



“Fortis Healthcare Limited”
Q4 FY26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to Fortis Healthcare Limited Q4 FY26 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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anurag Kalra, Head of Investor Relations. Thank you, and over to you, Mr. Kalra.

Anurag Kalra: Thank you, Renju. A very good morning and good afternoon, ladies and gentlemen, and thank you indeed for taking the time to join us on our quarter 4 FY26 and FY26 earnings call. The call is being chaired by our MD and CEO, Dr. Ashutosh Raghuvanshi. With him, we have our Chief Financial Officer, Mr. Vivek Goyal.

From Agilus, we have the CEO, Mr. Anand; and the CFO, Mr. Akshay Tiwari. We will start the call with some opening remarks on the performance by Dr. Raghuvanshi, post which Anand will take you through certain key highlights of the Diagnostics business, and then we can open the floor for question and answers. Over to Dr. Raghuvanshi.

Ashutosh Raghuvanshi: Thank you, Anurag. Good morning and good afternoon, everyone. Thank you for taking the time to join us on our Q4 financial year '26 and financial year '26 earnings call today. To begin with, I'm pleased to inform you that our Board has recommended a dividend of INR1 per share, which is equivalent to 10% of the face value for the fourth consecutive year, subject to the approval of shareholders. This underscores the continued strength of the company's fundamentals and earnings trajectory.

We witnessed a steady performance across both the Hospitals and the Diagnostic business, enabling us to conclude the financial year on a healthy note. Coming to the financial performance of the company, I shall comment on the year as a whole and then move on to quarter 4.

For the financial year 2026, consolidated revenues for the company stood at INR9,128 crores, a growth of 17.3% over the financial year '25. Our hospital business revenue have grown 19.1% to INR7,773 crores in financial year '26, while diagnostic business net revenues were at INR1,355 crores in financial year '26, a growth of 8%. Our consolidated operating EBITDA increased 31.3% to INR2,085 crores, which translates into a margin of 22.8% in financial year '26 versus 20.4% in financial year '25.

For the hospital business, operating EBITDA margins have improved from 20.5% in financial year '25 to 22.2% in financial year '26. The hospital business now contributes approximately 85% to our consolidated revenues and our consolidated EBITDA. Our consolidated profit after tax for the year increased 31.5% to INR1,064 crores in financial year '26 compared to INR809 crores in financial year '25.

Now on the performance for the quarter. We reported a consolidated top line of INR2,365 crores, a growth of 17.8% over quarter 4 of financial year '25. The Hospital business grew 19% to INR2,023 crores, while the Diagnostic business net revenue stood at INR341 crores in quarter 4 of financial year '26 compared to INR306 crores in quarter 4 of financial year '25. The consolidated operating EBITDA margins were at 22.5% versus 21.7% in Q4 of financial year '25.

Operating EBITDA for the Hospital business in Q4 financial year '26 grew to 19.9% INR446 crores with a margin of 22.1% compared to operating EBITDA of INR372 crores in quarter 4 of financial year '25. Our consolidated profit after tax for the quarter increased 44.2% to INR271 crores.

Coming to the balance sheet side, the company's net debt stands at INR2,334 crores with a net debt-to-EBITDA of 1.09x as on March 31, 2026, as against 0.93 on March 31, 2025. The increase in debt was primarily due to acquisition undertaken during the year, amongst other investments, which we made.

Let me now briefly touch upon the Hospital business. Our hospital occupancy in financial year '26 was 68% compared to 69% in financial year '25. However, the number of occupied beds increased by 15% from 3,270 beds in financial year '26, up to 2,838 beds in financial year '25. Our hospital business recorded a 3.4% increase in ARPOB, reaching INR2.51 crores per annum in financial year '26.

Key procedure volumes across focus specialties such as Radiation Therapy, Robotic Surgeries witnessed steady growth during the year, increasing by 19% and 66%, respectively. Revenue from focus specialties comprising Oncology, Neurosciences, Cardiac Sciences, Gastroenterology, Orthopedics and Renal Sciences grew 18.9% and contributed 62% to overall hospital business revenue.

Revenue from international patients grew by 18.5% during the year to reach INR639 crores, contributing 7.8% to overall hospital business revenue. In financial year '26, 13 of our facilities reported operating EBITDA margin above 20%, collectively contributing 76% of the hospital revenue.

In comparison, in financial year '25, we had 10 of our facilities with operating EBITDA margin above 20%, contributing 73% of the hospital revenues. This clearly reflects the growing strength of the business and the result of various initiatives and investments we have undertaken over the past few years.

The year gone by has also been marked by significant progress and strategic development across the company, including the addition of approximately 800 beds to our network through a combination of brownfield expansion and inorganic acquisitions. In January 2026, the company acquired a 125-bedded People Tree Hospital in Yeshwanthpur, Bengaluru, along with an adjacent land parcel, enabling future expansion to over 300 beds.

In September '25, the company strengthened its NCR presence with a long-term lease arrangement for a 200-bedded multi-specialty hospital in Greater Noida. In July 2025, the

company consummated the acquisition of 228-bed at Shrimann Superspecialty Hospital in Jalandhar, along with an adjacent land parcel, enabling future expansion to over 450 beds.

As you can see, all these acquisition or arrangements are focused on our key growth clusters and will further enable us to leverage our existing strength and position in these geographies. Let me also briefly touch upon our focus emerging care segment. In November 2025, the company launched Adayu, a 36-bedded specialized mental health care facility in Gurugram.

We believe that mental health will increasingly demand more care and dedicated infrastructure distinct from the multi-specialty hospital space and hence, our foray through Adayu. During the year, the company also expanded capacity across its existing network by adding approximately 250 beds through brownfield expansion, primarily in Manesar, Noida and Faridabad.

Over the next 4 years, we plan to ramp up bed capacity further through brownfield expansion by adding around 1,800 beds. Of these in financial year '27, we expect to add capacity of more than 400 beds with a new tower at FMRI expected to be operationalized within weeks and balanced bed addition at Noida, Manesar and Amritsar as well as FHKI Kolkata coming during the year.

In financial year '26, the company further augmented its medical infrastructure by commissioning several high-end equipment, which included, amongst others, soft tissue surgical robot, MRI machines, cath labs and PET CT.

This reaffirms our commitment to offering advanced treatment options and delivering physician-based care across our network. To highlight our capital expenditure in financial year '26 stood at approximately INR700 crores, reflecting our confidence to further scale up operations, both in terms of capacity expansion and enhancement of medical infrastructure.

Turning to our Diagnostic business. We witnessed a steady improvement in top line and margins for financial year '26. Gross revenues stood at INR1,527 crores in financial year '26 compared to INR1,407 crores in financial year '25. Operating EBITDA margins, excluding one-offs, stood at 23.2% in financial year '26 as compared to 22% in financial year '25. For the quarter, gross revenue stood at INR387 crores compared to INR348 crores in quarter 4 of financial year '25.

The operating EBITDA margin, excluding the one-offs, stood at 20.1% in quarter 4 of financial year '26 as against 23.4% in quarter 4 of financial year '25. I will let Anand take you through further details on the Diagnostic business. With this, I conclude my remarks.

Our business remains well positioned to sustain this momentum, supported by strategic initiatives and investments that we believe will drive long-term growth and further strengthen our position in the health care sector. Thank you, and I will hand over to Mr. Anand for his comments now.

Anand K:

Thank you, Dr. Raghuvanshi. Good morning, everyone, and thank you for joining us today. On behalf of Agilus Diagnostics, I'm pleased to welcome you all for our Q4 '26 and FY26 results conference call. During the quarter, Agilus reported gross revenues of INR387 crores compared to INR348 crores in Q4 of '25, reflecting 11.1% year-on-year growth.

Operating EBITDA stood at INR85 crores in Q4 of FY26 compared to INR63 crores in the corresponding quarter last year, resulting in operating EBITDA margin of 22% in Q4 of FY26 versus 18% in Q4 of FY25. We processed around 10 million tests in Q4 of FY26 versus 9.6 million tests in Q4 of FY25, reflecting a 5% volume growth, supported by the gross additions of our 125 Customer touchpoints with the B2C to B2B ratio fixed at 53:47.

For the full year ending March '26, revenue stood at INR1,527 crores, up by 8.5% from INR1,407 crores last year, while operating EBITDA rose to INR360 crores in FY26 from INR249 crores in FY25. The operating EBITDA margins stood at 23.6% in FY26 compared to 17.7% in the FY25. During the year, we conducted 40.8 million tests versus 39.2 million tests last year.

The B2C to B2B revenue ratio remained stable at 52 to 48 in the FY26, reflecting balanced traction across both the channels. We expanded our network with gross additions of over 675 Customer touchpoints and gross addition of 20-plus laboratories, including 10 hospital lab management laboratories, strengthening Agilus footprint and improving accessibility across focus cities as well as emerging micro markets.

Growth remained well spread across segments. We continue to see healthy growth in our preventive health and wellness portfolio, supported by increasing awareness and adoption of preventive panels and corporate wellness programs. This preventive health revenues contributed 13% to the overall mix in FY26 versus 11% during the last year, reinforcing its position as a key long-term growth driver.

During the year, we expanded our portfolio with 50-plus new tests across oncology, molecular diagnostics, prenatal care, immunology, infectious diseases, gastroenterology and neuro-oncology, strengthening our advanced diagnostic capabilities. We also advanced our genomic capabilities with the operationalization of the Illumina NovaSeq X at our global reference laboratory in Mumbai.

During the quarter, we enabled routine clinical use of the platform. We also completed validations across key areas, including hereditary cancer panels, whole exome sequencing, carrier screening and genetic disorder panels. Our continued investments in automation, digital tracking and workflow optimization have enhanced efficiency, improved turnaround times and elevated the overall customer experience.

We rolled out geospatial phlebotomist assignment and strengthened nearby labs visibility to drive better organic traffic. We further enhanced the website with disease-wise test categories and a real-time loyalty points ledger, which while enabling automated follow-ups to improve card conversion.

Overall, the FY26 revenues and performance reflects a steady year-on-year improvement in both revenue and profitability, supported by disciplined execution, network expansion and operational enhancements. We remain committed to delivering consistent and high-quality growth. Thank you, and over to you. Anurag.

- Anurag Kalra:** Thank you, Anand. Ladies and gentlemen, we shall now open the floor for question and answers, and I please request the moderator to begin.
- Moderator:** Thank you. We will now begin the question-and-answer session. The first question comes from the line of Neha Manpuria with Bank of America.
- Neha Manpuria:** Based on the annual data that we have given...
- Anurag Kalra:** Ms. Manpuria, sorry for interrupting. We cannot hear you. Can you speak a little louder?
- Neha Manpuria:** Yes, sorry about that. Is this better now?
- Anurag Kalra:** Yes, please go ahead.
- Neha Manpuria:** Okay. Sorry about that. So based on the hospital-wise information that we have given for the larger hospitals, it seems like we've seen occupancy dropping in a lot of our larger hospitals like FMRI, BG Road, Faridabad, etcetera. I think, Faridabad, you had indicated that it's because of the expansion, but how should we think of occupancy improvement, particularly in the larger hospitals as we go ahead? That's my first question.
- Vivek Goyal:** Neha, Vivek this side. So occupancy drop in some of the hospital attributed towards the drop in the international business to some extent. If you see our international business growth in this quarter is around 11%, while for a year, it has grown around 18% to 20%. So that is the main reason for occupancy drop. Another reason for the occupancy drop in some of our hospital in North side, Punjab side is because of the medical onco drug capping that has also led to a drop in the revenue and occupancy to some extent.
- Neha Manpuria:** Vivek, how much impact would this discontinuation of onco treatment have on our revenue? Is there a number that we have? And in your view, do you think there is a possibility that this gets resolved and therefore, that business comes back?
- Vivek Goyal:** So Neha, most of the drop is coming where we have larger share of ECHS and CGHS business, mostly in Punjab region, okay, where the share of ECHS and CGHS business is higher. And as you know, the drug prices are capped at 30% to the MRP. So that has led to some of the drugs where we are not earning that type of margin, we have stopped taking those patients. And we have asked patient to take drugs from either CGHS stores or to procure from the market. And that has led to drop in some business. I don't have immediate number of the drop, but most of the drop is coming in that region.
- Neha Manpuria:** Understood. Okay. And my second question is, given that we are seeing new capacity come in, both in Gurgaon and in Noida also you've seen, any comment that you can make in terms of doctor attrition or doctor cost in these markets, how we should think about that, given these are both crucial markets for Fortis?
- Ashutosh Raghuvanshi:** Yes. So as far as, Neha, doctor costs are concerned, there has been a slight increase, as you would notice when you go through the details. But we don't expect anything further to happen

because I think we have already taken the necessary steps in this direction, minimum number of movements we can expect in terms of senior clinicians, we are not expecting any major changes.

As far as occupancy with the enhanced bed capacity in the region is concerned, I don't think it is a concern because currently, all these hospitals are operating at very high occupancy figures. FMRI, for instance, occupancy is almost close to 90% on some of the days, it is up to 95%, which is almost unmanageable. So luckily, we are having the new beds getting commissioned over the next week or so. So we don't expect that there will be any lag in absorption of this new capacity which we are creating. And we are fairly comfortable in terms of our clinician pool as well.

Neha Manpuria: Okay. And sorry, one last question, if I may, Dr. Raghuvanshi. What is your view on margins for next year in the hospital business? I know we've guided for 25% being the target by FY28, but how should we think about margin expansion given the fact that there is new capacity while brownfield that's coming in as well as this doctor dynamic that you've mentioned?

Ashutosh Raghuvanshi: Yes. No, I think we have been very much tracking on our plans and that guidance remains absolutely intact. If at all, we are more confident now that we can continue to deliver this progress every year, at least to 1.5% to 2% year-on-year.

Moderator: Next question comes from the line Shyam Srinivasan with Goldman Sachs.

Shyam Srinivasan: Just Vivek, just on the technical point on this discontinuation of the -- some of the CGHS business, right? Why were they getting counted in occupancies in the first place because they could be daycare, right, chemos business, I understand, but not necessarily occupancy, right?

Vivek Goyal: Right. No, sometimes what happened, some of the relative business also we lose, isn't it? We are not able to -- so that is having an impact, and that has resulted into some sort of occupancy pressure in some of the units. But most of the occupancy drop is attributed in the larger unit, which Neha has pointed out, like FMRI and all is because of the international business.

Shyam Srinivasan: Understood. And when do you think this gets resolved, this CGHS issue? Or how does this pan out now? What happens next?

Vivek Goyal: Very difficult, Shyam, to give any time line for this because government CGHS and ECHS has already issued a circular towards that. So industry has given their representation. I don't know how it will go forward. But having said that, we are moving on alternate business opportunities. And as Dr. Raghuvanshi mentioned, most of our hospitals are operating at a very high occupancy level. And this drug price is having a negative impact on the revenue, but not on the margin to some extent because margin-wise, we are quite okay.

Shyam Srinivasan: Understood. Sir, that brings to my second question, just on overall guidance, Dr. Raghuvanshi, Vivek on fiscal '27 for hospitals and maybe for Anand on just on Diagnostics business as well.

Vivek Goyal: Yes. So like Dr. Raghuvanshi mentioned for hospital business, we can -- you are talking revenue-wise?

- Shyam Srinivasan:** Yes, sir, both. All what you can give us?
- Vivek Goyal:** So revenue-wise, we are well poised to see on hospital side, 15% plus revenue growth. And EBITDA side, we expect another 150 basis point margin improvement for the current financial year. And for diagnostic, Anand, if you want to...
- Anand K:** Shyam, for Diagnostics, as we had guided earlier, this year, we said that we'll be around 22% to 23% in terms of EBITDA. So we are there. So I think for the coming year as well, we'll be around 23% to 24% kind of EBITDA margins. We are making further investments into new centers and all this year. In terms of revenue, I think from where we were, we have improved quite well, and we have come to about 8.5% now. And we'll definitely improve and touch about double digits this year is what we are hoping.
- Shyam Srinivasan:** Sorry, if I can squeeze in last question, Anand. So many of your peers have talked about better volume development. Some of them have raised their volume guidance as well. So anything to kind of double-click on your revenue? How does that double-digit split out into, say, mix and volume?
- Anand K:** So this year, we are seeing roughly about 5-plus fee kind of volume-to-value relationship, so 5% growth in volume. So we expect that next year, it would be similar about 70% coming from volume and 30% coming from value.
- Moderator:** Next question comes from the line of Amey Chalke with JM Financial.
- Amey Chalke:** Congrats to the management on good numbers. So first question was on top 10 hospitals. First half of the question already answered on the larger hospital. But if you look at the smaller hospitals, which have done well, particularly FEHI and Jaipur, they have been doing well for last 2, 3 quarters. So what is going right here? And also, is this growth a profitable one? Or is it the margins remain in the low teens only for these hospitals?
- Vivek Goyal:** Yes. So FEHI has improved a lot. If you see, the EBITDA margin has improved, and we expect there is a further scope of improvement in the EBITDA margin in FEHI. Because of the operational efficiency and new facilities, which we are putting in FEHI and the new clinical talent team, which we have put there. As regard to Jaipur is concerned, Jaipur has also shown last year a very good progress. It is -- we expect the Jaipur to grow around 15% plus next financial year with EBITDA margin in the range of 13%, 14%.
- Amey Chalke:** And the second question I have on the FMRI tower expansion. You mentioned in the opening remarks that the tower is likely to get opened in coming weeks. So do you expect the entire capacity to start in one go? Or -- and also, what is the current capacity utilization of FMRI?
- Vivek Goyal:** So FMRI, the capacity utilization is quite healthy. We are operating at around 85%, 90% occupancy level. We are actually facing bed shortage. We expect to operationalize this new tower in a week time. Our initial plan is to operationalize in a phased manner. We don't want to open all the beds immediately because it is having impact on the cost also. And as we move on the occupancy ramp-up curve, we will open the further beds. In the current financial year, our

target -- our plan is to open around 100 beds. But if the occupancy ramps up fast, we can open all the beds also.

Amey Chalke: Considering once this entire tower is fully operationalized, FMRI is already operating at healthy margins. So is there a scope for further margin improvement on account of this brownfield expansion?

Vivek Goyal: Yes, yes, of course. As I mentioned in my earlier calls, this brownfield expansion, our experience is quite good. We're able to ramp up the capacity quite fast. And with the economy of scale, we're able to ramp up the margin also, which this we have seen in our Faridabad unit where we added 50 beds last year. We have also seen the same phenomena in our Noida hospital, where we have added around 100 beds last year. So we expect a similar and rather better thing in FMRI.

Amey Chalke: Sure. Just last question, if I can squeeze in. On the Diagnostic business, the business has started doing well in terms of growth as well as margins. Is there any thought on the demerger front on the diagnostic side and just keeping the Hospital business as a stand-alone business going ahead?

Vivek Goyal: Yes. Currently, our focus is more on improving the profitability margin. The business has started showing good result and focus is on getting full potential out of the business. So we'll continue to strengthen the business performance. And I think this is not the right time to do any sort of value locking at this point. And once the business mature and start performing as per the market and as per competition, then I think we can look for some alternatives.

Moderator: Next question comes from the line of Tausif with BNP Paribas Exane Research.

Tausif Shaikh: On your BG Road this year, we have seen the occupancy levels dipping to 55% while earlier you highlighted that some of the occupancy dip is mainly because of international patients and onco capping. But I guess Bangalore market does not have these dynamics. Any color on the same would be helpful on the Bangalore market and BG Road?

Vivek Goyal: So BG Road is one of the unit on our target where the occupancy level is low. And there, we have expansion in pipeline, brownfield expansion in pipeline. So, this unit, the occupancy level is low because, one, we are not taking a lot of government business here. So it is more of the TPA and cash business.

Secondly, there is an intense competition around that region. And in that region, generally, the occupancy level remained low, around 63%, 64%, but we are at 55%. So our immediate endeavor is to bring it above 60% level and operationalize on the enhanced base and then look forward to increasing the occupancy level there. So I think currently, on occupancy front, this unit is performing suboptimal, and this is on our radar for the improvement.

Tausif Shaikh: Okay. That's helpful. Can you provide us the revenue contribution from 800 new beds we have added this year, a breakup between acquired asset and brownfield expansion, that would be helpful?

Vivek Goyal: Yes. So, if we talk about out for the current quarter, if the revenue -- reported revenue for the hospital business is INR2,000 crores and for the net revenue if we take out the new units, which

is the TMI People Tree basically, Adayu and Jalandhar, then it will be INR1,928 crores. So there is very little revenue contribution actually.

Tausif Shaikh: Also, last one, if I can ask, what is the revenue and EBITDA of Gleneagles for the full year?

Vivek Goyal: Gleneagles. So Gleneagles, we don't have full number right now. So they are trending around INR70 per month. Yes, we don't have number for Gleneagles right now because it is not getting consolidated with us. So we don't track that way.

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

Damayanti Kerai: My first question is on your CGHS and International Patient business, where some of the issues have created some turbulence. So you mentioned about working on some risk mitigation strategy. And in the CGHS part, I just wanted to understand while we don't know whether the onco price cap will be removed or not. But considering the price increase happening in that part of the portfolio, how do you see this business moving in, say, '27-'28 in terms of growth?

Vivek Goyal: Yes. So first on the onco side, as I mentioned, there is no clarity, first of all, with us. However, CGHS and ECHS has gone ahead in increasing the prices for almost all the specialities. The full impact of that has still not come because the super specialty category, which they have created, the registration is in progress, and there is a lot of clarity which is needed on the billing side. Having said so, this is an important payer for us, and we are in the growth phase.

So we want to explore maximum out of this business. As regard international business is concerned, we are tracking well. We are broadening our market base. We are concentrating more on Africa and other countries to mitigate this international business dip, which we have witnessed in the last quarter. Having said that, the domestic business growth has more or less taken care of what we have lost in the international business.

Damayanti Kerai: Okay. So in international business, still say travel situation, etcetera, normalize, maybe we will see similar trends. And at the same time, the domestic growth should be taken care of any loss happening on the international business part?

Vivek Goyal: Yes, yes. This is what we are seeing currently.

Damayanti Kerai: Okay. My second question is, earlier you discussed about your parent, IHH increasing stake in the company, etcetera, or investing more. So any update or any time line to look there?

Vivek Goyal: Yes. So recently, the group CEO of IHH has given an interview where he has mentioned that there is a plan to increase their stake to 50%, and they have also mentioned some amount around INR10,000 crores fresh equity infusion in the company for meeting the growth aspirations. So whatever we have -- we are hearing from IHH, I think India is a focused market for them, and they want to increase their footprint in India through Fortis only. And that should -- that is the plan. And I think as and when we need the capital, they are with us, and that will be happening as we need the growth capital.

- Damayanti Kerai:** Okay. Good to hear. But we don't have any specific timeline, right, when these investments will come in?
- Vivek Goyal:** No. As of today, there is no specific time line I can give you, but it will happen over a period of time as and when the companies need the capital.
- Moderator:** Next question comes from the line of Tushar Manudhane with Motilal Oswal Financial Services Limited.
- Tushar Manudhane:** Sir, firstly, on the number of doctors that got added in FY26 on the organic basis, if I exclude the acquisition-led addition of doctors, if you could share the number?
- Ashutosh Raghuvanshi:** I don't think, Tushar, we have that number offhand. This is an ongoing thing. We don't really track it that way. But I don't have that number.
- Tushar Manudhane:** No issue. We can take it offline.
- Ashutosh Raghuvanshi:** Yes, we can take it offline...
- Tushar Manudhane:** Sure. Sir, secondly, for your guidance for the revenue growth in FY27, you've guided for -- the growth is all organic basis? Or are you including certain acquisitions which you think are sort of close to completion?
- Vivek Goyal:** No, that guidance is for ongoing basis. So we have not considered any acquisition there, and the acquisition will be over and above that.
- Tushar Manudhane:** Understood. And just to a little dig deeper into EBITDA margin guidance. As I see the hospitals which are 20% plus sort of a margin are already running at 70-plus sort of an occupancy. And probably addition of beds will definitely drive the EBITDA given the strong scale-up of the additional beds. But purely from a margin point of view, just wanted to understand what will drive the EBITDA margin -- in while we have very less number of hospitals into the category of, say, less than 15% EBITDA margin.
- Vivek Goyal:** Sure. So I think it is a very important question to deliberate on. You rightly said that some of the hospitals are already operating at a decent occupancy level, but there are hospitals, large hospitals, which are not operating at that level. Like we have discussed about BG Road, Mulund is operating at around 65% plus and that can also be ramped up to 70% type of occupancy. So there is a scope in the existing big hospitals where we can increase the occupancy.
- Second lever is some of the new units, in where we were incurring losses in the last financial year, like Manesar, like Greater Noida and Ludhiana too. The units have started contributing positively. And looking at the current trend, we feel that these units will start handsomely in the EBITDA margin side. So these units which are on the lower part of the pyramid, these units will move up further. So that is another lever which we are looking for. And thirdly, as you rightly mentioned about the brownfield expansion, which we have done, that will lead to margin improvement. And last but not the least, the acquisitions which we have done last year.

That process of integration was on. And as we complete that process, we hope those units will start -- also start contributing in the overall pie of the revenue as well as EBITDA. So all put together, along with our focus on optimizing the cost and optimize our operations, I think we are quite confident the guidance which Dr.Raghuvanshi just has given will be met.

Tushar Manudhane: Got it. And just lastly to understand or maybe I missed in the initial remarks or the earlier conversation in terms of time line for this Gleneagles transaction?

Vivek Goyal: Yes. So we -- actually, we can't give time lines for this. This is under deliberation. We are -- we will come back to you people because if this happens, it will be required majority of minority approval. So we will come back to you as and when we are ready with the proposal. It is under deliberation and evaluation stage right now.

Moderator: The next question comes from the line of Aman Goyal with IIFL Capital.

Aman Goyal: Congratulations on a great set of numbers. Sir, my first question is related to the Manesar facility. Can you please throw some color on what is the revenue run rate and the KPIs for Manesar? And is there any effect on the FMRI units from Manesar facility?

Vivek Goyal: Not really. Manesar is doing quite well. In terms of revenue, it is exceeding our expectation also, whatever number we have taken over this unit. So revenue-wise, it is doing quite well. And it is having a rather positive impact on the FMRI unit because doctor has got a larger base to operate with.

And it is having perfect synergy with our FMRI unit. And as I mentioned earlier, last year, there was an EBITDA loss over this unit because it is a new unit for us. It has already breakeven. It has started contributing to the EBITDA, and we hope that this unit should do well in the current financial year for us.

Aman Goyal: So how much revenue did Manesar reported in FY26?

Vivek Goyal: Yes, INR140 crores is the revenue number for last financial year for Manesar.

Aman Goyal: And the occupancy, occupancy-wise?

Vivek Goyal: It is around 48%, but it is quite deceptive because during the year, we have opened up new beds also. So we are opening beds as we are moving on the occupancy return.

Aman Goyal: And sir, my question is on the flagship unit. Since we have witnessed some occupancy dip due to the international business and all, but there is a huge ARPOB growth for FMRI, FEHI. What is the driver for this ARPOB growth? Year-on-year basis, I'm saying, let's say, in FMRI, we have reported INR4.7 crores ARPOB versus INR4.2, and it's a significant jump. Similarly in FEHI, almost INR3 crores from INR2.4 crores...

Vivek Goyal: Yes. One reason for FMRI ARPOB increase is the international business itself because if you see in a year, we have grown by 20%. And international business, this ARPOB is on the gross basis. So international business generally includes markup and that lead to the higher ARPOB when we see at the gross level. So that is one reason for the ARPOB increase in this business.

Plus we have added a lot of new technology in this unit like MR Linac was started in this unit. Gamma Knife was started. This unit is having very good onco business. And with the onco business, there is a lot of day care business that comes. And all these factors lead to ARPOB increase in this hospital. The last quarter only, there was dip in the international business but when you see year-on-year number, it is looking all right.

Aman Goyal: And sir, my next question is on the Bangalore cluster. Since you mentioned in this call, the Bangalore has a very high competition market. And what is the driver to introduce new hospital like we recently added People Tree. There -- I think margin is under 10% for that hospital. So what is the -- I mean, the main motivation behind adding new hospital in a market where the competition is already at an intense level?

Ashutosh Raghuvanshi: Yes. So there are micro markets within any large city, and this is a new micro market. And also at the same time, this micro market is not as highly competitive as the one in BG Road. BG Road, our boundary wall is shared by another large major hospital of the city. So whereas here, there is a large drainage area, which is grossly underserved at the moment.

So we believe that there is a huge opportunity here. This area is also seeing a lot of large residential developments of IIM coming as well. So this is a more a futuristic opportunity, we believe. And in a city like Bangalore, multiple positioning is very important because if you don't have a cluster and you don't have that kind of presence and then you are not in the competition. So, you have to have a network in order to be a significant player over there.

Aman Goyal: Okay. Understood. Sir, my last question is on the bed expansion plan. So we have moved some beds from FY28 to '29 now. So any particular reason? And what is the capex guidance for FY27 to '29...?

Vivek Goyal: Yes. So only FMRI unit has been moved to the '27 financial year. It was supposed to be starting in the last quarter of the last financial year. So we are moving quite well in our brownfield expansion program. Next year, we are targeting around 500-plus bed expansion, commissioning of 500-plus beds on the brownfield side. As regard the capex guidance, we expect to incur around INR900 crores annually on the capex, which may include 60% towards maintenance capex and balance is the growth capex.

Aman Goyal: Okay. Sir, my question was basically in the January PPT, we have dedicated 465 beds for FY28. Now in the latest PPT, we are guiding 173 beds. So -- so that 300 bed deviation is largely now in FY29. So which facilities are the -- I mean, the defer of 300 beds?

Vivek Goyal: It's mainly Shalimar Bagh, if I can mention. One is the Shalimar Bagh, which is the big extension, where we are expecting some approval related issues to be sorted out. And once it is sorted out, we will move fast on this expansion. So Shalimar Bagh, definitely, there is a delay in the expansion.

Moderator: Next question comes from the line of Sanjay Shah with KSA Shares and Securities Private Limited.

Sanjay Shah: My question was regarding Indian...

- Moderator:** Sorry for interrupting, can you speak a little louder?
- Sanjay Shah:** Sure. Sir, Indian hospital sector is seeing aggressive expansion by large players. How do management view increasing PE-backed competition and asset-light model? And how it differentiates Fortis most today among others?
- Ashutosh Raghuvanshi:** Yes. I think, Sanjay, the main differentiator is going to be the clinical quality outcome, patient satisfaction. And we continue to remain focused on it. As far as the PE-backed platforms are concerned, I think that's a future opportunity for the legacy players who are the kind of strategic in the market. And this would give future opportunities for us. There are concerns about the valuations, etcetera, being driven by these transactions. But that, I think, will be something which market will take care of over a period of time.
- Sanjay Shah:** That's great. Sir, what is the normal maturation cycle for a hospital to move from loss-making to EBITDA to mature 20% plus EBITDA...
- Ashutosh Raghuvanshi:** Yes. So typically, the cash breakeven happens at 18 to 24 months. And then after that, it takes about maybe a year to get to about 18%, 20% EBITDA.
- Sanjay Shah:** So that is for brownfield or greenfield?
- Ashutosh Raghuvanshi:** No, that's for greenfield.
- Sanjay Shah:** Yes. And about brownfield, sir?
- Ashutosh Raghuvanshi:** Brownfield will depend on the already existing operations. So for example, in most of our brownfield, the capacity absorption was immediate. So because that is just a hospital becoming larger. So it drives in economy of scale, then the profitability of the hospital becomes better immediately.
- Moderator:** Next question comes from the line of Jestin George, an Individual Investor.
- Jestin George:** Our major brownfield expansion like Towers, FMRI, Noida and Shalimar Bagh. How many beds adding in BG Road and in Mohali? Or is there any other new to -- new brownfield expansion coming in any other hospitals?
- Ashutosh Raghuvanshi:** Yes. So Mr. George, we are having new towers coming up in Mohali and Shalimar Bagh, which will take about 2.5, 3 years near about. These are large expansions and also in Amritsar. So these 3 large ones are going to come.
- There is some brownfield capacity in Bangalore, which we are yet to commission. But as discussed earlier, the occupancy levels currently are lower. So we are waiting for that to improve before we add more capacity. We have about 100 beds more over there. Mulund, we have already built a new capacity a few years back, and that is well absorbed now.
- We are currently at about 65% occupancy levels over there. So there is a possibility of adding another tower in Mulund facility, which we are in the process of planning. So these are some of the areas where we are looking for to expand further.

- Jestin George:** The BG Road brownfield expansion, new tower or the same building?
- Ashutosh Raghuvanshi:** It's a brownfield in the same building, yes. The building is already constructed. Once the occupancy numbers improve, we will commission...
- Moderator:** Next question comes from the line of Atul Minocha, an Individual Investor.
- Atul Minocha:** And my question is more towards Dr. Raghuvanshi, the strategy like we will be moving towards the preventative health care in the future. And what I have in my individual capacity observed is like there are a lot of online players who are going in that category and kind of if I say it, they're kind of eating their lunch. So like there are many players who are doing online consultation and everything.
- So what is going to be your strategy to be available at the places where your customer is while I do understand you have -- we have our own digital platform, -- my app, but the kind of presence those other platforms have and the way we are capturing, I see the patient base is quite getting captured. So thought on that side?
- Ashutosh Raghuvanshi:** Yes. So you are right that there are a lot of platforms which are providing this primary consultations. But those primary consultations don't really always lead necessarily into hospitalization and the channels are not well formed. We do understand the importance of that space. But our whole operation is primarily focused on tertiary quaternary and critical care. So with those facilities will always be provided in hospital. So this doesn't form a very large segment of patients, but it is very important for the patient. We understand that.
- So we will gradually develop our digital presence with our app, which you're already aware of. We will enhance those offerings and increase our presence in the primary space. But that is not a focus area right now because it is a business where essentially initially, there is a lot of cash burn if you focus that on -- and if you compare to whatever the examples you are giving. So we will be very mindful of this and gradually keep on enhancing our digital presence through our app and other means.
- Atul Minocha:** My question is, if I add to it, like are there opportunities to kind of collaborate with these platforms on the preventive side and also to kind of explore the opportunity coming out of these engagements because ultimately, when you are available at a customer touch point, based on those interactions, there might be conversions which might ultimately drive some patient revenue towards the tertiary health care which might be required.
- Because if you're not present on the customer side itself, these routes where they're happening, the customer routing that are happening, you might not be aware in those situations. And what my experience has been, my personal experience is we are kind of little bit lagging on the IT side of the things, platform, app usage and other aspects also in patient journey. So that whole digital experience and capturing converting from preventive to tertiary and those dimensions, I think are important.
- Ashutosh Raghuvanshi:** Yes. I already said that we do realize the importance of that space, but collaborating with these platforms is not an option we will consider. We have had experiences earlier on. We believe

that, that is dilutive to our presence. And so we are not at the moment looking to do -- go on that direction. But we do understand the importance of this, and we will continue to develop our platform, which requires a lot of improvement.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I now hand the conference over to Anurag Kalra for closing comments.

Anurag Kalra: Thank you, Renju. Ladies and gentlemen, thank you for your time today. If there are any follow-up queries or clarifications, me and my colleague, Amit are available. Please do feel free to reach out to us over phone or email. Thank you very much, again, and have a good day.

Moderator: Thank you. On behalf of Fortis Healthcare Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.