



“Dr. Agarwal's Health Care Limited
Q1 FY26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the Dr. Agarwal's Health Care Q1 FY '26 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Aashna Dharia, Head of Investor Relations from Dr. Agarwal's Health Care Limited. Thank you, and over to you, ma'am.

Aashna Dharia: Thank you, Manav. A very good evening, ladies and gentlemen. Welcome to Dr. Agarwal Health Care Q1 FY '26 Earnings Call. From the management side, we have Dr. Adil Agarwal, CEO; Dr. Ashar Agarwal, Chief Business Officer; Mr. Rahul Agarwal, Chief Operating Officer; Dr. Vandana Jain, Chief Strategy Officer; and Mr. Yashwanth Venkat, Chief Financial Officer.

We have released the financial results, press release and investor presentation, all of which are available on our website and the exchanges as well. 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 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 the investor presentation.

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

Adil Agarwal: Thank you, Aashna. Good evening to all of you and a warm welcome to the Q1 FY '26 Earnings Call of Agarwal's Health Care Limited. Let me begin by providing you all an update on the Quarter 1 performance. The new fiscal year commenced with record-breaking results. We crossed the milestone of INR500 crores in total income for the quarter and delivered over a 100% year-on-year increase in profit after tax of INR38 crores.

For Q1 FY '26, total income stood at INR501 crores, up 22.3% year-on-year while revenue from operations rose 20.8% to INR 487 crores. The quarter delivered a robust Ind AS EBITDA of INR 141 crores, growing 28.9% year-on-year with margins at 28.2%, an improvement of 140 basis points at more than doubled to INR38 crores with a PAT margin expanding by 315 basis points to 7.6%.

Next, I would like share our footprint and network growth update. During the quarter ending June 2025, we served over 7 lakh patients and performed nearly 79,000 surgeries through our network of over 249 facilities, comprising 29 hubs and 220 spokes.

In India now, we have a total network of 230 facilities across 14 states and 5 union territories covering 136 cities. Our presence is well diversified now with 32% of our facilities in Tier 1

cities, 61% in other cities and 8% located internationally. We expanded our footprint by commissioning 13 new greenfield facilities further strengthening our reach and capacity. These included 1 tertiary center in Delhi, 7 secondary centers in Mangalore, Hennur Road in Bangalore, Visakhapatnam, Sambhalpur in Orissa, Redhills in Chennai, Lucknow, and Kolhapur along with 5 primary centers in Andhra Pradesh, in Erode in Tamil Nadu, in Kerala, in Telangana and one in Tanzania.

Of these, two facilities, one is Redhills in Chennai; and second, Bhavani and Erode were opened under our subsidiary, Dr. Agarwal's Eye Hospital Limited and one primary center in Tanzania under our African subsidiary. During the quarter, we marked a significant milestone with our strategic entry into the Delhi market by opening a state-of-the-art 3-story tertiary facility spread across 10,000 square feet.

We are privileged to have onboarded Padma Shri awardee, Dr. Jeewan Singh Titiyal, an eminent surgeon who was previously the former Chief and HOD of the R.P. Center of Ophthalmic Sciences at AIIMS, New Delhi. He is the first Indian ophthalmologist to have performed a live surgery at ASCRS, USA. Our Delhi facility now is equipped with cutting-edge technologies, including the Excimer Laser, SMILE for refractive surgery, the Alcon Phaco machine for cataract, the ZEISS ARTEVO 800 Operating microscope, amongst others.

In the last month, the center recorded over 1,000 patient visits, underscoring the strong demand for the brand in this particular market. This launch marks a strategic step in our organic expansion plans in North India with plans now underway to establish our presence in Gurgaon and other parts of the Delhi NCR region.

In Uttar Pradesh, following our acquisition in Varanasi last year, we are now focused on strengthening our brand equity to drive future organic growth and have recently expanded our presence with a new state-of-the-art facility in Lucknow as well.

Now moving on to a few highlights on the clinical front. There has been a significant focus around the firm to ensure we strive for clinical excellence while we continue to scale. This is reflected in an increase in the following specialized surgical procedures. In Q1 FY '26, the contribution from high-end cataract surgeries increased to 25.5% out of the total cataract procedures, up 230 basis points year-on-year from 23.3% in the same quarter last year.

Overall, our robotic cataract surgeries, what we call as Femto cataract surgeries grew by a robust 72% year-on-year from 674 surgeries to 1,160 surgeries. As shared in our previous earnings call, we have installed new robotic cataract surgery machines at our Bangalore and Hyderabad facilities, which are now cumulatively performing an average of about 110 surgeries a month.

Our Lenticular Procedures, what we call as SMILE also increased from 1,173 to 1,257, reflecting a 7.1% year-on-year growth. Retinal surgeries totalled 2,969 in Q1 FY '26, up 23.5% from last year. Corneal transplants also increased to 242 procedures in the first quarter of FY '26. Further, we continue to invest in specialized equipment and techniques to strengthen both diagnostic capabilities and surgical outcomes.

In our existing centers, we have upgraded our facility with advanced equipment. For instance, we have installed a new Femto Cataract robotic machine in Velachery, Chennai. We have launched a new Phaco Cataract machine in Tirupur and in Hyderabad and a new retinal machine in our upcoming centers in Aurangabad.

Shifting to some notable developments on publications, training and clinical research. Over the last 3 decades, our doctors have contributed to more than 300 publications in leading international medical journals, underscoring our commitment to advancing ophthalmic science.

During the quarter, we also focused a lot on capability building and nearly 90 doctors underwent training across a range of areas. On the clinical research front, we currently have 20 active studies underway. This quarter, we successfully conducted a Phase III clinical trial in patients with wet age-related macular degeneration, a common eye condition that can cause blurred or distorted central vision.

Now moving on to some business updates. Let me first begin with our region-wise performance. Our South region continues to be our largest market, contributing to 65% of the total group revenues. This region delivered INR 350 crores of revenue, representing a strong year-on-year growth of 23.9%.

We have now 159 facilities across the Southern states and this includes 8 new additions. In the Southern markets of Tamil Nadu and Telangana, we are focused on sustaining our market leadership while further strengthening that particular region through adoption of the latest technology.

In Karnataka and Andhra Pradesh, we are strengthening our presence in both these markets by expanding significantly into high-potential underserved markets through strategic facility openings. If you look at the West region, that contributes to about 15% of the overall group revenues and that region delivered INR 73 crores of revenue, up 19% year-on-year. This region operates 41 facilities and we added one new facility in this quarter.

Asian volumes grew by 18% to over 1.05 lakh, while surgeries performed were up 13.7% to 11,691 procedures. In Mumbai, we are leveraging the strong brand equity from our recent acquisitions to drive organic growth through focus on adding new additional greenfield facilities. In the rest of Maharashtra outside of Mumbai, we are targeting high potential Tier 2 micro markets by capitalizing on our brand strength and operational expertise and have recently launched a facility in Kolhapur and have one coming up in Aurangabad very soon.

In Gujarat, again, our focus is on expanding into new urban markets, and we set up a new facility in Udhna in Surat. North accounts for 7.8% of revenues and this region reported INR 38 crores of revenue this quarter, up 13.4% year-on-year. In Delhi NCR, we are focused on organic brand building while pursuing gradual regional expansion with plans to open up a facility in Gurgaon very soon.

In Punjab, we are consolidating our leadership position following the Thind Eye Care acquisition. Each contributes to about 2.6% of total revenues with INR 13 crores of revenue done in Q1, up 14.9% year-on-year. Overall, all regions have posted very positive growth with the South leading in both absolute size and year-on-year momentum, while North, West and East continue to build scale.

Moving on to our same-store sales growth. Our mature centers are those that have been open for more than 3 years. As of June 2025, we operate 116 mature facilities. Revenue from these mature facilities has increased 19.4%, reaching INR 354 crores in the quarter 1 FY '26, contributing to 73% of the total group revenues. Revenue from mature facilities in India has grown by 21.1% to INR 309 crores.

Moving on to our vintage performance in Q1 FY '26. Facilities operational acquired prior to FY '22 contributed INR 340 crores in revenue, registering a growth of 15%. Facilities opened in FY '23 generated INR 60 crores, growing at 13.7%, while those launched in FY '24 delivered INR 40 crores in revenue, achieving a strong growth rate of 23.3%.

Our third business update revolves around a case study which we have done in Telangana. This is a topic that always comes up in conversations where we talk about our organic growth strategy. We would like to highlight a case study on our expansion journey in Telangana. Our Telangana journey is a testament to steady and strategically planned growth. We began in FY 2011 with 3 greenfield centers generating about INR 10 crores in annual revenue.

In Phase 2, we tripled our network expansion from network from 3 to 8 facilities and grew revenue sevenfold to INR 70 crores, driven by a strong brand presence and enhanced clinical capabilities. We are now in Phase III and have rapidly expanded to 18 centers, extending into the suburbs of Hyderabad and Tier 2 cities like Warangal and Nizamabad.

We have more than doubled our network to 18 facilities and have almost doubled revenues from INR 70 crores to nearly INR 130 crores, reflecting an accelerated scale-up and deeper market penetration.

Moving on to our fourth business update, our planned facility openings domestically for each quarter of the current year. Over the next 3 quarters, of this financial year, we are targeting to launch another 42 new facilities, which will comprise 23 centers in the South, 9 in the West, 5 in the North and 5 in the East. That's the business update from my side.

Now I would like to hand over the call to our CFO, Mr. Yashwanth Venkat, who will take a deeper dive into our financial performance.

Yashwanth Venkat:

Thank you, Dr. Adil. I'll begin with the operational update. Surgical services continued to be the main revenue driver, contributing 65.6% to the group revenue. Diagnosis, consultations, and other nonsurgical treatments contributed 13%, and the sale of optical products and pharmacy items accounted for 21.4%. In Q1 FY '26, we performed 78,882 surgeries, marking a 16% year-on-year growth. Cataract surgeries remained the largest contributor, accounting for

approximately 73.4% of total surgeries, followed by refractive surgeries at around 4.7%. Volumes for cataract and refractive surgeries grew 14.2% year-on-year, while other surgeries on a blended basis recorded a growth of 22.8%.

Our payer mix for the quarter stood at 61.7% from cash, 29.1% from insurance and TPS and 9% from government schemes. Domestic payer mix for the quarter stood at 72.5% from cash, 22% from insurance and TPS and 5.5% from government schemes.

Moving on to the financial section. I'll start with the revenue split. The group's revenue from operations grew by 20.8% year-on-year, reaching INR 487.26 crores in Q1 FY '26 compared to INR 403.49 crores in Q1 FY '25. Revenue from operations in India stood at INR 440.4 crores, reflecting 21.4% growth year-on-year despite disruptions from the Pahalgam attack and operation Sindoor, which briefly impacted our operations in the Northern region, particularly in Punjab and Jammu and Kashmir. This growth was supported by a mix of volume growth of 9%, value growth of 5.6% and balance from the contribution of new centers opened in FY '25 and FY '26.

Revenue from our Africa operations grew by 15.7% year-on-year in Q1 FY '26, while their contribution to overall revenue declined from 10.1% in FY '25 to 9.65%. Gross profit margins remained stable at 77.5% in Q1 FY '26 despite a rising share of high-end surgeries in our case mix.

Doctor and employee costs cumulatively have remained broadly in line with the previous year. We reported an EBITDA margin improvement of nearly 1.4% attributable mainly to cost efficiencies. A total of INR 195 crores in loans have been repaid from IPO proceeds, INR 128 crores in Q4 FY '25 and INR 67 crores in Q1 FY '26, leading to lower finance cost and higher profitability versus the same quarter last year.

From 66% in Q1 FY '25, the share of profit after tax attributable to owners has expanded to 79% in Q1 FY '26, signalling improved profit distribution. AHCL standalone has delivered a positive PAT of INR 10 crores in Q1 FY '26 as compared to a loss of INR 8.5 crores in Q1 FY '25. Thank you all. We'll open the floor to questions.

Moderator: Thank you very much. First question from the line of Alankar Garude from Kotak Institutional Equities. Please go ahead.

Alankar Garude: Sir in the past, you have spoken about refractive being a strong growth driver for the company. However, if I look at growth in refractive surgeries in this quarter, it seems quite low at 3% year-on-year. Can you help us understand the reasons for this relatively slower growth in refractive compared to the other surgeries?

Adil Agarwal: Yes, Alankar. Nice to hear from you. Yashwanth?

Yashwanth Venkat: In terms of refractive surgical contribution over the last 3 years, it has grown up by about 0.4% to 0.5% every year. But there is a certain amount of seasonality as far as refractive surgeries are

concerned. The strongest months as far as refractive surgeries are concerned are one, July and second will be December. So it may not be fair to look at refractive surgeries growth on a Y-o-Y for Q1, Alankar.

Alankar Garude: But then Yashwanth, when you look at Y-o-Y, the seasonality which you mentioned gets captured, right? So still not able to understand why this 3% year-on-year growth in refractive surgeries?

Rahul Agarwal: Alankar, this is Rahul. So while you're right, the seasonality gets captured, but these are also the months where we don't push from our side with any offers or campaigns. So we don't expect jumps coming in these quarters. The quarters where we also go aggressive when there are more patients available in the entire pool when they're actually looking for surgeries are the quarter 2 and quarter 3. Those are the 2 quarters where we get the maximum impact. So from our side also, we really do not push in these other quarters.

Alankar Garude: Fair enough. So would it be fair to understand then, Rahul, that broadly, if you look at the full year, growth in refractive surgery should broadly mirror the overall surgery growth or maybe even grow higher?

Rahul Agarwal: I would say, overall, yes, it should mirror whatever the overall surgical growth is, in line with the overall growth is what refractive also should.

Alankar Garude: Understood. And maybe one follow-up question here. Apart from insurance coverage, are there any other key reasons to explain the relatively lower refractive contribution for eye care players in India compared to some of the global peers?

Adil Agarwal: Yes. One second, Dr. Vandana is going to take that.

Vandana Jain: So I think, first of all, you are right. Compared to the other global players in India, the uptake of refractive surgery has been lower because most of the time the payments that happen are out of pocket. Secondly, the incidence of myopia itself, actually, now it has begun to increase. But in certain developed markets like the U.S., Europe or even China, for that matter, China, the incidence of myopia actually started increasing much, much earlier, which now we are seeing the trend in Indian market also.

So going forward, we do believe that in India also, we are going to see a similar uptake of refractive surgery going forward. However, that trend we are not noticing immediately right now. And lastly, as Rahul mentioned, that because overall, this technology, which has now come into India, there is now a greater adoption by more and more players. But still, when you compare it to the West or to China, the number of machines or even if you look at the density of machines in India is much lower compared to the West or to China.

Alankar Garude: Got it. That's really helpful. The second question is, unlike Maharashtra, wherein acquisitions have played a big role for the company, growth in Telangana has been more organic, as you pointed out in your opening remarks. How would you contrast your journey across Telangana

and Maharashtra? The reason for asking this question is basically to help us understand the difference in scale of timelines across organic and acquired facilities. Maybe examples of these two states could be useful.

Adil Agarwal:

So Telangana, we went through a phase of struggle for the first 4 to 5 years. It takes that much time to build your brand, Alankar. We were also growing as an organization at that point. Now you have a fairly established presence in Telangana. You've been operational in that market for over 13 to 14 years. And it takes a while for the brand to get established.

And once the brand gets established, now when you put out organic centers, greenfield centers in your own brand, automatically, you get walk-in, which is what is actually helping you provide those kind of results, which is what has helped you actually double your revenue from INR 70 crores to almost INR 130 crores in Telangana.

Maharashtra, again, we are following that thought process, but Maharashtra is a slightly more complicated market because there are a lot more established players in Maharashtra. We also entered Maharashtra only in 2019. So there's an 8 year gap between when we enter Telangana and Maharashtra. Now we are starting to see traction in the Maharashtra region as well, which is why we have opened 5 new greenfield centers in Mumbai alone.

So we have set up a center in Badlapur, in Kalyan, in Virar, in Dombivli and one more in Vashi. And we are seeing good traction in these markets because over the last 5 to 6 years, as we have gone about building our brand, the brand is slowly getting established in some of these markets. And now you are starting to see some of that traction actually help you scale up some of these centers.

So we believe if we continue on this organic path, which we have done in Telangana, similarly in Mumbai and Maharashtra, you will start to see the similar kind of results in this particular region.

Alankar Garude:

Understood. And one final question. What was the same-store sales growth for the secondary and tertiary centers in this quarter?

Adil Agarwal:

We'll just give you the number right now.

Rahul Agarwal:

So I'll give you the overall same-store sales growth. It was to the tune of around 14.5%.

Alankar Garude:

Yes. But then that doesn't become comparable. If you can provide it for secondary and tertiary separately, that would really help.

Adil Agarwal:

We don't have that data right now, Alankar but what we have is our mature centers which fundamentally will -- it will represent your secondary and tertiary centers because the primary center contribution is much lesser anyways. So this 14% - 15% is pretty much representative of your secondary and tertiary facilities. There would be somewhat difference between that and even if you take out the impact of the primary centers.

- Alankar Garude:** Got it. And between secondary and tertiary...
- Moderator:** Sorry to interrupt you, Alankar. Can you please request you to rejoin the queue?
- Alankar Garude:** Yes, yes. Sure.
- Moderator:** We have our next question from the line of Tushar Manudhane from Motilal Oswal Financial Services.
- Tushar Manudhane:** Sir, just on surgery side, like total surgeries, I see 16% growth in terms of number of surgeries, while the revenue has grown by 21%. And within surgeries also as the earlier question, the refractive was a bit soft for this quarter. So what explains this revenue growth being higher than the number of surgeries growth?
- Rahul Agarwal:** Sure. So Tushar, overall, the growth, we can look at it as a volume growth and price growth. And part of it would be from the new greenfields that comes in, right? So I would just break it up for you. Overall, from a volume perspective, we had a 9% growth, and I'm largely focusing on the domestic market on this. We had a 9% volume growth, which was led largely by the OPD growth that we got.
- Second was on the value growth, which is a combination of our price hike as well as the premiumization that we drove. So that would be to the tune of almost 5.5% to 6%. And finally, another 8%, which came in from greenfield. So that is the entire combination of around 23% overall growth that we drove for domestic business.
- Tushar Manudhane:** Okay. I was referring specifically for surgery revenue, not the overall revenue. I'm considering the surgeries volume.
- Rahul Agarwal:** So okay, from the surgical perspective itself, the 16% growth that we are talking about, that contributes to the 16% part of the growth. The remaining comes from the value growth that we drive in those 16% overall growth. So basically, how we are driving the premiumization, if I'm answering your question right, is that you have high-end lenses, which contribute to higher value per surgery that comes in. For example, last year, we had our yield per patient on cataract was around 38,000. That has now moved to around 40,000. So that is the value increase that we are getting.
- Similarly, what Adil spoke about initially was the Femto Cataract. So including Femto cataracts we did around 1,160-odd surgeries this year compared to 674 last year. That's an added additional value in our high-end surgeries over and above the regular lens cost that we get. So that contributed around 26.2% in the overall high-end numbers that we got for the quarter. Did I answer your question?
- Tushar Manudhane:** Yes, yes, very much. So yield per patient for cataract, where do we see or envisage these numbers, say, by end of this year, probably next year, given that we are moving towards high-end lenses or sort of convincing patients to go to the high-end lenses.

- Rahul Agarwal:** So I'll just give you the trajectory that we have had so far. We did 32,000 in FY '22. And now in FY '26, Q1, we reached 40,000. So that's been the trajectory around 2,000 kind of a growth every year is what we have been able to achieve. We don't see a reason why it should change as we move forward.
- Tushar Manudhane:** Got it. And just second one from my side is about the consultation revenue, while reduced dollar proportion, but that has grown at, say, 14%, while we had a very healthy growth on the surgery side, but consultation probably gives more sort of a forward-looking indication in terms of conversion to surgeries. So that piece is a bit soft despite addition of new centers as well as sort of healthy growth at the organic level as well. So if you could just elaborate on that aspect as well.
- Rahul Agarwal:** Perfect. So largely, I would not say that you should look at consultation revenue as a proxy to the volume growth and how your surgical numbers would pan out. I think new OPD growth would be a better benchmark to look at how the new OPD and overall OPD is growing for us.
- That would be a better way to look at how many new surgical advisers will happen and how many surgeries will happen. So I would say consultation may not be because we have various agreements across India with different companies and those kind of things where we might even go down or up on different consultations that we do.
- Tushar Manudhane:** Got it. Sir, if you could just give some indication about the new OPD growth quarter for last year, how much it was?
- Rahul Agarwal:** So just on the patients served, I can tell you that we had a growth of 18.6% from 594,000, we moved up to 705, 000.
- Moderator:** We have our next question from the line of Avnish Burman from Vaikarya.
- Avnish Burman:** I just have a couple on the Sub-co. The 17% revenue growth in the Sub-co to INR 117 crores, can you also divide this into the volume and the pricing and the new center addition, please?
- Adil Agarwal:** Sure. So our overall patient volumes, which is our total opening volumes increased by about 16% at the Sub-co level. We saw a total volume growth of about 16% increase from about 1.4 lakhs to about 1.6 lakhs.
- Avnish Burman:** Yes. So does that mean that the pricing growth and the new center growth was flat this quarter?
- Adil Agarwal:** No, that's not what it means. Both volume and the pricing have pretty much increased at a steady state, which is what is driving this growth at the subsidiary level as well.
- Yashwanth Venkat:** I think your question was on the number of facilities. In the Subco, we have opened 2 facilities this quarter. However, just to throw some light, we had 50 facilities at the end of FY '24. Currently, in the Sub-co, we have 63 facilities, marking a 1.3x growth over the last 15 months in terms of the number of facilities as well in the Sub-co.

- Avnish Burman:** Yes. So that I saw in the presentation. My question was that the revenue growth has been 17%. And you're saying if the volume growth is 16%. So I mean, usually, it's a combination of volume price and new center additions. So almost all the growth has come from volume, does that mean that pricing growth in this quarter was just 1%? I mean that was the question.
- Adil Agarwal:** That's the question. Okay. So we'll just break it up and tell you. So approximately your existing centers, which from last quarter have grown at about 14.8%. Your centers which have opened in FY '26 have contributed to about 2% and about 0.1% has come from the two centers which Yashwanth mentioned, which is contributing about 0.1%. This is what is driving your 17% growth from INR 100 crores in Q1 FY '25 to INR 117 crores in Q1 FY '26.
- Avnish Burman:** Okay. The second question is, if you look at the Sub-co and if you see the mature facility revenue growth, like you disclosed for the hold-co, how is the mature facility revenue growth here? And that if also you can divide broadly into given price?
- Adil Agarwal:** Yashwanth?
- Yashwanth Venkat:** See, in terms of same-store sales growth in Sub-co, it is at about 14.8%. The rest is contributed from FY '25 and FY '26 facilities. In terms of volume and value growth for the Sub-co, we don't have the numbers right now. Probably we can revert later.
- Moderator:** We have a follow-up question from the line of Alankar Garude from Kotak Institutional Equities.
- Alankar Garude:** Sir, on this secondary and tertiary same-store sales growth, you broadly mentioned same-store sales growth is around 14%, 15%. Would the broader growth rates be similar across secondary and tertiary?
- Adil Agarwal:** Yes, absolutely.
- Alankar Garude:** Okay. Great. And just two bookkeeping questions. What was the rental pay-out in this quarter? And secondly, what was the share of minority in this quarter?
- Yashwanth Venkat:** In terms of overall minority on PAT contribution, Alankar, close to 79% is PAT attributable to owners and 21% is minority. Whereas if you take Q1 of last year, it was close to about 65% and 35%. That's moved up to 79% and 21%. The rental pay-out for Q1 is close to about INR 30 crores.
- Alankar Garude:** Got it. Yashwanth if you can help us with the minority share of EBITDA as well. You spoke about PAT, but EBITDA as well would be helpful?
- Yashwanth Venkat:** Yes. minority share of EBITDA close to 87.5% EBITDA attributable to owners. This is 12.5%.
- Moderator:** We have our next question from the line of Shian Sabu, an individual investor.

- Shian Sabu:** Yes, yes. I was just an individual investor. So I was just going through the new hospital that's coming up in the listed entity. So just understanding why there is such a delay in this because it's been there in the last couple of reports. Is there any particular reason?
- Adil Agarwal:** So we have had a 6- to 9-month delay predominantly because the facility was affected by floods 1.5 years ago. So I don't know if you remember in December 2023...
- Shian Sabu:** In Tamil Nadu, there is some flood there?
- Adil Agarwal:** Yes. So at that point, we faced a significant amount of delay in the putting a process because at that point, and there are videos all over where the site had effectively caved in because of rampant floods in Chennai. So we faced certain flooding of our basements and everything. So we were put back by about 6 to 9 months, which is why there has been a delay in the project. And -- but right now, it's good to know that things are back on track, and we are hoping to get everything up and running by Q4 FY '26.
- Shian Sabu:** That's great. That's great. Sir, the next -- the last part of my question, two questions, but like they go hand in hand is generally the model that is there is of a lease model, but this time, it's an own model, thereby entailing a higher investment. So would this mean that this would be more margin accretive or any other reason of that?
- Adil Agarwal:** What do you mean by more margin accretive?
- Shian Sabu:** Would it be a higher margin accretive than the existing businesses going forward, this particular hospital, if viewed standalone? And why is it moved to an old model compared to a lease model, which is generally the case?
- Adil Agarwal:** So this was the original facility which belonged to the company. When we were doing the construction of this main flagship facility, we had actually moved out to a rented facility. So we are currently operating out of a rented facility. And now that we are moving back to this particular facility, the rent will only be paid for the land, but the building is being constructed by the company. So that rental outflow will be a little lesser. So from our perspective, the margins will be a little higher in this particular facility.
- Shian Sabu:** Fair, fair, fair. That will be good. And the subsidiary, like how many more centers do you think will be opening this year, like in the balance period?
- Adil Agarwal:** We don't have anything right now in the pipeline in the subsidiary. But that said, we are looking at 3 to 4 potential openings in Tamil Nadu. Those sites are being looked at. Once we have clarity, I think by Q2, we'll be able to give you a better picture in terms of where those centers will be coming up in Tamil Nadu.
- Moderator:** We have a next question from the line of Tushar Manudhane from Motilal Oswal Financial Services.

- Tushar Manudhane:** This insurance share for the quarter moved up really well even if I compare year-over-year or even if I compare with the full year '25. So if you could throw some light here?
- Rahul Agarwal:** So overall, we had a 2% jump on our insurance. Largely, this was done in the TPA and the private insurance side. That's again, yes, you're right. That's an area which works well for us. Our DSO is much lower in these areas than the government space. Our payments come in much faster. So that's one area we are very happy when this part of the business does well. Of course, this is driven by higher penetration of the private insurance, which really helps the overall business.
- Tushar Manudhane:** Yes. But anything peculiar in this quarter that has happened to sort of -- or because it's like a step-up of almost 2 percentage points or any particular region where the insurance.
- Rahul Agarwal:** No, I wouldn't say this is. I think this is more market-driven phenomenon where more people are coming in with better coverages and more number of people have insurance. So I wouldn't say this is anything to do with us as an organization, but this is more market driven.
- Adil Agarwal:** Also Tushar, just an additional note, a slightly higher contribution from insurance and TPA came in from the Africa part of the business as well. But otherwise, domestic, like Rahul had mentioned, is pretty much steady state.
- Yashwanth Venkat:** Domestic payer mix, is close to about 72.5% from cash, 22% from insurance and TPA and 5.5% from government schemes, Tushar. This has been the trend over the last few years, wherein the contribution from government schemes has hovered between 5% to 7%.
- Tushar Manudhane:** Got it, sir. And just lastly, so the capex number remains steady, right, at INR 310 crores, hopefully in '26 considering the 54 facilities to be coming up?
- Yashwanth Venkat:** Yes, yes, Tushar. No revision on that front.
- Moderator:** We have our next question from the line of Amit Kadam from Canara Robeco AMC.
- Amit Kadam:** So I just have one question. Yashwanth, can you help me with this quarter cash from operations generated? Is it around INR 100 crores - INR105 crores?
- Yashwanth Venkat:** No, you're talking about EBITDA?
- Amit Kadam:** No, no, cash flow from operations for the quarter?
- Yashwanth Venkat:** Amit, I'll get back to you on the exact numbers.
- Amit Kadam:** Okay, sure. That's it.
- Moderator:** Next question is from the line of Ankush Mahajan from Sanctum Wealth.

- Ankush Mahajan:** Yes. Sir, a very good set of numbers with the margin expansion also here. Our brand is well recognized and geographical expansion is quite visible now. So when we compare the ROCE as compared to industry, it's at a lower level. Any number for the ROCE, how we should see this ROCE number over the next 2, 3 years? Any number you want to put to?
- Adil Agarwal:** So as we continue to improve our margins, if you notice, our PAT margins for this particular quarter have moved up to about close to about 8%, right? We believe you will certainly see a consistent improvement in your PAT margins over the next 2 to 3 years. As the PAT margins improve over the next 2 to 3 years and your margins improve steadily, you'll start to see your ROCE profile also change over the next couple of years. So we'll see steadily improvement in the ROCE mix over the next couple of years.
- Ankush Mahajan:** So in number...
- Adil Agarwal:** Sorry, go ahead.
- Ankush Mahajan:** So over the next 2 to 3 years, any numbers that we are looking for the ROCE?
- Yashwanth Venkat:** On ROCE in March '25, in terms of numbers, we were close to about 16% on a consol basis. This year, you can expect about close to about 1% to 1.5% increase.
- Moderator:** Next question is from the line of Varun Hemant, individual investor.
- Varun Hemant:** Congratulations on a good set of numbers. Congratulations on a good set of numbers again. I just wanted to ask any update on the merger between the two companies?
- Adil Agarwal:** So right now, as we had disclosed in the DRHP Varun, the merger of the listed sub with the hold-co is under consideration. Management is now evaluating this further along with advisors. We continue with the endeavor to complete the merger in outer limit of the next 3 years, but we believe in the next 1-1.5 years, we should be able to get this one.
- Varun Hemant:** Okay. Great. And I just wanted to ask -- there was an investor before me who was asking some questions about the subsidiary. I just wanted to reconfirm. So there's no other growth capex planned in the subsidiary except for the large hospital, which is currently underway already. There's nothing else as of now.
- Adil Agarwal:** We are looking at 3 to 4 more potential centers, and we are looking at sites. We're looking at sites in Chennai. We're looking at a place called Tirupattur and some of these other markets. Just that we don't have the property finalized, we're not able to comment on some of those locations, but we are looking at sites actively, both in the Chennai region and in the Tamil Nadu region for us to further expand in the subsidiary level as well.
- Varun Hemant:** Okay. Fine. And finally, I just wanted to ask, is there any particular reason why the subsidiary will only continue to look at Tamil Nadu as a market for expansion and not venture elsewhere?

- Adil Agarwal:** We believe this region has the highest potential, and we are able to deliver the best particular margins. We believe we have a certain competitive advantage in this particular region, which is why we continue to focus on this particular market. So if some opportunity comes about in other regions, we will consider. But right now, the thought process is that most of the expansion in Tamil Nadu will only happen in the subsidiary level.
- Moderator:** We have our next question from the line of Ashish, an individual investor.
- Ashish:** My question has been answered.
- Moderator:** We have a next question from the line of Sanketh Gupta, an individual investor.
- Sanketh Gupta:** I have a single question. Actually, I have seen the Google rating of all the Dr. Agarwal centers and the new center in Delhi. Generally, the Google rating are around 4.8, 4.9 and approximately more than 3,000 to 5,000 people rate these centers. I want any comments regarding how we achieved this great set of Google ratings.
- Rahul Agarwal:** Sanketh, this is Rahul. Thanks for the question. I think you're absolutely right. In most of our centers, we get a lot of our patients who are happy with our services, and they really are happy to recommend us and give us good ratings. So I think that's one thing that we are very proud of. And I think that's something that really motivates the entire team when we get these kind of ratings. So thanks for really noticing it.
- Sanketh Gupta:** And sir, one more question about if you see any competition in terms of the Lenskart like businesses where glasses and all these sales, how it is doing in your centers?
- Adil Agarwal:** Sanketh, see there is a fundamental difference between us and Lenskart. Lenskart is fundamentally an eyewear retail company. We are fundamentally a health care services company, which focuses on eye care. So the business model is completely different. Our primary focus is on eye care. Patients walk in. They go through a rigorous checkup with all our optometrists and our doctors. And to provide an additional service is why we have retail operations within our hospitals where we sell glasses and lenses.
- So the business model is completely different. So I don't think it's possible to compare us with the Lenskart in terms of what they're doing. For example, many of the typical patient who walks into our hospital is typically a slightly older patient, whereas the demographic of patient who walks into Lenskart is fundamentally a slightly younger patient, right? Also, they focus a lot on a lot of eyeglasses and a lot of other stuff as well which we don't focus on. Our focus is only on prescription glasses. That's something which we predominantly focus on.
- Sanketh Gupta:** Okay, sir. And one more question is about the center. How is it performing in New Delhi, the new center? I don't want to add exact numbers, but how is your expectations and performance?
- Adil Agarwal:** Sure. So that's a very relevant question because this is something which will open up our expansion into the entire Delhi NCR region. I'm happy to share with you all that we have all the



*Dr. Agarwal's Health Care Limited
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requisite licenses in our Delhi facility. We got that at the end of June. July was when was our first full month of operations. Over 1,000 new patients have walked into our facilities in our Delhi facility, and that is something which continues to grow.

We have a very strong doctor team right now and we cover all specialties. We also have the best-in-class equipment at our Delhi facility in South Ex. And so far, the results have been extremely positive. So we are happy to see how things are progressing with our first expansion into the Delhi area.

Moderator: As there are no further questions.

Adil Agarwal: Sure. So thank you, everyone, for your time, engagement, and thoughtful questions today. Should you have any follow-up queries, please feel free to contact our Investor Relations team. We look forward to speaking with you again next quarter. And as usual, we truly appreciate your continued support. So thank you, everyone, for taking the time to get on the call. Thanks, Manav, and thanks, everyone.

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