DrA

February 20, 2025

Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	Listing and Compliance Department National Stock Exchange of India Limited Exchange Plaza, Plot No C/1, "G" Block, Bandra-Kurla Complex Bandra (E), Mumbai – 400051
SCRIP Code: 544350	Symbol: AGARWALEYE

Subject: Analyst/ Earnings Call – Transcript

Pursuant to Regulation 30 and 46(2)(oa) of the SEBI (LODR) Regulations, 2015, please find enclosed the transcript of the analyst/ earnings conference call held on February 17, 2025.

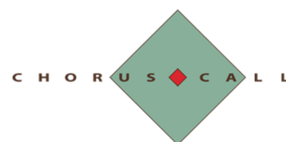
The said transcript is also available on the website of the Company at https://dragarwals.co.in/dr-agarwals-health-care/#analyst-earnings-call

Yours Truly,
For Dr. Agarwal's Health Care Limited

Thanikainathan Arumugam
Company Secretary and Compliance Officer

"Dr. Agarwal's Health Care Limited Q3 & 9M FY25 Earnings Conference Call"

February 17, 2025



MANAGEMENT:	**DR. ADIL AGARWAL – WHOLE-TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER – DR. AGARWAL'S HEALTH CARE LIMITED** **MR. YASHWANTH VENKAT – CHIEF FINANCIAL OFFICER – DR. AGARWAL'S HEALTH CARE LIMITED** **MS. AASHNA DHARIA – HEAD OF INVESTOR RELATIONS -- DR. AGARWAL'S HEALTH CARE LIMITED**
MODERATOR:	**MR. TUSHAR MANUDHANE -- MOTILAL OSWAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to the Dr. Agarwal's Health Care Limited's Q3 and 9 Months FY25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Tushar Manudhane from Motilal Oswal Financial Services. Thank you and over to you, sir.

Tushar Manudhane: Thank you, Rutuja. Good morning and a warm welcome for 3Q FY25 earnings call of Dr. Agarwal's Health Care. From the management side, we have Dr. Adil Agarwal, CEO, Mr. Yashwanth Venkat, CFO and Ms. Aashna Dharia, Head of Investor Relations.

Now I hand over the call to Ms. Aashna, Head of Investor Relations at Dr. Agarwal's. Over to you, Aashna.

Aashna Dharia: Thank you, Tushar. Good morning, everyone. We appreciate everyone joining us today for our Q3 and 9 months FY25 earnings call. Our financial results, press release and investor presentations have been released and are available on our website as well as on the exchanges.

Before we continue, we want to remind everyone that this call is being recorded and the transcript will be made available on our website afterwards. Additionally, please be aware that today's discussion may include certain forward-looking statements which should be considered in the light of the risks our business faces. Please refer to the detailed statement on Page 2 of our Investor Presentation.

It is now my pleasure to hand over the call to Dr. Adil who will share his insights and remarks. Dr. Adil, over to you.

Adil Agarwal: Thank you, Aashna and good morning to all of you. I would like to welcome you all to Dr. Agarwal's Health Care's maiden earnings call as a publicly listed entity. I'm Dr. Adil Agarwal. I'm the CEO of Dr. Agarwal's Health Care Limited. As you all know, the company got listed on the 4th of February, 2025 and I would like to take this opportunity first to thank all of our patients, our doctors, our employees, our shareholders, our investors and all stakeholders who have supported us in this journey.

Let me begin by providing you an update on Q3 financials and the 9 month performance of the year. We are pleased to report a strong financial performance with a 28.6% year-on-year revenue growth, reaching INR443 crores for Q3 FY 25. Our EBITDA also saw a strong growth of 26.3%, totalling INR128 crores, which resulted in EBITDA margin of 28.8% for the third quarter.

Our PAT stood at INR28 crores, reflecting a growth of 25% year-on-year, with a PAT margin of 6.4%. Now, correspondingly, we recorded a year-on-year revenue growth of 27.2%, reaching INR1,281 crores for 9 months FY25. Our EBITDA also grew by 27.5%, totalling INR356 crores,

with an EBITDA margin of 27.8% in the 9 months. Our PAT stood at INR68 crores, reflecting a 26.2% year-on-year growth, with a PAT margin of 5.3% for the 9 months.

Now, this revenue growth has largely been driven by increase in surgical volumes, a shift towards high-end surgeries and enhanced patient footfalls from our business development and marketing initiatives. Our team at Dr. Agarwal's has worked tirelessly to build a network of 221 hospitals across India and Africa, serving approximately 17.7 lakh patients and performing over 2.1 lakh surgeries during the 9 months, ending December 2024.

In India, we operate through a network of 205 facilities, spread across 14 states and 4 union territories, covering 124 cities. Our presence is highly diversified with 33% of our facilities located in Tier 1 towns, 60% in other cities and 7% internationally. This strategic distribution ensures that we provide accessible and high-quality Eye Care to a broad and diverse patient base. We have expanded our network from 209 facilities in H1 FY 2025 to 221 facilities, marking a net addition of 12 facilities for the quarter. In this year alone, we have added 42 new facilities.

Now, if you look at our business model, we operate through something which we call a hub-and-spoke business model, which is built around three different formats of our hospitals. The largest are what we call the Tertiary hospitals, then you have the Day Care Surgical Centres, which are called the Secondary centres, and the smallest formats are called the Primary centres, or what we define as the Eye Clinics.

We work on an asset-light model, enabling us to scale effectively with minimum capex. As of December 31, 2024, we have 28 tertiary facilities and 193 spokes, which include 132 secondary and 61 primary centres. If you look at our market expansion strategy, it is designed to strengthen our presence in our core markets, while targeting under-penetrated clusters to create new growth opportunities.

In the fourth quarter, already we have launched three new facilities to-date. Looking ahead, in Q4, we are targeting to launch another 8 to 10 additional surgical facilities, with 67 located across our core states, which are; Tamil Nadu, Maharashtra, Karnataka, Andhra Pradesh and Telangana. We will also expand into the north core states of Gujarat, Jammu and Odisha.

Furthermore, we plan to open seven primary facilities in quarter four, FY 2025. These strategic expansions will significantly enhance our operational reach and further strengthen our market presence across key regions.

Now, I would like to hand over to our CFO, Mr. Yashwanth Venkat, who will give us a deeper dive into our financial performance for the year.

Yashwanth Venkat: Thank you, Dr. Adil. I will start by providing a breakdown of our revenue across segments. Surgical revenues form the main pillar of our service offering, contributing over 65% to group revenue. Diagnosis, consultations and non-surgical treatments account for 14%, while the sale of optical products and pharmacy contribute to 21% of the total revenues.

During Q3 FY 2025, we performed 72,815 surgeries, resulting in a 35.7% year-on-year growth, whereas in nine months of FY 2025, we performed about 2.1 lakh surgeries, reflecting in a 31.8% year-on-year growth. Cataract surgeries have been the major contributor, accounting for approximately 75% of the volumes, followed by refractive surgeries at around 5%. In nine months of FY 2025 volume of cataracts and refractive surgeries have grown by approximately 28% year-on-year.

The payer mix has remained relatively consistent over time, with 62% of the payments made through cash/self-paying in patients, 27% through insurance and TPA and nearly 12% from government schemes. There has been a greater focus on India, with its contribution to the overall group revenue increasing from 86.8% in nine months of FY 2024 to 89.9% in nine months of FY 2025.

Revenue from Operations India for Q3 FY 2025 stood at INR390 crores, reflecting a growth of 34.5% year-on-year. Revenue from Operations India for nine months of FY 2025 totalled to about INR1,125 crores, marking a growth of 31.7% year-on-year. The number of non-source facilities has risen from 17 facilities as of March 2022 to 59 as of December 2024, with the group predominantly expanding in Punjab, Maharashtra and Gujarat.

Mature facilities are those facilities which have been owned or operated by the group for more than three years. As of December 2024, we operate about 100 mature facilities. The revenue from mature facilities has risen by 16.6%, totalling nearly INR291 crores in the third quarter of FY 2025.

The revenue from mature facilities for India has grown by 21.2% in Q3 FY 2025. The revenue from mature facilities has increased by 15%, reaching about INR875 crores in the nine-month period and correspondingly for India it has grown by 18.5%.

Now let's move on to discussing two major heads on the expenses side - Cost of Goods Sold and doctor cost. Cost of Goods Sold in Q3 FY 2025 has been slightly upwards due to greater focus towards higher-end procedures. Out of the 1.5 lakh cataract surgeries performed, about close to 31,000 were higher-end procedures, which was about close to 21% of the overall cataract surgeries performed, up from 19.2% in FY 2024.

Doctor costs in Q3 FY 2025 were impacted by addition of new facilities and also full-year impact of branches set-up/acquired in the previous year. Other expenses include a one-time cost of nearly INR4 crores for production expenses relating to our marketing segment.

In conclusion, we are pleased to report strong financial results for Q3 FY 2025, driven by solid year-on-year growth across key metrics. Our revenue increased by 29.5%, EBITDA grew by 26.3% and PAT by 25%, reflecting in the strength of our operations and continued strategic execution.

Furthermore, our year-to-date performance demonstrates a consistent upward trajectory with a 27.2% increase in revenue, 27.5% rise in EBITDA and 26.2% growth in PAT. These results

reflect our commitment to delivering sustained growth and operational excellence, positioning us well for continued success in the upcoming quarters. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Gautam from Leo Capital.

Gautam: I had a question on our centre in Chennai. So, when is this flagship centre in Chennai expected to be operational and how much revenue growth do we expect from that over our existing base?

Adil Agarwal: This facility is expected to become operational in the next 9 to 10 months. Construction is underway and we should be looking at sometime early FY 2026 to begin operations at this particular centre. We would not like to comment on what the revenue guidance for that particular centre will be, but it will be standard in line with what our current tertiary centres are expected to grow at.

Gautam: And what would be the standard growth rate for the other centres?

Adil Agarwal: So, if you look at our existing centres, our mature facilities are growing at an average of 18%. I think that's a fair estimate which we can expect from our mature facilities.

Gautam: So that is what we can expect from this as well at least?

Adil Agarwal: Yes.

Moderator: The next question is from the line of Ankit Shah, an Individual Investor.

Ankit Shah: I had one question which was on the growth rate expected over the next 2-3 years, because we are aggressively expanding plus we have old mature centres. So what is the growth both in terms of revenue and EBITDA?

The second is, today our margins are low I am assuming because we are expanding aggressively. So, there will be some burn on the older centres which would take some time to get to a stable state. So what would be a steady-state EBITDA margin that one should look at?

Adil Agarwal: Sure, Ankit. So I will request my CFO to give you some guidance on revenue and EBITDA. But before he answers that, quickly, our same-store sales growth for the last 3 years which is defined as how you see our mature facilities have been growing by around 18%. We expect a combination of that plus whatever new centre additions we have and we will continue to grow similarly to where we have grown in the last 9 months. Yashwanth, do you want to give guidance in terms of how EBITDA margins have progressed?

Yashwanth Venkat: See, just to add to Dr. Adil's point, in terms of revenue, the revenue from our mature facilities and the newer facility additions over the next 2-3 year perspective, should be close to about 20%. Now, in terms of EBITDA margins, we believe that the EBITDA margins would sustain at the current levels considering the fact that we will be opening about close to 45 to 50 facilities this year as well.

Ankit Shah: And we have this listed subsidiary. So, because there will be a dilution whenever you merge that, is there any ballpark of what dilution one should look at from that perspective?

Adil Agarwal: So, we have not yet started exploring combinations with our bankers on this particular matter, but our endeavour is, in the next few months, it will start to work and then we will have some information for our shareholders in terms of what the swap issues will look like. But our endeavour is to get this done within a time span of 3 years and ideally sooner than that.

Moderator: The next question is from the line of Ankur Shah from Quasar Capital.

Ankur Shah: Congrats on the listing. Sir, three questions. Sir, one is, since our hospital model is quite different from some of the listed hospitals which are operating large hospitals, it is more sort of a retail clinical setup. So, sir, how do you see -- like, how should we read the capacity utilization? How should we see the average revenue per patient? What is the price hike which you'll expect over a period of next three years? Can you give some linkage on that?

Adil Agarwal: Sure. So, to help you understand this, we will explain to you the unit economics of the three different types of hospitals that we have. As I was mentioning on my opening statement, we have the largest format which is called the tertiary hospitals. Now, these tertiary hospitals average anywhere between 8,000 to 12,000 square feet in size.

Then you have the secondary facilities which average between 4,000 to 7,000 square feet. And then you have the clinics which average about 750 to 1,000 square feet in size. I would request Mr. Yashwanth Venkat to give you an update on what the average revenue for these facilities look like and what is the kind of capex you look at, which will give you a sense in terms of how we think about revenue and capacity utilization from some of these centres.

Yashwanth Venkat: Sure. In terms of capex, for a typical primary facility, the capex is between INR30 lakhs to INR35 lakhs. And in terms of square feet area, between 750 up to 1,500 square feet. When the primary facility is, say, at a maturity level of about close to three years, we should be looking at somewhere between INR12 lakhs to INR15 lakhs revenue on a monthly basis with a margin about close to 15% at a store level.

This is as far as primary facilities are concerned. Secondary facilities, the capex range from about close to INR4.5 crores up to INR7 crores. In terms of square feet area, between 4,000 to 7,000 will be the square feet area. One anomaly to this is Mumbai, wherein we have secondary facilities even as low as 2,000, 2,500 square feet.

In terms of maturity profile, for a secondary facility, by the end of third year, on an average, the revenue on an annual basis will be close to about INR9 crores to INR9.5 crores with a store level operating margin between 22% to 24%. At the end of, say, the fifth year, this revenue should trend between INR13 crores to INR15 crores, store level operating margins between 32% to 33%.

Coming to the largest format, the tertiary facility. Tertiary facilities are generally greater than 8,000 square feet. This is the average across India, again barring Mumbai. In terms of the set-up cost for a tertiary facility, between INR10 crores to INR12 crores on an average basis, excluding the centres of excellence.

In terms of maturity, by the third year, typical tertiary facility, the revenue will be close to about INR10 crores to INR10.5 crores with a store level operating margins between 20% to 22%. By the fifth year, around INR15 crores to INR16 crores in terms of revenue and in terms of store level operating margins, close to about 30% to 32%.

Ankur Shah: Okay. And, sir, can you help me with the price hike number, let's say, at least in the last past three to four years, on an average, price hike figures?

Adil Agarwal: Yeah. So if you look at our same-store sales growth, it's a component of three factors. It's a component of patient footfalls. It's a combination of pricing. And the third thing which we do is we do something which we call as higher end surgery. So there is a product mix, which is improved there. In the last two, three years, we've seen an average price increase of about 2% to 3% per year.

Ankur Shah: 2% to 3%. Okay. Sure. And, sir, again, because it is more linked to retail format, can we know the EBITDA margin because the Ind AS, you know, it accounts for some of the rental costs. So can we get the actual margins post the rental cost?

Yashwanth Venkat: Sure. See, you just have to subtract 7% to 7.5% from the Ind AS margin to derive the actual iGAAP margins. This 7% to 7.5% has been the number over the last three years.

Ankur Shah: And that's across facility or you all have an ownership model as well?

Adil Agarwal: No. So if you see, out of the 221 facilities, 220 are leased out, only one hospital is owned. So effectively, leased is a significant component, which is what he's saying is about 7% to 7.5%, which you deduct from your Ind AS margins to arrive at your iGAAP EBITDA margins.

Ankur Shah: Okay, sure. And just last question on the structure front. I think one of the participants did ask, but I'll just try to go more detailed because let's say, both the companies are listed, both the companies are having same brand names.

Arguably, both the companies are, trading at very different valuations. And obviously, the old listed company is maybe much more profitable than the just listed in terms of margins in terms of establishment. So how would you, think of this merger, considering the minority shareholders sitting out there?

Adil Agarwal: So from management perspective, it is our fiduciary responsibility to take care of our minority shareholders in the listed subsidiary, which is why when we get down to this process, we will do a fair valuation of both the entities and based on that fair valuation, we will do a share swap of both the entities.

Moderator: Sorry to interrupt you, Mr. Shah. May we request you to please rejoin the queue? We have other participants waiting for the turn.

Ankur Shah: Sure, sure. Thank you. Thank you so much. All the best.

Moderator: The next question is from the line of Yash from Stallion Asset. Please go ahead.

Yash: Hi, thank you for the opportunity. Just wanted to understand your target for additional number of Eye Centres in the next three years?

Adil Agarwal: So in the nine months, we have added 42 new facilities and we are starting to open about 8 to 10 new facilities in this quarter. I think that's a fair estimate of what we should expect over the next few years to expand. At least for the next two to three years, this is what we're looking for.

Yash: Okay. Got it. Got it. And any sort of plans for acquisition of smaller Eye Hospitals or any inorganic expansion that you have in your mind?

Adil Agarwal: So we predominantly are focusing only on organic expansion. That said, we continue to look at strategic opportunities if we are looking at expanding into new markets. Right now, we don't have anything for you, but as we continue to explore and as our business development teams continue to look at strong partners to work with, we will continue to explore those.

Assuming that they come at the right price and you have the right cultural fit from some of these partners, we will look at exploring those opportunities. But that said, we don't have anything right now concrete for us to look at.

Yash: Okay got it. Thank you.

Moderator: Thank you. The next question is on the line of Chintan Sheth from Girik Capital. Please go ahead.

Chintan Sheth: Hi Doctor. Thank you for the opportunity. So if I look at the network we currently have, emerging will be Punjab and the northern clusters that we acquired recently. And then Maharashtra, again, a couple of years back we acquired and now expanding into Gujarat and Rajasthan.

So our core growth area or the region will be this market or will it continue to, you know, the 50 centres which we spoke about in terms of expansion moving forward on an annualized basis. Where should we look at the expansion to be? And then the white spaces like Bihar, Chhattisgarh and the north-eastern part and obviously Jammu and other areas. So how should one look at your strategy in terms of expansion where we will be expecting growth going forward?

Adil Agarwal: So good question. If you see our core states are the four southern states of Tamil Nadu, Andhra, Telangana and Karnataka. And we also consider Maharashtra now a core state given that we have 26 centres located across Maharashtra.

Out of these 26 centres, 15 are located in Mumbai and the rest are across Pune, Nashik and Satara. 75% to 80% of our new centre rollouts will come in these five core clusters and if you add Kerala to this as well. The remaining 15% to 20% will come from non-core clusters like Delhi-NCR, Punjab, Gujarat, Rajasthan and UP along with Madhya Pradesh. So about 75% of new centres will come in our existing markets. The remaining 25% will come in non-core markets.

Chintan Sheth: And the inorganic opportunities, if any, which you will be targeting will be in the wide spaces like North-East, Bihar, Telangana, Bihar, Chhattisgarh area or will it continue to be in the core like Gujarat or Rajasthan where the presence is still limited where we want to expand further and try to get more market share within that geography.

Adil Agarwal: Exactly. So Chintan, the acquisition strategy is based around us acquiring hospitals and getting access to strong partners in newer markets where we don't have a presence. Once we have established ourselves in a market and we have access to strong partners, then we go back to your base expansion strategy which is organic expansion.

For example, now that we have a good set of partners for us in Mumbai, we are looking at setting up more greenfield centres. For example, we have three new facilities coming up in Mumbai and at suburb, we have a centre coming up in Vashi, we have a centre coming up in Dombivili and we have a centre coming up in Virar. Similar strategy we use across all our core markets to predominantly expand in your core clusters using an organic approach.

Acquisitions are predominantly used for us to expand into new markets like how you have described. So if we are looking at entering into certain markets like Delhi, NCR or UP, we will be looking at acquisitions to enter into those markets.

Chintan Sheth: And on Africa, we are not focusing as aggressively as we are in India. We added one centre in 9 months. But how do we, given that most of the facilities will be mature enough to generate significant cash flows, how are we kind of set up in terms of repatriating that cash flows to India or whether that cash flow stays there? If we can throw some light on it and medium-term outlook in Africa, whether we want to stay in that market, given the geopolitical uncertainty has been the history of that region, if you can give some sense of that?

Adil Agarwal: So Africa has been an interesting journey for us. We commenced our Africa operations in 2012. In the last 13 years now, we have set up 16 facilities in Africa. As you can see the trend over the last 3 years, the contribution from Africa has been terribly declining and as of the last 9 months, Africa contribution is only about 10.1% of the overall group revenues.

We are not looking at any significant expansion in Africa but that said, we have some quality facilities which we have set up which are doing great clinical work across countries like Mauritius, Kenya, Tanzania, Mozambique, just to name a few. We will continue to operate these centres.

It does not take up any management bandwidth but the advantage which we have is we have first mover advantage in many of these countries and we are doing a good amount of clinical work in these countries. We believe that African operations will continue and we will continue to grow at a moderate rate but the kind of growth which we are seeing in India will not come in Africa.

Just to give you a sense in terms of our margin profile and cash flows, how they are managed, I will request our CFO to give you a sense in terms of how the African operations are doing in terms of financial performance.

Yashwanth Venkat: In terms of margin profile, the African operations continue to operate at similar margins as of the domestic operations, one. Second key point to notice, Africa is a self-sustaining business. The last funding which went from India to Africa was about 5 years back and in terms of cash flow, over the last 3 years, nearly about 9 to 12 crores have been repatriated to India in addition to whatever the existing amounts have been used to further expand into Africa as well. So in terms of expansion, as far as Africa is concerned, we will be looking to open 2 or 3 facilities on a yearly basis.

Chintan Sheth: Sure. If I may, last question. If I look at the post-minority growth on the profitability, the minority share has increased, I believe because of the Punjab acquisition where the minority holding is higher. If you can share, how should one look at post-minority growth, till the time the consolidation is still a couple of years away from here. Because that is scaling lower than the consolidated growth we are looking at.

Adil Agarwal: Yes. I'll just take that question. As of March 2024, out of INR95 crores of PAT, INR83 crores was the number which came from the owners of the company and INR12 crores was not from the owners. That number is currently at about close to 75% and 25% is the number which we are currently looking at out of INR67.72 crores. This number going forward over a 2 or 3 year period should come down to similar numbers as of March 31st, 2024. By 2026, we should be looking at about 84% to 16% and by 2027, we should be looking at 87% or 88%.

Moderator: The next question is from the line of Dinesh Pathak from Y2 Capital. Dinesh, go ahead.

Dinesh Pathak: Can you comment on the performance of Dr Agarwal's Eye Hospital as well? And I would request you to also have some slides like you have for the other entity, which got recently listed, also have a presentation for the other entity as well highlighting the key KPIs on an ongoing basis?

Adil Agarwal: Sure, Dinesh. We will share some of those details for both the listed entity and standard of business separately. But if you look at the P&L for the listed entity, we ended 9 months till December 2024 at a top line of INR 302 crores.

Comparatively, last year, December 2023, we had done INR 241 crores, which was a growth of 25.4%. Our EBITDA margins were at 30.4% for the 9 months, which stood at INR 91.9 crores.

This signified a growth of 32.9% over the previous 9 months. PAT for the 9 months was at INR 38.7 crores, signifying a growth of 15.2% over the last 9 months, which was at INR33.6 crores.

Dinesh Pathak: Okay. And one more request, sir. If you can, in your presentation, just call out the rental element clearly and give the IndAS EBITDAs on an ongoing basis, it will be very useful.

Adil Agarwal: Sure, Ganesh. We will do that. We will call out directly.

Moderator: The next question is from the line of Dishant Jain from Quasar Capital.

Dishant Jain: Sir, I just have one question. How does the management bifurcate the growth and the geographical location between the listed and the parent company? Since both are listed, is there any pre-agreement that has been signed between both the companies for particular states or particular regions? I just wanted to understand that part, sir.

Adil Agarwal: Sure, Dishant. That's a good question. Now, if you see the way the companies, the way operations are divided is, most of the older centres, which were set up in the state of Tamil Nadu and in Chennai particularly, are all located in the listed subsidiary. So, if you see most of the expansion which happens in Tamil Nadu, will happen in the listed subsidiary. All of the expansion outside of Tamil Nadu, which includes all our southern states, which is Andhra, Telangana, Karnataka, Maharashtra, the north centres, west centres, and Africa, is all located in the holding company, which is Dr. Agarwal's Health Care Limited.

So there is a clear demarcation in terms of expansion, which happens outside of Tamil Nadu in the holding company, and the listed subsidiary has all Tamil Nadu centres, which continues to grow at its current rate. We are seeing robust growth in both the regions, given strong performance by our operations team across both the entities. The listed subsidiary has grown at about 25% revenue, and our holding company also has grown at about 27.2%.

Moderator: The next question is from the line of Dhawal Khut from Jefferies. Please go ahead.

Dhawal Khut: I just need a few data points. What is the organic growth for the company for 3Q as well as 9-month? That's my question number one. Number two, also, can you inform about how does the pricing look across various payer mix? Let's say cash is at 100. What will TPA be at, and what will the government payers be at? Those are my two questions.

Adil Agarwal: I'll answer your second question first, which is your payer mix. We'll update on the payer mix, and then I will come back to your first question in terms of how our organic centres or what we call the mature centres are growing. Yashwanth?

Yashwanth Venkat: In terms of payer mix, over the last three years, the payer mix has remained relatively consistent, with about close to 88% coming through cash and self-paying patients, and about close to 26% to 27% through insurance and TPA, and the rest 11% to 12% from the government schemes.

Now, one key point to notice, how we break down our business is that we break down our business into two categories, mature facilities and emerging facilities. Those facilities which have been owned or operated by us for more than three years are mature facilities. So the growth in mature facilities for the 9-month period has been close to about 15% on an overall basis. The growth in mature facilities from India, have been by about 18.5%. This growth in mature facilities is akin to your same-store sales growth.

Dhawal Khut: Yashwanth, what I was trying to know is, like-for-like procedure, let's say cash has a certain rate, then what is the discount for the TPA patient and for the government patient? So, the pricing for like-for-like procedure across various peer groups.

Dr. Adil Agarwal: So, you are asking is there any discount for insurance patients? There is no discount for insurance patients. Whatever the provider's charges are, they pay for particular procedures; that is what we effectively do. There is no discount on that.

Dhawal Khut: So, the net realization for same procedure is comparable for TPA as well as cash. Is that correct understanding?

Yashwanth Venkat: See, as far as TPA is concerned, the two major parties are Medi Assist and MD India Health Care TPA. In terms of realization for those two parties, it is close to about INR 35,000, about INR 32,500 to INR35,000. Now coming to the overall contract mix, when you look at both cash as well as TPA, the net realization is close to about INR 38,000. So in terms of realizations, as far as TPA and the overall contracts are concerned, the difference will be close to about 8% to 12%.

Dhawal Khut: Okay, got it. And for government channel, what will that difference be?

Yashwanth Venakt: For government, again, it varies from scheme to scheme. In India, the overall contribution from government schemes is close to about only 6%.

Dhawal Khut: Okay. And on the organic growth side, do you have the numbers available?

Adil Agarwal: So, the way we categorize our business is, we classify them as whether it has an organic centre or we have acquired a particular centre. If it is less than three years old, we classify it as an emerging centre. And if it is greater than three years old, we classify it as a mature centre. So, as Yashwanth was alluding to, out of the 221 centres, now we have 100 mature facilities and 121 emerging facilities. These 100 mature facilities are growing at a CAGR of about 15% over the last nine months.

And that's the way we view the business and what matters is what are your mature centres growing at, because it is the same yardstick now. Whatever is the route through which that centre has been onboarded, the same yardstick is probably used to look at growth going forward. And those centres are now growing at about 15% year-on-year.

Moderator: The next question is from the line of Ashish, an Individual Investor.

Ashish: My question is with respect to the future growth strategy with respect to opening the organic centres and virtual acquisition of hospitals or eye care centres in the rural territories, as you mentioned. And also, the second part of this question is…

Adil Agarwal: Ashish, just pardon me. Can you just speak a little louder because I couldn't hear the question clearly?

Ashish: So my question is with respect to the acquisition strategy going forward with respect to the newer territories. As you mentioned that mainly the acquisition is in the newer territories, say, if you were to venture out into Delhi or UP or other geographies. So in such a scenario when you acquire a new hospital, does it include equity dilution as well to the owners of the newer hospital or these are like more of a cash trade or how does it happen?

And the second question is with respect to the growth strategy, is it fair to say that most of the growth in future would be through organic centres vis-a-vis through acquisition of hospitals in the newer geography?

Adil Agarwal: Absolutely correct. Our future will predominantly revolve around and which is won't be demonstrated over the last 9 months that most of the expansion will come through the organic growth. Only when we look at acquisitions to enter new markets we will consider doing acquisition. For example, what we have done in Varanasi early this year.

But just to give you a sense in terms of how we think about acquisitions and how that works, Yashwanth will give you an update.

Yashwanth Venkat: In terms of the structure, almost all of our acquisitions are done through business transfer agreements wherein we acquire 100% of the business on day one. However, the payment is structured as follows:70% of the total payout is done on day one. The rest 30% is paid out over a four year period linked to certain revenue milestones.

Ashish: I understand. Is there any equity issuance as well of the acquiring company to the owners, doctors of the acquisition target?

Adil Agarwal: So far we have not done any equity dilution for any of the acquisitions that we have done. All of them have been predominantly cash payouts.

Ashish: Sure, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Dishant Jain from Quasar Capital. Please go ahead.

Dishant Jain: Thanks for the opportunity again, sir. Can you just help me with the growth of healthcare and hospital in Tamil Nadu region particularly, is it possible/

Adil Agarwal: Yes please give us a second. So if you see right now the contribution from Tamil Nadu is approximately 40% of the overall group business, which comes from Tamil Nadu. Tamil Nadu

has about 76 facilities if you look at the overall network. The second largest contributor is from Maharashtra which is about 15.7%, Karnataka is about 11.5%, Telangana is about 8.4% and Andhra Pradesh is about 6%.

So effectively these five states contribute about 82% of our growth revenues. From this, the biggest contributor is obviously Chennai which stands at about 18.7%. Now to give you a sense in terms of what the Tamil Nadu business is effectively growing at, you can compare it to what is happening in our listed subsidiary. Our listed subsidiary predominantly has all the Tamil Nadu centres and that entity is growing at about 25% which is roughly around the range in terms of what our Tamil Nadu business is growing at.

See the last month 9 months INR 300 crores of revenue which has come in our listed sub is about 25% growth and most of the centres there are all located in Tamil Nadu which will approximately give you a sense in terms of where our Tamil Nadu business is growing at.

Dishant Jain: Okay. Fair enough. Thank you.

Moderator: Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal. Please go ahead.

Tushar Manudhane: So just wanted to understand how the competition is shaping us as far as the organized eye care chains are concerned across India and how are we better than the other just in case if you want to attribute key aspects around it?

Adil Agarwal: So, Tushar, this is obviously a good competitive space. You have players like ASG, you have Centre for Sight, we have Maxivision, we have Eye Foundation which is there in the South. Other than these, you also have a lot of regional players like Arvind eye hospital which is based in Tamil Nadu.

There is a hospital in Chennai called Sankara Nethralaya which has been doing a lot of great work. You have Narayana Nethralaya in Karnataka and LV Prasad in Hyderabad. These are some of the big names which are doing a lot of good work. We continue to focus on our growth strategies and we believe that we are the largest both in terms of revenue and the number of centres that we have.

I would not like to comment on the other hospitals, but I know a lot of these doctors very well and a lot of these promoters and they are doing a great amount of work and they are also continuing to grow. I think the overall market is growing at a CAGR of 12% to 14% over the next few years and we believe the current number of centres which across all our organised players only have about 13% to 15% of the overall market which signifies that there is significant room for all the organised players to continue to grow at a significant rate.

Tushar Manudhane: Got it sir. And if you could further elaborate on this, apart from cataract surgeries which could be a big growth driver in terms of surgeries for the next 4 years to 5 years

Adil Agarwal: So obviously cataract continues to be the biggest contributor to our group revenue. 76% of our total surgical volumes come predominantly from cataract surgeries, but that said other than cataract surgeries we also have refractive surgeries which have increased significantly. About 5.2% of all the surgeries performed is coming from refractive surgeries and that is continuing to be a significant contributor to our group revenue.

Other than this we have other surgeries like retinal surgeries, we have retinal injections, we have glaucoma surgeries and a bunch of other surgeries which contribute about 20.9%. The trend that we have been seeing in the last few years is both cataract and contribution from refractive surgeries is continue to increase, the growth in refractive surgeries is actually been quite significant.

We have added 43 new refractive machines in the last couple of years and both are again contributing to a significant increase in our top line growth coming from refractive procedures.

Tushar Manudhane: Is it more to do with the patient's inclination to eliminate the specks or because there has been mixed opinion at least as far as the survey goes in terms of having specs or not having specs?

Adil Agarwal: So two to three reasons which contributed. One is obviously there has been increase in patient awareness of some of these procedures. We have been teaching our patients and have been educating our patients on the safety of some of these procedures. Second, as you have an influx of better machines coming into the country and your surgeons are getting trained they are actually able to perform better procedures.

Third, there has been from a demographic perspective since COVID because of increase in screen usage time there has been an increase in refractive errors as well. Some of these factors have contributed to increase in refractive procedures and fourth is obviously with increase in consumption power patients are finding some of these procedures a little bit more affordable and they are opting for some of these procedures.

Last but not the least I think patients have started to take their health a lot more seriously. Similarly eye health falls into that category which is why you are seeing patients opt for some of these procedures.

Tushar Manudhane: Got it sir. Thanks for that.

Moderator: Thank you. The next question is from the line of Sriram R an Individual Investor. Please go ahead.

Sriram R: Thank you for the opportunity. Sir I have a question on Dr. Agarwal's Eye Hospital the existing listed entities. Now if I look at the historical financials of the entity, pre COVID the growth has been in single digit. Now post COVID there has been a surge in revenue. I just want to understand what happened post COVID for the overall group as such?

Adil Agarwal: I think this has been a trend not just in Agarwal per se, but across all the other eye care players and all the other Health Care players per se. One of the trends which we did see is if you see in early on during COVID, our Chairman, Dr. Amar Agarwal gave us instructions to keep all the hospitals open. So we were one of the first hospitals to keep ourselves open.

Second, there has been a trend where patients have started to move away from smaller eye clinics and they've started to gravitate more towards the larger corporate-based hospitals. So you are starting to see better patient footfall coming in. As we continue to expand our footprint using our hub-and-spoke model, you have started to increase market share in many of these regions that we are present in.

So you're starting to see an increase in the revenue growth and footfall coming in because of that. Last but not the least, as we move towards higher-end procedures, the average realization in many of our different surgeries have also started to increase, which is also yielding to higher top-line. These are some of the factors which we have seen has changed in the last four to five years, which is why you're seeing that kind of growth across both our entities.

Sriram R: Okay, so that's helpful. Now, if I were to bifurcate this growth into footfall and realization, how much would that be like how much would be the growth due to footfall and how much ballpark figures?

Adil Agarwal: So, just to give you a sense. I would say about 6% to 7% is coming from increase in footfall. 2% to 3% is coming from pricing and about 6% to 7% would say is coming from better realizations. Yashwanth, do you want to add on to this?

Yashwanth Venkat: Yeah, as Dr. Adil was explaining earlier, over a 3-year period from FY '22 to FY '24, in terms of the revenue per mature facility, we have grown at a CAGR of about 18%. This is akin to your same-store sales growth. If you have to break down this 18%, this 18% can be broken down into about 7% to 8% because of increase in volumes. About close to 3% from increase in prices. And the rest 7% coming from due to the effect of premiumization.

Sriram R: Okay, sir. Okay. That's super helpful. Thank you so much. All the best.

Moderator: Thank you. The next question is from the line of Dhawal Khut from Jefferies. Please go ahead.

Dhawal Khut: Yes, hi. Thanks for taking my question again. Wanted to know what is the current ticket size for cataract, refractive, and the other surgeries that we have, maybe for quarter or 9 month? And second is, what will be the gross margin hierarchy for these three segments versus the corporate average?

Adil Agarwal: Sure, so if you look at our cataract surgery, we have three different forms of cataract surgery. You have the lower end procedures, you have mid-end procedures, and you have the higher end procedures. But at a overall group level, our average cataract surgery is at about INR 38,000. Refractive surgeries, which are again, a significant contributor, are about INR 75,000 to INR 80,000 are our average realization coming in from refractive procedures.

If you look at the margin profile of the three main revenue items for us, one will be surgeries, second would be optical, and third would be pharmacies. I would request our CFO to just give you an update on what the gross margin profile of the three different categories are.

Yashwanth Venkat: At an overall level, the gross margins are between 77.5% to 77.7%. For surgeries, especially for cataracts, it is between 82% to 83%. For refractive, it is around 75%. For optical, it is close to 65%, as far as the gross margins are concerned. And pharmacy, between 45% to 50%. So on a blended basis, the gross margins are close to 77.5% to 77.7%.

Dhawal Khut: Just a follow-up, so pharmacy, usually, retailers don't have more than, let's say, 20% to25% of a margin. So how come we are able to get that 45%, 50%? Is it a tender-driven procurement or something else that I'm missing? Because ideally, our margins should be in line with those of retailers, right?

Adil Agarwal: So if you see our pharmacies, we only focus on eye products. We don't like most of the other retailers sell all kinds of products, right? So given that we're only focused on eye products, given our economy of scale, we're also able to negotiate better prices with our vendors, which is why we believe our margins are a little higher compared to other retailers.

Dhawal Khut: Do we directly procure from various manufacturers or is it, we go through the regular channels and we procure it from the distributors?

Adil Agarwal: Both, we do both.

Dhawal Khut: Okay, thank you. Thanks for answering my questions.

Moderator: Thank you, the next question is from the line of Ashish, an Individual Investor, please go ahead.

Ashish: Hello, sir, thanks for the opportunity again. My question was with respect to expansion by many of the hospitals as well, into new geographies, new facilities, and into day care procedures as well. So how would the eye care teams compete vis-a-vis with respect to main headline hospitals?

Adil Agarwal: So there is a fundamental differentiator between us and the multi-speciality hospitals, Ashish. The multi-speciality hospitals predominantly are much larger in terms of, the size and format, and it's focused across different specialties like cardiac sciences, ortho, oncology, etc. We are predominantly focused only on eye care. We work on a hub-and-spoke model. Our modus operandi is predominantly day care.

Patients come in, they get their procedures done, and they leave the same day. It is a specialty business, so it is difficult to compare in terms of what is happening here versus what is happening with the multi-speciality hospitals. We have specialists across all different specialties of ophthalmology, and if you see how we have grown over the last few years, it's a combination of both existing and setting up new centres.

We go a lot more deeper into existing markets and continue to keep rolling out more centres. Multispecialty hospitals typically work on an operating bed model, which is, they have a metric called Arcot. We don't have any of those metrics available, so our business model is a completely different from the multispecialty hospitals.

Ashish: Sure, so my question was basically with respect to the premium surgical procedures, where the margins are also high and where the 67% of the remaining growth of the balance 18% is coming in, so would there be competition from that perspective into that premium surgery model? That's what precisely I was looking at?

Adil Agarwal: Okay, so you're saying compared to the other eye care players and other players from that perspective. So we believe that we have some of the best clinicians working with us who continue to deliver outstanding clinical performance. We also work with some of the best equipment manufacturers and have high-quality equipment available at our centres. For example, in cataract surgeries, we work with the likes of companies like Alcon and J&J.

For refractive procedures, we have the best ZEISS machines, Alcon machines, and J&J machines, again. We see many more surgeons that are very well-trained in performing these procedures, and we continue to deliver best results as long as we continue to deliver quality clinical outcomes. We believe that patients will come to us and will be happy with our performance.

Ashish: Sure, sir. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question for today. I would now like to hand the conference over to Mr. Adil Agarwal for closing comments.

Adil Agarwal: So thank you, everyone, for taking the time. I'm very pleased to report strong financial results for quarter 3 of FY '25, which has been driven by solid year-on-year growth across all metrics. Given our revenue increase by 29.5%, our EBITDA grew by 23%, and PAT grew by 25%, this reflects the strength of our operations and continued strategic execution.

We believe that we will continue to show strong performance as we progress over the next few years, and thank you all for the support. Thanks once again for taking the time, and we'll see you next time.

Moderator: Thank you. On behalf of Dr. Agarwal's Health Care Limited, that concludes the conference call. Thank you for joining us, and you may now disconnect your lines.