Max Healthcare Inst

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

Suraj Digwalekar – CDR India: Thank you, Neeraj. Good morning everyone and thank you for joining us on Max Healthcare's Q4 and FY26 earnings conference call. We have with us Mr. Abhay Soi, Chairman and Managing Director; Mr. Yogesh Sareen, Senior Director and Chief Financial Officer; and Mr. Keshav Gupta, Senior Director, Growth, M&A and Business Planning. We will begin the call with opening remarks from the management, following which we will have the forum open for an interactive Q&A session. Before we begin, I would like to point out that some statements made today may be forward-looking in nature and a disclaimer to this effect has been included in the earnings presentation shared with you earlier. I would now like to invite Abhay to make his opening remarks. Thank you and over to you, Abhay.

Management: Good morning everyone and thank you for joining us on Max Healthcare's earnings call for the fourth quarter and full year ended March 31, 2026. Let me begin by highlighting that over the last 2 quarters, we have rolled out phased commissioning of more than 20% additional brownfield capacity across our hospitals in Mohali, Nanavati Mumbai, and Max Smart in Delhi. All the beds will be ready to be operationalized over the next 2-3 months. Further, we expect to add another 10% capacity once our 500-bed greenfield hospital in Gurgaon is commissioned during the year. We have already onboarded clinical and non-clinical talent for these capacities and expect significant operating leverage to come through as operations progressively ramp up.

We are also pleased to share that we have completed the acquisition of a controlling stake in Kalinga Hospital Limited this month. Kalinga owns and operates a 250-bed hospital on a prime 10-acre land parcel in the heart of Bhubaneswar, which also allows us for future brownfield expansions at that facility. The acquisition marks our entry into Eastern India and provides us a strong platform with established clinical programs and significant potential for future expansion at the existing site. We have firmed up plans to revamp and expand the facility.

Further, the board has approved an investment of 1,400 crores for the construction of a 700-bed greenfield hospital at Shaheed Path, Lucknow. This investment reflects our continued confidence in the region where we have seen encouraging momentum since the acquisition of our existing facility. The proposed hospital will add meaningful bed capacity and position us to serve the growing demands for high-quality healthcare services in one of North India's important healthcare markets.

With respect to the Q4 performance, the network delivered its 22nd consecutive quarter of year-on-year growth with revenue increasing by 10% and operating EBITDA by 8%. As we move into FY27, our priorities remain focused on scaling the recently commissioned capacity, integrating Kalinga Hospital into the network, and progressing our outlined expansion projects, including the Sector 56 Gurgaon hospital. At the same time, our existing hospital operations continue to provide

a steady foundation supported by strong clinical capabilities and consistent execution across the network. This positions us well to deliver sustained growth while maintaining capital discipline.

Management: Now coming to the Q4 performance highlights. Average occupancy for the network continued to be more than 75% despite the increase in operational bed capacity with most of the units operating at near optimal capacity. Occupied bed days were up by 8% year-on-year and 4% quarter-on-quarter. Average length of stay was temporarily higher by 9% compared to Q4 last year, a characteristic spurt due to multi-location capacity rollout simultaneously.

Average revenue per occupied bed (ARPOB) for the quarter stood at 77,900. This was after absorbing the impact of higher average length of stay and the discontinuation of select high-value chemotherapy drugs for institutional patients. Network gross revenue stood at 2,664 crores compared to 2,429 crores in Q4 last year and 2,608 crores in the previous quarter. This reflects an increase of 10% year-on-year and 2% quarter-on-quarter.

Due to the discontinuation of select high-value chemotherapy drugs for institutional patients, the share of oncology in inpatient revenues dropped to 21% from 26% in Q4 FY25 and 24% in Q3 FY26. Excluding oncology, gross revenue grew by 15% year-on-year and 5% quarter-on-quarter. International patient revenue was 227 crores, registering a growth of 12% year-on-year and accounting for 9% of the revenue from hospitals.

Digital revenue from online marketing activities, web-based appointments, and digital lead management was 838 crores, accounting for approximately 31% of overall revenue. Website traffic crossed 90 lakh sessions during the quarter, growing by 39% year-on-year.

Network operating EBITDA stood at 682 crores, reflecting a growth of 8% year-on-year and 5% quarter-on-quarter. Network operating EBITDA margin was 26.8% for the quarter compared to 27.2% in Q4 FY25 and 26.1% in the trailing quarter. Annualized EBITDA per bed for the network stood at 73 lakhs versus 74 lakhs in FY25 and 71 lakhs in the previous quarter. This was also reflective of the higher average length of stay.

Profit after tax for the network was 387 crores against 376 crores in Q4 last year and 344 crores in the previous quarter. The network generated free cash flow of 581 crores during the quarter. 328 crores was deployed towards ongoing capacity expansion projects and facility upgrades at newer facilities.

Net debt for the network stood at 1,908 crores compared to 2,166 crores at the end of December 2025, and the net debt to EBITDA ratio continues to be less than one. Continuing our efforts to support local communities, we provided free treatment to approximately 42,000 patients from economically weaker sections of society worth 59 crores at hospital tariff.

Both our strategic business units continue to deliver steady growth in revenue and profitability. Max @ Home reported revenues of 73 crores, reflecting a 30% year-on-year growth. It offers 16 specialized service lines across 15 cities with over 56% repeat transactions. Max Lab reported a revenue of 52 crores, reflecting 14% year-on-year growth. It provides services in over 60 cities and served nearly 6 lakh patients during the quarter.

Management: Now moving on to the status of our expansion projects coming on stream in the next 2-3 years. At Max Lucknow, the current capacity of the hospital stands at 426 beds and we expect this to increase to 570 beds over the next 2 quarters. For the 500 beds at Sector 56 Gurgaon, the interior and facade works have started, and we are targeting to commission this facility by the end of this year. Regarding the 100 beds at Max Nagpur, project work continues to be on track and we expect commissioning by FY28. For the 400 beds at Zirakpur Mohali, structural work is ongoing and we are on schedule to commission the hospital in FY28.

For the 260 beds at Max Dwarka, building plan submission is underway and the project is expected to take 24 months to complete. For the 200 beds at Max Vaishali, we are awaiting building plan approvals while all other clearances are in place. The project is expected to take 24 months post receipt of approvals. For the 400 beds at Max Patparganj, D-wall work construction has started and we expect commissioning by FY29.

And finally, coming to the overview of the company's performance for the full year ended March 31, 2026. During the year, we have initiated phased commissioning of nearly 20% additional brownfield capacity across the network. Network gross revenue stood at 10,538 crores, reflecting a growth of 16% year-on-year. Overall network operating EBITDA grew by 14% year-on-year to 2,638 crores, translating to a margin of 26.2% and EBITDA per bed of 72 lakhs.

Profit after tax for the network increased to 1,631 crores compared to 1,336 crores in FY25, registering a growth of 22%. During the year, we generated 1,541 crores of free cash from operations after interest, tax, working capital changes, and routine capex. Further, 1,627 crores was deployed towards ongoing expansion projects and facility upgrades at newer units. 131 crores was deployed towards land purchases at Vaishali and 146 crores was distributed as dividend.

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

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Neha Manpuria from BofA Securities. Please go ahead.

Neha Manpuria – BofA Securities: Yeah, thanks for taking my question. My first question is on the brownfield beds that we've added. When do we start seeing them contributing to EBITDA more meaningfully? Did I hear it correctly that all of these brownfield beds will be commissioned in the next 2 quarters? So Q2 and Q3 is when they should start showing up more meaningfully on your EBITDA?

Management: No, so they're already contributing to EBITDA. So it's not any form of negative contribution really, but what happens is that you get the better end of things as you go along because right now, out of the total 1,000 odd beds, we've initiated a lesser amount. It's a phased rollout. So it is like, let's say if you have 400 beds at Max Smart which are being rolled out in a phased commissioning, you would have started with less than 100 beds or about 100 beds over

there. As you open up the balance beds over the next 2-3 months, I suspect over the next couple of quarters you'll see the entire operating leverage as the balance beds get occupied. Because your costs related to even the brownfield are not linear, effectively.

Neha Manpuria - BofA Securities: Okay. And is it fair to assume that occupancy in these ramping up should not be a problem? We should get to a fairly good level of occupancy as soon as we start these beds? That should not be a problem, right? That would be a fair assumption.

Management: Yes. So I mean it's a two-way situation. You don't open beds if you don't have occupancy. But what we've seen is a very good ramp-up of that occupancy and therefore, in spite of new beds opening up, your occupancy remains high. But having said that, I must also point out what is embedded within it is also high ALOS. What tends to happen is you're just a little more efficient when you don't have the beds; when you open up the new beds there's a tendency for the ALOS to increase. I dare say it's slightly temporary in nature. We tighten it again, but you've seen the ALOS has gone up by about 8-9%. The impact of that is that it shows up in both your ARPOB and occupancy; although the occupancy sounds a little higher, your ARPOB comes through a little lower.

Neha Manpuria - BofA Securities: Okay understood. My second question is on Gurgaon. Did I hear you correctly that we're now expecting Gurgaon commissioning by the end of this fiscal year? I am not sure if I picked that up correctly.

Management: Yes, we are expecting commissioning by the end of the year.

Neha Manpuria - BofA Securities: Okay, and we shouldn't be expecting any further delay on that because that's been pushed out a few times now?

Management: That's right. That's right.

Neha Manpuria - BofA Securities: Okay and sorry, one last question if I may on the Bhubaneswar asset that we acquired. This will start integrating from Q1 itself or is there any approval that we need before closing this?

Management: No, Q1. We've already acquired the majority stake, so we will be consolidating.

Neha Manpuria - BofA Securities: Okay got it. I have a few more questions but I'll get back in the queue. Thank you.

Management: Yes.

Operator: Thank you. Next question is from the line of Bansi Desai from J.P. Morgan. Please go ahead.

Bansi Desai - J.P. Morgan: Yeah, thanks for the opportunity. So just again on Gurgaon, how should we think about the operationalization of beds? Assuming we commission towards the end of FY26, what will be the phase one operationalization and what is the count that we should expect in FY27?

Management: So I think in FY27, we will be looking at breaking even within the year. It's a greenfield, as you're aware. Having said that, our experience with the Dwarka greenfield was that we

operationalized it and guided to a 1-year break-even, but we actually broke even in 6 months. We had an operating consolidated loss in the first 6 months of about 35-40 crores, but by the end of the year, I think it was less than 10 crores. So even if that number is more or less the same, in this case it's not a meaningful change to perhaps what the projections are going to be.

Bansi Desai - J.P. Morgan: But in terms of beds, are we expecting a phased manner of operationalization here because it's a 500-bed facility?

Management: Yes. You always do it in that manner, both physically and tactically. If you have 500 beds, you're not going to have occupancy for 500 beds on day 1, so you don't operationalize or staff all 500 beds. If I take the example of Dwarka where we had 300 beds, we started with 140 beds. We ramped up occupancy and broke even with those 140, so the balance beds start yielding as you go along. You are seeing a similar story play out in the brownfields right now and with respect to the greenfield at Gurgaon, you're going to start with let's say about 200 odd beds. Once you break even within those, you start rolling out the balance beds.

Bansi Desai - J.P. Morgan: Understood, that's clear. And my second question is on the oncology share decline that we've seen in Q4. While clearly the reason highlighted is the discontinuation of chemo drugs, it still feels a bit sharp given we had quantified the oncology drug impact to be about 80 odd crores. So if you could help us understand what has happened here and by when do we expect this to reverse?

Management: So I think there are two things. Oncology drugs are daycare. Oncology drug margins were coming out a little perverse to us, so the discontinuation of these high-value drugs not only impacts your top line but also impacts your related occupied bed days (OBDs) because some of the patients who were coming for this are also admitted at night. So it has a knock-on effect on that as well. Your OBDs have come down by about 5-6% which is related to this.

Bansi Desai - J.P. Morgan: So do we have a plan in place for how we replace this? What alternative protocols would you have?

Management: Basically some of this is permanent because we know that we will not be able to do this sort of business on a negative margin basis. As you have seen in this quarter, although the OBDs have de-grown by 6% in oncology, we have overall grown the OBDs. That means the other specialties were able to compensate for it. That is the plan even going forward; we don't expect the share of oncology to come back to 25-26% as it was earlier. It will continue to hover around 21-22% and we will then have the other specialties fill up that gap.

Bansi Desai - J.P. Morgan: Got it. And the CGHS rate revision benefits, has that started to flow through in Q4?

Management: Yes, all except the super specialty rates. So I think a very large part is already in. But there's a small part which is left out, which is around 25-30 crores per annum. That will be phased in over the year. In two hospitals it has started to come, but the balance is still pending.

Management: But that's all in this quarter. We are expecting that in the next few months.

Bansi Desai - J.P. Morgan: Thank you.

Operator: Thank you. Next question is from the line of Damyanti Kerai from HSBC. Please go ahead.

Damyanti Kerai – HSBC: Hi, thank you for the opportunity. My first question is a clarification. Abhay, you mentioned you are rolling out beds in a phased manner even for a facility like Smart. Help me understand this better. In the past, whenever you opened or commissioned a brownfield facility, I understand the ramp-up happened much faster than what we are seeing right now. Has anything changed that causes you to go for a more gradual, phased way of operationalizing beds?

Management: No, we've always opened brownfield in a phased manner. Whether it is brownfield or greenfield, it's always been opened in a phased manner. It is opened in a phased manner because as soon as any part of a new facility or any floors are ready, there's always a need for those floors, and you have seen that play out in the occupancy. We try to put them to work as soon as possible. Whichever floors are ready—it's the same at Nanavati, Mohali, and Smart—it's been the same in the past at Shalimar Bagh or Vaishali. Every facility we have rolled out has been done in this manner.

Management: As we mentioned in the opening remarks, our operationalized bed capacity went up by 8%, just as our OBDs went up by 8%. As and when the beds are ready, they are being taken up. To put Smart in context, this is the 26th or 27th month of project start, whereas typically a project of this size takes about 36 months. Because we are starting operations within a shorter time, we are taking them up floor by floor.

Damyanti Kerai – HSBC: Sure. And when it comes to the ramp-up of some of the newer facilities, you mentioned Dwarka. Similarly, can you update on the status of the Noida unit and how it is ramping up in terms of occupancy? Last quarter, you mentioned there are some issues you are trying to resolve.

Management: Noida has ramped up well now in this quarter. The occupancy has been around 64-65%. There is further room to grow, but on the revenue side, it's done well compared to last quarter after we hired more doctors in that hospital. We are happy with where we are with respect to Noida's quarter-on-quarter growth.

Management: It has pulled around very well and in terms of EBITDA growth, we have seen a substantive growth over there. So it is well on its way.

Damyanti Kerai – HSBC: So it is in line with your expectations and not falling behind?

Management: Yes, absolutely. I am very encouraged by the last quarter.

Damyanti Kerai – HSBC: And it can very well go to the network level occupancy of say 75% or so?

Management: Absolutely. I think very shortly we will need to do a brownfield over there and add more beds as well.

Damyanti Kerai – HSBC: Okay, good to hear. And my second question is a clarification on the discontinuation of oncology drugs. You mentioned 5-6% of OBD was knocked off because of it. I wanted to understand if these drugs were meaningful contributors at the EBITDA level, given their high ticket size.

Management: Yes, they were. Earlier they were given on MRPs and we had a 15-16% margin on those which used to flow to EBITDA. Now you lose that 16% margin because you have to give a 30% discount to MRP, so we discontinued these.

Management: Earlier there was a contribution to EBITDA. That is the reason when we gave you the price impact of the CGHS, we netted that out and so to that extent, it is absorbed through the price increase. The net benefit was 200 crores, or 140 crores after GST.

Damyanti Kerai - HSBC: 200 crores was the gross number and then when we include the GST impact, 140 crores is the number coming through?

Management: That's right. Of that, 30 crores as I mentioned is super specialty rates which has not yet flowed in. So about 100-110 crores has flowed in and 30-40 crores is yet to flow in. These are all annual numbers.

Damyanti Kerai - HSBC: Sorry, just to clarify, another 30 crores would flow in from here?

Management: Yes. Out of 140 crores, about 30-40 million is yet to flow in; 100-110 crores has already flowed in on an annualized basis.

Damyanti Kerai - HSBC: Okay got it. And I think my last question is on the pipeline projects coming up in 2028 or so. Are there any facilities where we are seeing delays in terms of approvals, or is it just the completion of the facility that will be done as per your indicated timeline?

Management: No regulatory clearance is pending over and above what was anticipated. In the past, there have been delays because of GRAP-3 pollution restrictions and shortages of manpower because of an LPG crisis. We also had issues with forest approval because of tree transplantation where the Supreme Court had taken cognizance of a matter involving the Lieutenant Governor. These are not typically regulatory approvals; we've had issues with pollution shutdowns, transplantation, or RERA work causing a shortage of labor.

Operator: Thank you. Next question is from the line of Karan Vora from Goldman Sachs. Please go ahead.

Karan Vora - Goldman Sachs: Thank you for taking my question. The first question is with respect to doctor costs. We see that doctor costs have gone up and we've hired in advance. I just wanted to get a sense of which hospitals we have hired for and where further doctor additions are still pending that might hit the cost line in the next 1-2 quarters?

Management: At the end of 2024, we added close to 25-30% more capacity through Dwarka, the JP acquisition, Sahara, and Alexis in Nagpur. This year we've already started a phased rollout of over 20% more capacity which includes Mohali, Nanavati Mumbai, and Max Smart Saket, as well as Lucknow. We've seen a meaningful improvement in Noida because we've expanded our doctor base. We've seen similar ramping up in Lucknow, Smart, Nanavati, and Mohali. So for all of these new ones, we added doctors. Even at Dwarka, which is now operating at 80-85% capacity, we had added some more people through the last quarter as well. It has been pretty much secular across the portfolio because it is multi-locational. You are going to see the same thing in Bhubaneswar now because we will add manpower there, although that should not move the overall needle simply

because it is one hospital. But the minute you're doing it at 4-5 locations at one time, you're going to see a little bit of lumpiness.

Karan Vora – Goldman Sachs: Okay, got it. So as for common understanding, this 435 crore number for doctor fees in Q4 should not materially change going forward, at least for the next few quarters?

Management: Yes, it should actually start getting operating leverage. My belief is that the percentage will marginally start coming down.

Karan Vora – Goldman Sachs: Got it. And for Kalinga Hospital, any startup losses or break-even timelines?

Management: It is already profitable. I think it does about 10 crores of annual EBITDA, so you're not starting with a negative.

Karan Vora – Goldman Sachs: Okay, got it. And unlike some other places where we wanted to streamline practices, all those things have been taken care of and we should be able to maintain that EBITDA run rate?

Management: Even in the other places where we corrected business behavior, it didn't go into the negative. We just made less profit. None of these acquisitions have been loss-making, even after taking over and taking necessary actions. So in this case, we have 10 crores positive and you're not going to see meaningful negative numbers.

Karan Vora – Goldman Sachs: Got it, helpful. And the last question is with respect to the new units operationalized in the last 12-15 months. How has their overall revenue and margin trajectory looked?

Management: For about 12-13 months, we did not really add any capacity until the recent 20-25% rollout. The previous generation where we did Lucknow, Nagpur, Dwarka, and JP have all done significantly well. Lucknow, for example, is doing 5 times the EBITDA we acquired it for. We have seen meaningful additions in Nagpur and Noida. Dwarka is operating at 80-85% capacity and we're already planning a brownfield there for another 200 plus beds. The oncology center in Dwarka is starting next month, so that should reap further benefits. You are going to see a hockey stick effect there because when you move from 50-55% occupancy where you break even up to 80%, that is where the real juice comes from.

Operator: Thank you. Next question is from the line of Tushar Manudhane from Motilal Oswal. Please go ahead.

Tushar Manudhane – Motilal Oswal: Thanks for the opportunity. This was more on the Lucknow side. You have a decent land bank as far as Sahara Hospital is concerned, and Shahid Path land was also acquired. How are we evaluating which land bank to set up? I understand the board has given approval for Shahid Path, but how are we going to utilize both land banks to build the Lucknow hospital network?

Management: We have a land bank of 27 acres in Gomti Nagar and 5 plus acres on Shahid Path. We are expanding capacity in Gomti Nagar to about 570 beds over the next few months. We also

intend to start a multi-location strategy with 700 beds at Shahid Path, which we'll be operating in a phased manner. It should take about 3 years to build it. Simultaneously, we believe we'll be running out of capacity at Gomti Nagar as well, so we'll be adding another 200-300 beds there. You're going to have a multi-pronged strategy. One doesn't have much to do with the other. Having two locations allows us to have two sets of senior clinicians. If you have only one location, the senior personnel can become a choke point. When you have multiple locations, it allows you to expand the bench strength. We've seen that advantage play out for us in Delhi and other places.

Tushar Manudhane - Motilal Oswal: Understood. So this is not so much about cannibalizing, given it is hardly a 13-14 kilometer distance?

Management: No, absolutely. Also, on Shahid Path, the capacity can go up to roughly 890 beds. So there's more we can build there even after these 700 beds.

Tushar Manudhane - Motilal Oswal: So it reflects the kind of confidence you have in Lucknow as a location, building a network of more than 1,000 beds eventually.

Management: Absolutely. I see Gomti Nagar alone going close to 2,000 beds over the next decade. We're going to do it in a phased manner because the clinical programs are very strong there.

Tushar Manudhane - Motilal Oswal: Understood. Second, are you seeing a risk of medicines being taken directly by the Health Scheme or CGHS in other therapies?

Management: Because we are in Delhi, we have a larger amount of institutional business from CGHS and ECHS. They have said that all medicines must be provided at a 30% discount to MRP. It's not limited to one drug. Now, if the hospital's margins are less than 30%, it becomes loss-making and we discontinue it. The patient has the alternative of buying it from the CGHS dispensary. This was the first time they made changes to the price in 14 years.

Tushar Manudhane - Motilal Oswal: Is this oncology-specific or is CGHS doing it across all therapies?

Management: This 30% discount rule is across the board for all medicines, but the discontinuation we discussed specifically impacted chemotherapy.

Tushar Manudhane - Motilal Oswal: Practically, is CGHS able to provide the medicines on a timely basis or do you think the patient will come back to the hospital pharmacy?

Management: There is obviously a lot of noise among CGHS pensioners regarding this. We've been given to understand that they're reconsidering it, but one doesn't know for sure. A lot of representation has been made by patients. One problem is that this also applies to ECHS and other PSUs. While CGHS has dispensaries, ECHS and other PSUs don't. So some of these drugs are currently not accessible to them.

Tushar Manudhane - Motilal Oswal: Got it, so this might start getting reflected back in the future.

Management: It stands to reason. Otherwise, you'll have ex-servicemen who are not able to access these drugs.

Tushar Manudhane – Motilal Oswal: Got it and lastly, for Gurgaon, we were to start in the second half of the year. Now we are indicating the end of the year?

Management: That is right. When we said second half, we meant the middle of the second half, and now it's shifted to the end. There have been two issues. One is that a lot of labor goes back during elections, particularly the Bengal elections. We had a large reduction in manpower at the sites. Second is the LPG issue. Most laborers cook their own food, and there was a disruption because they did not have LPG. We've started serving meals for all labor at our sites now to overcome that. These laborers are not on our books; they are contractor labor, so we had to initiate a particular method to supply meals for about 1,100 to 1,200 people. These issues have caused a delay of a couple of months.

Tushar Manudhane – Motilal Oswal: And lastly, regarding doctor talent cost. Given the bed additions by multiple corporates, are you seeing negotiating power moving toward the doctors?

Management: It's not a new phenomenon that hospitals come up in locations where there are existing hospitals. When that happens, clinicians tend to negotiate their compensations and costs do go up. But having said that, it does even out and it is transferred to the patients over a period of time because a 10-12% PAT margin business is capital intensive. I believe this will normalize across the entire industry.

Operator: Thank you. Next question is from the line of Aditya Chheda from Incred Asset Management. Please go ahead.

Aditya Chheda – Incred Asset Management: Hi, thank you for the opportunity. Regarding the discontinuation of chemo drugs due to MOU conditionalities, is this specific to Max Healthcare or industry-wide? And did I understand correctly that it had a negative impact on revenue to the tune of 130 crores with 16-17% EBITDA margins?

Management: This is an industry-wide phenomenon. However, Max does the maximum amount of oncology and institutional business (CGHS, ECHS), so the impact would be felt maximum at Max. The top line will reduce by 200 crores on an annual basis due to these discontinuations.

Operator: Thank you. Next question is from the line of Abdul Kader Puranwala from ICICI Securities. Please go ahead.

Abdul Kader Puranwala – ICICI Securities: Hi, thank you for the opportunity. Just a follow-up on the CGHS part. The contribution from CGHS has barely moved the needle, whereas oncology revenues have seen a sizable dip. What portion of your CGHS revenue actually comes from oncology?

Management: There is less impact on the beds because chemotherapy is billed in daycare. There's an impact on revenue but not on beds. However, the occupied bed days (OBDs) for oncology patients have come down by 6% year-on-year. Within the overall CGHS business, oncology used to be 50%, but it has reduced to 40% now.

Abdul Kader Puranwala – ICICI Securities: And for your existing network, prior to any bed additions, how should we look at steady-state revenue and EBITDA growth levers? Is it more ARPOB driven or is there a case mix element?

Management: Growth comes from ARPOB and OBDs. In our existing hospitals, we are adding more brownfield capacity in Mohali, Nanavati, Lucknow, and Max Smart. Wherever we have 80-85% occupancy, we add more beds to ensure OBD growth. If we don't have OBD growth, then growth would be limited to the ARPOB side, which is about 6-7%.

Abdul Kader Puranwala - ICICI Securities: Would it be possible to quantify the EBITDA drag the new hospitals had in Q4 and FY26?

Management: It's very tough to do so now because once you open a brownfield tower, the patients start to mingle. For example, if I move oncology into a new tower, the beds those patients previously occupied get filled by other specialties. On a consolidated basis, we've seen that there's no real pressure on margins.

Operator: Thank you. Next question is from the line of Lavanya from UBS Group. Please go ahead.

Lavanya - UBS Group: Thank you for the opportunity. A clarification on chemo drugs. If we're losing out on the drugs to dispensaries, where are we losing the OPD patients in general for that 5-6% impact? And has Q4 seen the full impact of this?

Management: Q4 has already had the full impact as we started to stop this in October last year. We haven't yet received the full impact of the price gain on the CGHS side, which will come about starting this quarter as more hospitals get super specialty rates. Regarding where we are losing oncology patients, they may be going to small nursing homes in the disorganized sector that are able to manipulate their invoices.

Lavanya - UBS Group: Do we expect any resolution or will this be there for several quarters?

Management: It doesn't seem to stand to reason because these are medicines like Keytruda, and manufacturers don't make exceptions on margins. While CGHS patients can procure drugs from dispensaries, ECHS and PSU patients cannot. We are hearing a lot of complaints from patients and we are hoping the government will reconsider this, although it's difficult to pin down a timeline.

Lavanya - UBS Group: Are ECHS and PSU patients seeing disruption to their treatment or are they moving to other available alternatives?

Management: They have to behave the same way as the CGHS patients. There are other alternatives to some of these medicines, but they may not be the preferred preferred alternatives from a clinical standpoint. The question is efficacy. If a doctor believes a particular branded drug has more efficacy for a specific patient, currently they are finding it difficult to source.

Operator: Thank you very much. Ladies and gentlemen, we'll take that as the last question. I'll now hand the conference over to the management for closing comments.

Management: Thank you everyone for joining us today. We appreciate your time and look forward to interacting with you again next quarter. Thank you.

Operator: On behalf of Max Healthcare Institute Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.