownfield expansions in current units. We expect to fund this expansion largely from internal accruals and have a comfortable debt position on our balance sheet.

Moving to Apollo HealthCo; - the business reported revenues of INR 2,977 crore, representing a strong 20% year-on-year growth. EBITDA stood at INR 171 crore compared to INR 94 crore in Q1 FY26. The Company continues to demonstrate the scalability of its integrated retail and digital healthcare model even as it has made significant progress on unit economics. Digital cash loss was reduced to just INR 10 crore during the quarter compared to INR 49 crore in Q1 FY26 and INR 16 crore in Q4 FY26. The digital vertical is poised to achieve breakeven in the upcoming quarter.

Platform GMV stood at INR 535 crore, representing a 23% year-on-year growth. For the closure of the non-profitable corporate partnership. Digital revenues increased 24% on a like-for-like basis. Apollo HealthCo reported a PAT of INR 101 crore during the quarter compared to INR 57 crore in the same period last year.

AHLL also delivered a good quarter with revenues increasing 15% year-on-year to INR 499 crore. EBITDA grew 46% to INR 59 crore, while EBITDA margins improved to 11.8% from 9.2% in the same period last year. PAT loss reduced to INR 1 crore compared to INR 8 crore in Q1 FY26. Within AHLL, the diagnostics vertical recorded 31% revenue growth and healthy improvement in margins, well on the way to its next milestone of INR 1,000 crore annualized revenue.

Consolidated PAT increased 34% year-on-year to INR 581 crore. The proposed strategic restructuring of our omnichannel pharmacy and digital health business remains on track for completion within the disclosed timelines with

multiple regulatory steps proceeding as planned and the scheme being concluded in the current fiscal.

With this, I would like to add our views on the Parliamentary committee recommendations, which we have thought through as healthcare providers who have been part of the healthcare ecosystem for the past 40 years, we are aligned with the Government's objective of making quality healthcare affordable and accessible to every Indian. We welcome the commitment of healthcare spending, the fact that it will rise to less than 3% to 5% of India's GDP. We support the Government's focus on better clinical governance, greater price transparency and clear patient communication and an effective grievance mechanism.

We have reversed the trends of Indians traveling abroad for good care. Today, patients from 150 countries come to us because we deliver world-class outcomes at one tenth of the International cost. The Government has recognized the fact that high-quality care comes at a cost and has given a road map, zero-rated GST, reducing custom duties, etcetera. We believe that the big picture on healthcare in India with strong structural demand for health care remains intact.

India still needs to add 2.4 million high-quality beds. The private sector needs to invest capital to fulfil this goal. Healthcare is at the core of a developing economy and a vital contributor to infrastructure, jobs, foreign exchange earnings and building a healthy and productive workforce. India needs a vibrant innovation, research and academic ecosystem. Our country's R&D budget is lower than that of any large European pharmaceutical Company. Price controls on private enterprise may have the undesired effect of dis-incentivizing investments in capacity creation and innovation. And we believe that a one-size-fits-all approach to pricing will not work as healthcare is more than merely a linear sum of inputs. We look forward to continued engagement with all stake holders, insurance providers as well as the Government to shape a framework that is trusted by patients and sustainable for providers, attractive for investment and capable of meeting the healthcare needs of the next generation of Indians.

With this, let me hand over for questions to the team that is present here today. Madhu Sasidhar - CEO of Apollo Hospitals; Krishnan, CFO; Obul Reddy - who is CFO of the Pharmacy division; Sriram - Apollo Health & Lifestyle; Madhivanan - Apollo HealthCo; and Sanjiv - CFO of Apollo HealthCo.

Moderator: The first question comes from the line of Binay with Morgan Stanley.

Binay Singh: In the last earnings call, we talked about around mid-teens growth in the hospital business. We had a pretty strong start to the year and ramp-up is yet

to play out. So, do you see that this year, you could actually hit more closer to 20% revenue growth in hospitals?

Suneeta Reddy: Yes, I believe we are on track to deliver 20%.

Binay Singh: And within that, if you look at the next big hospital that we are ramping up, Gurgaon, how is the progress on that playing out?

Suneeta Reddy: So, September will have a soft launch, in October will be opened up.

Binay Singh: So the revenue contribution will be more from Q3 onwards?

A. Krishnan: From Q4. Because we will launch it and after that the IP will take another couple of months to ramp up fully.

Binay Singh: Right. And just lastly, on the new hospital losses, is it fair to assume that the quarterly run rate may actually inch up into the opening of Gurgaon or how to think about that?

A. Krishnan: So, there are two things. One is it will inch up a bit, and that is something that you should expect that it should go up by at least INR 20 crore a quarter and then it should come down. But we are doing very well on financial district in Hyderabad, and that ramp-up has been good, and we are quite hopeful that, that hospital should break even in the coming quarter.

Moderator: The next question comes from the line of Neha Manpuria with Bank of America Securities.

Neha Manpuria: Just extending on the hospital margins. We have seen hospital margins obviously improve meaningfully in the last few quarters. And I think madam in her opening remarks also mentioned scope for more structural cost savings. Given we are already touching close to about 26% margins in existing hospitals, could you give us colour in terms of how much more room there is to improve margins in these hospitals? And what would be the areas of those that would drive that improvement?

A. Krishnan: The current numbers are a good set of numbers, as you have seen. We have got the benefit of both operating leverage as well as some of the cost control measures that has already been taken. And the other important point is the, we are getting back the IPS volumes as well as you have seen in this quarter. So, it is a good margin. We would like to first sustain these margins. There are some more cost take outs which are possible, but the margins are something that we are happy with.

Neha Manpuria: Understood. So, 26% is a good sustainable number to assume for existing operations at the moment?

A. Krishnan: Yes.

Neha Manpuria: Okay. And we are still maintaining our new loss number of INR 150 crore, right?

A. Krishnan: So, for the full year, that is what, but as I said, by Q3, Q4, we will see some uplift, which is happening. But as I said, financial district in Hyderabad has started, has done very well in this quarter, and we would breakeven on that front next quarter. Belenus, which we have acquired, will start operations in the coming quarters. So, we are continuing to keep that maintained at 150, but it will rise up a bit on a quarterly basis.

Neha Manpuria: Understood. My second question is on the digital business. I do see our pre-opex margin has improved pretty meaningfully here. So, if you could give us some colour as to what has driven this? Is it the insurance business, etcetera? And I also see the cost increasing. So, is it fair to assume that now the breakeven would be essentially driven by revenue momentum and therefore, the pre-opex margin expanding?

Madhivanan Balakrishnan: So your observation is right. While our primary 3 core businesses of pharmacy, diagnostics and consults are in a good reasonable run rate state, Insurance is still in a buildup mode. We have now 4 centers across. So that is one of the reasons why both our tech cost and cost of building up of these operations is going up.

We were genuinely hoping that we should be able to get insurance under control, but there have been 1 or 2 setbacks, which is pushing it up. And there are 1 or 2 other costs, which were onetime costs as we are rationalizing our organization. So those are the only 2, 3 reasons.

But otherwise, the momentum when it comes to our core businesses at around 25% to 30% growth rate on the pharmacy side, around 27% on the diagnostics side continues to grow. Insurance actually grew at around 80%, but that is on a very small base.

And like I said, it is still on the investment mode. So, the momentum will be maintained. And as we rationalize some of our costs, we should get into a consistent mode. Sanjeev, do you want to speak about specific numbers on these lines, please?

Sanjeev Gupta: No, I think you said it right, Madhi. Slight increase in the expenses. I think madam you must be referring Q2 versus Q1. And I think there are one-off costs also in Q1. But we believe that on a sustainable basis, we should be in the range of about INR 80 crore a quarter as expense.

And as far as the margin line is concerned, we continue to see good traction on insurance and other circle subscription-led programs are also doing pretty good, which would also mean that a slight increase in the margin. And with controlling operating cost, I think we are well within the course of seeing the business turning around.

Neha Manpuria: Got it, this is very helpful.

Moderator: The next question comes from the line of Damayanti Kerai with HSBC.

Damayanti Kerai: Continuing the discussion on your efforts towards scaling up insurance business. So, in terms of certain milestones or certain scale in mind, where do you think or how long it will take you to reach there? When we will see significant scale up in that part of the business and then the losses declining significantly. So, if you can explain the insurance part a bit better, a bit elaborate on that?

Madhivanan Balakrishnan: So first and foremost, in the insurance business, we are a corporate agent. So effectively, we are not into manufacturing, but we are into the business of setting up a comprehensive sales engine that will enable us to sell our product to our existing customers. So, our operating model is very simple, we do not advertise or we did not spend money to get customers.

Our insurance business is primarily driven through cross-pollination to our existing base of pharmacy, consult and our overall Apollo ecosystem customers. Our aspiration is to actually run, because as a corporate agent, we are entitled to sell all 3 kinds of insurance - health, life and non-life. But given our natural alliance with the healthcare, being part of the healthcare, our health insurance is what has taken off. We have been seeing some very good traction. We are almost in double digits in terms of the gross premium that we are earning. And as you know, while the margins are very good at a gross level, the cost which is typically an entity incur in the early stages of this operation is reasonably high.

Just to give you a flavor, now we have 4 call centers across 4 big cities - Gurgaon, 2 in Hyderabad and 1 in Bangalore. Out of these 4 centers, 2 centers are completely breaking even on an incremental CM2 level. So only the overhead needs to be covered for. And this is covering all the technology investment that we have made.

A total workforce is around 250-odd people, and it includes business which is set up for the first time. As we progress quarter-on-quarter basis, we also start getting annuity income from the businesses that we have booked beforehand. So that particular revenue engine has not yet started kicking off. So, it is primarily the first-time business that we are building in.

So, if you were to track us on milestones, it would be typically all the core centers becoming viable. Our digital business, which is pure digital products, we have 2 big products, one with Niva Bupa and the other with Care Insurance, which do not incur other than the technical costs that are incurred, I do not need to do anything. It is a pure digital business targeted through my app and my web. So that is the second engine which will grow.

One area which from a disclosure perspective is we had actually made an attempt to build a feet on street very similar to some of the other brokers like InsuranceDekho and RenewBuy. That is one engine which has not sort of worked out for us. We are reworking that engine, and that is a bit of a setback.

We hope to sort that over the next 2 quarters. And we hope to breakeven on the insurance business by Q3 end. While all the other 3 businesses are already at a CM2 positive level, once this business comes in, our ability to show even a clean digital level should be much better.

Damayanti Kerai: Sure, that is helpful. So breakeven by third quarter of this fiscal, right?

Madhivanan Balakrishnan: For insurance - yes, because that is what is pulling us down. So, if you have to notice, if you did not have insurance, we are already on a positive side. So that is one business which is pulling in. So just to be on the safe side from a guidance perspective, I would say by Q3 end.

Damayanti Kerai: Okay, that is very helpful. My second question is you have announced a new Proton center in Delhi, which will come, say, a few years down the line. But I just want to get some update or some insights on your Chennai Proton center, how that has picked up and what kind of utilization level that unit is operating at? So that will be helpful.

Madhu Sasidhar: Thank you for that question. So, our Chennai is a 3-gantry unit, meaning that it can, at the same time, accommodate 3 patients. Two of those are mobile gantries and one is the fixed gantry. So fixed gantry is limited in the kind of cancers it can treat.

The 2 mobile gantries are more or less fully occupied. Sometimes very frequently, we are encountering a wait list, but we do have some capacity on the fixed gantry. We are working extended hours to accommodate the additional patients. So, in terms of capacity, I think the Delhi unit coming online will be perfectly timing.

Suneeta Reddy: And the Delhi unit would be a single gantry.

Damayanti Kerai: Sure. And one of your competitors also announced to come up with Proton centers. So, I was just looking to understand from the demand perspective in that particular market.

Madhu Sasidhar: Yes. So, I think it is useful to look at what is happening in the scientific literature. Increasingly, we are finding that particle beam therapy is superior to conventional radiation and other forms of treatment. The literature is moving in the direction, especially for conditions like head and neck cancer that proton beam therapy has superior results, both in terms of outcome as well as side effects.

So, we believe that especially with India's high burden of head and neck cancer, even with these units coming online, I think the demand is going to be there, and it is going to exceed what today we see as a supply that is coming online.

Suneeta Reddy: Yes. And just to add, we have to have a comprehensive oncology offering. So, without having the right equipment, I think we would have left the radiation space. Because we do this, we attract the best clinical talent, and we are able to collaborate with institutions overseas. As you can see, 30% of the volumes come from overseas patients. So, this is a critical asset for our Delhi unit.

Damayanti Kerai: Sure, that is very helpful. Thank you.

Moderator: The next question comes from the line of Shyam Srinivasan of Goldman Sachs.

Shyam Srinivasan: Just on the Tamil Nadu region, we have seen like an occupancy rate, which has been quite encouraging, north 70%, and we have not seen these kind of prints for a long time. So, from an overall operational standpoint, has something changed? Was it just a seasonal quarter that uptick? I know we have been rationalizing our beds there overall over the last 12 months. But I just want to understand what is happening in that core region for us? And are we seeing market share gains?

Madhu Sasidhar: Yes. So, this is demand driven. I do not think it is onetime. We did not see a large number of either acute fevers or gastrointestinal disease. There was some uptick in medical admissions, but this is much more distributed between surgical and medical. We have been working very hard on our operational efficiencies to be able to sustain a higher throughput.

So, I think 70% is a healthy number, but with a lot more capacity to grow further. Also, I think to note is that there has been a significant normalization of the Bangladesh IPS volume, about a 60% growth in this quarter compared to last quarter. So that has also contributed more than the volume, the type of patients that we are seeing have higher acuity of illness.

Shyam Srinivasan: Helpful, thank you. My second question is on the digital business. When I look at GMV growth and revenue growth, there is a discrepancy. So maybe the revenue to GMV ratio has come off Y-o-Y. So, I just want to understand, is

there how we should look at this business? I thought we talked about GMV growth of 20% plus, but revenue growth seems to be lagging.

Madhivanan Balakrishnan: If you remember, around 3 quarters back in the similar forum, we have spoken about how the business is getting restructured. We said the way to read our business is in 2 ways. The pharmacy business and the diagnostic business are driven by GMV. What I mean is the revenue usually works in sync with the growth on these two lines of businesses.

When it comes to the consult business, which is wherein we are facilitating digital consults of doctors across the Apollo Group, the revenue model changed, that is we get a flat fee and the focus is more on ensuring that we have an optimum structure to take care of being the digital gateway as well as any of the other supporting services.

So, I would say the ratio that you should look for is the overall GMV growth on these two lines of businesses, which is pharmacy and diagnostics, pharmacy growing in the range of 25% to 30%; diagnostic, again in the similar range. And the revenue has been on par. Our CM1 and CM2 margins on the pharmacy is already positive. There is enough work which is happening to increase our order density and to reduce the cost of delivery. It has been on a downward trajectory. Again, like I said, over the maybe the next two quarters that should play out. So, I would say look at the revenue in conjunction with these two lines of businesses and the consult revenue, while it will remain not show such a direct growth. But however, we should do show the GMVs on those lines.

Shyam Srinivasan: Got it. Suneeta, ma'am on your opening remarks on the whole parliamentary panel whatever recommendations, right; we had ARPA growing 8%. Does it put a little bit of a question mark around how we look at pricing now, given that there is a lot of scrutiny, we have taken like a price increase benefit of 4%. So, I just want to understand from a competitive dynamic or even from a stakeholder perspective, are you relooking at how you price your services?

Suneeta Reddy: No, I think we have been very fair and transparent in the way that we price our services. In fact, we have been in nearly 100 hours of dialogue with the insurance companies and all of them are appreciative of the fact that they could deal with this level of price increases. So going forward, I think once you have insurance companies on board, it should not be difficult for the rest of our customers to understand the tariff increase, which is based on inflation as well as inflation in the cost of services, which I must say is not as high as core inflation. So, I think we are just mirroring the trend of inflation in pricing.

A. Krishnan: And the other point that I want to; we have spoken on the earlier calls as well. I think it is important that we appreciate that we are a high-end tertiary care network with Congo contributing 62% to 63% of our overall revenues. And

even with the Congo at 62%, 63% with us being high-end, 90% of our overall patients, we have said that; in fact, 70% of our overall patients even today pay less than INR 2 lakh in our system in admissions and 90% pay less than INR 5 lakh. Even if you go to a metro, that 70% comes down to 68%. So clearly, it is not a high number at all.

Madhu Sasidhar: And also, I do not want you to make the error of assuming that an ARPP increase is always a price or a tariff increase. We have been working very, very hard on a substantial case complexity shift. As an example, robotic surgeries increased 85%. Our number of transplants, which are life-saving procedures, liver transplant and heart and lung have increased. All of these will drive the comparative ARPP increase, and this reflects case complexity rather than a tariff increase.

Shyam Srinivasan: Thank you and all the best.

Moderator: The next question comes from the line of Kunal Dhamesha with Macquarie.

Kunal Dhamesha: Can you please share the revenue contribution of the 380 beds that we have operationalized in this quarter?

A. Krishnan: So, we are close to INR 100 crore, INR 92 crore is the number for this quarter.

Kunal Dhamesha: INR 92 crore, okay. So, is it basically fair to say that the indirect cost of operating these beds is close to the similar number, around INR 90 crore for this quarter?

A. Krishnan: Higher, right, because we have said there is a loss of...

Suneeta Reddy: INR 38 crore, Yes.

A. Krishnan: INR 38 crore.

Kunal Dhamesha: But there will be direct cost. I am just talking about the indirect cost.

A. Krishnan: Yes, indirect would be, we are close to that number.

Kunal Dhamesha: Close to that number. So then let us say, when we are saying that we will be adding another 620 beds or operationalizing, shall those costs, indirect costs move in the same proportion?

A. Krishnan: It would not.

Suneeta Reddy: See, when we open a hospital, you already incur the admin cost. And you have already got certain employees on role, which are critical to the running of the unit. So, as we operationalize additional beds, we actually benefit from

operating leverage. So, I do not think there is a direct correlation between the current cost that you see and the number of new beds that we will open.

A. Krishnan: Because as you said, the indirect cost will actually be leveraged, right. And that is the point that we are saying because some of the indirect costs, as you correctly questioned, are incurred upfront for us to be able to leverage as we move up the revenue curve. And some of that predominantly these numbers would have doctors' fees, which would be significant here as well as the; we have opening up of some of these beds. We also have a lot of people on the ground for nursing and paramedics, etcetera.

Kunal Dhamesha: Sir, let us say, within this indirect also, there will be fixed and semi-variable or semi-fixed costs, right? So let us say, 10 million is the current indirect cost of operating one new bed per year. So how should we think whether it is like going forward, the 620 bed would be like 60% of that, 70% I mean, broad ranges...

A. Krishnan: Can we take this offline? I can explain it to you because I can tell you that the beds that we have currently commissioned, the indirect costs that we have already incurred are capable of handling 750 beds as of now itself. So, we will take some of this offline.

Kunal Dhamesha: Sure. And second question for ma'am. We have said the 4% pricing growth in our Healthcare Services business. If you could throw some light how has this pricing growth has moved, let us say, over the next 4, 5 years? Because I think this is the first time, we are getting this really important number. But how would have that moved? And you have said that it is in line with the health care cost inflation, right? But historically, how has that moved? Is it in line with history, higher, lower?

Suneeta Reddy: No, no. I think that what is impactful is probably the fact that we have closed with a lot of insurance companies and therefore; but this is sustainable. What you are seeing is sustainable, and we will continue to have these price increases, because this is medical inflation. And like I said earlier, case complexity will continue to drive higher ARPP. With all that, we are still very affordable, like JK said, 80% of our patients pay less than INR 2 lakhs per patient. So, I think we have to consider it very holistically and to maintain that we actually mark in a 5% increase in pricing every year.

Kunal Dhamesha: Okay. And ma'am, the way my understanding is, initially, the price increases happen for cash paying patient and then insurance companies basically do the catch-up on the rates. Is that how it works?

A. Krishnan: Insurance contracts are today 2-yearly contracts. So, what happens is that every 2 years, there is a reset which comes our way. So, to that extent, if there

is an inflation of 5% every year, every 2 years, ideally, they should increase it by at least 10%.

Kunal Dhamesha: Okay, thank you and all the best.

Moderator: The next question comes from the line of Vivek Agrawal with Citigroup.

Vivek Agrawal: Sir, this year, you are indicating 20% kind of revenue growth in the hospitals. Just if you can help us understand how to look at the hospital growth over the next couple of years, maybe '28, '29. And also on profitability, so how the EBITDA margin trajectory can be given that you are seeing some of the new hospitals coming in, some of the existing, the recent commissioned hospitals maturing in?

Suneeta Reddy: So, the established hospitals will continue to grow at 13% to 14%. The new will bring an additional 7% of revenue. As we look at the next 24 months, this is a very sustainable target for us. Going forward, we expect that the units that we start now will also mature in the sense that they will start contributing to both EBITDA and profitability. So, you want to handle that..

A. Krishnan: Yes. So that is the way we would look at it. The margins, as we said, should sustain at the current levels of the in established, inch up a bit as well in the next 24 months.

Vivek Agrawal: Understood. And the hospitals that you are going to commission, let us say, last quarter as well as this year. So how we should look at the losses as well as the profits maybe over the next 2 years, '28 and '29?

A. Krishnan: So, let us come back to you by the next quarter. We are hoping that by next year, we should break even overall as a cluster of new hospitals by Q3, Q4 of next year. That is what we are hoping. Let us come back to you by next quarter.

Vivek Agrawal: Perfect, sir. This is from my side.

Moderator: The next question comes from the line of Kunal Randeria with Axis Capital.

Kunal Randeria: First question, ma'am, is on the payer mix. The cash plus insurance is around 85% for you. But with all the expansion that is going on, especially with the new greenfields, should we expect more institutional beds in the near future? Or you should be able to maintain this 85% kind of range?

Suneeta Reddy: I think 85% is very maintained.

Kunal Randeria: Right. So even outside of Southern states, you will be able to maintain that.

Suneeta Reddy: See, if are able to maintain that...

Kunal Randeria: So for the AHL business, the revenue traction seems to be getting better. Now what would be the margin targets for you in the next couple of years? And if you can just explain how, you can achieve this?

Sriram Iyer: As you can see, we have three different lines of businesses. Our focus right now is to really double down and grow the diagnostic and the primary care business. So, this quarter, Diagnostics has hit the 14% margin. The focus on Diagnostics would be to continue growing at a 20% plus kind of a growth and over a period of next 6 to 8 quarters, look at a 20% mark on margins. Primary care is another area where we have grown by about 12%.

We want to stay put at that kind of a growth level, and we are also going to be adding a few clinics in the next 2 to 3 quarters. These are the two big lines of business that AHLL is going to be focusing on. And as all of you are aware, we have concluded our transaction on the mother and child business, and we are merging to another platform. We are finally awaiting the regulatory clearance from the Government. And once that happens, our focus will even more double down on the diagnostics and primary care business. I hope I have answered your question.

Kunal Randeria: Sure. So, I mean, to conclude, it is diagnostics, which will drive the margins up for this business, right?

Sriram Iyer: That is right.

Kunal Randeria: Perfect, thank you.

Moderator: The next question comes from the line of Prashant Kshirsagar with Unived Corporate Research Private Limited.

Prashant Kshirsagar: Just my question is relating to Delhi Cancer Centre and Proton facility, which you are going to create. Can you share the location for the same or the location is it yet to be identified?

Suneeta Reddy: So, we have two options. We will share it with you shortly.

Prashant Kshirsagar: And second question relating to that only is the total beds and the census beds in that case is the same at 100 beds. So normally, census beds are less than the total beds. So, can you clarify on that?

A. Krishnan: So, in this case, it was assume that it will be part of one of the centers also, which is why it is seeming to be the same. But if it goes as a separate center, then it can come out to be a bit different. It can become 125 and 100. As of now, it was assumed to be part of one of the centers.

Prashant Kshirsagar: Okay, that answers my question.

Moderator: The next question comes from Tausif Shaikh with BNP.

Tausif Shaikh: My first question on the international patient business, which has grown by 26%. Just wanted to understand are the patient volume from Bangladesh are completely back to 100%, which was there 2 years back or still we have not reached that level?

Madhu Sasidhar: So, the volume has not reached that level. It is about 60% to 70% of what it used to be. But I would say that we are seeing patients with higher complexity, but for value, it is a little bit higher. But volume-wise, it is about 60% to 70% of what it used to be at its peak.

Tausif Shaikh: That is helpful. And my second question on the bed addition plan. I think I see a few of the brownfield bed, which is expected to come in FY27 has been moved to FY28 and FY29. Any specific reasons for the same?

Madhu Sasidhar: So because FY27, we just have 6 more months. So, Jubilee's expansion, there is some change in the configuration that we are planning, et cetera, so which is why it is moved to the next year. Secunderabad also, there was some delay because the landlord has taken some time to come back yet on the lease deed. So that is why there has been a delay.

Tausif Shaikh: Thanks, this is helpful.

Moderator: The next question comes from the line of Rahul Jeewani with IIFL.

Rahul Jeewani: The IP volume growth for us has been pretty strong this quarter. So, on the established units, we saw almost 11% volume growth. Now while there is some component of Bangladesh patient normalization, which is helping us. But apart from that, was there any seasonal factor which led to, let's say, the strong volume growth on the established unit side? And how do you see this trajectory going forward?

Madhu Sasidhar: So, there was not really, I think two things to point out. One is there was not a seasonal pattern. When we look at it from a regional standpoint, it was broad-based across all regions. This was not a typical sort of dengue or acute febrile illness pattern. So, I think it speaks for a little bit of a shift to more elective and semi-elective cases. And that is a good sign for the future because it means that we can move our volumes with more intentionality and less seasonal change.

Rahul Jeewani: Sure, sir. And let's say, our guidance of this 13% to 14% topline growth for the established units over the next 24 months, what would be the contribution of volume growth for the established units in this period?

A. Krishnan: So roughly around 7% to 8%.

Rahul Jeewani: 7% to 8%. And do you think that with this normalization in Bangladesh footfalls, the IP volume growth for established units would be higher than the 7%, 8% in FY27.

A. Krishnan: Sorry, I did not quite catch that question. Sorry.

Rahul Jeewani: So, I was saying that last year, our Bangladesh footfalls were impacted. First quarter, we saw a normalization in that. I think you pointed to 60% growth in the Bangladesh IP volumes. So, with that happening for established units this year, the volume growth could be higher than 7% to 8%, which you are guiding.

A. Krishnan: That is why we said in the full year, we should still be at the 18% to 20% revenue number.

Rahul Jeewani: Okay.

Moderator: The next question comes from the line of Suraaj Bhandari with East Lane.

Suraaj Bhandari: I just wanted to know what is Apollo's medium-term view on how the NPS first year tie-up will drive patient volume, case mix, ARPU and margins across hospitals and pharmacies?

Obul Reddy: Let me take the question. NPS is a very early-stage product. Only 2 POCs have happened. One that in Apollo was involved, which was to drive the OPD agenda. And the second is something which Medi Assist and some of the other Banks were involved. So, as we speak, the PFRDA is putting through the regulatory requirements and this product will come.

My understanding is even the first 1 year is primarily will be focused on getting more and more customers into the fund and the product itself will shape out as we are talking about layering it at the top of, etcetera. So, I would say at least we are 1 year to 18 months away before seeing any impact of NPS.

But the vision for the product is how can people continue to keep investing in their pension. However, the 25% of their contribution is then allowed for any kind of OPD or IP-related businesses. But as far as the business is concerned, it would be treated as money which is spent from the customers. It is very early. I would say around 18 more months before it starts playing out.

Suraaj Bhandari: Understood, thank you.

Moderator: The next question comes from the line of Shubh Kalra from Asit C. Mehta Investment Intermediates Limited.

Shubh Kalra: Congratulations on a very strong quarter. So, we noticed that Apollo has closed 3 hospitals during the quarter, Lavasa and one facility in Chennai and

one in Bangladesh. So, could you please help us understand the rationale behind these closures and particularly driven by some strategic considerations or some probably operating performance or other factors? And should we expect any material financial impact from these closures either in terms of one-off costs or ongoing savings?

Suneeta Reddy: No material impact. The one in Chennai is closed for renovation and upgradation. So that is Teynampet, which is now closed for renovation. The one in Lavasa is where we have not really established a high-end hospital there. We have the land, it is just to make sure that we keep possession of that land. So, it is not an operational hospital in the true sense of the word. Your third one was...

Shubh Kalra: Third hospital in Bangladesh.

Suneeta Reddy: We never had a hospital in Bangladesh.

A. Krishnan: It was OMA, actually we got out of OMA in Bangladesh.

Shubh Kalra: Thank you.

Moderator: The next follow-up question comes from the line of Kunal Dhamesha with Macquarie.

Kunal Dhamesha: Do we have EWS obligation in any of our hospitals? And if yes, how many beds we have for the EWS obligation?

A. Krishnan: There are EWS obligations in some of our hospitals, which we are adhering to, one is Delhi, which we are adhering to another we have some in Hyderabad and some in Calcutta, because we do not have much of the other structures that some of the other operators work on. Most of it is freehold. Otherwise, even a Gurugram hospital that is coming is on freehold land, etcetera. We have minimum obligations across our system, which we are adhering to. I will come back to you on the numbers exactly offline.

Kunal Dhamesha: Okay, thank you.

Moderator: Ladies and gentlemen, as there are no further questions, I would now like to hand the conference back to the management for closing remarks.

Suneeta Reddy: So, thank you all for attending this call. I hope that we answered all of your questions.

Apollo has begun FY27 from a position of strength. Our strategy is firmly centered around building India's most integrated healthcare platform. Primary care, diagnostics, digital engagement, insurance and hospitals can no longer

be looked at as independent businesses, but interconnected patient journeys that improve acquisition, retention, clinical outcomes and lifetime value.

This focus on an integrated health care ecosystem, delivering superior clinical outcomes, expanding access to high-quality care and disciplined capital allocation position as well sustained momentum and create enduring value for all of our stakeholders.

Please feel free to reach out to our team for any further questions and discussions. I look forward to connect you with you again next quarter.

Moderator: Ladies and gentlemen, on behalf of Apollo Hospitals Limited, that concludes this conference call. Thank you, everyone, for joining us, and you may now disconnect your lines.
