

13th August, 2025

To, The General Manager, Department of Corporate services Bombay Stock Exchange Ltd (BSE) Phiroze Jheejheebhoy Towers, Dalal Street, Mumbai - 400 001. Scrip Code - 543308 ISIN: INE967H01025	To, The Manager, Listing Department National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No.C/1, 'G' Block Bandra - Kurla Complex Mumbai - 400 051. Symbol - KIMS ISIN: INE967H01025
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Dear Sir/ Madam,

Sub: Transcript of earnings conference call with Analyst / Investors.

In Continuation to our letter dated 30th July 2025, the Company organized a conference call with the Investors/ Analysts on Thursday, 07th August 2025 at 10:00 AM (IST). A copy of the transcript of the conference call held with the Investors/ Analysts is enclosed herewith and the same has also been uploaded to the Company's Website at <https://www.kimshospitals.com/investors> > Disclosures under Regulation 46 of SEBI (LODR) Regulations, 2015 > Analysts Calls schedule, PPT & Transcripts > Transcripts, Audio & Video Recordings > FY 25-26.

Kindly take the same on record.

Thanking you,
Yours truly

For Krishna Institute of Medical Sciences Limited

NAGAJAYANTHI
JUTTUR
RAGHAVENDRA
DAS

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“KIMS Hospital
Q1 FY '26 Earnings Conference Call”
August 07, 2025



IIFL CAPITAL



MANAGEMENT: **DR. BHASKAR RAO BOLLINENI – FOUNDER AND
MANAGING DIRECTOR – KIMS HOSPITAL
DR. ABHINAY BOLLINENI – EXECUTIVE DIRECTOR
AND CHIEF EXECUTIVE OFFICER – KIMS HOSPITAL
MR. SACHIN SALVI – CHIEF FINANCIAL OFFICER –
KIMS HOSPITAL**

MODERATOR: **MR. RAHUL JEEWANI – IIFL CAPITAL SERVICES
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the KIMS Hospital Q1 FY '26 Earnings Conference Call hosted by IIFL Capital Services Limited. 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. Rahul Jeewani from IIFL Capital Services Limited. Thank you, and over to you, sir.

Rahul Jeewani: Thank you, Shruti. Hi. Good morning, everyone. This is Rahul from IIFL Capital. I welcome you all to the first quarter earnings conference call of KIMS Hospitals. From KIMS, we have with us today Dr. Bhaskar Rao Bollineni, Founder and Managing Director; Dr. Abhinay Bollineni, Executive Director and CEO; and Mr. Sachin Salvi, CFO. Over to you, sir, for your opening comments.

Bhaskara Rao Bollineni: Greetings, and a hearty welcome to you all. Next week, we are going to celebrate 78th Independence Day. The air is full of Independence Day and other ensuing festivals. You will be pleased to know that this is our Silver Jubilee Year. We started our journey in 2000 with our first hospital in my native town of Nellore in Andhra Pradesh with our objective of providing affordable and accessible health care.

Encouraged by the overwhelming response, we expanded to other towns and opened our flagship hospital at Secunderabad in 2004. Today, we have 25 centers across 5 states with a bed capacity of 8,000 and a strong workforce of 20,000 plus and all set to grow further in the near future. All this is made possible due to the trust and confidence of patients arising out of our clinical excellence, outcomes, and latest technology and of course, support of you, investors.

Let me now rush to the present the financial and operational highlights. Total revenue of INR879 crores, a growth of 26.8% on year-on-year and 9.6% on quarter-on-quarter basis. EBITDA of INR200 Cr, a growth of 8.5% on year-on-year and a degrowth of 1.4% on quarter-on-quarter basis.

EBITDA margin at 22.7% vs. 26.6% in Q1 financial year '25 and 25.3% in Q4 FY '25. PAT at INR85 Cr in Q1 FY '26 against INR95 crores and INR106 crores in Q1 FY '25 and Q4 FY '25, respectively. Consolidated EPS for Q1 FY '26 of INR1.96, a degrowth of 9.2% on year-on-year basis. Cash-and-cash Equivalents includes cash, Bank balance, Deposits with maturity less than 12 months and Investment in Mutual funds at INR70 crores as on Q1 FY '26.

Q1 FY '26 financial highlights, the consolidated one. The consolidated revenue from operations of INR872 crores, a growth of 26.6% on year-on-year and 9.4% on quarter-on-quarter basis. Consolidated EBITDA pre-Ind AS of INR194 crores, a growth of 9.8% on year-on-year and degrowth of 1.5% on a quarter-on-quarter basis.

Consolidated EBITDA pre-Ind AS, excluding other income of INR187 crores, a growth of 8.6% and a degrowth of 2.9% on year-on-year and quarter-on-quarter basis, respectively. The new units, the quarter was packed with action. We launched our Thane unit, and it has made a promising beginning.

We also launched our 2 units at Bangalore, done the Puja in Mahadevpur and Electronic City with a bed capacity of nearly 800 beds, both the units put together and may be operationalized in the quarter 2 and almost all the licenses and everything has come. So we are in a position to start very soon.

And our new units in Kannur and Kollam in Kerala receiving encouraging response. We also opened our new units in Seethammadhara at Visakhapatnam, along with fertility center, Cuddles, Child Care, and a Specialty Unit. We also opened 100 beds in Srikakulam, the new facility. Maybe in the next couple of quarters, we may be opening in oncology in Anantapur and ongole. So these are all our new things which we planned are going in a proper manner. Maybe 1 or 2 months getting delayed because of the licenses to get from the organization in the government. And we also have a very good clinical achievements we achieved in this last quarter, a lot more are there with all these clinical achievements, and we are growing much faster starting from a 1 year baby to 85-year-old male.

And with all these clinical achievements, there is a proper growth which are going to come up. And these stories make the achievements that much. Interaction with international experts is a regular phenomenon at our hospital.

Last week, Professor Kelly Hunt, Prof, Department of Best Surgical Oncology, the University of Texas MD Anderson Cancer Center, hosted vis teams and delivered a lure on advancing surgery through collaboration and science. There was a lively academic interaction. We should greatly appreciate the expertise and latest infrastructure.

So, I conclude now assuring you of our continued efforts to expand our reach and pursue excellence for even better performance in future. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Damayanti Kerai from HSBC.

Damayanti Kerai: My first question is on your new units related cost. So it appears that the losses which you have booked from these new units in 1Q is high. So how should we see like especially Nashik, Thane is something which I understand contributed towards the losses? So if you can share how do you see operations scaling up at these units? And what kind of losses you are expecting, say, for this year and FY '27?

Abhinay Bollineni: So as far as -- so we have 5 hospitals which are new in the system and which are contributing to small margin or losses. So coming to Maharashtra cluster, we have Nashik and Thane. The ramp-up at Nashik has been a little slow because of tie-up from insurance -- delaying tie-up from insurance and corporate.

But otherwise, if you look at the cash business ramp-up, it is quite decent, and we are pretty happy with the response so far. But there are some losses from the Nashik unit, which we feel will neutralize by the end of Q2.

As far as Thane is concerned, the ramp-up has been significantly good. The month of July, we closed a revenue of INR9 crores from the Thane facility, which is much better than what we had expected. We see a very positive trend as far as Thane is concerned. So by end of Q3, we should neutralize the losses from Thane as well and it will be EBITDA neutral.

In the Kerala cluster, we have 2 units. One is Kannur, which is EBITDA positive. We have Kollam, which is -- there was an EBITDA drag in Q1, which also is because we are doing a lot of renovation work. But Q2, we should neutralize the EBITDA losses from the Kollam facility, which is commissioned in Kannur. And from Q3 onwards, it will start contributing to EBITDA.

Damayanti Kerai: Okay. So all these put together and plus 2 new units in Bangalore, which are going to start in next few days or so. What kind of losses we should bake in for this year from the new unit?

Abhinay Bollineni: As far as Q2 is concerned, I think from both Nashik and Thane, we should have a loss of around INR8 to INR10 crores in Q2. And as far as Kerala is concerned, we should have it neutralized, so there won't be much losses, maybe INR1 crores at best. And as far as Bangalore is concerned because we'll start commissioning the hospital now. We got our Pollution Control Board license just yesterday. In another week, we should get our KPME license a week to 10 days. And once we get it by -- towards the end of August, we should commission both the hospitals. So that will be another INR10 crore drag for the month of September. INR10 to INR15 crores.

Damayanti Kerai: INR10 crores to INR15 crores. And these Bangaluru units, should we assume cost breakeven within, say, 2 to 3 quarters of operation or it could take slightly longer?

Abhinay Bollineni: We should assume September is the first full -- September month is the full month of operations, given that obviously will take time to get on these licenses. So from there, 12 months, we should positively breakeven in both the facilities in Bangalore. We should at least become EBITDA neutral.

Damayanti Kerai: Okay. So within 12 months, say, you are going fully operation from September, so 12 months from there onwards.

Abhinay Bollineni: Correct.

Damayanti Kerai: Okay. My second question is on your mature cluster of Telangana. So there, we have seen improvement in ARPOB over last, I think, a few years. However, my question is that the IP volume and occupancy looks more range bound. So how should we look at these 2 KPIs? Because I understand ARPOB...

Abhinay Bollineni: What did you say about occupancy? I couldn't follow that.

- Damayanti Kerai:** Yes. So I'm saying we have seen improvement in ARPOB in Telangana cluster hospitals, but occupancy and IP volumes, if we look at, I think, last few quarters' number, they look more range bound. So how should we look at these 2 metrics? That was my question.
- Abhinay Bollineni:** Telangana, like we said, is a very mature cluster. So we're still growing at a 5%, 6% volume growth on a year-on-year basis, so which is in line with what we predict. And with the Kondapur hospital getting commissioned next year and some expansion happening in the Gachibowli hospital, we should see -- next year, we should see good volume growth in the Telangana cluster. But since it's a mature cluster, we are not anticipating growth beyond the 5%, 6% kind of volume growth.
- Damayanti Kerai:** Okay. So mid-single-digit growth for a mature cluster is something which we should assume
- Abhinay Bollineni:** By volume. We are running out of capacity in most of these facilities. When Kondapur comes in and when the new Secunderabad comes in, we will then get more beds operation.
- Moderator:** Our next question is from the line of Eknath Shinde, an Individual HNI Investor.
- Eknath Shinde:** I just want to understand a telescopic view. My question is, as KIMS expand its footprint across Tier 2 and Tier 3 cities, how are you leveraging the digital health platforms with AI or remote care models to enhance the stability, the scalability, and patient outcomes? And could these tech-led innovations become a structural moat for over the next 3 to 5 years?
- Abhinay Bollineni:** Yes. I think we're using AI and technology to help improve patient outcome and patient care monitoring within the hospital. I think as a company, we are very focused in delivering tertiary care and quaternary care -- and we do not want to digress from -- we will use technology, embrace technology as much as we can within the hospital.
- But the key focus is to get the Tier 2, Tier 3 build capacity because there's a lot of unmet capacity demand and focus on being able to slice both tertiary and coronary care, but embrace as much technology as we can. We have always invested a very high on technology, both on AI-related stuff as well as equipment, new equipment that have come in the system.
- Moderator:** Our next question is from the line of Rahul Jeewani from IIFL Capital Services.
- Rahul Jeewani:** So the EBITDA losses which we indicated from these new hospitals in 2Q, that number, I think, would be closer to INR20 crores to INR25 crores for 2Q. So can you also quantify the combined losses which we had from these new hospitals in 1Q, just so that we better understand in terms of how these losses are moving from 1Q to 2Q?
- Abhinay Bollineni:** The combined losses in Q1 is INR21 crores.
- Rahul Jeewani:** Okay. So this INR21 crore hit you have already seen, so the incremental hit in 2Q then would be around, let's say, INR5 crores kind of a number?

- Abhinay Bollineni:** INR5 crores to INR10 crores because there will be some improvement in the Maharashtra cluster, Kerala cluster, there will also be a drag from the Telangana cluster
- Rahul Jeewani:** Dr. Abhinay, you said that Nashik ramp-up obviously has been slow, so because of insurance delays. So when do you expect these insurance contracts to get formed up in Nashik? Because I think Nashik, we commissioned last year in September. So yes, apparently...
- Abhinay Bollineni:** The real commissioning started only from January, Rahul. So last month, we have ramped up to almost INR7 crores of revenue. So we are pretty happy with the progress made as far as the cash on -- as a player. But with insurance and CGHS, which both account for typically 60% of the volumes in most hospitals in that cluster, we are expecting both empanelment to be done over the next 3 to 6 months' time.
- Rahul Jeewani:** Okay. So the INR7 crores revenue for Nashik is just from the cash business. So with these incremental insurance contract, the business should further ramp up?
- Abhinay Bollineni:** Correct.
- Rahul Jeewani:** Sure. And on Sangli also, did we book any losses for the quarter or Sangli, we did not have much of losses?
- Abhinay Bollineni:** Sangli is an O & M contract, and we just get the revenue -- we get a revenue share. But when you look at Sangli independently, we had no losses in Sangli for the full quarter.
- Rahul Jeewani:** Okay. And what was this quantum of revenue which you booked from Sangli this quarter?
- Abhinay Bollineni:** INR4.3 crores.
- Rahul Jeewani:** Okay. So Dr. Abhinay, can you just guide us in terms of how we -- because we have some of these O&M contracts. So I think in the core Telangana cluster -- Telangana AP cluster as well, I think Guntur is again an O&M contract. So for these O&M contracts for which the capacity doesn't get added, but we will be seeing this revenue accretion. So across all these O&M hospitals, what kind of a revenue number should we be factoring in, let's say, from a next 12- to 24-month perspective?
- Abhinay Bollineni:** So we'll start sharing that detail separately, Rahul, in the presentation from next time onwards. We got that feedback from some investors. We'll put O&M revenue separately.
- Moderator:** Our next question is from the line of Karan from GE Shipping Family Office.
- Karan:** Congratulations on a good set of numbers. Sir, I just wanted to double click on the Kerala cluster. As we are aware, there's a brand already present in that cluster. So I just wanted to understand what our strategy will be going forward attracting better volume growth in that particular geography? So that's my first question.

- Abhinay Bollineni:** I think the state as such is a very large state. We have seen good volume growth in both our facilities. And competition is not present in all the districts of Kerala. And if you look at where all we are commissioning hospitals, like in Kollam, we don't see -- sorry, in Karnataka, we have no competition from any large corporate trisure that we're setting up, we have no competition. So there is enough space for 2, 3 players to coexist and be able to scale significantly.
- Karan:** And sir, from that perspective, since we are a relatively new brand in that state, if you can just talk about the initiatives that have been taken to reach out to the residents in the geography over there so as to make a brand presence?
- Abhinay Bollineni:** Just like we are always focusing on those micro markets where there is unmet demand. And when we go there with the right infrastructure, right technology, and the right model to attract talent, the talent themselves attract a lot of patients and they are old patients, new patients and seeing the infrastructure. There's a lot of unmet demand in those micro markets. So a lot of these detailed activities lead to increase in footfall in these hospitals.
- Karan:** And sir, just one last question on the Bangalore, Karnataka cluster. We're commissioning 800 beds there. And you mentioned there will be some EBITDA losses that will kick in from Q2 onwards. So sir, at what occupancy level do we feel that in 12 months, we can see EBITDA margins kind of neutralize there and help us in the consol EBITDA profile?
- Abhinay Bollineni:** Yes, I think around a good 30%, 40% occupancy, we should become EBITDA neutral -- it depends on the initial doctor cost and the time line in which the doctors are joining.
- Karan:** And from the perspective of talent hiring, etcetera, we are already, I'm assuming on track for that so that...
- Abhinay Bollineni:** Talent hiring for Phase 1 of the growth, we are pretty solid. We just -- once the licenses are in place, those doctors will have to start resigning from their current organization and then come on board. So that onboarding will take 2, 3 months or 1, 2 months. So that's where we are foreseeing some losses.
- And because also Bangalore is a heavily insurance-dependent market, so there could be some initial delay in ramp up because we have to get the empanelment and that's a time-consuming process. But overall, the kind of talent we've been able to attract, I think we're pretty confident within 12 months, we should neutralize EBITDA losses from both the hospitals and Bangalore.
- Karan:** That's great to hear, sir. One last question, if I can squeeze in. From the 800 beds, are we looking at opening them in a phased manner? And if so, what would be the time line of that?
- Abhinay Bollineni:** Sorry, in which manner.
- Karan:** In Bangalore?
- Abhinay Bollineni:** We will only commission 50, 75 beds in each hospital to begin with. And as we ramp up those occupancies, we'll add more beds.

- Moderator:** Our next question is from the line of Nancy Yadav from Allegro.
- Nancy Yadav:** Just two short questions. Firstly, I wanted to reconfirm the net debt number. I think I missed that part?
- Sachin Ashok Salvi:** So the net debt as on 30 June 2025 is INR2,020 crores.
- Nancy Yadav:** And I also wanted to ask that like you mentioned the EBITDA losses are INR21 crores. So could you give an approximate of how much of this is coming from Thane is there any other asset adding to this?
- Abhinay Bollineni:** So we have Thane, Nashik and Kollam adding to this. Thane would be around INR11 crores because we had only one month of revenue, but we commissioned the hospital from May. Nashik will be around INR7 crores. And then you have Kannur INR3.5 crores.
- Karan:** Alright sure. Thank you so much.
- Moderator:** Our next question is from the line of Bino Pathiparampil from Elara Capital.
- Bino Pathiparampil:** A couple of questions. One, Sriakulam 120 beds, have we commissioned it because I haven't seen any addition in the cluster.
- Abhinay Bollineni:** Yes, we commissioned it in Q2.
- Bino Pathiparampil:** What are the plans of expansion beyond FY '27 because right now, all the announced projects are ending Q4 FY '2027...?
- Abhinay Bollineni:** Sorry your voice is not very audible? Would you speak up a little louder.
- Bino Pathiparampil:** Hello, is it better now? I was wondering about expansion plans beyond FY '27. All our announced plans are now getting commissioned by end of FY '2027. So have you started working on more greenfield projects? And what sort of areas are you looking at?
- Abhinay Bollineni:** We are exploring more opportunities, but the focus area and the clusters remain the same, more work in Karnataka, Kerala, Maharashtra and obviously, a lot of greenfield -- brownfield addition in Telangana and Andhra. But our intent is to first stabilize a lot of the greenfield hospitals that got commissioned this year or will get commissioned this year. So towards the end of the year, when we are more stable from all of these operations, we will then start closing on a lot of the other greenfield hospitals, which will anyway take 3, 4 years, and that's a good enough time for us to stabilize operations.
- Bino Pathiparampil:** Got it. And one last question. In these new hospitals that are coming up, say Thane, Bangalore, etc, when you go for insurance empanelment, is there a rate negotiation that happens? or is there a standard slab which applies to that bed hospital and it just gets fixed?
- Abhinay Bollineni:** No, there is a negotiation that happens.

- Moderator:** Our next question is a follow-up question, and it's from Damayanti Kerai from HSBC.
- Damayanti Kerai:** Given your experience in Nashik for some delays in insurance empanelment, etc, what are your expectations for Bangalore to get the intended coverage which you're looking for?
- Abhinay Bollineni:** Thane, Bangalore, Nashik will all take similar time. It will take us anywhere between 9 to 12 months for full empanelments to be completed. That's the typical timeline that we're seeing even in Thane. 9 to 12 months, we should safely assume for full empanelment.
- Damayanti Kerai:** So say, in Bangaluru, you are starting in September. So initially, we should assume it's more cash patient, you might be capturing. And then as you build up on the insurance empanelment part, that will come gradually.
- Abhinay Bollineni:** Correct.
- Damayanti Kerai:** Okay. That's helpful. My second question is on Andhra Pradesh cluster. So in last few quarters, again, because of your focus towards improving mix, etc, it has gone up from the historical level. But when we look at its ARPOB, it's still -- there is a meaningful gap between Andhra Pradesh cluster and the network level ARPOBs. So do you think there is more room to cover up this gap? And what could help you to achieve that?
- Abhinay Bollineni:** No, I don't think we will -- that gap will ever get bridged. These are two independent micro markets and the being potential of the patients in that cluster is only so much. We will never be able to get to Telangana or Maharashtra kind of ARPOBs. Even within Maharashtra, the ARPOBs in Thane and Nashik are very different. So I think we'll have to look at it from a micro market point of view.
- Damayanti Kerai:** Sure. But see, right now, I think you are at 24,000 or so 24,000, 25,000 ARPOBs. So if we look AP cluster on its own, we can assume some more growth at December, 25,000 ARPOBs?
- Abhinay Bollineni:** Yes, there's definitely growth -- potential growth in the current -- from where it is currently, but it may not get to 69,000 like we see in Telangana because case mix is also going to change. Oncology is going to become a significant part. We are focusing on trying to reduce A-laws. Economy in that each of these districts are also improving, gain potential is improving. We will definitely improve, but there will always be that gap that will exist between Telangana and Andhra.
- Damayanti Kerai:** Sure. And I think oncology is one segment which you are focusing a lot to improve mix in the AP cluster. So has it been launched across all the units there? Or you have some room to improve them?
- Abhinay Bollineni:** We have only commissioned oncology in one of our hospitals. The others are yet to get commissioned.
- Damayanti Kerai:** Okay. So that is yet to come. Okay, thank you for your response, I will get back in the queue.

- Moderator:** Our next question is from the line of Abdulkader Puranwala from ICICI Securities.
- Abdulkader Puranwala:** First question is with regards to your AP cluster. So if you look at the margins for this particular quarter, there has been some bit of a softening. So can you help us understand why has this happened this quarter?
- Abhinay Bollineni:** So we have had the preoperative expenses on some of the Srikakulam hospitals, which got commissioned. So we had hired a lot of doctors in Q1. Though the hospital got commissioned on July 1, we were onboarding these doctors for Srikakulam. So the doctor cost went up there. And QNRI is a hospital that we acquired over there, we had seen some incremental doctor onboarding and a lot of renovation work is happening.
- So there's been some delay in being able to complete the renovation work as a result, because of which the ramp-up is also getting slightly delayed, but we should complete renovation soon and then ramp up in QNRI will happen. -- but it is largely because of these two assets, onboarding of talent.
- Abdulkader Puranwala:** Got it. And sir, when you talk about your EBITDA losses in Q2, we see a cumulative range of INR30 crores, INR35 crores, that even factors the new hospitals at Andhra issue.
- Abhinay Bollineni:** There are no losses in Andhra. There are no losses in Andhra. There -- there are no hospitals in negative EBITDA. It's just that there has been some EBITDA drag because of this incremental cost.
- Abdulkader Puranwala:** Okay. Understood. And sir, in terms of your guidance, how should we look at your EBITDA margins to plan out for the current fiscal? Any color on that front?
- Abhinay Bollineni:** I think anywhere in the 22% to 25% range is what we are looking at.
- Moderator:** Our next question is from the line of Harish Bihani from Kotak AMC.
- Harish Bihani:** A couple of questions from my side. First is on the insurance part for the new unit. If I understood correctly, we were also trying to tie up with some intermediary who can help solve this issue at least for the foreseeable future. So anything on that, that you would like to highlight?
- Abhinay Bollineni:** Yes. So that is happening, Harish. We are using that vendor -- a couple of vendors to actually help do a reimbursement for all the insurance patients. But still a lot of patients are -- we are losing a lot of patients because they don't want to go through this cumbersome process. They just want complete cashless like even in Thane, which is fully commissioned. -- we are losing good number of patients in spite of which we've been able to ramp up, but they don't want to go through this whole cumbersome process. They just want to do either cashless or go to a different hospital. So that leakage also will get plugged once we have full empanelment of all these.
- Harish Bihani:** Sure. And this issue takes time largely because of challenges with regard to a new hospital and the insurance company is taking a bit longer. So why does this happen essentially?

- Abhinay Bollineni:** One, there are some bilateral negotiations that happen on tariff. And two, the process itself is quite cumbersome. And now a lot of changes happening at the insurance level also. It's just become a little more cumbersome than before. Even traditionally, it has always been very cumbersome to get empanelment to new hospitals.
- Harish Bihani:** Sure. But for a hospital like us, which we are there in multicity, is it possible that some of this can be fast tracked? Or you are giving an outer limit of, say, 9 to 12 months and it could be fast tracked a bit earlier?
- Abhinay Bollineni:** It could be, but it's safe to assume a longer timeline given there's a lot of bilateral negotiation on what the tariff should be, what the potential of the micro markets are because though we operate in -- we have multiple hospitals and with these companies, they all focus on each of these micro markets very differently.
- Harish Bihani:** Sure. And you don't want to give up on a particular number simply because that becomes the base for any future negotiation Understood. And in terms of the ramp-up of some of the existing units where we are setting up incremental beds like Ongole, Anantapur, Kondapur let's presume, say, you stated in the presentation that will come in Q2, Q4, Q1 FY'2026 and FY'2027. So we should assume that it starts, say, a quarter later? And how soon will these ramp up? Will it take, say, 6 months year, 1.5 year, obviously, depending upon the number of beds, too, but just some flavor on that?
- Abhinay Bollineni:** These -- Ongole is a very small addition. That should ramp up in 3, 4 quarters. But Anantapur, Kondapur, Rajamundry, we are building really large capacity. So full occupancy, 70% of that, - 70%, 75% occupancy of those beds will take a good 4 to 5 years' time before we get there. We get to 70% kind of an occupancy.
- Harish Bihani:** We're waiting for the incremental beds. Incremental beds.
- Abhinay Bollineni:** We are almost doubling capacity in each of these locations.
- Harish Bihani:** Right. Sure. Understood. And on the losses for the new units, so let's just assume that if it's around, say, INR80 crores this year, how will this look like, say, next year and a year after that ballpark in terms of the absolute size changing from 80 2x number, 2x number, some positive number in FY'28?
- Abhinay Bollineni:** See I think beyond Q1 of next year, we will have some drag from Bangalore, even that should be neutralized by Q2 of next financial year. But beyond Q2, we have no greenfield assets that are getting commissioned. So we don't see these losses continuing beyond that up until FY'2028, FY'2029 when we look at more greenfield hospitals that come.
- Harish Bihani:** So somewhere like INR20 crores for the full year or...
- Abhinay Bollineni:** For FY '2027 I think INR20 crores is a good number, INR20 crores, INR30 crores.
- Moderator:** Our next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking.

- Bhavya Gandhi:** Sir, just wanted to understand what would be the peak revenue at realistic level of occupancy because different capacities are coming at different point in time. If you can provide a cutoff date when everything will be operational? And what sort of revenue can we generate and EBITDA that we can generate at that point in time once all the facilities come on stream? Maybe even if it's FY'2028, FY'2029, some ballpark number if you can provide?
- Abhinay Bollineni:** It's a very difficult answer to give because we keep adding capacity. I don't think that will -- capacity addition will continuously happen.
- Bhavya Gandhi:** At least for the existing capacity, when can we expect everything to come on stream? And what could be the peak revenue at realistic occupancy?
- Abhinay Bollineni:** We'll have to look at that. We'll come back to you on that.
- Bhavya Gandhi:** Sure. And just wanted to understand at least 2, 3 years, how would the ARPOB look like, some number if you can provide?
- Abhinay Bollineni:** I think a healthy 4%, 5% growth on ARPOB is what we should factor in.
- Bhavya Gandhi:** Okay. And even for the -- I mean, for the upcoming facilities, what kind of ROCE are we targeting at least once the ramp-up happens?
- Abhinay Bollineni:** 20%-25% -- kind of ROCE.
- Bhavya Gandhi:** So on a full -- if you include the matured as well as the upcoming facilities, what is the steady-state ROCE one should work out with?
- Abhinay Bollineni:** We should look at it cluster by cluster. As the hospitals mature because hospitals are coming in different time lines. It should look at each hospital, each cluster by cluster. Each cluster we should be able to deliver a 20%-25% kind of EBITDA.
- Bhavya Gandhi:** Fair enough. And sir, for the upcoming facilities, have we faced any -- I mean, competitive intensity in any of the geographies? I understand a few geographies, we don't have competition, but at least for the mature markets where there is healthy competition -- or are we seeing differentiated approach or any something of that.
- Abhinay Bollineni:** I think where we see a lot of competition is in our Telangana cluster. But fortunately, we've been able to improve both revenue and volume in the Telangana cluster.
- Bhavya Gandhi:** For the newer clusters, sir, actually, I was looking out for newer clusters.
- Abhinay Bollineni:** New clusters, we don't see much -- at least the hospitals that have gotten commissioned. We are not seeing any competition press.
- Moderator:** Our next question is from the line of Nikhil Mathur from HDFC Mutual Fund.
- Nikhil Mathur:** Sir, my first question is...

Moderator: Nikhil sir, sorry to interrupt Nikhil sir. Your voice is sounding very low.

Nikhil Mathur: Sir, my question is on the relationship between ALOS and occupancy in your Telangana cluster. So assuming that 3.4% is the ALOS that remains -- I mean, it remains at that level for the foreseeable future. What kind of occupancy -- peak occupancy can you achieve on this sort of an ALOS?

Abhinay Bollineni: 65%, 70% occupancy at Telangana cluster is what we can achieve.

Nikhil Mathur: Okay. So 50% theoretically can go to 65%, 70% that we can expect?

Abhinay Bollineni: Correct.

Nikhil Mathur: Got it. So would that mean that the margins in the Telangana continue to trend up? I mean, Y-o-Y basis, they are up, but if that occupancy were to be achieved at some point in time, the margins or EBITDA per bed can continue to trend up in this cluster?

Abhinay Bollineni: Yes, it should potentially trend up.

Nikhil Mathur: Okay. Despite the competitive intensity like doctor poaching or anything of that, so that might happen?

Abhinay Bollineni: Yes, we have -- whatever competition capacity had to come in has come in, in the last 2, 3 years, and we have not seen any loss of doctors from our network of hospitals.

Nikhil Mathur: Okay. Got it. The second question is on the Congo mix for the company. I mean my understanding might be wrong, but what we hear is that Congo is a mix that most of the corporate chains are kind of focused on and increasing that part in the overall mix. So the first question is, if in the entire Congo mix, what is the ARPOB difference versus corporate level?

Let's say, if you are in Telangana, the ARPOB reported this quarter is some INR69,000. What can be the ARPOB of the Congo specialties? I'm a very ballpark number. I'm not looking at an individual specialty level ARPOB at a very ballpark level?

Abhinay Bollineni: Nikhil, sorry, we don't have that information off hand with us, but we'll share it with you.

Nikhil Mathur: But some broad sense, I mean, 2x, 2.5x, 3x depending on some sense you have on the average billing of a patient over a 3.5 days kind of a time period.

Abhinay Bollineni: It should be -- it will definitely be 20%, 30% higher than the blended ARPOB and there will be a drag on the other broad specialties, which account anyways for 30% of the revenue.

Nikhil Mathur: Okay. And at a company level, your Congo share is somewhere around 58%. I would imagine that Telangana would be much on the higher side and all the other clusters would be much, much lower. So this 58% can settle at 65%, 70% in the coming years?

- Abhinay Bollineni:** Yes, correct. But most of our hospitals, whether new or old, the Congo specialty is around 60%, 65%.
- Nikhil Mathur:** So even in Maharashtra, Andhra Pradesh as well where, let's say, Maharashtra, empanelment are still missing in certain...
- Abhinay Bollineni:** Yes, yes. Still the revenue from these specialties are broadly the same. That's not going to change. That's not going to impact.
- Nikhil Mathur:** But then how will the -- I mean, you're guiding to a 5% kind of ARPOB increase at an overall level. So would it be more specialty mix driven then or it will be more payer mix driven then?
- Abhinay Bollineni:** It will be a blend of both. It will be a blend of both. I said 5% on ARPOB is pricing, but once the stability in specialties payer happen, it will take a while for the ARPOB to change. At a mature cluster, I'm saying it will grow at a healthy 4%, 5%. I'm not talking about a company level. At a company level, there will be significant change because almost 2,000, 3,000 beds have gotten added in different micro markets. So by the time it stabilizes, it will take some while. And the ARPOB in both Bangalore and Thane are significantly higher than what our company ARPOB is today.
- Nikhil Mathur:** Okay. Understood. And then what is the mix between surgical and medical today? I mean -- and how will that change in coming years?
- Abhinay Bollineni:** I think it will remain constant. I don't see that changing.
- Moderator:** Our next question is from the line of Rahul Jeewani from IIFL Capital Services Limited.
- Rahul Jeewani:** So sir, you indicated that the Telangana cluster would see, let's say, a 5%, 6% kind of an IP volume growth, which would accelerate with, let's say, Kondapur and Gachibowli next year. So can you similarly talk about the Andhra cluster, so what kind of IP volume growth you see in Andhra given that we have been adding these onco and mother and child care specialties as well in some of these IP hospitals?
- Abhinay Bollineni:** A similar growth profile, Rahul, because these are both mature clusters for us though there are some new greenfield opportunities in Andhra. But since they are all brownfield capacity addition currently, we should assume the similar growth profile in both these clusters.
- Rahul Jeewani:** Sure, Dr. Abhinay and Dr. Abhinay while, let's say, within both these clusters, there would be a few hospitals which would be operating at peak occupancies, but there would be hospitals within these clusters, which are at a lower occupancy. So let's say, Sunshine and Telangana or some of the other Tier 2, Tier 3 hospitals. So if we look at occupancies for both these clusters, it is around 55%, 60% only. So given that we are only at 55%, 60%, don't you think that the IP volume growth could be slightly better than what you are indicating?
- Abhinay Bollineni:** In Secunderabad, we have some limitation on the beds because some of the beds are being rebuilt -- so we don't have that bed capacity though on the beds that we have, we are at a higher

occupancy. But unless the new beds get commissioned, though it's part of the overall capacity, unless the new beds get commissioned, it will be difficult for us to ramp up in this hospital. And both in Gachibowli and Begumpet, which is the Sunshine hospital, we are adding new technology like cancer and some other specialties for more growth to happen in the future.

- Rahul Jeewani:** Okay. Sure, sure. And on this ARPOB growth or this quarter at a company level, we saw a 11%-12% kind of an ARPOB growth. And you indicated that the mature markets or the cluster should see a 5% ARPOB growth. But because we are entering into these markets where inherently the ARPOB is higher than the company average, if you had to put out a number to overall ARPOB growth at a company level, what would that number be, let's say, over the next 2 to 3-year period?
- Abhinay Bollineni:** We haven't really put that number through Rahul, but I think you should safely assume INR50,000, INR55,000.
- Rahul Jeewani:** Okay. So this company level ARPOB, which is right now at around INR43,000 that you think can improve to INR50,000, INR55,000 kind of an ARPOB?
- Abhinay Bollineni:** Yes, that will happen once ramp-up in both Bangalore and Thane happen.
- Moderator:** Our next question is from the line of Alankar Garude from Kotak Institutional Equities.
- Alankar Garude:** So out of the 300 beds at Thane, how many are operational? Is it just 100 beds?
- Abhinay Bollineni:** Yes, 100 beds.
- Alankar Garude:** And Dr. Abhinay, when do you expect to increase the operational beds to, say, 250, 300 beds? I mean, typically, it takes a year or less than that. What's the initial sense?
- Abhinay Bollineni:** You see, right now on 100 beds, we are at around 50%-55% occupancy for the month of July. So as we reach 70% occupancy and 100 beds, we'll open another 50 beds. But I think 3 to 4 years for a full 300 beds to be fully commissioned and to reach 70% occupancy is what we are looking.
- Alankar Garude:** Got it. The other question, again on Thane and even on Nashik, has the doctor recruitment in both the hospitals largely being done?
- Abhinay Bollineni:** In Thane, it's largely done. Just some onboarding is left, which will happen in August, September. At least for Phase 1 of the growth, we are fully sorted as far as Thane is concerned. For Nashik, we have 2, 3 specialties that are still pending, which will potentially happen once we have the insurance company is onboard.
- Alankar Garude:** Got it. And maybe it's very, very early to ask this question, but just taking a chance on ARPOB at Thane, how is the ARPOB looking like initially at this point of time comparable with the other peer in the market, higher, lower? Any sense on that?

- Abhinay Bollineni:** It's very early because the specialty mix is yet to stabilize. But it will be similar. It will be very similar to what the other peer in the market.
- Alankar Garude:** Fair enough. The second question is, see, given you have opened hospitals in quite a few new markets in Maharashtra and Kerala over the past few quarters, and you'll be opening more as well, especially the Bangalore one -- can you take us through some of the initial learnings you spoke about insurance empanelment. But apart from that, any learnings you would like to share, especially if you compare these new hospitals with your existing AP, Telangana facilities?
- Abhinay Bollineni:** So like we have always indicated, Maharashtra has been always slightly more difficult than the rest of South in doctor onboarding. But that's because culturally, the things are very different in both these micro markets. South is more an institutional practice. In Maharashtra, this is a new system that's evolving.
- So that we have anticipated that it will take that much time when we set up the first few hospitals. But in Thane, it has been quite good. The response has been very impressive. We've got good traction from a lot of doctors - leading doctors in those micro markets. So we are pretty positive about the long-term growth in Maharashtra and in also the other micro markets, Karnataka, and Kerala.
- Alankar Garude:** Got it. And one final question. When you talk about Sunshine and Nagpur, one, in terms of occupancies and resultantly in terms of margin expansion, is there any further scope for expansion at both Sunshine as well as the Nagpur facility?
- Abhinay Bollineni:** Yes. Sunshine and Nagpur both have scope for expansion. As incremental revenue comes in, 40% of that.
- Alankar Garude:** Where are we in the journey on Sunshine when it comes to changing the specialty mix?
- Abhinay Bollineni:** now We've reached a healthy number -- when we first commented we anticipate ortho to grow as well at similar growth rate, but that has continued to grow. But whatever we wanted to achieve in most of our other specialties we have done. We need to create more space in the new Begumpet Hospital at Sunshine. This is to add more specialties such as oncology and pulmonology. As far as Gachibowli is concerned, we want to expand to a slightly -- we want to add more beds again to add more oncology. So with that expansion, I think what we had earlier envisage for Sunshine will be fully done.
- Moderator:** Our next question is from the line of Harith Ahamed from Avendus Spark.
- Harith Ahamed:** Dr. Abhinay, can you talk a bit specifically about our O&M units? We've signed a few arrangements under the O&M model. So which among the 3 or 4 are currently operational? Was there any contribution for the quarter? And if you can also talk a bit about what exactly our involvement is in these units? Do we have our own people at what levels and the kind of capex commitment from our side?

- Abhinay Bollineni:** So there's no capex commitment from our side, Harith, on these assets. We have 2 hospitals that are operational. One is Sangli and one is Guntur. There is one more hospital in Hyderabad that will get operationalized soon. But from both Guntur and Sangli, the response has been quite good. We've been able to break even in both the hospitals. And both the hospitals today are doing a top line of around INR17 crores, INR18 crores per month, and we see the potential for that to double over the next 3 to 4 years. So that's the contribution from both these hospitals. And they both have broken even now.
- Harith Ahamed:** And what exactly is the arrangement we have of people at what level?
- Abhinay Bollineni:** So we have full control over the P&L, the hospital operations, the clinical talent hiring. All of that is under the scope of KIMS. And we manage the entire hospital for the promoters, and we take a certain share of the revenue.
- Harith Ahamed:** Okay. And are we looking to add more units under this model? I'm asking because from an operational bandwidth standpoint, would there be a constraint given we have a ramp-up hospitals at Nashik, Thane, and the upcoming hospital at Bangalore?
- Abhinay Bollineni:** We're adding one in Telangana. But I don't see anything at least for the next 3 quarters, we don't see any more O&M contracts happening.
- Moderator:** Our next question is a follow-up question from Nancy Yadav from Allegro.
- Nancy Yadav:** Like we spoke about the EBITDA tax from Thane, Nashik, and Kollam, I also wanted to get the revenue numbers for the 3 facilities?
- Sachin Ashok Salvi:** As far as the top line number is concerned for Thane we did INR5.5 crores. For Nashik, we did about INR15.5 crores. Kollam, we did INR9 crores.
- Nancy Yadav:** In Kollam you did INR9 crores?
- Sachin Ashok Salvi:** Yes.
- Moderator:** Ladies and gentlemen, this was the last question for today. I now hand the conference over to the management for closing comments. Over to you, sir.
- Bhaskara Rao Bollineni:** Very good interaction and then the updates what you have given the questions was able to think through. And what we are trying to achieve, as I mentioned many times that we believe that we can able to achieve the -- what we have been achieved the CAGR of top line and bottom line in the last decade. We are also planning to achieve that. That's why we are doing the executive models. And Andhra units are basically purposefully we put, there is a lot of scheme patients and the ARPOBs and the capex what we invest in per bed is also less when compared to the rest of the Maharashtra and Telangana and Karnataka.
- And the other important things, the medical and surgical branches when you see there is nothing like only Congo that able to do more, even some of the non-Congo specialties when the

complexity of the case, it will also give more of value. And the ARPOBs growth also will be there from 5% to 10% growth will come because of the new things which have been added.

As we anticipated, there will be a lot of tough time for us in Maharashtra and Karnataka to align with the doctors. But after seeing that, what the learnings we learned, they are also very happy the way culture what we built in KIMS.

They're also moving towards this side that is a very good positive note on us so that we have more encouragement to develop more and more in Karnataka, Kerala and Maharashtra because they are also aligned and what we have planned, what we are doing with our things in the South, Andhra and Telangana, that is very, very positive so that it will be easy for us to move forward a little further.

And we also look for some strategy of O&Ms where -- because we have a lot of expansion plans with a lot of debt is sitting on the books and the O&M model is a better model so that we can also build and have a control. At the same time, we are getting some money for the EBITDA, and we are looking around in a few years that there may be INR100 crores top line per month. So nearly INR9 crores will come from there up to 9%. With all those things what we looked at, there is a very, very positive look from our side, the plan, and the growth very meticulously, very cautiously and consciously deploying the capex.

And also the operational leverage where without causing inconvenience to the patients, without going back on our affordability, accessibility, quality, these are all there. I think we are very, very pretty a good spot as far as health care is concerned. KIMS is in a good position.

Once again, thank you very much for all your questions and the knowledge that you have been given in the form of questions. Thank you.

Moderator:

Thank you. On behalf of IIFL Capital Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.