

14th November, 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 04th November 2025, the Company organized a conference call with the Investors/ Analysts on Monday, 10th November 2025 at 09:00 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 J. R
Company Secretary & Compliance Officer

Encl: As above



**“KIMS Hospital
Q2 FY '26 Earnings Conference Call”
November 10, 2025**



**MANAGEMENT: DR. BHASKARA RAO BOLLINENI – FOUNDER AND
MANAGING DIRECTOR – KIMS HOSPITAL
DR. ABHINAY BOLLINENI – EXECUTIVE DIRECTOR
AND CHIEF EXECUTIVE OFFICER – KIMS HOSPITAL
MR. SACHIN ASHOK SALVI – CHIEF FINANCIAL
OFFICER – KIMS HOSPITAL
MR. SREENATH REDDY – CLUSTER HEAD –
KARNATAKA CLUSTER, KIMS HOSPITAL**

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

Moderator: Ladies and gentlemen, good day, and welcome to KIMS Hospital Q2 and H1 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 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. Rahul Jeewani from IIFL Capital Services Limited. Thank you, and over to you, sir.

Rahul Jeewani: Hi. Good morning, everyone. This is Rahul from IIFL Capital. I welcome you all to the second quarter earnings conference call of KIMS Hospitals. From KIMS, we have with us Dr. Bhaskara Rao Bollineni, Founder and Managing Director; Dr. Abhinay Bollineni, Executive Director and CEO; Mr. Sachin Ashok Salvi, CFO; and Mr. Sreenath Reddy, the Cluster Head for the Karnataka cluster. So over to you, sir, for your opening comments.

Bhaskara Rao Bollineni: Good morning to everybody. I extend a warm welcome to all of you for the investors meet. Today is a World Science Day for Peace and Development, celebrated annually to emphasize science's contribution to society and development.

Today also happens to be World Immunization Day to promote the use of vaccines to protect people of all ages against preventable diseases and highlight the importance of immunization in global health. Both occasions are closely connected to healthcare.

Let me first take you to the financial and operational results of quarter2 2025-2026. I am pleased to state that results are good in spite of the fact that the second quarter of the year is usually dull. Financial year quarter 2 updates, total revenue of INR965 crores, a growth of 23.3% on year-on-year and 9.8% on a quarter-on-quarter basis.

EBITDA INR208 crores, a decline of 6.7% on year-on-year and a growth of 4.3% on quarter-on- basis. EBITDA margin at 21.6% versus 28.5% in quarter 2 FY '25 and 22.7% in quarter 1 FY '26. PAT at INR72 crores in quarter 2 financial year '26 against INR121 crores and INR85 crores in quarter 2 FY '25 and quarter 1 FY '26, respectively.

Consolidated EPS for quarter 2 FY '26 of INR1.67, a decline of 37.7% on a year-on-year basis and 14.7% on quarter-on-quarter basis, respectively. Cash and cash equivalents includes cash, bank balances, deposits with maturity less than 12 months and investments in mutual funds at INR120 crores as on 30th September 2025.

Quarter 2 financial '26 financial highlights consolidated. Consolidated revenue from operations of INR961 crores, a growth of 23.6% on year-on-year and 10.2% on a quarter-on-quarter basis. Consolidated EBITDA pre-Ind AS is INR201 crores, a decline of 8.6% on year-on-year and a growth of 3.6% on quarter-on-quarter basis. Consolidated EBITDA pre-Ind AS, excluding other income of INR197 crores, a decline of 8.5% and a growth of 5.3% on a year-on-year and a quarter-on-quarter basis, respectively.

Operational highlights. Consolidated average revenue per operating bed grew by 9.8% and a decline of 2.3% on year-on-year and a quarter-on-quarter basis, respectively. Average revenue per patient grew by 7.3% and a decline of 1.6% year-on-year and a quarter-on-quarter basis, respectively. IP volume 64,288 grew by 12.2% on a quarter-on-quarter basis and 15.3% on a year-on-year basis. OP volume, 5,92,725 grew by 18% on quarter-on-quarter and 25.1% on a year-on-year basis.

The academic accomplishments

Historic win and provide movement for Indian rheumatology and KIMS.

This is the first time India had won the Knowledge Bowl Trophy since its inception more than 40 years ago. KIMS team headed by Dr. Sarath Chandramouli, our Clinical Director and Head Department of Rheumatology and Clinical Immunology has won the first place, that is gold medal, at the American College of Rheumatology ACR 2025 Knowledge Bowl Chicago, competing with teams from renowned international centres such as the University of Minnesota, Yale School of Medicine, Mayo Clinic, University of Toronto, University of Chicago, University of California and many others. Our team also received the Team Spirit Award. The accomplishment is a matter of pride for KIMS as it's for the nation.

Dr. Manas Panigrahi, Head of the Department and a senior consultant neurosurgeon made a presentation at the Congress of Neurological Surgeons at Los Angeles, that received wide acclaim.

Dr. Aswini Dutt, Department of Nephrology won the Dr. APJ Abdul Kalam Award being adjudged as Best Nephrologist in Hyderabad.

Our recently opened Thane, Mumbai centre organized an open house to let people have first-hand knowledge about its facilities resulting in a huge and encouraging response. The unit conducted more than 1,000 surgeries in less than 6 months, a testimony to the growing goodwill.

At KIMS Kondapur, we introduced a Medtronic major robotic guidance system. This is the first in Telangana and Andhra Pradesh states, opening a new era in spine surgery.

We have launched Asia's first XR experience lab at our Gachibowli unit. The state-of-the-art facility enables clients to explore innovative applications in augmented reality (AR) and virtual reality (VR) across four key verticals: screening, diagnosed, therapeutic and skill building. The pilot project of 6 months revealed positive outcomes in reducing anxiety, improving mobility, decreasing analgesia usage and enhancing patient satisfaction.

KIMS Manavata Hospitals, Nashik launched its comprehensive cardiac unit, and it is the only one centre in entire North Maharashtra to have EP studies and ECMO facilities.

An exclusive IVF centre with the latest facilities opened by KIMS in Banjara Hills attached to KIMS Sunshine Hospital.

KIMS Secunderabad, cuddles and dietetic department conducted a conference, on nutrition for first 1,000 days of life revolving around mother and child to a packed audience.

KIMS Hospitals Kannur has achieved a series of firsts to its credit and rendering services that were hitherto not available there. In fact, it brought out a booklet highlighting such 32 first-in-kind accomplishments in first 32 weeks.

I will not burden you with unending list of complex surgeries and great treatments taking place at our various units.

KIMS Shikhar Hospitals of Guntur performed its first multi-organ transplant procedure. The unit is yet to complete its first year and such transplants augur well for the progress in saving lives in urban centres and the surrounding areas.

KIMS Mahadevapura performed the multi-organ transplant program in Bangalore within the first quarter of the inception of the organization.

I would conclude now by mentioning about an important thing, which every Indian must know. Our National song, Vande Mataram was penned by Bankim Chandra Chatterjee 150 years ago, and just three days back on 7th November, the nation celebrated its 150th glorious anniversary. The song aroused patriotic fervour among the masses and played an important role in freedom struggle. This 150th anniversary will be celebrated for the whole year.

Thank you very much. Open for the discussion.

Moderator: The first question is from the line of Piyush Kumar from Magnus Hathaway Investments.

Piyush Kumar: Sir, my first question is regarding even though there is a revenue increase of 23.3% this quarter, the EBITDA and PAT degrew by minus 6.7% and 40.3%. Can you just shed some actual light why this is happening?

Abhinay Bollineni: We have commissioned almost 4, 5 new hospitals, which are yet to break even and because of which the revenue ramp-up in those hospitals are happening, but haven't reached EBITDA breakeven. So that is why there is a drag on the asset.

Piyush Kumar: Okay. Sir, and my next question is, a bit, currently regarding we are driving around INR42,016 in average revenue per occupied bed. So can we just expect in the next few quarters or maybe next 8 quarters, can this number touch INR50,000 per bed?

Abhinay Bollineni: Yes. As Maharashtra especially Thane and Bangalore scale up, there is -- and because the current ARPOB in both these markets are around INR50,000 and the potential for it to scale up will be around INR65,000, INR70,000 like in the case of Hyderabad. There is in all fairness, it can go up from the current INR40,000 to INR43,000 to almost INR50,000 over the next 8 quarters.

- Piyush Kumar:** All right, sir. Sir, just one last question. Currently, we are driving around 17% revenue from cardiac sciences, 14% from ortho and 11% from neuro. Sir, can you just shed some light which one out of all these is more profitable for you as a hospital?
- Abhinay Bollineni:** Very difficult to look at it at a specialty wise, at a hospital level is what we track. We don't look at it at a specialty level.
- Moderator:** The next question is from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited.
- Sucrit D. Patil:** Good morning to the team, I have two questions. First is for Mr. Rao. Rao, as more hospital chains are expanding across India, what is KIMS doing to build a strong edge not just through the bed count or regional dominance, but something deeper like a way of working or thinking that grows over the time and makes your competitors hard to copy. I just want to understand the forward-looking view.
- Bhaskara Rao Bollineni:** Basically, what we are looking is, you know, healthcare is a very, very important one. We should not able to compare like a business. Even the previous person whoever asked on an individual base department-wise, which is good and all. Our entire aim is in healthcare, there are 4, 5 important things are there for a human being.
- Like today, most of us are doing only the curative care. There is a lot more we need to insist on the prevention, preventive actions, how we can able to shape so that whether we can able to create an awareness or a further checking and creating a diet and other things.
- Second important thing is after the discharge; there is one more important thing to improve the quality of the patient is we need to able to look into the rehabilitation program. And basically, now today, oncology is growing, the need of oncology is expanding and growing need. We need to also see whether the palliative care and end-of-life care should be able to do that.
- And to improve the quality care for the patients and the employees and everything, we need to move on to a different platform of what we are doing like AI generated and even the digital platform where the patients should be able to be eased out so that they should be able to come back. And now the patients are also expecting a good infrastructure and a good technology.
- We are always on the forefront to provide a good technology as well as the good infrastructure. Good infrastructure will keep the patients very happy as long as they stay in the hospital and supported by good services, as I mentioned about AI and the digital thing.
- And the good technology, whichever is available, will be able to help the patients to see that they will recover much faster, not to able to stay longer period in the hospital. And at the top we can attract the good doctors also. Like if you see in the last 1 or 2 quarters, we were able to acquire Gamma Knife, magnetic resonance focused ultrasound and TULSA-PRO and these are all the good equipment which we able to, even 25 robotic machines of DaVinci. So that each unit, whether it's a Tier 1, Tier 2, Tier 3, so that is our main aim of healthcare that we should be able to sustain.
- Sucrit D. Patil:** Okay. My second question is to Mr. Salvi, sir. I believe he's on the call today.

- Sachin Ashok Salvi:** Yes, I'm there.
- Sucrit D. Patil:** I just want to understand about the margins and cost savings that you will be doing in the future. As operating costs and margin transitions keep affecting the profits, how are you planning to protect the margins?
- And are there any smart internal methods that you will be implementing like tech platforms or clinical protocols that will help you keep the service quality high, but not putting pressure on the existing. And even if they don't show the numbers on your balance sheet. So I just want to understand how you want to balance cost pressures with keeping the margins strong over the time.
- Sachin Ashok Salvi:** As far as the margins are concerned, we are not compromising on the quality. That is the first thing, which is very clear to us. If you see our business and if you typically divide our business into different clusters, different clusters are following different margin trajectory.
- As far as the core clusters are concerned, like Telangana and Andhra Pradesh, they are into something like 25%, 30% EBITDA margin, which is sustainable EBITDA margin. And in fact, we are seeing for the last couple of quarters, the margins are improving. We are ensuring that this margin trajectory remains there.
- As far as the new hospitals are concerned and mainly into Maharashtra and Kerala and Karnataka, these are very large formatted hospitals. It takes some time for them to ramp up. Typically, we assume that from the day of start it takes at least 12 months to ramp up.
- And within this time, typically, any hospital, any newer hospital makes an EBITDA loss somewhere ranging from INR20 crores to INR30 crores. As far as we are covering that loss is EBITDA erosion in our overall consolidated balance sheet, I think we are through.
- As Dr. Rao has also mentioned in the initial comment, already Thane has started seeing a good ramp-up. If the same ramp-up continues for the Bangalore and other clusters, I think as a consolidated financial statement, which you are seeing, we will continue to do about 27%, 30% kind of EBITDA margin over the next at least say, 2 or 3 years.
- Moderator:** The next question is from the line of Amey Chalke from JM Financial.
- Amey Chalke:** So, first question I have, I joined the call late, but have we given adjusted EBITDA margins for the new hospitals like absolute EBITDA and the EBITDA margins and how it has performed year-on-year?
- Abhinay Bollineni:** Sorry, Amey, we lost you. Could you repeat the question again, please?
- Amey Chalke:** Have we given the adjusted EBITDA margin for the existing hospital, adjusting for the new hospitals, the year-on-year performance, how it has done?
- Abhinay Bollineni:** Yes, the presentation has cluster by cluster. And within that also, we have given details of each asset by asset, the newer assets, how they are ramping up.

- Amey Chalke:** Sure. So the second question I have is on the Telangana cluster, where the growth seems to be around single digit in terms of revenue. The occupancy is also in the range of 50%. So what optimized occupancy we should assume here for the Telangana clusters and how we can improve performance here?
- Abhinay Bollineni:** So Telangana, like we've always been historically guiding it will continue to grow at a high single-digit number only, like we have mentioned in the past. The reason you have seen the bed capacity at 50% is because in Secunderabad, where the flagship hospital is, we are rehabilitating almost 300 beds, which are not completely functional today, which were operational before.
- So once the rehabilitation of those beds are completed and the new Kondapur hospital is commissioned, which is expected to happen in Q1 next financial year, we can expect a little better growth in the Telangana cluster. But since it's a very mature cluster with a large-format hospital, I think we are only guiding towards a high single-digit kind of a growth.
- Amey Chalke:** Sure. And another question I have on the Andhra. So here, the revenue growth has been good, largely strong double digit, but it is largely led by the ARPOBs. However, the occupied beds have fallen by almost 100 beds. So how we should think about the Andhra region going ahead?
- Abhinay Bollineni:** In Andhra region, there is still a lot of opportunity for growth. We are adding capacity in almost all our current hospitals. Either we are adding oncology, we're adding mother and child, and we're adding other specialties that don't exist. So, I think a healthy growth rate in high teens -- mid-teens are what we are looking at Andhra that we consistently continue to grow in the same format.
- Amey Chalke:** But the occupied beds which have fallen, that what you would attribute to? Like is it like the...
- Abhinay Bollineni:** Bed capacity has increased, ALOS has reduced. I think the more -- the better indicator is to look at the IP volume and OP volume, which is consistently growing.
- Amey Chalke:** Sure, sure. And is it possible to give the occupancy we are currently operating the Thane hospital at?
- Abhinay Bollineni:** Thane currently is hovering around 80 beds being occupied, 80, 90 beds. I'm talking about the month of October.
- Moderator:** The next question is from the line of Damayanti Kerai from HSBC.
- Damayanti Kerai:** Good morning, my first question is on EBITDA loss at the new facilities. So, I think last quarter, you mentioned by June next year, all the new units should be cost neutral. So, do you hold on to that? Or do you think that time can shift a bit? Any comment on like the margin trajectory, please?
- Abhinay Bollineni:** We are still sticking to that. We don't see any hospital that can slip beyond except for one hospital in Bangalore, which is still not commissioned. So, what we had always committed earlier is within the first 12 months, we are pretty confident that we can breakeven and looking at the growth trajectory of all the hospitals that are commissioned, we are very confident that all

hospitals within the first 12 months will become EBITDA neutral. One of the Bangalore facility will get commissioned by end of this month. So, we are assuming a 10-month breakeven time line. So that one facility can slip beyond the first quarter.

- Damayanti Kerai:** Okay. And meanwhile, the margins will likely stay in like early 20s, the way we have seen for this quarter or with say, Thane picking up, we continue to see pickup over that time as well?
- Abhinay Bollineni:** I think maybe the next 2 quarters, it will be similar. But from Q1 because most hospitals would become EBITDA positive, things should start getting better. The margin expansion should happen.
- Damayanti Kerai:** Sure. My second question is a clarification. In your presentation for the Maharashtra cluster, census beds came down to 442 compared to 645 last quarter. And on the other hand, the non-census bed grew to 195 from 85. So, what has happened, if you can help us understand that?
- Abhinay Bollineni:** Sorry, one second.
- Damayanti Kerai:** Yes. So, for the Maharashtra cluster. There has been some bed relocation.
- Abhinay Bollineni:** No, no. I think there's been a typo there.
- Damayanti Kerai:** Okay. So can you like...
- Abhinay Bollineni:** It continues to remain the same as what it is in Q1.
- Damayanti Kerai:** Like both the census and non-census bed, it's similar?
- Abhinay Bollineni:** Correct. We'll again reverify this data point and come back to you after this call, but there is no change on that number from Q1 to Q2.
- Damayanti Kerai:** Okay. And my last question is on the margin profile for Andhra cluster. So very strong set of numbers. And I think when I look at how your drivers have moved, so except the OP volume, I think which has seen very strong sequential growth, your ARPOB just grew at 2% or so. And then I think your ARPP also remained flat. So what explains this sizable jump in margins, in case of 22% margin going to almost 28% in September quarter?
- Abhinay Bollineni:** I think one Srikakulam hospital, which we commissioned a new facility, the ramp-up there is happening quite well. And the margin erosion that is happening in the new acquisition of Vizag, that has come to almost negligible. So, both of these have contributed to the margin expansion in Andhra. But in Quens NRI, there was a drag in last quarter, which now is EBITDA positive in Q2, which is the hospital that we acquired last year. And Srikakulam, there has been an additional 150 bed capacity addition there.
- Damayanti Kerai:** Okay. So, Vizag and Srikakulam, okay. So, for the cluster, AP cluster, what should be the sustainable margins? Somewhere in mid-20s, will that be the fair assumption?
- Abhinay Bollineni:** Yes, I think anywhere between 25% to 28% margin is what we are looking at.

- Damayanti Kerai:** Sorry, can you please repeat? I just missed that number, 25% to...
- Abhinay Bollineni:** 28% EBITDA margin in Andhra Pradesh is what we can sustain.
- Moderator:** The next question is from the line of Abhishek Maheshwari from SkyRidge Fund Managers.
- Abhishek Maheshwari:** Sir, just one question regarding -- since you've commissioned new hospitals of late, the gap between your operational bed and actual bed capacity has increased quite substantially. So can you share some perspective on how you plan to close this gap and if there is any time line to it?
- Abhinay Bollineni:** No, we've added the significant bed capacity, over the last 1 year. We've added almost 3,000, 4,000 beds. And it will take a good time before we ramp up those beds. And this is a capacity that we've built for the next 4, 5 years.
- Abhishek Maheshwari:** So just for understanding, so when you open a new hospital, let's say, a hypothetical 100-bed hospital, so is it that only 20, 30 beds are operational at the beginning? And as they get occupied, you add another 20, 30 beds. Can you just explain the process further?
- Abhinay Bollineni:** Yes. If you take the example of Thane, you have the 300 beds that are fully ready. The capacity of those hospitals, but we only commission around 100, 150 beds, census, non-census all together. As we reach 70%, 80% occupancy within this, we then add -- all we have to do operationalize the other beds is add more manpower. Rest everything is fully done up in the hospital. The capex required is fully incurred.
- Abhishek Maheshwari:** So that should close as and when occupancies improve?
- Abhinay Bollineni:** Correct.
- Moderator:** The next question is from the line of Anshul Agrawal from Emkay Global.
- Anshul Agrawal:** The first question is on Thane. Why would the losses increase on a Q-on-Q basis despite the spurt in revenues? Have we opened new beds here because you mentioned that there's no change in Maharashtra cluster beds?
- Abhinay Bollineni:** No, no. So Thane in Q1 was only commissioned for 45 days. So it's not the full quarter.
- Anshul Agrawal:** Okay. In that sense, if I add up the losses in the revenue of the Thane cluster in Q2, would that give some sense about the fixed cost for this hospital?
- Abhinay Bollineni:** Fixed cost is around INR12 crores a month, INR12 crores, INR12.5 crores a month.
- Anshul Agrawal:** Okay. So if we haven't increased the number of beds. This loss should sort of certainly move down in Q3?
- Abhinay Bollineni:** Correct.

- Anshul Agrawal:** Got it. Any guidance for the Bengaluru units in H2 on the EBITDA losses or the trajectory of EBITDA losses, given the fact that it's a INR25 crore loss. A possible clarification, are there any costs of PES hospitals included in the current quarter?
- Abhinay Bollineni:** Yes, there is 30% of the loss that we're showing is from the PES hospital. There's been a delay in getting permission. We are hopeful that this month, the permission should come and we should commission the hospital. So doctors have been onboarded. Some of the doctors have been onboarded. Staff has been onboarded. As a result, we are having these operational losses. But once we get the license this month, we should start commissioning the hospital from next month.
- But as far as Mahadevapura is concerned, the hospital is now 2 months old. The performance of the hospital is quite good. It's better than what we had expected it to be. And we had also completed the first liver transplant within the first 45 days. So we're pretty confident about the ramp-up at Mahadevapura and that it will break even within the 12 months of commissioning the hospital.
- Anshul Agrawal:** Any indicative numbers that you would want to suggest for H2 for these 2 units with regards to EBITDA losses?
- Abhinay Bollineni:** Difficult to predict that. The ramp-up has been quite good at Mahadevapura. And if we commission beds in December, we're hopeful that, that also will ramp up quite well. So I think the next 2 quarters are crucial for us to stabilize both these hospitals, and then we'll be able to give forward guidance on how things will stabilize.
- Anshul Agrawal:** Sure. Any update on insurance empanelment for the new hospitals? Would you like to share any colour on this?
- Abhinay Bollineni:** Yes. I think the top five companies, we've started interacting with them and building a deeper relationship. We are hopeful that at least the top 5 companies by Q4, we should be able to complete all empanelment.
- Anshul Agrawal:** This would be for all new hospitals, right, Thane, Nashik and Bangalore?
- Abhinay Bollineni:** Correct Nashik, Bangalore and Thane, but for only the top 5 companies.
- Anshul Agrawal:** Got it. Just one last question from my end. Would we be able to sort of quantify the CGHS price hike benefit for our sort of specialty mix?
- Abhinay Bollineni:** Should be around 20% on the CGHS business.
- Anshul Agrawal:** And is there any way that we can attract more CGHS patients during the ramp-up phase for these new hospitals?
- Abhinay Bollineni:** we've always done a good volume of work from CGHS across Andhra and Telangana. And I think among all the hospitals here, we've done -- we do the most volume of work as far as CGHS and related players are concerned. So, I don't think we put any special additional focus to drive more patients, but we'll continue to treat whatever comes by.

- Moderator:** The next question is from the line of Alankar Garude from Kotak Institutional Equities.
- Alankar Garude:** In the presentation, you have mentioned about achieving breakeven in the next 2 months at Thane as well as the Mahadevpura hospitals. In this, what is the bed count you are building in? And also, in terms of cost, you mentioned about INR12 crores, INR12.5 crores in Thane. Is this the cost which you are looking at when you talk about breakeven?
- Abhinay Bollineni:** Yes. So as far as Thane is concerned, Alankar, we will break even in the next 2 months based on how things are going in the last few months. As far as Bangalore is concerned, we are talking about 12 months from the time we commissioned the Mahadevpura. There's a typo error on the presentation, which we will update right after this meeting. As far as Thane is concerned, we're talking about INR12.5 crores of fixed cost, plus you add consumable costs based on consumption. So typical breakeven, we are seeing it will be around INR15 crores. And if you look at the month of October, we have closed around INR12.5 crores, INR13 crores of revenue.
- Alankar Garude:** Understood. And this is on what bed count, Abhinay?
- Abhinay Bollineni:** This will be around 130 beds operational.
- Alankar Garude:** 130 operational beds. Okay. And I mean, with more beds expected to be operational soon, do you expect the cost number to increase? And could that push out the breakeven time lines or irrespective of that, we should be at breakeven in the next 2 months?
- Abhinay Bollineni:** I think we should break even in the next 2 months. But the margins may not be very strong because we'll keep operationalizing more and more beds. So a large part of the doctor count is already factored in, in the current cost structure today. But as you add more manpower, yes, there could be 1 or 2 months that will slip and go back.
- Alankar Garude:** Got it. The second question is on this -- so we have seen a lot of news flow around the discussions with insurance companies and the hospital industry. Now given for us, particularly, we have opened a bunch of new hospitals and we are going to open a few more new hospitals, we need a faster insurance empanelment.
- We've already seen some delay, in Nashik you spoke about completing the empanelment with the top 5 by the end of this fiscal in Nashik, Thane and Bangalore. But just directionally, if you can share your thoughts, can any delay in insurance empanelment be a risk for us, especially given that we are in an expansion phase at the moment?
- Abhinay Bollineni:** So Nashik now just last week, we completed 2 out of the top 5. The remaining 3 also we should complete soon. Things are now moving quicker. I think there's a lot of ambiguity on GIC for quite some time. I think that ambiguity is now settling down and things are moving. We are also trying to express our thoughts around how we can empanel things faster for newer hospitals, and we are working with these insurance companies on that.
- Alankar Garude:** Okay. And any update on Thane, what's the current status?
- Abhinay Bollineni:** On the empanelment status?

- Alankar Garude:** Yes.
- Abhinay Bollineni:** I think again, the top 5 companies, we should be able to complete by Q4.
- Alankar Garude:** Sorry, I meant the current status, what would be the status as on date?
- Abhinay Bollineni:** On the top 5, we have just one empanelled in Thane.
- Alankar Garude:** Got it. Got it. And one final question. See, broadly, if I look at our network, Abhinay, out of the 24, 25 facilities, we have a few hospitals which are loss-making. You spoke about breaking even in the currently operational ones by the first quarter. So in terms of the overall margin profile going into FY '27 and beyond that as well, would it be safe to say that we should expect a significant delta as far as profitability is concerned, given many of these newer hospitals will start going towards the corporate EBITDA margin?
- Abhinay Bollineni:** Correct. But it will take time before we get there, Alankar. Most of these hospitals got commissioned in the last 10 months. And the first year typically goes in kind of reaching a breakeven point, and then it will take time for them to reach a double-digit margin. So definitely, the delta is there, but it will take a good number of quarters before we're able to bring it to a corporate level EBITDA margin.
- Moderator:** The next question is from the line of Deepthi Rajulapati from Axis AMC.
- Deepthi Rajulapati:** I hope, I'm audible? So my question is regarding CGHS exposure that you have. You mentioned 20%. I believe that is AP and Telangana, particularly. But if we see overall mix, how much would it be? And we shouldn't include Aarogya Sri, I believe, because it's a state scheme. What is it particularly CGHS share of it?
- Abhinay Bollineni:** So, we refer to 15% to 20% will be the price hike impact. But as a percentage of revenue, it will be for these 3 clusters for where Andhra, Telangana and Nagpur, this is where we do most of the CGHS work currently. That number will be around 10% of the revenue.
- Deepthi Rajulapati:** Okay. And in overall revenue?
- Abhinay Bollineni:** Overall revenue -- for these three clusters, it will be 10% of the business will come from CGHS and related companies, excluding Aarogya Sri.
- Moderator:** The next question is from the line of Rahul Jeewani from IIFL Capital Services Limited.
- Rahul Jeewani:** Yes. Sir, in Nashik, there has been a significant delay in terms of ramp-up. So it has been almost now 1.5, 2 years since we commissioned that hospital, and we are still incurring losses there. So where do you think that ramp-up in Nashik has been, let's say, slower versus our expectations versus what we have been able to achieve in Thane or even the first Bangalore hospital?
- Abhinay Bollineni:** Rahul, Nashik got commissioned in December, Jan last year, not 1.5 years. So we got the OC in January. So the doctor onboarding started from mid-Jan, February. So we're 10 months now into commissioning the hospital. I think there is some confusion around that.

Number two, as a market, if you look at Nashik, unlike what is happening in Thane and in Bangalore, 35%, 40% of the hospital business in these hospitals in this cluster comes from CGHS and related parties. Now for empanelment of CGHS and related parties, you need something called a 17 (2)(ii)b license, which typically takes time.

Even historically in Andhra and Telangana, it has taken us at least 9 months to 1 year to get that after the hospital gets commissioned. So we should get that license income tax certificate over the next -- we're hopeful we should get that in the next 2 months. If we get that, then we start applying for ECHS, ESI, CGHS and all the related parties. And since those accounts for almost 35%, 40% of the business, that is a significant contributor.

Now what you're seeing the revenue is all cash revenue. Even insurance accounts for 30%. So between these 2 payers, it is 70% and 30% is only cash. And because 70% is credit, we are finding it difficult for all the doctors who have committed to come and join KIMS to join before this empanelment is done because they fear that their business could get impacted. Unlike in larger cities like Thane and in Bangalore, doctors are confident that even if insurance is not there, their patients are willing to pay cash and go for reimbursement later. And the contribution from CGHS and such companies is very, very less.

Rahul Jeewani: Sure, Dr. Abhinay. So if we get the CGHS license in Nashik, then obviously, with the revised rates on the CGHS business, post that, Nashik should see a good ramp-up?

Abhinay Bollineni: Good ramp-up post insurance and corporate empanelment. So what you're seeing today is only 30% -- whatever revenue is coming is all the cash revenue, which typically accounts only for 30% of any hospital in Nashik, whether it is Medicovert, Sahyadri, 70% is from insurance and CGHS-related businesses.

Rahul Jeewani: Sure, Dr. Abhinay. And in terms of insurance empanelment for the Nashik market, how many have we empanelled as of now? And how many are you targeting, let's say, by the end of the year?

Abhinay Bollineni: So, 2 of the companies have been empanelled, 2 of the top 5, where at least before the end of the financial year, we're looking at getting 3 more, the remaining 3.

Rahul Jeewani: Sure. And let's say, generally, in terms of the pushback, which has been there between the hospital and the insurance companies and the fact that we have commissioned several hospitals across newer markets. Now in terms of when you are negotiating with these insurance companies, do they squeeze you to lower pricing or provide them a better pricing in the core markets as well in return for coverage in the newer markets? So does that happen or that's not the case that the negotiation happens on a market-by-market basis?

Abhinay Bollineni: Fortunately, that has not happened so far, Rahul, but it's not that they're trying to squeeze just as we're trying to arrive at an optimal pricing because a lot of the hospitals in these markets are 10 years old, and we are asking for better pricing given our infra is new, given the kind of technology investment is quite new. So that's why it's taking a little time between having these bilateral negotiations to get the right pricing for the hospital. But it has no bearing on Andhra and Telangana or Nagpur.

- Rahul Jeewani:** Okay. Sure, Dr. Abhinay. So last question from my side. You said 15%, 20% price increase benefit on the CGHS business in the 3 clusters, which is around 10% of the revenue for those clusters. So when do we expect the margin benefit from the CGHS price increase to start flowing into our numbers? And would that help us to offset some of the margin pressures, which we would see over the next 2 quarters because of losses from the new hospitals?
- Abhinay Bollineni:** Yes. I think Q4 is when we should see the full impact of CGHS.
- Rahul Jeewani:** Sorry, please go ahead.
- Abhinay Bollineni:** I'm saying it will definitely offset some losses that we are seeing from the newer hospitals.
- Rahul Jeewani:** Have we quantified the margin benefit, which we could see at an overall company level from the CGHS price increase benefit?
- Abhinay Bollineni:** It will be around 60% of the incremental revenue, Rahul.
- Rahul Jeewani:** Dr. Abhinay, I was asking in terms of, let's say, these CGHS is around 10% of the revenue for those 3 clusters, maybe at an overall company level, the contribution could be 5%, 6%. Now on 5% of the top line, if we assume a 20% kind of a price increase, that could potentially add around 100 basis points to your overall margin. So is that math broadly correct or the number which you might have worked internally is different than that?
- Abhinay Bollineni:** So we are expecting INR1.5 crore growth in revenue per month and 60% of that is around INR90 lakhs, so around INR10 crores, INR12 crores of EBITDA growth for the next financial year.
- Moderator:** The next question is from the line of Shivam Dave from MIV Investment.
- Shivam Dave:** I just had one question for the Bengaluru hospitals that are coming up. There are a lot of competitors, Narayana, Aster DM and Apollo as well. So what is the competitive dynamics of that city? And for 2 regions where you're coming up, one is Mahadevapura and the other one is Electronic City. How is the competitive intensity in those geographies?
- Abhinay Bollineni:** So we have the management team of Bangalore also on the call. I'll just allow them to answer this.
- Shivam Dave:** Yes.
- Sreenath Reddy** Yes, Sreenath here. So yes, any market for that matter, there's always competition. So no doubt Bangalore has got all the big players. Having said that, if we are able to identify the right location, which we have already identified and starting these hospitals and also the right talent in terms of the clinical talent and the management team, which we have at this stage all with us. And therefore, we feel we are very confident that we should be able to do well in this particular geography in spite of the competition. And there are certain micro markets, right, which are still untapped. So some of these micro markets, also there are potential even for future expansion also in Bangalore, not that every micro market is covered in Bangalore.

- Shivam Dave:** Okay. Got it. So in some specific markets where you're coming up, you believe that the intensity is a bit lesser?
- Sreenath Reddy** That's correct.
- Moderator:** The next question is from the line of Dhananjai Bagrodia from Alchemy.
- Dhananjai Bagrodia:** Most of my questions are answered. Very strong set of numbers. Actually, my question is for Abhinay. Abhinay, predominantly right now in all these new markets we're entering, we've done a good job in the past markets. What is our right to win? And are we going to be positioning ourselves as most premium, a little cheaper than the competitors? How are we thinking about these new micro markets in terms of positioning?
- Abhinay Bollineni:** I think the intent is to keep it as affordable as we can. And in most markets, we have gone, we have always tried to price ourselves a little lower than competition to keep it more accessible and affordable. We've been able to maintain the same positioning in both Thane and Bangalore. We will continue to do the same.
- Dhananjai Bagrodia:** Okay. And -- but in terms of, see, that could be versus the A+ players. But let's say, today, a government hospital or a little smaller specialty hospital, how would we look to be positioning versus them? I'm just trying to wonder, are we, today when a customer thinks of us in these new areas when there's no prior history, who is coming to us? What kind of customer is thinking of coming to us?
- Abhinay Bollineni:** I think those are not the right comparisons. We should look at hospitals that are comparable in that micro market. So like it will be a Manipal or a Narayana in a state with Jupiter.
- Dhananjai Bagrodia:** Okay. So, we'll keep our pricing similar or relatively affordable compared to them?
- Abhinay Bollineni:** Affordable.
- Dhananjai Bagrodia:** Okay. So we are not playing -- we don't want to just keep going ARPOB, which in one end. We wanted to improve our specialty mix and along those lines, right?
- Abhinay Bollineni:** We're more focused on building volume and that's why we're building large format hospitals. We believe that there is a lot of volume in each of these micro markets. And if we keep the pricing more affordable, we can attract a larger audience.
- Dhananjai Bagrodia:** Okay. Fair enough. Congratulations, you've done a fantastic job.
- Moderator:** The next question is from the line of Kunal Randeria from Axis Capital.
- Kunal Randeria:** Sir, firstly, on O&M. So your Sangli and Guntur hospitals, I believe you are getting a revenue share, right? So EBITDA loss or profit really that wouldn't matter to you from an accounting perspective, right?
- Abhinay Bollineni:** Correct. It does not matter. It's just that we are trying to show that in Maharashtra, Sangli is doing quite well on the EBITDA side as well.

- Kunal Randeria:** Fair enough. Fair enough. Sir, second question, I have a couple of questions around Kondapur unit. Now your bed expansion will go up to 550 next year.
- Abhinay Bollineni:** Incremental.
- Kunal Randeria:** Yes, I mean, total will be 550, I believe.
- Abhinay Bollineni:** No, no, 550 will be incremental. So total will be around 770 beds.
- Kunal Randeria:** All right. All right. Now sir, you already run a 220-bed hospital. It's a fairly profitable hospital with 30% plus margin and revenue of like INR350 crores. So I'm just wondering now with your bed count going up, let's say, 1.5x extra I mean higher, how is the fixed opex move, number one? Number two, this average of making INR1.5 crore, INR1.6 crore a bed revenue, is that possible in future also? And thirdly, since Gachibowli Hospital is just a few kilometers away, will there be kind of cannibalization also?
- Abhinay Bollineni:** No, I think Kondapur is seeing very strong demand. In fact, we are losing a lot of our patients because of bed capacity constraint. We are pretty confident that this new 750, 800 bed hospital will ramp up very well, better than our expectations over the next 3 to 4 years since it's a large format hospital. I don't think both Gachibowli, Kondapur have very different catchments. Though they are only 4 kilometers apart, the catchments are very different for each of these hospitals. I don't see any cannibalization.
- Kunal Randeria:** Right, sir. And the cost, sir, how would that be moving up?
- Abhinay Bollineni:** Yes, it depends on all the new specialties when we onboard them. I think the first year will be a little dynamic because we'll be onboarding a lot of new specialties that don't exist today like oncology, transplant and stuff. So it will be a little dynamic, but we're hopeful that we'll be able to maintain at least a high 20% EBITDA margin.
- Kunal Randeria:** Right. As far as the revenue is concerned, this is potentially INR1,000 crore hospital in future?
- Abhinay Bollineni:** Correct.
- Kunal Randeria:** Great. And just one more, sir. Sorry, on CGHS again. In your payer mix chart, where do you capture CGHS?
- Abhinay Bollineni:** It fits in corporate.
- Moderator:** The next question is from the line of Vedant Nilekar from ICICI Securities.
- Vedant Nilekar:** I just had one question on Telangana and Andhra Pradesh clusters. So, could you please explain the bed additions? And in what particular facilities are they being added like quarter-on-quarter?
- Abhinay Bollineni:** So right now, we have completed all the capacity addition. There are only 2 hospitals, which is Kondapur, which will get commissioned over the next 6 months, which will be an incremental 550 beds. And then we're rehabilitating beds in the Secunderabad unit, and we may add another

150, 200 beds in the Secunderabad unit. So that 1,000 beds in Secunderabad will probably can potentially become 1,200.

Vedant Nilekar: 1,000 beds will now become 1,200, is it?

Abhinay Bollineni: But that will take another 3.5 years.

Vedant Nilekar: Okay. And so the addition from -- so the difference from Q1 to Q2 in both Telangana and Andhra. So in Andhra, we have added around 100 beds, and what facility have we added those?

Abhinay Bollineni: In Srikakulam.

Vedant Nilekar: And in Telangana, the difference where has been these beds added?

Sachin Ashok Salvi: In Begumpet 65 beds were added.

Moderator: The next question is from the line of Avadhoot Joshi from Trivantage Capital.

Avadhoot Joshi: Abhinay, the question is on the payer mix on the new hospitals. So I just want to understand, see, I do understand it's not in our control, how we control it for the new hospitals. But if you consider new hospitals in the Tier 2 cities like Nashik and Bangalore and Thane, other 2 cities, how the payer mix grows over the period and how it has impact for both the things like ARPOB and the specialty we want to grow into. What is our understanding in the beginning of the phase and how we want to see it evolve over?

Abhinay Bollineni: Place like Nagpur and Nashik will have similar payer mix. So even if you look at our Nagpur hospital today, 25% will come from CGHS-related businesses. 20% to 40% will come from insurance and the remaining will be cash. So any Tier 2 market will have similar profile like we see in Andhra Pradesh as well.

So Nashik is very similar. When we got in, we know that this is how the business profile will look. But as far as Thane and Karnataka are concerned, we are more focused on cash and insurance kind of -- it's more a cash and insurance kind of a market, maybe around 5%, 10% at best will be CGHS and CGHS-related.

Avadhoot Joshi: So initially, when we have not empanelled at or we are in the process of empanelling at Bangalore and Thane, initially, the volumes would be lower from insurance and cash. The ARPOB will be lower as compared to what we expect going further over the period. Is that the correct understanding?

Abhinay Bollineni: Yes, ARPOBs will expand as over a period of time, the case mix changes. Deliberately, the pricing also has been kept on the lower side currently. As time progresses, the pricing will get corrected, it will improve there and also the case mix keeps changing.

Moderator: The next question is from the line of Alankar Garude from Kotak Institutional Equities.

Alankar Garude: Just one quick follow-up. In terms of positioning, we have a slightly more affordable positioning in AP, Telangana. You spoke about the difference in payer mix across the market. Similarly,

how would you contrast your positioning across the newer markets of Nashik, Thane, Bangalore as well as Kerala with, say, Hyderabad?

Abhinay Bollineni:

We are focused on a similar positioning, Alankar. We're trying to be more as affordable as we can in each of these markets. We were trying to be more similar to that we have in AP and Telangana.

Moderator:

Thank you. Ladies and gentlemen, this was the last question for today. I now hand the conference over to the management for closing comments.

Bhaskara Rao Bollineni:

So, thanks for all your insights. Your questions have given a lot more knowledge for future guidance. we were very, very confident wherever we started these new hospitals and we will deliver what was promised. what all we planned, we are moving in the same way, and there are no deviations. We are very, very confident.

And I'm sure the ramp-up is going well. The consultants are also very happy. what we have seen in Bangalore and as well as Thane is that more and more consultants are interested to join. So, we are very-very confident the things will move as we plan. Thank you very much for all your interactions.

Moderator:

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