February 10, 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, C-1, Block G Bandra Kurla Complex Bandra (East), Mumbai 400051 Scrip Symbol: ASTERDM

Dear Sir/Madam,

Sub: Transcript of Earnings Call for the quarter ended December 31, 2024
Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

This is further to our earlier letter dated February 03, 2025, regarding Video/ Audio recordings of Earnings call of the Company for the quarter ended December 31, 2024, held on February 03, 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 as per the requirement of SEBI Listing Regulations.

Thank you

For **Aster DM Healthcare Limited**

HEMISH PURUSHOTTAM

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Hemish Purushottam
Company Secretary and Compliance Officer

Aster DM Healthcare Limited

Q3 & 9M FY25 Results Earnings Conference Call

February 3, 2025

Management:	**Ms. Alisha Moopen – Deputy Managing Director**
	Mr. T J Wilson – Non-Executive Director
	Mr. Anoop Moopen – Non-Executive Director
	Mr. Ramesh Kumar – Chief Operating Officer
	Mr. Sunil Kumar M R – Chief Financial Officer
	Mr. Hitesh Dhaddha – Chief Investor Relations and M&A Officer
Moderator:	**Mr. Puneet Maheshwari – Senior Manager, Investor Relations**

Puneet Maheshwari: Good morning, everyone. I welcome you to Aster DM Healthcare Earnings conference call for the third quarter of FY25. The company declared the Q3 and 9M results for FY25. 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, Mr. Ramesh Kumar, Chief Operating Officer, Mr. Sunil Kumar, Chief Financial Officer, and Mr. Hitesh Dhaddha, Chief Investor Relations and M&A Officer.

I would like to inform everyone about how we will conduct this call. All external attendees will be in listen-only mode for the duration of the entire call. We will start the call with opening remarks by management, followed by an interactive Q&A session. 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 zoom application at the bottom of your window. We will call out your name after which your line will be unmuted, and you will be able to ask your question. We request you to please limit your question to two but not more than three per participant at a time.

Certain forward-looking statements may be discussed in this meeting and such statements 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 morning, everyone. Wishing everyone a healthy and happy 2025. And thank you for joining the Q3 and 9M FY25 earnings call. With a shared vision to enhance healthcare accessibility and excellence in India, we had announced a strategic move to merge Aster DM Healthcare with Blackstone-backed Quality Care India Limited (QCIL), bringing together two organizations with a strong legacy of patient care. This merger will create one of the top three hospital chains in India.

This strategic alignment brings together two resilient and high-growth organizations. With Quality Care's renowned network of CARE Hospitals, KIMSHEALTH, and Evercare, we are excited to combine Aster’s presence and expertise. The merged entity will have a portfolio of 38 hospitals and over 10,000 beds, extending our footprint across nine Indian states and strengthening our presence in South and Central India. Our unified goal is to deliver world-class healthcare to the communities we serve.

While providing an update on the merger, I want to express my profound gratitude to our esteemed shareholders for their overwhelming approval of the resolution regarding the issuance of equity shares on a preferential basis as part of the strategic merger process. Voting on the resolution concluded on December 31, 2024, with 92% overall shareholder participation. The resolution was approved with 99.99% of the votes in favor.

Ahead of the merger, Aster will acquire a 5% stake in QCIL from Blackstone and TPG in exchange for a primary share issuance by Aster, representing a 3.6% stake. Following this, QCIL will be merged into Aster through a scheme of amalgamation, subject to the necessary approval.

This transaction marks a very important step towards the merger and will facilitate a smooth integration once regulatory approvals are secured. The share acquisition transaction further strengthens the commitment of both organizations to the proposed merger.

The application for merger has already been filed with the Competition Commission of India (CCI) and stock exchanges for their approval. The completion of the transaction is subject to the fulfillment of regulatory and compliance requirements, including no-objection certificates and letters from the stock exchanges, approvals from the CCI, and the National Company Law Tribunal (NCLT).

Now moving over to the financial performance. If we look at the long-term India performance, over the past five years, our operations have demonstrated strong growth, with a revenue CAGR of 23% and an Operating EBITDA CAGR of 38% up to FY24. This success has been driven by our strategic focus on capacity expansion as well as ARPOB enhancement. At the same time, disciplined cost management, operational efficiencies, and an optimized service mix have significantly improved margins, enabling us to scale profitability while maintaining high-quality care.

Now coming to the 9M FY25 performance, our business recorded 15% revenue growth, reaching INR 3,138 crore in the first nine months of FY25. This was driven by a 12% year-on-year increase in Average Revenue Per Occupied Bed (ARPOB) and a 4% increase in average occupied beds.

Aster's Operating EBITDA grew by 35%, reaching INR 613 crore, with EBITDA margins expanding to 19.5% in 9M FY25, up from 16.6% a year ago. This improvement was fueled by operational efficiencies, including a reduction in Average Length of Stay (ALOS), cost optimization initiatives, and enhanced EBITDA performance in our labs business. Notably, our material costs (excluding wholesale pharmacy) have decreased to 20.7% in 9M FY25 from 22.3% in the previous year.

Our net profit, adjusted for the merger transaction costs, grew by 65%, reaching INR 251 crore in 9M FY25, up from INR 153 crore a year ago. This was driven by strong operational performance and higher other income from investing the proceeds from the GCC business segregation.

Additionally, we have seen a positive shift in our payor mix, with the insurance segment's contribution increasing by over 300 basis points to 30%, partly offset by a corresponding reduction in the scheme business.

Coming to our core business, hospitals and clinics, our hospital business continues to grow strongly, with Operating EBITDA margins improving to 22.3% in 9M FY25, up from 19.5% of the previous year. Specifically, our mature hospitals—those that have been in operation for over six years—have achieved an impressive EBITDA margin expansion to 25% in 9M FY25, up from 22% a year ago, with a ROCE of 36%. Our strategic focus on a well-diversified specialty mix ensures that no single specialty accounts for more than 15% of total revenue. This enhances our resilience and strengthens our long-term growth prospects in the healthcare sector.

Now, moving on to oncology expansion, we are making significant strides in enhancing our oncology services, with the launch of Precision Oncology Clinics, the Aster Cancer Grid, and Onco Collect. These initiatives focus on precision medicine and collaborative research, enabling personalized, cutting-edge cancer care.

Now moving to the new businesses, the pharmacy and the labs, as of December 31, 2024, we have 254 Labs and Patient Experience Centers (PECs) and 203 Aster Pharmacy-branded retail stores. Our lab business has shown strong performance, achieving 14% revenue growth YoY in 9M FY25 while maintaining a positive EBITDA margin of 8% post breakeven in Q4 FY24.

We remain committed to our expansion plans. Over the past year, we have added 271 beds, including 100 beds at MIMS Kannur and 100 beds at Aster Medcity, bringing our total capacity to 5,128 beds as of December 31, 2024. Looking ahead, we plan to add approximately 1,700 beds, increasing our total capacity to over 6,800 beds by FY27. Our expansion pipeline includes major brownfield projects at prominent hospitals like Aster Medcity, Aster CMI, and Aster Whitefield, which are progressing steadily to become high-capacity facilities with approximately 950 beds, 850 beds, and 500 beds, respectively.

Moving to digital initiatives, I am pleased to announce the launch of the Aster Health app this quarter. The app offers appointment management, video consultations, and digital health record access, significantly improving patient convenience and experience.

Now going into the leadership changes, we are very pleased to announce the promotion of Dr. Prashanth M to the CEO of the Karnataka Cluster. Previously, he served as the CEO of Aster RV Hospital in Bangalore. Dr. Prashanth will now report to Mr. Ramesh Kumar S, COO of Aster DM Healthcare, India, and will be responsible for driving the continued growth and development of the Karnataka cluster.

Moving to some of the recognitions we've had in the past quarter, we are delighted to share that Aster DM Healthcare was recently honored at the ASSOCHAM Awards, winning the title of "Best Multispeciality Hospital – Group". Additionally, Aster DM Foundation was recognized as the 1st runner-up for "Best CSR Excellence in Healthcare."

As Aster embarks on this pivotal expansion through the merger with QCIL, I sincerely thank our stakeholders for their continued trust and support. This merger marks a transformative milestone, creating one of India's top three hospital chains with over 10,000 beds and 38 hospitals. It will enhance our geographic reach, strengthen our presence in South and Central India, and drive synergies while ensuring a strong governance framework.

With a clear focus on quality, accessibility, and patient-centered care, Aster DM Healthcare is well-positioned for substantial growth, operational excellence, and innovation.

I will now invite our COO, Mr. Ramesh Kumar S, to elaborate further on our cluster-wise performance. Ramesh, over to you.

Ramesh Kumar: Thank you, Ms. Alisha. Good morning to everyone. I am really excited to provide you an overview of our cluster performance for 9M FY25. We have witnessed continued growth and improved operational efficiency across all our regions during the year, and I'd like to provide a few highlights around this theme.

Starting with the Karnataka and Maharashtra Cluster – this cluster has shown strong progress. With a total bed capacity of 1,446 beds, and 1,014 operational census beds, we've seen occupancy improve by 241 basis points YoY, from 61% to 64% in 9M FY25.

Revenue of Karnataka and Maharashtra cluster has grown by 33% YoY, reaching INR 1,054 crore in 9M FY25, up from INR 793 crore in 9M FY24. The operating EBITDA for this cluster also saw robust growth of 58%, increasing from INR 154 crore in 9M FY24 to INR 244 crore in 9M FY25. Our operating EBITDA margin improved to 23.2% in 9M FY25, up from 19.4% in the previous year, demonstrating our ability to enhance profitability while continuing to expand services, especially through high-end treatments in hospitals like Aster CMI and Aster Whitefield in Bengaluru.

Next turning to the Kerala Cluster – with a total bed capacity of 2,635 beds, we have 1,971 operational census beds, with a 74% occupancy rate. This utilization demonstrates the trust our patients place in the quality of care at our facilities.

In terms of financial performance, total revenue from the cluster has increased to INR 1,609 crore in 9M FY25, compared to INR 1,489 crore in 9M FY24, making a growth of 8%. The operating EBITDA for the Kerala cluster has grown by 21% YoY to INR 382 crore in 9M FY25. Margins have improved to 23.7% in 9M FY25 from 21.3% in 9M FY24, reflecting both our top-line growth and our efficiency in managing operational costs.

Finally, the Andhra and Telangana Cluster has also delivered improved performance. With a total bed capacity of 1,047 beds and 781 operational census beds, the occupancy rate improved by 530 basis points, from 50% in 9M FY24 to 55% in 9M FY25.

Revenue for the Andhra and Telangana cluster grew by 16%, reaching INR 357 crore in 9M FY25 compared to INR 307 crore in 9M FY24. Operating EBITDA grew by 42%, from INR 33 crore in 9M FY24 to INR 47 crore in 9M FY25, with margins improving to 13.2% compared to 10.8% in the previous year.

All together our bed capacity stands at 5,128 beds, with 3,766 operational census beds as on 31st December 2024. Overall outpatient visits have grown by 11%, and inpatient visits by 10% YoY in 9M FY25, which highlights the sustained demand for our services.

Looking forward, we are very confident in sustaining this growth trajectory. By prioritizing, specially the operational excellence, broadening our reach, and maintaining a commitment to delivering exceptional care, we are all well-positioned to build on this positive momentum.

I now request our CFO, Mr. Sunil to elaborate more on our financial performance. Thank You

Sunil Kumar: Thank you, Mr. Ramesh. Good morning, everyone. For the quarter ended 31st Dec 24, India revenues have increased to INR 1,050 crores, up by 11% from INR 949 crores in Q3 FY24 and Operating EBIDTA has increased to INR 202 crores with the margin of 19.3% compared to INR 168 crores in Q3 FY24 with a growth of 20%. Adjusted PAT (Post NCI) for Q3 FY25 is at INR 81 crores compared to INR 62 crores in Q3 FY24 with growth of 30% year-on-year.

For the year ended 9M FY25, India revenues have increased to INR 3,138 crores, up by 15% from INR 2,721 crores in 9M FY24 and Operating EBIDTA has increased to INR 613 crores with the margin of 19.5% compared to INR

453 crores in 9M FY24 with a growth of 35%.

For the nine months ending 31st December 2024, our operating EBITDA margins have grown by more than ~300 bps, increasing from 16.6% to 19.5% YoY. This growth is driven by several factors:

1. The Hospital & Clinics segment has achieved over 17% revenue growth, with margins expanding by more than 280 bps from 19.5% to 22.3%. Our matured hospitals, which contribute 73% of our Hospital & Clinics segment, are now operating at an Operating EBITDA margin of 24.5%. Revenue growth in this segment stems from a combination of increased volume of more than 10% across our hospitals, a 12% rise in ARPOB, and a 6% improvement in ALOS, alongside revenue assurance measures. The growth in operating EBITDA is a result of various optimization initiatives across our hospitals. Our material cost percentage (excluding wholesale pharmacy) has steadily decreased from 25.3% in FY22 to 22.0% in FY24 and further to 20.7% during 9M FY25, marking more than 450 bps efficiency improvement over three years. Additionally, manpower costs and overheads have contributed through operating leverage to the EBITDA growth.

2. Aster Labs achieved breakeven in Q4 FY24, with margins increasing to 3.4% in Q1 FY25 and further to 9.4% in Q3 FY25. This impressive turnaround has been fueled by a strong 27% YoY growth in external business, improved operating leverage, and material cost efficiencies.

For the 9 months ended 31st Dec 24, our capital expenditure totaled INR 238 crores, with approximately 65% spent towards expanding our capacity. We have commissioned Tower 4 of 100 beds in Aster Medcity during the quarter and over the next three years, we aim to further add nearly 1700 beds, with majority of these being brownfield expansions to ensure that there is no dilution in our margins.

Optimized capital allocation coupled with margin improvement, our ROCE has experienced a significant growth. ROCE surged by 470 basis points YoY, reaching 19.4%. Hospital & Clinics segment ROCE rose to 25.8% from 20.6% in 9M FY24. Matured hospitals saw an impressive increase in ROCE by over 700 basis points reaching 35.7% in 9M FY25.

Aster India net cash stands at INR 1,014 crores as on 31st Dec 24.

On that note, I conclude my remarks. We would be happy to answer any questions that you may have. I now request Puneet to open the question-and-answer session. Thank you very much.

Puneet Maheshwari: Thanks, Sunil. We can now move on to the Q&A session. Before moving on to the Q&A session, I would also 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 questions. 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. The first question is from Mr. Amey. Mr. Amey, can you unmute yourself and ask the question.

Amey: Thank you so much for giving me an opportunity. I have first question on the Kerala performance. Is it possible to highlight what were the key reasons for the low growth for the quarter?

Alisha Moopen: Yeah Sure. Thank you, Amey. So there has been some changes, of course, from in the flu season as well. If you look at last year, when you look at the flu season, it extended into the Q3 which also helped in the occupancy and the revenue. However, when you look at this year, the flu season actually ended in Q2. So, definitely there has been a footfall difference we're seeing quarter-on-quarter. Other than that, from an MVT perspective also, there has been some reduction in the footfalls from both GCC as well as Maldives, which were key regions for Kerala. But having said that, I mean, we're seeing a nice restoration that has happened even in January as we talk about it. But I think we should also be mindful of the fact that there were some leadership changes that happened last quarter for our main flagship unit in Medcity. We've had the new CEO who's now on board as well. We expect some of this little bit of the muted growth to be very temporary and already in January we are seeing a restoration. Anoop, if you wanted to come in as well with anything.

Anoop Moopen: You know, you have covered it Alisha, I mean so with the new leadership in place, things are really looking positive. In January, we could see the traction happening, and in the coming months we are hopeful that ramp up is going to be very positive.

Amey: Sure. Thank you so much. The second question I have is on the occupancy of the more than six years of vintage hospitals, which is around 65-67%, I believe, for nine months. Is it possible to highlight which hospitals here would be dragging the overall occupancy and what is the scope for this occupancy to increase in the future? Thank you.

Alisha Moopen: Sunil, would you want to comment on that?

Sunil Kumar: Amey, Thanks for the question. See, with respect to hospitals above six years maturity, it is a 61% occupancy because all our matured units are there. Two important reasons which is bringing down the occupancy is we added 250 beds in the Kerala region. In the end of Q2 FY25, we added the 100 beds in Kannur. And also in Q3 FY25, we added another 100 beds in our Aster Medcity hospital, and also we added another 25 beds in Kottakkal and also another 25 beds in PMF. These are the almost 250 beds added. So that means the operation beds have also gone up. That's where you can see occupancy bringing down largely. That is very specific to Kerala cluster. Even in Karnataka cluster, we can see a little bit, as Alisha called out, last year flu season moved from Q2 to Q3. If you look at the medical and surgical mix also, we had almost 60% medical mix as compared to 40% in the last year, and 60-40 was the ratio in the last year, Q3. Now it has changed. What has happened is that the revenue, the growth, what you have taken in surgical mix, it's very similar. But at the same time, your medical-surgical mix has done a large change. That is also one of the reasons why in Bangalore, you can see a little bit of a reduction in occupancy. Also very important, Kannur, before adding 100 beds, it used to run at 95% occupancy. We used to manage with the transit beds and everything. Now we don't have that issue. That's where the occupancy has come down. So, these are the multiple factors, I would say, why the occupancy is lower. It's across the board.

Amey: Sure. This last question I have on the Karnataka and Maharashtra cluster. The performance has been very good for last two quarters, the growth as well as the profitability improvement. Is it only led by the Whitfield commissioning or is there anything other than Whitefield that is contributing to this improvement? Thank You

Sunil Kumar: So Amey, even in Karnataka and Maharashtra cluster, yes, I would say Whitefield is driving the growth. Note two things about it because the last two years we were running with the Whitefield Block C, which has only 50 beds, women and children care, where the revenue was lower and also the ARPOB was lower at INR 40,000-50,000. Only in the last October, we started the A&B Block, which is a true multi-specialty hospital, because of which ARPOB has risen to more than INR 75,000-76,000 in Q3, very specifically in Whitefield. That is one reason and growth has been driven in Karnataka and Maharashtra cluster, majority growth is coming because of Whitefield doing really well. At same time, our RV hospital has done well. There also you can look that overall ARPOB growth is 29% for Q3. Even for 9M FY25, there's a 33% growth in revenue, and that is possible only because there is very good performance from Whitefield Hospital and from RV. They're growing at more than 12-14%. Growth has been strong for Aster Aadhar Hospital too, which is in Kolhapur. Aster CMI is affected barely because the growth is not visible. If you look at last year, Q2 to Q3 the revenue is quite flat because of the flu cases. We have seen that in this Q3 from Q2, there is no such medical cases due to which the occupancy has come down there. But otherwise, most of the hospitals are really doing well in Karnataka.

Amey: Thank you so much.

Puneet Maheshwari: Thanks Amey. The next question is from Mr. Kunal Randeria from Axis Capital. Kunal, can you please unmute yourself and ask the question?

Kunal: Yeah, hi. Good morning. So just taking over from the previous question. In Whitefield, it seems that all the blocks are now commissioned, including women and child. Wondering how should we see the growth from hereon?

Alisha Moopen: Ramesh, you want to come in?

Ramesh Kumar: Yes Kunal, we presently have block A, B and C, and all the three blocks are commissioned, as you rightly said, which is around 350 beds. Now, a block D is also coming up by the month of June, which lands 150 beds, taking the bed capacity to 507. Right now, the occupancy is hovering around 50-52% in the operational beds of existing A, B, and C block. We have not yet maxed the capacity. What is doing well right now is, the oncology high-end work, we have been doing HIPEC, PIPAC robotic surgeries, IOERT, and all these high-end surgeries, thereby the performance of oncology is really doing well. Neurosurgery also, high-end surgeries have been happening. The ARPOB is really good and overall performance by most of the departments has been doing well because of the high-end cases. We still have some capacity, and by June, we will be adding these 150 beds more. I hope I have answered your question.

Kunal: That's clear. Thank you very much. The second question again is on the Kerala cluster. You mentioned there has been a leadership change. I was wondering if you can share what are some of the changes that the new team is putting in place?

Ramesh Kumar: Yeah. Kunal, what we said there is a leadership change. I would say that’s a small transition, because now we have taken over immediately, and there were multiple things. There were the contract changes for the MVT which was coming with the Maldives, occupancy was slightly on a higher side, we had to slow down on the ECHS patients, etc. Some correction had to take place. There was a drastic slowdown, some intake had happened. And also, the seasonal changes, what we spoke about, the flu impact, which was there last year at the same time, we had a better impact, and the ICU occupancy was slightly on a higher end. All put together, a small transition had happened during that time. And now, we have a perfect leader, Dr. Jaydev in place to take over, and it is already started. So, as Ms. Alisha has rightly mentioned, January has really taken off. It was just that last one quarter where we have really seen kind of slowing down. Otherwise, it was back to track.

Alisha Moopen: Can I just add to what Ramesh has said, I think strategically we want to focus more on the quality of the patients that are coming in as well. Earlier, we were talking much more volume based. So, that was where the strategic shift in terms of moving some of the lower schemes and all has happened. So that's kind of the direction with Kerala also going forward because you're seeing more and more corporates coming into Kerala. You're seeing that there will be pressure on the volume. So, we thought with our market leadership in Kerala, we should be focusing more on improving the ARPOB, quality of the occupancy, so that's a general direction we have said we will take.

Kunal: Sure. That's helpful. But in that regard have you made some changes to your pricing strategy also, and secondly Alisha the point you made on volumes, there's one big competitor who's entering Kerala with around 3,000 beds or so in the next few years. So just wondering whether there'll be a lot more supply than demand there.

Alisha Moopen: Yeah, so like I said, we do have a very good legacy in Kerala and a leadership position. And we also believe that once the merger is complete with the KIMS-Trivandrum asset also coming as part of the merged entity, we'll continue to have a very strong position. There will be some pressure on volume, which is where we said let’s focus more on stabilizing our ARPOBs and not really play the price game.

For our pricing strategy, as the year is ending, we're working on it for the next quarter, how we should be thinking about it. But we'll be agile and dynamic in that process. But we don't want to be playing the price pressure game, to be honest.

Kunal: Sure, perfect. That answers all my questions. Just one more, if I can squeeze in. Would you by any chance give us some indication on how CARE hospitals performed in the last quarter?

Alisha Moopen: I don't think it's recommended. We don't have access to that information yet because we are still waiting for some of the CCI approvals for sharing all of that data to be honest.

Kunal: All right, thank you very much and all the best.

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

Bino: Hi, good morning. Just a couple of questions from my side. Last quarter, your margins had seen a significant improvement, both QoQ and YoY. And if I remember correctly, you had mentioned some structural changes you have made, etc., which has led to this margin improvement. Could you give an update on that, especially in the context that this quarter compared to last quarter, we have seen slightly softer margins? Are these kinds of structural measures that you are taking done or is there some more margin expansion we can see? And if you could give some indication on what sort of sustainable margins, can we look forward to? Thank you.

Sunil Kumar: Thank you, Bino, on the question. Yeah, I know what you're referring to. For Q2, we were at 21.4% margin and now at Q3, we are at 19.3%, so you are saying there is a dip in there and how we address it. See, also, we should look at the 9M numbers because in the QoQ number, there will be a lot of case mix changes come in due to which the margins fluctuate. But when you look at the 9M number, at a consolidated India level, we are at 19.5% and the hospital and clinics, which is our core segment with the 93% revenue, is at 22.3%. Even that 19.5% if you look at year-on-year, we added more than 250 to 300 basis points in the current 9M as compared to the previous nine months. That's the expand which has happened. Now very specifically to the change which has happened within Q2 FY25 to Q3 FY25 is that there are multiple reasons. One is the material cost itself. When you look at our specialties, because of the congo specialities that we have, cardiac has grown by 16%, oncology has grown by 28% and neuro has grown by 19%. These are the top three departments which are driving the revenue. That's one of the reasons why ARPOB is very strong. At the same time whenever oncology is taking the front in driving the growth, usually we see that the material cost takes impact. That's why almost near to 1% the material cost also has increased between Q2 and Q3, FY25. If that wouldn't had happened, we would be more than 20% EBITDA margin even in the Q3 on the consolidated basis. That is one thing. But again, as I said, oncology is something which we are taking very strongly. We have Dr. Som also who is heading our Aster Institute of Oncology. And across the board, we are trying to increase the oncology specialties per se. All these things are a very important to cater to the patients. At the same time, they have certain negative outputs with respect to the material cost. But this is a just a QoQ glitch, and we think we will be able to stabilize. Even with that we are at 20.7% material cost at India level on 9 months basis. We still think that there is a certain room to further improve efficiency. In terms of the optimization measures which we have brought, as I already called out in my speech also, we got more than 450 basis points in last two and a half years. I would say very specifically it's approximately 33 months and we are able to bring in so much and still we see that in material cost there is another 50 to 100 bps room still available for us. We're also bringing certain solar power efficiency. For example, a 26-megawatt plant is work in progress in Kerala. That should give more than 15 to 16 crores worth of savings in the coming year. This is expected to operation partially in this quarter and partially in the Q1 FY26. Also, non-medical consumables is something which is we have not worked upon and that is going to happen in the next year. From the efficiency point of view, still there is a lot to do it, but just on a broader sense, which we have previously spoken, at consolidated India, we're at 19.5%. I expect that by FY26 - 27, we should be somewhere near 21%. And from the hospital clinic segment, which we are today at 22.3 - 22.4%, there you can expect around 24% margin. These are all very sustainable margins which we can reach and continue to be there.

Bino: Understood, thank you. Next question, just further clarification on Whitefield Hospital. So, your presentation says about 159 beds in Block D is going to be added in FY25. What you also told about some beds being commissioned in October. What's the current bed status and is the total number of beds in the cluster, 1,446 which you have given, does that include the beds that commissioned in October and the 159 of Block D?

Sunil Kumar: Bino, I referred to the beds we commissioned in Kerala, around 250 beds. Whitefield overall is around a 500-bed hospital, wherein we have commissioned 350 beds. Balance 155 beds, we were expected to commission in Q4 FY25, but as Ramesh called out in the previous response, it has moved to around May or June. It's just 2-3 months change which we have done. But otherwise, it's on plan to operationalize sometime in the Q1 FY26.

Bino: Understood. I thought you told in October, some couple of blocks were commissioned in Whitefield.

Sunil Kumar: Oh, I was referring to last October.

Bino: Okay. Yeah. Sorry. And finally, when do you think you can give some sort of pro forma joint financials of CARE QCIL plus Aster?

Sunil Kumar: Hitesh, you want to take it?

Hitesh Dhaddha: Yeah, see, as Alisha mentioned, we are going through some of the regulatory approvals and hence both companies, as suggested by our lawyers, don't share any information with each other on all these data. I think once we get some of the relevant approvals, we will start looking into that as well, Bino.

Bino: Got it. Thank you.

Puneet: Thanks Bino. The next question is from Mr. Amrish. Mr. Amrish, can you please unmute yourself and introduce yourself as well.

Amrish: Thank you for the opportunity. I'm Amrish, an individual investor. First question is on this recent IRDAI circular on limiting senior citizen insurance increases and impact possibly on ARPOBs going forward. The health insurance companies seem to indicate that the two ways they will deal with this, one is, of course, they'll spread it across their portfolio of other custom clients, but the other is, they say, that they will have to renegotiate packages with hospitals. I'm not sure if it's too early to comment on this, but is there any reaction you may have, considering our insurance is 30% already and growing?

Sunil Kumar: Let me add the initial response, Amrish, then Ramesh can add to that. See, as of now, we don't have any such I would say response which has come from any insurance companies. Today, very specifically in Maharashtra, Telangana and Karnataka that's where the GIPSA is there. There almost 50-60% of our insurance company businesses come from GIPSA. There we're getting a usual. Recently we had a price increase after two years. We are not seeing any such requirements which has come up as of now, maybe going forward we are expecting some discussions should happen sometime in the Q1 FY26. But as of now it's very early to comment on this one.

Amrish: Okay, thank you. Second question. I just wanted to get some logic or rationale for the dividend announcement, considering we'd already given a very healthy and I understand we had cash left over, but just keeping in mind our expansion plans, any rationale for the dividend?

Sunil Kumar: So Amrish, we Aster, as a group, we listed sometime in 2018. Last six years, we're not given any dividend to any shareholders. First dividend is the special dividend we gave in April and the final dividend which we declared, from the AGM in August for the FY24. So, other than these two, we have not released any very specific dividend. From the expansion point of view, we are today at a net cash of INR 1,000 crores plus. We have a very good cashflow from operations, 80-85% of our pre-IndAS EBITDA you know we have cash from Operations. We have a very good free cash flow also. And for example, the 1700 beds, which is in pipeline as on 31st December 2024, we need approximately INR 1,100 crores for a period of three years. I'm talking about the 2025 closing, 2026 and 2027. And you can see the way EBITDA is increasing; we should have more than 600 to 800 upwards of cash from operations every year. Keeping that in mind, even for the balance, whatever the existing line of credit, we are even not looking at borrowing any additional money. With existing cash flow, we're able to manage the expansion plans and with the additional coming in, at least in next three to four years' time, if you look at, we can even add more than 1,500-2,000 beds, I'm talking about the brownfield or the asset light beds which we can add without adding any more debt. Keeping all this in mind we thought, unless we're also at the same time looking at any inorganic opportunities, if something really comes up, we should always be looking at it. But otherwise, we also thought that we have not rewarded the shareholders and that's where we thought we would like to do that by through an interim dividend. Alisha, you would like to add anything to this.

Alisha Moopen: No, I think Sunil, you've covered it. I guess Amrish, since the merger has also been sort of finalized, we said that that takes care of a large scale up for the organization. And exactly like Sunil mentioned, in terms of our organic expansion, we've kind of got the internal accruals for that. Even when you look at our leverage, it's hardly there, right? We still feel like we're in a strong position to continue to look at within our inorganic expansion and organic is taken care of. We said, why not give some back to the shareholders with the performance and to catch up for some of the years we couldn't do it.

Amrish: Thank you for that.

Puneet Maheshwari: Yeah, we would like to highlight that we'll be giving preferences to attendees who have not asked a question so far. So, in that line, next question is from Mr. Harith. Harith, can you please unmute yourself and ask the question, please?

Harith: Yeah. Thank you for the opportunity. The expansion plans that you've shared, I can see we have around 450 beds in Trivandrum, 300-odd beds in Hyderabad. And these are markets where QCIL is quite strong, especially Trivandrum through KIMSHEALTH. They have a strong presence in that region. So, any change of plans or any rethink on some of these expansions post the merger?

Sunil Kumar: Alisha, you want me to go ahead.

Alisha Moopen: Yeah, go ahead.

Sunil Kumar: Yeah, no, Harith. We always have to look at the demand and supply gap. When you look at this, very specific in Trivandrum, you can see a lot of PEs coming in already. Other than KIMS Trivandrum, there is no other, very up to that mark corporate hospital in Trivandrum. If you ask me there's still three to four big hospitals can really come and survive in Trivandrum. And also see a Trivandrum catchment area is quite large. If you look at the Kerala belt altogether, for north you got so many hospitals including Calicut, Kannur and Kotakkal and then Kochi in the central. But after Kochi if you go down south you don't really have hospitals there except for the main hospital is in Trivandrum. That way, we don't see any reason why we should not go ahead and do that. There is really no change in plan. We are very happy to do that. If we don't do it, someone else will come and do it. There is no difference in that. Next in Hyderabad today, already there's still a gap of almost three to four thousand beds. And as per the market research report, there's still another four to five thousand beds coming up in next five years' time. With that, we wanted to grow there in Hyderabad. We don't see any change in plan. Also, QCIL, if I'm right, have between 800 to-800 plus beds and with this one we will have more than 1000-1200 beds this also helps us into create a leadership position in Hyderabad.

Harith: Okay got it. Next one Sunil is on the labs and pharmacy segment. On the pharmacy side, you've seen a muted YTD performance, and you talked about some change in sourcing. But the first question is, the store count has also declined. So, the change in strategy in terms of sourcing, why there is a lower store count is the first part, and how we should think about growth next year.

Sunil Kumar: Yeah. Thank you Harith. Maybe initial part I'll cover, maybe Ramesh can add to that. Currently we have more than 250 facilities out of that, the processing lab is 14. See here we are only seeing 14 in addition to that, they also have more than 8 to 9 labs as HLM labs, that is our Aster labs which they do it. That's also more or less you can use it as a satellite lab. If you club it, you have really more than 20 labs across Karnataka and Kerala put together. And in addition to that, we also have more than 240 plus collection centers, majority of it is in Kerala and 40 to 50 in Karnataka also. One thing is true that is initially we had spread out into Tamil Nadu and other states, but we are very mindful that we want to be there as a very clearly called out. We were trying to bring an app, right an app is already launched in January. Basically, we are already in CMI has already been into the digital app and we're expanding all our hospitals to get into the app sometime in March. With that We are also trying to bring in labs and pharmacy as a phase two, sometime in Q3 FY26. With all this coming together, that ecosystem what we wanted to create will build. And if the ecosystem is to work, the labs and pharmacies should be within the districts or the states where the Aster hospitals are present. That is one of the reasons why we are curtailed to the regions where our hospitals are very, very strong. That is one of the growth bits of it. Now, at the same time, we don't have to grow too much on the processing labs because logistics is very easy today. And also, as I said, we have 14 plus another 8 to 9 HLM labs, 20 plus labs in these two states is more than enough to cater to our own patients. In addition to that, what we will be increasing now is the patient collection centers, that is our franchisee PECs. There already you can see there's a growth of around 240 and we expect it to grow more in Karnataka and further in Kerala. In terms of the growth, see most important thing for us is to improve the Non-Aster business within the Aster labs. A year back if you look at 72% or 78% of the business used to come from the Aster business. Now that has reduced, and the other businesses have moved from 20-23% to almost 28-30% in the current 9M period. We expect this to grow in a very big way in the coming year because it's always the initial growth which takes time. Now that we've got the stability there and we're able to break even, I think the next year the growth of Aster business will grow as per the Aster hospital because it's a captive business. Only the non-Aster business, I'm expecting to grow more than 35 to 40% in the coming year.

Harith: Yeah, Sunil, Thank you for that. My question was more on the pharmacy side. We have a store count of around 200 now, which was 250 at the beginning of FY24. This decline is what I'm getting at.

Sunil Kumar: Yeah, so I explained the last bit of it. Pharmacy, 250 we had initially, but again that is spread out over three states, that is Telangana, Karnataka and Kerala. The idea was that because we were bleeding cash there, we wanted to limit the number of stores. We will, for very sure will not go below 200. We will maintain about 200. Also, wherever the locations are bad, and we think that we are not able to drive the yield per day per store above certain benchmark level, then we are moving. It's only the movement which is taking time otherwise we will be around 200 to 225 stores overall. We will never go below 200 stores. But the concentration now, as we promised also, is to break even there. So as the way we broke even labs in FY24 last quarter, we're expecting to break even sometime in the last quarter of FY26.

Harith: Okay, last one with your permission. You know, last few months we've seen a few of your former CXO level leaders joining one of your competitors and then that competitor has big ambitions in Kerala. They've already announced a few projects. They're talking about setting up a large hospital in Kochi. Is there an impact that one should expect for Aster from these aggressive moves by this particular competitor?

Anoop Moopen: Let me come in here, Mr. Harith. So we feel that, see, now with more and more corporates coming into Kerala, I think for a competition point of view, it is only going to put pressure on the ARPOB levels or the price increase because as you know the ARPOB compared to the other regions like when in Kerala it is between INR 20,000 - 40,000, in Karnataka it is INR 60,000 - 70,000 above. Kerala has always been a price sensitive market, and we are already having a legacy there, a brand and also all seasoned units. We stand at an advantage there. So, anyone who is coming in, they will be forced, then they will have a pressure on the price, otherwise they cannot perform. Either, you know, they will be forced to increase the prices or which in turn again will raise the ARPOB. We see that competition is not going to affect Aster in any way. We see it positively.

Harith: Okay thanks. Thanks Anoop. That's all from my side.

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

Nikhil Poptani: Yeah. Hi. Am I audible?

Puneet Maheshwari: Yes.

Nikhil Poptani: Yeah, thank you for giving the opportunity and a congratulation on a great set of results. The highlight of this quarter was the Telangana cluster and the Karnataka and Maharashtra cluster. What were the drivers for the margin improvement in both of these clusters. And can you also highlight what drove the occupancy, specifically in the Telangana and Andhra cluster. So that is my first question.

Alisha Moopen: Ramesh, would you want to come in?

Sunil Kumar: As you rightly said, the Karnataka Maharashtra cluster, you've seen the performance well, especially the ARPOB has gone up. The reason why ARPOB is good is because of the case mix, especially in Whitefield you can see the high-end cases have gone up. The surgical numbers if you really look at two-three departments like Onco and Neuro, have been performing very well. It's all about to do with the surgical mix where the ARPOB has really gone up. Like I mentioned about the flu season, which has come, usually the average length of stay of the flu patients are a little bit high. The ALOS also, to some extent, because surgical numbers have gone up in high-end cases, so we find the ALOS has also come down slowly by around 0.2. Thats why the performance has gone up very well in Karnataka and Maharashtra cluster. As far as Andhra is concerned it is also to do with Prime hospital primarily. We have taken over prime hospital last year at the same time. It couldn't really do well. Now they have started performing. It is also We had new clinicians on board there, thereby the Prime has started doing very well. We also have the Tirupati Narayanadari Hospital, so it is also doing very well after we have taken over. So Tirupati Hospital has contributed well. In Andhra Cluster You will find Ramesh Hospital, especially Vijayawada hospitals have done exceedingly well because of the cardiac season during the third quarter they have started really doing well. So predominantly being a cardiac hospital. That's how the Andhra Telangana cluster has started doing well.

Nikhil Poptani: Okay, that's great to hear. My second question is what are the peak ARPOB potential for the Karnataka and Maharashtra cluster as well as Telangana cluster because on a 9M basis we can see that ARPOB in the Maharashtra and Karnataka has reached INR 60,000 and in Andhra and Telangana it has reached INR 29,500 approximately. Is there a further scope for improvement as soon as the seasonality goes off?

Ramesh Kumar: It will sustain as I told you. I'm sure the surgical numbers are going to grow. And of course, the seasonality should have minimum impact, as far as I think, because it will be an add-on only it doesn’t bring in. If we are able to sustain and grow the surgical numbers with these high-end surgeries, I'm sure our ARPOB would also continue to grow.

Nikhil Poptani: Okay, that's great to hear. My third question is when we look at the maturity-wise hospitals, which are over six years, have 24.5% operating EBITDA margin, 3-6 years have approximately 22% and for 0-3 years is approximately 13%. Let's say in next two to three years, our 3-6 years will move over six and 0-3 years will move over 3 to 6. When we are guiding towards 24% sustainable margins, can we have an upside risk over there? Because there will be a drastic improvement because we have 6 hospitals in 0 to 3 years. So those are going to drive margins a little further upside. Is there a further scope beyond 24%?

Ramesh Kumar: I will leave it to Sunil.

Sunil Kumar: Yeah. Nikhil if you look at, the 0 to 3 years, there are basically six hospitals. Out of that, the biggest is Whitefield Hospital. Otherwise, All other hospitals are very small, 100 bed hospital. Out of six, four hospitals are our O&M asset light hospitals which we already guided previously saying that ARPOBs are going to be low. It is going to be around 20,000 or even some places it's lower than that. Also, the margins are not expected to be around 20% It's around mid-teens that is the number. But even though it's going to be mid-teens, you don't expect it to drag the margins in any way. At the same time, it cannot go beyond that also. For example, our Tirupati Hospital, Narayanadri, is all doing at 16% margin with a good occupancy, and we expect maybe another 100-bps improvement because ARPOB is going to be lower. The way case mix is done, it's more towards the cardiac and ortho there. Also, the doctor models are very different in Tirupati. All this will impact in driving the margins but at the same time Whitefield today is doing a high-teens margin. And at a full maturity with another block D coming in, you can look at very similar to what our CMI Hospital is doing near 30%. With all these things being in picture, I think around 24-25% is a good number to be there.

Nikhil Poptani: OK, thank you. That's it from my side. And congratulations on a great set of numbers. All the best

Puneet Maheshwari: Thanks Nikhil. We'd like to highlight that we'll be giving preferences to attendees who have not asked the question before. In that line, the next question is from Mr. Nikhil. Can you please unmute yourself and ask the question?

Nikhil: Yeah, good morning, all. I have two, three questions. The first question is on the rental cost for full year FY25. From the cash flow statement, first half, it is around INR 65 crores. Should we analyze the full year FY25 numbers at around INR 130 crores rental cost?

Sunil Kumar: See you're referring to the rental cost. There are two parts. One is on the variable cost also. If you include variable cost, yes, you can go up to INR 120 to INR 125 crores.

Nikhil: Okay. And with the expansion that will happen in the next two years, how this number should change? Should it increase in proportion to the bed count increase?

Sunil Kumar: Not very much to the proportion because Block D is one which is coming in Bangalore. In addition to that, all your Kerala hospitals which are coming up doesn't have these huge rentals coming in. So, you don't expect it to grow in proportion to that.

Nikhil: Okay, that's helpful. Secondly, on the Kerala cluster side, what percent of business is coming from international patients today?

Sunil Kumar: In Kerala, majorly the MVT patients are driven by Aster Medcity Hospital. In addition, Calicut, Kottakkal, etc. do very minimal. But when you look at only the Medcity, it's around 12% of the total business comes from MVT.

Nikhil: Okay, so overall I suspect it would be 6-7% perhaps, not more than that, 8%?

Sunil Kumar: Yeah, a little less, yes.

Nikhil: In the past, can you give some indication that how does your patient inflow behave versus INR's performance at a global level? If INR were to be weak, let's say versus dollar in the coming months or so, how does that impact your business coming from Middle East or those areas?

Sunil Kumar: See first of all, all our MVT bill happens in the INR. We don't do on any foreign currency to ensure we hedge ourselves from the fluctuations. For example, if a patient bill is going to be around 5 lakh rupees, we expect the other party to transfer at that particular point of time, equivalent to that INR. We don't do any billing in foreign currency. We always do it in INR. That way we are always hedged on the foreign currency fluctuations. Currently, we do around only 4% or 4.5% in terms of MVT business across India I am referring to. There's still very high scope to grow because of new markets which we have not tapped into. And even the SAARC region, we have not really got many patients from Bangladesh or other regions. Keeping all this in mind, there is still a big potential for us to explore in MVT rather than the downside. I would say there is a lot of upsides here, Nikhil.

Nikhil: Yeah, I think that was I was referring to, let's say, if INR was to weaken, in the past when such situations have happened, has it led to improved competitive positioning versus many other countries to compete with? Perhaps, I mean, 2013-14 is one period where you can have some experience of this. I'm not sure if you can call out something on that front.

Sunil Kumar: Nothing as of now.

Nikhil: Okay. One final question. Can I just see one more?

Puneet Maheshwari: Because we have some more people in the queue as well.

Nikhil: Okay.

Puneet Maheshwari: Yeah, the next question is from Mr. Prolin. Can you please unmute yourself and ask the question?

Prolin: Yeah, thank you so much for taking my question. So, two questions from my side. One is on Kerala, while you mentioned, January is back to normal, but some of the changes that you have highlighted there, our focus on let's say, value or upper end of the mix versus volumes, so on and so forth, together with the leadership change. This, at least to an external party like us, sounds as if this might take some time before it settles down. When you say January is normalizing, are these changes already in place before the quarter as well? And is there anything to do with some of your employees going and joining competition? And do we expect such kind of transitory issues in some of your other clusters as well?

Ramesh Kumar: So, Prolin, let me come in. First of all, if you look at, Aster's base is pretty, if you look at Medcity and across all chain of hospitals that we have. There is a good amount of patient base Aster is already having. It doesn't mean that employee's moving out they can have. And those who have joined the competitors also, competitors don't have an existing hospital to divert the patient or for that matter, create that kind of impact. It is all to do with a little bit of seasonal fluctuation, redirection on our MVT patient, GCC, we had a little bit of patients coming down. And for that matter, Maldives also was slowed down drastically. So a little bit of MVT impact, little bit to do with seasonality As far as the employee's thing and if they are able to divert the patients, it is definitely not going to happen because even competitors doesn't have a hospital within the vicinity to attract, divert the patients. So that's about Aster Medcity. That's the reason we were saying, now the leadership is in place. We have a CEO who has come in, we have a COO who's come in. He's already two months in the system and our leadership is also there. Including It's a flagship hospital where chairman is directly involved in the interacting with the clinicians and having a kind of base over there. I really doubt there are any chances of patients diverted or for that matter performance coming down

Prolin: And no such changes you see in any of your other clusters, right?

Ramesh Kumar: With competition, as and when they come up with the new facilities, there might be some small disruption here and there that is bound to happen. Not only with one competitor, with most of them. But we try to keep our clinicians very happy. They are the people who make the difference. For that matter, I think almost all clinicians are intact. The other staff, it won't make a major difference. The revenue generating doctors are the key people. If we are able to ring-fence them, I think we are there. So that is what right now we are doing, and we are able to keep almost all our clinicians are happy.

Prolin: And one more last question from my side on the merger. While it's in the regulatory is kind of code as to when we get approval. But before we get the approval, what are the things that we can do from our side, which will ensure that the transition happens quite smoothly or some of the synergy benefits that we envisage can be monetized or materialized sooner than expected? I mean, are there any enough levers at our end that we can do things before the actual merger from a regulatory standpoint fructifies?

Alisha Moopen: Yeah, Hitesh, you come in here.

Hitesh Dhaddha: Yeah, so there are definitely a lot of levers. At the same time, I think, you know, we would not like to jump the gun here until we get some of the key regulatory approvals. But definitely when we were doing this merger or announcing this merger, we had thought through the potential that both entities have post-merger and then the synergies that can be created across multiple areas, whether it be on account of costs or revenue or also some of the corporate aspects and all. So clearly there are areas, there are opportunities that we'll work upon, but I don't think we'll get it too much of a hurry to jump the gun here before we get some of the regulatory approvals.

Alisha Moopen: You're right, there have been a lot of opportunities identified and I think prep work can happen once initial approvals are in place, but of course we cannot start with integration until the merger is complete. What we would do is try and prepare so that at least from a data collection and analyzing perspective, we know where we can start implementing sooner rather than later to avoid the time gap. So that's how we do it.

Prolin: Great, Alisha. Thanks a lot, and all the very best.

Puneet Maheshwari: Thanks, Prolin. In the interest of time, we would like to take the last question from Mr. Mithun. After that we would like to conclude this call. Mr. Mithun can you please unmute yourself and the questions.

Mithun: Hi. Can you hear me?

Puneet Maheshwari: Yeah. Sure.

Mithun: Just wanted to understand, Usually, the Q3 is typically a non seasonal a low quarter, and I understand your revenues may have been impacted. I just want to know about, the company that you're going to merge with. How have they performed in the third quarter? Just wanted to see if you can share some highlights there as well, so that we know how the trajectory of both companies is faring.

Alisha Moopen: Mithun. Thank you for the question. I know there's a lot of eagerness to know about the merging entity. We're still yet to receive the information which will dep end on some of the regulatory approvals coming in place. So, we are hoping that once we have that guidance, we will be able to share with the shareholders as well in some sort of pro-forma performance later. But at this point, it's a bit premature, to be honest.

Mithun: Sure, sure. But is that point right, that third quarter is typically a non-seasonal quarter for the health care sector? Or I just wanted to understand that.

Sunil Kumar: Mithun, Q2 is the major season as that's when due to rains (and every other thing), dengue and other flus, because of which usually the medical cases very high in Q2. If you look at a complete year, peak revenues you hit sometime in July, August. After that, from September onwards, your festivals start in October, November, December, every month. It's not like patient doesn't want to come during this period. One is that your medical cases go down in Q3 and also, due to huge number of festivals and holidays, even doctors travel. So due to both these reasons, Q3 is always muted as compared to the other quarters. And always we see Q4 goes up.

Mithun: That's fine. That's fine. I just wanted to understand quarters. Going into FY26, what kind of you know addition in terms of capacity do you have compared to FY25?

Sunil Kumar: This year we have started as I said around 250 beds plus, we have added in the current year. We don't see anything coming up in the Q4 FY25. But we are expecting our women and children block, that is 150 beds, get to operational in the H1 FY26. Also, in the H1, we expect Kasargod hospital also coming. That's again a 260-bed hospital in the north of Kerala. At least these two hospitals we expect to come in and also there is one very small hospital of a brownfield expansion in our Ongole, around 75 beds. These are three things which we can expect in the coming year, FY26.

Mithun: Understood. And just wanted to understand, compared to your competitors, your margins obviously are lower because you have several hospitals where capacity utilization is improving, and your margins overall will go up. Do you believe there is scope to expand these margins over the next couple of years by 200-300 basis points at an overall company level?

Sunil Kumar: See, I think I answered a very similar question previously. Look at hospitals and clinics, where we are today already at 22% on a 9M basis, we expect to close in the same range for the full year and even our mature hospitals are beyond 24%. We see that hospital and clinics segment itself should go beyond 24%. That's very much possible. The others like a wholesale pharmacy or a lab is where you can see the margins dragging down. That's where our consol, Aster group margin is around 19.5% on a 9M basis. There, we also expect labs to do really well in the coming years, to go beyond 20% margin because labs are very high margin business. At the same time, wholesale pharmacy should become smaller and smaller because we are not seeing a very important growth which we can expect here. Keeping all this in mind, hospital and clinic segment should go in next two to three years' time, I am talking around FY27, upwards of 24% and consolidated margin should be upwards of 21%.

Mithun: Thank you, sir.

Puneet Maheshwari: Thank you, everyone. This concludes the earnings call for this quarter, Aster DM Healthcare. I thank the management and all the attendees for joining us today. If you have any further questions or queries, please get in touch with us. Thank you.

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