11 November, 2026

To, **The General Manager** **Department of Corporate services** **BSE Ltd** 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**

Dear Sir/ Madam,

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

With reference to our letter dated 29th October 2026, we wish to inform you that the Company had conducted a conference call with Investors/Analysts on Thursday, 5th November 2026, at 10:00 A.M. (IST).

In this regard, please find enclosed herewith a copy of the transcript of the aforesaid conference call. The transcript has also been uploaded on the Company's website at https://www.kimshospitals.com/investors under the following path:

Disclosures under Regulation 46 of SEBI (LODR) Regulations, 2015 → Analysts Calls Schedule, PPT & Transcripts → Transcripts, Audio & Video Recordings → FY 2026–27.

Kindly take the same on record.

Thanking you,
Yours truly

For Krishna Institute of Medical Sciences Limited

NAGAJAYANTHI JUTTUR RAGHAVENDRA DAS
Digitally signed by NAGAJAYANTHI JUTTUR RAGHAVENDRA DAS
Date: 2026.11.11 02:22:32 +05'30'

Nagajayanthi J. R
Company Secretary & Compliance Officer

Encl: As above

"KIMS Hospital

Q2 FY27 Earnings Conference Call"

November 05, 2026

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
DR. NITISH KUMAR – CHIEF EXECUTIVE OFFICER – BANGALORE CLUSTER – KIMS HOSPITAL
MR. SREENATH REDDY – HEAD OF BUSINESS DEVELOPMENT– KIMS HOSPITAL

MODERATOR: **MR. RAHUL JEEWANI – IIFL SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to KIMS Hospitals Q2 FY 2027 Earning Conference Call hosted by IIFL Capital. 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. Thank you. Over to you, Mr. Jeewani.

Rahul Jeewani: Yes. Hi, good morning, everyone. This is Rahul from IIFL Capital. I welcome you all to the second quarter earnings conference call of KIMS Hospitals being hosted by IIFL. From KIMS, we have with us today Dr. Bhaskar Rao Bollineni, Founder and Managing Director, Dr. Abhinay Bollineni, Executive Director and CEO, Mr. Sachin Salvi, CFO, Dr. Nitish Kumar, the CEO for the Bangalore cluster, and Sreenath Reddy, Head of Business Development. Over to you, sir, for your opening comments.

Bhaskar Rao Bollineni: Good morning, everyone. We are amidst a hectic festive season that commemorates the patriotic Independence Day, followed by DEVOTIONAL GANESH CHATURTHI, and recently concluded SPIRITUAL NAVRATRI. We are now on the threshold of JOYFUL DIWALI.

Let me start the meet by conveying our festive greetings to you.

Now I am going to unfold the financial picture of Q2. I am sure the results I am going to announce now will wonderfully blend with the festive fervour. We have recorded a growth under all key parameters, both in quarter-on-quarter and year-on-year basis, with significant rise in revenue.

A snapshot of consolidated financial and operational highlights are as follows.

Q2 FY 2027 updates:

- Total revenue of INR1,363 crores, a growth of 41.3% on year-on-year and 14% on quarter-on-quarter basis.
- EBITDA of INR279 crores, a growth of 34% on year-on-year and 16.3% on quarter-on-quarter basis.
- EBITDA margin stood at 20.5% versus 20.1% in quarter one FY 2027, and 21.7% in quarter two FY 2026.
- PAT at INR76 crores in quarter two, financial year 2027, against INR37 crores and INR72 crores in quarter one FY 2027 and quarter two FY 2026, respectively.
- Consolidated EPS for the period ended with 30th September 2026 of INR1.8, a growth of 8.5% on year-on-year basis.
- Cash and cash equivalents, including cash, bank balance, deposits with maturity of less than 12 months, and investment in mutual funds of INR420 crores as on 30th September 2026.

Q2 FY 2027 Financial Highlights – Consolidated:

- Consolidated revenue from operations of INR1,344 crores, a growth of 39.9% on year-on-year and 14% on quarter-on-quarter basis.
- Consolidated EBITDA, pre-Ind AS, of INR250 crores. There is a growth of 24.7% on year-on-year and 12.7% on quarter-on-quarter basis.
- Consolidated EBITDA, pre-Ind AS, and excluding other income of INR232 crores, a growth of 17.9% year-on-year, and a growth of 12.6% quarter-on-quarter basis.

Operational Highlights Consolidated.

Q2 FY27 updates

- Average revenue per operating bed grew by 14.9% and 2.3% year-on-year and quarter-on-quarter basis, respectively. Average revenue per patient grew by 9.9% and 1.2% year-on-year and quarter-on-quarter basis.
- The IP volumes 81,668 grew 27% year-on-year and 12.7% quarter-on-quarter.
- The OP volumes, 731,010 grew 23.3% year-on-year and 11% quarter-on-quarter basis.

I would like to apprise you about the acquisitions we have made recently to strengthen our network and growth path.

Following are the highlights:

- KIMS Trust Hospital, Kakinada, 183 beds, we have acquired 51% of equity stake in Sarvottam Health Care Private Limited. That is Trust Hospital by investing INR80 crores. Now it will be known as the KIMS Trust Hospital. The acquisition holds high potential and prospectus.
- Ushahkal Abhinav Specialty Hospital, Sangli, Maharashtra, with 316 beds. We have acquired 6% stake by investing INR15 crores.
- KIMS Kompally, Secunderabad, 225 beds.
- KIMS Sikhara, Guntur, Andhra Pradesh, 150 beds.

The above two acquisitions i.e KIMS Kompally and KIMS Sikhara Guntur will be made over a period of time whenever our internal resources are comfortable.

- We have entered into an O&M agreement with the Arete Hospitals in Gachibowli, Hyderabad, which has a bed capacity of 300 beds.
- We also entered into O&M agreement with Westfort Hospital in Thrissur, Kerala. It is an established and reputed hospital with a 300-bed capacity.

These initiatives will result in increased financial and operational leverages, as all these units hold good potential and prospects.

Our avowed aim and objective have always been to create and multiply the wealth for our investors. The latest acquisitions along with the recent expansions will ensure stable and sustainable growth of high range.

Other Highlights

Making healthcare available and accessible has been our prime motto. In this connection, we are pleased to state that organ transplantations are performed across even tier two, tier three cities in entire Andhra Pradesh. All these years, transplantations involved long distances as they were performed only at a very few centers.It is no longer so, with all our units spread across the state handling such cases.

We have doubled the capacity of our KIMS Saveera Hospital, Anantapur, from 250 to 500 beds. The upgraded hospitals includes a new comprehensive oncology block and a dedicated mother and child block that includes neonatal care facilities, support maternal, newborn, and pediatric services in the hospital. The new buildings and facilities were inaugurated on 1st November 2026 by the Honorable Minister of Health and Honorable Minister of Finance, Government of Andhra Pradesh.

Rayalaseema is considered a backward region in the state, and the latest facilities will greatly benefit the people of this region who otherwise were required to travel long distances.

International collaboration

At the invitation of Honorable Chief Minister of Telangana, recently a high-level delegation from Liverpool, U.K., visited Hyderabad to advance cooperation across healthcare, life sciences research, innovation, trade investment, skill development, and sports.

In this connection, I am happy to share that KIMS and NHS University Hospitals of Liverpool have advanced an agreement for cooperation in research, clinical collaboration, education, and training.

We feel honored that the appointment of our Independent Director, Shri Suresh N. Patel, as a Chairman of high-level committee constituted by Government of India to undertake a review of India's banking sector and recommend structural, institutional, regulatory, and legislative reforms. We are being greatly benefited by his valuable contribution to the company as our distinguished board member. I would conclude now, once again offering my multiple festive greetings to you and your families.

I wish you all prospects and happy DIWALI. We have done well, and we hope to do even better in the coming year with your continuous support. Over to Jeewani.

Rahul Jeewani: Operator.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Shubh Kalra from Asit C. Mehta Investment Intermediates Limited. Please go ahead.

Shubh Kalra: Hi. Thanks for the opportunity. First of all, congratulations on a good set of revenue numbers. I wanted to ask, with the implementation of the trade margin rationalisation on the anti-cancer drugs by the government, could you help us understand the potential impact on the KIMS revenue and EBITDA margins? If possible, could you quantify the expected impact, particularly in terms of the revenue and profit accretion?

Abhinay Bollineni: No, sir. The final details are yet to be disclosed. November 9th is when we are going to get all that information. Once we do get the information, we can quantify it. Right now, because oncology is not a big part of our revenue stream, the impact may not be significant.

Shubh Kalra: Okay, sure. Let's say for the potential margin impact, is there any measures that the management is evaluating to mitigate the same? Is KIMS considering revisions to the package rates or other treatment-related tariffs to offset the potential impact? Or should we expect some degree of margin compression as a result of this regulation?

Abhinay Bollineni: Once we get clarity on the pricing on November 9th, that's when we'll be able to decide on what the impact is and how do we mitigate.

Shubh Kalra: Fair enough. Thank you. That answers my question.

Moderator: Thank you. The next question comes from the line of Karan Vora from Goldman Sachs. Please go ahead.

Karan Vora: Thank you for taking my question. My first question is with respect to the Telangana cluster. Can you help us understand what was the growth and margin ex the new Kondapur expansion? Alternatively, you can just highlight what's the numbers we are doing at the new Kondapur unit.

Abhinay Bollineni: Karan, I think the quarter-on-quarter growth from INR623 crores, we moved to INR700 crores. A large chunk of that revenue growth has come from Kondapur and Secunderabad unit. Even Secunderabad unit has ramped up quite well with the recent new clinical programs that we started. Though the revenue grew, the percentage, there's a dip in the EBITDA percentage.

The absolute number has actually increased in Q1 to Q2, and this is only one quarter of Kondapur being commissioned. Over the next three, four quarters, we should see the margins come back to how it was before the new hospital. That is an extremely fast ramp-up. We also did not expect this kind of growth. From what we moved to the old facility to the new facility, the revenue has grown by at least 70% in just three months.

Karan Vora: Okay, got it. Second, just trying to understand, you mentioned last quarter that in the first month you were breaking even. Is that break-even sustained, or we are seeing minor losses at the new unit?

Abhinay Bollineni: No, there is a higher fixed cost. There is no losses, fortunately, but the fixed cost has gone up, and as the revenue ramps up further, it will go back to the stable EBITDA margins. Without this period, there would be a period of losses this financial year, and then stability would come in the next financial year. Because of the ramp-up, we don't see any losses. In fact, the margins

also have not compressed. The absolute number has further expanded. Over the next three, four quarters, it should come back to a 30% kind of a margin.

Karan Vora: Got it. Secondly, on the Andhra Pradesh cluster, can you highlight with respect to what's happening there with respect to margins? Because top-line growth continues to remain strong, but we've seen some deceleration in margins versus what we had last year. Any colour and what's the outlook there?

Abhinay Bollineni: The overall growth perspective, everything looks positive. It's just that in Q2, at the end of Q1, we have launched two large onco programs in two of our hospitals, one in Vizag and one in Anantapur. Because of which there is some drag on margin, that is one part. Though the revenue came in, the fixed costs and all are a little higher currently. Over the next two, three quarters, even that should normalize. Also, there's a one-time cost towards PBDT, which is to the tune of INR8 crores, which got impacted in Q2, which will potentially get reversed once the money comes in Q3.

Karan Vora: Sorry, what's PBDT?

Sachin Salvi: Provision for Doubtful Debt, Karan.

Karan Vora: Okay, got it. Is this related to the government business by any chance, as in scheme?

Abhinay Bollineni: Yes.

Sachin Salvi: Yes.

Abhinay Bollineni: Yes. Only the government business, because sometimes there's a delay, we have to take provisions for it.

Karan Vora: Okay, got it. Just one last one, if I can quickly just squeeze in. So, in Maharashtra cluster, I see that your occupancy has already crossed 60%, and the operating beds are just under 700, while our capacity beds are more than 950. Do we see us just operationalizing more beds, which is the region where we've not operationalized? Is it Thane? Is it Nashik? Any colour there will be helpful.

Abhinay Bollineni: Thane also we have around 75 beds that are not operational, and Nashik we have close to 150 odd beds that are not operational.

Karan Vora: Any plans to operationalize those in the immediate future?

Abhinay Bollineni: As and when the ramp-up is happening, we will operationalize.

Karan Vora: Okay, thank you.

Moderator: Thank you. The next question comes from the line of Rahul Jeewani from IIFL Capital. Please go ahead.

Rahul Jeewani: Yes. Dr. Abhinay, I missed your comment in terms of the ramp-up which you have seen at Kondapur in terms of occupancies. Can you please repeat that?

Abhinay Bollineni: I think the revenue ramp-up from before the opening the new hospital to the last month, the revenue has grown by 70%.

Rahul Jeewani: Okay. Would you want to call out occupancies as well at the Kondapur unit now, as in with respect to this new 500-bed hospital?

Abhinay Bollineni: Yes, we've not commissioned the full hospital. We've only commissioned 500 beds, 500 odd beds of the total capacity, of which we are already at a 70%, 75% kind of an occupancy. In the next quarter, we actually thought of commissioning the remaining beds next year, but we're going to commission the beds in the next two quarters.

Rahul Jeewani: Okay, so on 500 beds, you are at ballpark around 70%-75%.

Abhinay Bollineni: Yes, 70% on 500 odd beds, we are at that occupancy.

Rahul Jeewani: Sure, Doctor . In terms of the AP margins impact which you called out, which is INR8 crores of doubtful debt, if we adjust that, then let's say AP margins right now are trending at around 22%, and in the past we were at around 24%, 25%. Obviously, this onco launch across some of these hospitals is hurting AP. When do you expect, let's say, the operating leverage from this onco business to start playing out and AP margins getting back to the earlier trajectory of 24%, 25%?

Abhinay Bollineni: Actually, one of the hospitals where we launched the onco, which is Vizag, actually towards the end of October, we have seen it come back to 28%, 29% kind of margins. There has been a very impressive ramp-up there. Anantapur just got commissioned, though we had incurred the cost in advance. It just got commissioned a month ago, and officially, they inaugurated on November 1st. So that will take at least a year before it comes back to healthy margins.

Rahul Jeewani: Oh, sure, sir. This INR8 crores doubtful debt, in the past as well, we have seen you booking these doubtful debts within the AP cluster. So what is the thought process in terms of some of these doubtful debts? Because they are from the government channel, do they ultimately, as in, you receive that money, or how does it work?

Sachin Salvi: We receive that money, Rahul. In fact, in the last quarter, if you recollect, already we have received some INR70+ crores from the AP government. It is just that in this quarter, we have not received that much money. Because we are following the metrics for providing for these doubtful debts, as per the Ind AS, we are supposed to provide.

For the current quarter, we have provided INR7.5 crores, INR7.8 crores to be exact, towards provision for doubtful debts. I think in the next quarter or the next to next quarter, once the money is received, the same provision which we have done will get reversed.

Rahul Jeewani: Okay, sure. The last question from my side before I join back the queue is with respect to your newer hospitals, so Thane and the two Bangalore. So if you can talk about, let us say, whether we are done with the insurance empanelments across all these three hospitals. Obviously, Thane

and Mahadevapura have achieved EBITDA breakeven. So how do you see the trajectory on those two hospitals? Let us say, when do we see the breakeven for the Electronic City hospital in Bangalore?

Abhinay Bollineni: Yes, sir. As insurance is concerned, that struggle is still on, Rahul. Even today, Thane does not have empanelment with two, three major companies. Otherwise, the rest of it is all done. Same is the case in Mahadevapura. We are yet to get GIPSA, Star, and some other insurance companies, in spite of which both these hospitals have ramped up and broken even.

As far as Electronic City is concerned, in the month of September, we have broken even. But yes, I think by Q3, end of Q3, that also should become EBITDA positive. And the fight for insurance empanelment will still continue for some more time. Maybe towards the end of the year, all the other smaller companies and some major companies and some of the hospitals should be completed.

Rahul Jeewani: Oh, sure. So, Electronic City, do you expect quarterly break-even in third quarter, or the quarterly break-even would slip into 4Q? Just on these insurance empanelments, Dr. Abhinay, as in, what's the key challenge or issue in terms of getting these empanelments done?

Abhinay Bollineni: Yes, I think now, actually, from the beginning of the year to today, we have made significant progress, but there is some two, three companies left for each hospital. And because we want a good rate and we also want a good rate from their perspective, that negotiation is still going on.

Rahul Jeewani: Sure. And on the Electronic City, do you expect quarterly break-even in third quarter or fourth quarter?

Abhinay Bollineni: I think it's safe to assume Q4 rather than Q3, though we've seen the month of September break-even. The trajectory for October also has been good. Just to give some buffer in case of any unforeseen. Sreenath, do you want to add anything? Sreenath?

Sreenath Reddy: Yes, no, you are right, Dr. Abhinay. So Q4 is where we are looking at the quarter break-even.

Rahul Jeewani: Okay. Sure, sir. I will join back the queue.

Moderator: Thank you. The next question comes from the line of Damayanti Kerai from HSBC. Please go ahead.

Damayanti Kerai: Yes. Hi, good morning, and thank you for the opportunity. My first question is on your margin trajectory. As you mentioned, Kondapur is off to a very good start, and it's a high fixed cost setup where better scale will result in operating leverage, etc.. In AP also, you have invested in the oncology infrastructure.

How should we look at the margin trajectory moving from here? Should we assume, like, 2Q was the bottom quarter in terms of the losses from new units, et cetera? From, say, next quarter onwards or so, we should be back to 20%+ margin? What will be the exit run rate for, say, FY 2027 for margins?

Abhinay Bollineni: Yes, I think among all the hospitals that are now commissioned, except for Electronic City, all of them are EBITDA positive. Among the 28 hospitals that are getting operational, only one hospital is still in the drag, because it is less than one year old. But I think, yes, this is the bottom Q2 number. I think from here, the trajectory should be upward. Unless we do not see any new hospital that we are commissioning over the next few months, the trajectory should be continuing to grow.

Damayanti Kerai: Sure. My second question is on the insurance empanelment part, where you mentioned Thane is still not done, and you are also pursuing for other new hospitals. Just want to understand what is taking sizable amount of time to really get into the contract with big insurance in units like Thane?

Abhinay Bollineni: Some of the insurance companies we have been able to negotiate, mutually able to close. Some of them we are still negotiating with them to get the right pricing that we believe is the right pricing for the hospital. That negotiation is what is taking time. But now, Thane and Mahadevapura, we are just left with two or three insurance companies, not more. Majority of them are done.

Damayanti Kerai: Sure. If I recall correctly, I think it took us a significant amount of time to get all the insurance empanelment done for Nashik. Compared to that, Thane, Mahadevapura were progressing much faster, right? That is a logical way to assume?

Abhinay Bollineni: Yes, Nashik, we had challenges in getting the pricing because there were different challenges in that micro market from an insurance company. But the last empanelment was GIPSA, which we got that also. Officially, we will be able to take patients from tomorrow in Nashik on GIPSA. That is a big chunk, that is usually 40%-50% of the overall insurance volume, which we got confirmation letter just last week. There have been some inherent challenges and learnings from the empanelment process in the last 12 months. Hopefully, we will rectify those in the next few, when we commission the next few hospitals.

Damayanti Kerai: Sure. My last question is on your transplant offerings. First of all, which all units are offering transplant at this point of time? Please help us understand if this segment is a high realization, high cost segment from operation perspective?

Abhinay Bollineni: The kidney transplant we offer in almost all the units except for one or two. Liver transplant, we do them in five of the hospitals. Lung, we do only in three of our hospitals currently, heart and lung. Bone marrow transplant also we do in eight of our hospitals.

Damayanti Kerai: Okay, so mostly it is widespread. Just in terms of the economics, is it like high realization, high cost segment? The EBITDA margin, etc.. will be like, how does it look versus a corporate average on a steady state basis?

Abhinay Bollineni: We don't track EBITDA by therapy. Definitely the cost of treatment for a liver and heart and lung transplant, it is a very expensive procedure. And also because of prolonged stay before and after surgery, the realization is definitely higher than the rest of the therapy. But we don't look at it from a lens of profitability or an EBITDA margin at the therapy level.

Damayanti Kerai: Sure. Thank you. Thank you for your response. All the best.

Moderator: Thank you. The next question comes from the line of Karan Vora from Goldman Sachs. Please go ahead.

Karan Vora: Thank you for taking my question again. Just one clarification. Secunderabad, you mentioned there are some new programs which we've started, right? So what are those? Can you throw some light on that? And also secondly, in the Telangana cluster, if our Kondapur unit is doing such high occupancy and our overall occupancy is 50%, then which is the hospital which is kind of dragging the occupancy down? Or any color there will be helpful.

Abhinay Bollineni: Actually, we rectified that in the presentation this time. In Secunderabad, the capacity is 1,000, but what we have operational is only 700 beds. In that 700 beds, we have a lot of non-census beds because this being a very large facility, we have almost 80 dialysis machines. All of those are non-census beds. Hence the occupancy, it is bringing down the occupancy. Also in Sunshine, both the hospitals, we are still at around 60% kind of an occupancy. We have not reached that 70%, 75% kind of an occupancy.

Karan Vora: Got it. What are the new programs you have started in Secunderabad, sorry?

Abhinay Bollineni: We further strengthened our onco and orthopedic practice. We launched a very large sports medicine program in the Secunderabad unit, and we also acquired a lot of clinical talent for our oncology hospital, which we are going to commission the end of next year, which is a new hospital that we are building.

Karan Vora: Okay. Sorry. How many beds are we adding in Secunderabad next year? 200?

Abhinay Bollineni: First phase, we will only get the 250 beds that are not operational today operational because they are under renovation. Once those ramp up, then we will add another We have a potential to add another 200, 250 beds and take it to a full capacity of 1,250 beds.

Karan Vora: Okay. The land is already there in place. We just have to add a building or floors?

Abhinay Bollineni: Yes, building is also getting constructed. In the next two months, the building, the structure will be ready, and then we will keep doing the interiors as and when our requirements are.

Karan Vora: Okay. Got it. Helpful. Second, just one clarification again here. Just to get a sense on the overall Secunderabad unit. So you are saying today we only have 800 beds operationalized, 200 we are working on operationalizing again, and that is now removed from the numbers, right?

Abhinay Bollineni: It is reflecting as the bed capacity, but they are non-operational beds. The difference between capacity and operational beds is that 250 beds.

Karan Vora: Okay, got it. Given that we have so many non-census beds in Secunderabad, any plans to revamp the structure or anything so that our occupancy kind of improves? Because Telangana occupancy for us seems to be stuck in that low 50s kind of a number. How do we get there to at least 60? That is what I am trying to understand.

Abhinay Bollineni: 60 will come. See, the 250 beds in Secunderabad are non-operational currently. Also, 250 beds of the old Kondapur hospital, which we are yet to decide what we want to do, are also included in the beds here. If you remove that 500 beds and look at it, the occupancy will further built in towards a 55%-60% of the operational beds.

Karan Vora: Okay, got it. Those 250 old beds in Kondapur are empty right now?

Abhinay Bollineni: Yes, they are empty. We are yet to decide what we want to do with those beds. We want to observe the ramp-up of the current hospital and then decide what we want to do with them.

Karan Vora: Okay, got it. Really helpful. Thank you.

Moderator: Thank you. The next question comes from the line of Kunal Randeria from Axis Capital. Please go ahead.

Kunal Randeria: Hi, and good morning, and thanks for the opportunity. So first question is on Mahadevapura and Thane. Sir, all the investments behind you, I mean, in terms of doctor hiring or whatever specialties you wanted to commission, has everything been done?

Abhinay Bollineni: Sreenath, you want to take that?

Sreenath Reddy: Yes. In Bengaluru, yes, we are done. At Mahadevapura, we are done. All the specialties have been added, and the investments also have been added.

Kunal Randeria: Okay.

Abhinay Bollineni: As a process, investments for both these hospitals are done, but doctors is a continuous process. We keep adding these doctors as and when we find the right clinical talent, we will start new clinical therapies. That cost will keep coming, and it will take time for it to achieve stability. That is true for any hospital.

Kunal Randeria: Right. Okay. Which basically means investments will continue, and maybe then the margin ramp-up might be a bit slower than what we are kind of thinking of?

Abhinay Bollineni: Yes, I think what we've seen in Nagpur is a good trajectory, or Sunshine is a good trajectory to assume. First, we become EBITDA break-even, then we get to a high single digit, then get to a mid-teens, and then the 20%+ kind of margins start coming in.

Kunal Randeria: Okay, got it. Sir, second, on the Andhra cluster, I am not sure I completely understood, but sir, when we look at all the operating metrics and improvement in ARPOB, volumes, total revenue is up, but I cannot understand why your absolute EBITDA is down, even if I consider that bad debt kind of provisioning also. Is the case mix which has changed drastically that has kind of led to a margin compression? If you can kind of just give a few more details.

Abhinay Bollineni: No, so INR55 crores, if you add back INR8 crores to it, INR55 crores is the declared EBITDA. If you add INR8 crores back to it, we are talking about a INR63 crores kind of a number, which puts the EBITDA margin at almost 25%. Because there has been fixed cost towards two onco

programs in two of our hospitals, that has dragged the EBITDA margin by INR 2 crores per month in each of the center, which as the hospitals ramp up, that will get amortized.

Kunal Randeria: Right, sir. So these are the only two factors, right?

Abhinay Bollineni: Yes. There is only two factors.

Kunal Randeria: Okay, got it. Just one more, if you do not mind. I understand that in some of the hospitals, they get O&M, you have converted into or trying to convert to ownership, I think it is Sarvottam Healthcare and Insignia Healthcare. I just want to understand the economics behind it. At what multiples do you buy a partner out?

Abhinay Bollineni: We have a call option to buy these O&M assets anywhere in the range of 10 to 12 trailing EBITDA.

Kunal Randeria: Right. Sir, is this decided at the beginning when you enter into a contract, or it is more of, as the things go, if hospital is more successful, then perhaps you kind of end up paying higher?

Abhinay Bollineni: It is agreed at the beginning of the contract.

Kunal Randeria: At the beginning of the contract. Right. And recently you have done three, right?

Abhinay Bollineni: O&M assets, we have done Thrissur, Arete. Yes, these are the two hospitals that we now currently have six O&M hospitals.

Kunal Randeria: Right. No, sorry, I meant the one which you are converting to ownership.

Abhinay Bollineni: Yes. Three, correct.

Kunal Randeria: Okay. Okay, sir. Got it, sir. Thank you, and all the best.

Moderator: Thank you. The next question comes from the line of Yuvraj Sehrawat from ChrysCapital. Please go ahead.

Yuvraj Sehrawat: Hi, congratulations on a great set of results. My question was on the Bengaluru cluster. So we have a capacity of 800, but currently only 340 are operationalized. Given both the units are breaking even now, can you share some colour on how we can operationalize the remaining beds as well?

Abhinay Bollineni: Nitish?

Nitish Kumar: Yes, sure.

Abhinay Bollineni: Nitish, are there?

Nitish Kumar: Hello? Am I audible now?

Abhinay Bollineni: Yes.

Nitish Kumar: I am getting mute.

Bhaskar Rao Bollineni: He is getting mute.

Abhinay Bollineni: I will take this question because Nitish is. Both these, three of these hospitals, Thane, Bengaluru, and Electronic City, these are the first time we went to a new city and set up large format hospitals with the intent that it will reach a 70% occupancy only in the four to six years after commissioning these hospitals.

I think we are pretty much on track to achieve that kind of an occupancy in that timeline that we have stated earlier. These are really large format hospitals from what we have traditionally done. It will take us a little time to get to that kind of an occupancy.

Yuvraj Sehrawat: Sure. Would 70% be the right occupancy number where you would add more beds?

Abhinay Bollineni: Yes, 70% would be a right number before. But also, some of these therapies, sometimes you need to be able to add beds as standalone in the same campus, but in standalone. Though you might see bed capacity available, we might end up adding some beds here and there to introduce new clinical therapies.Unfortunately, these therapies only work when they are given that importance and standalone presence within the same campus. You might see some bed additions in these campuses, but overall, the trajectory for growth, we are pretty confident. This is the first year of operations. In case of Thane, it is 15 months. But over the next 48 months, we should get to a healthy occupancy.

Yuvraj Sehrawat: Got it. Thank you. That is all for me.

Moderator: Thank you. The next question comes from the line of Anshul Agrawal from Emkay. Please go ahead.

Anshul Agrawal: Hi, thank you for the opportunity. Just a few bookkeeping questions. The rental payouts have sort of gone up in the current quarter. Could you please help us understand why this has happened? I understand ES is on rental model, but that would have been commissioned last year itself. Any particular reason why our rental payouts are up so drastically?

Sachin Salvi: The major reason, Anshul, is the Kondapur Hospital, which has commenced operations only in the month of June. So last quarter, there was an impact of only one month, whereas in this quarter, there is a overall impact of three months. That is one of the reason for rental costs going up, or Ind AS 116 impact on account of rental going up.

Anshul Agrawal: Got it. Is this quarterly run rate now established, or do we expect increase or escalation here as well?

Sachin Salvi: No, no. This is established rentals, which will be coming in the forthcoming quarters.

Anshul Agrawal: Got it. Secondly, how do we account for the O&M units currently? What I was trying to get at is, do we just add the EBITDA number into our cluster-wise EBITDA, or do we account for the revenue as well, or is it different for every unit?

Sachin Salvi: The call option which we are having enables us to get 9% of the top line at our revenue, which gets added to the revenue. As far as the call option accounting is concerned, as it is an option, we do a fair valuation of call option for all these units at end of every quarter, half yearly, as well as at the end of the year.

The gain on account of call option, we accounted as extraordinary items in the adjustment below EBITDA. If there is a loss, then we reverse the gain which has been accounted. But till this time, there is no loss as such which had happened. And in fact, in the current quarter also, the fair value of the call option is enhanced by INR13.2 crores, which we have accounted below EBITDA.

Anshul Agrawal: Yes, sir. The 9% revenue that we add to our revenue would be a complete flow through to the EBITDA in that cluster? Would that be fair?

Sachin Salvi: We can say so, but there are certain corporate costs which we incur. There is no direct linkage, or we do not assign as such cost to that particular unit, but you can say your assumption is correct.

Anshul Agrawal: Okay. The Kompally losses, would they be part of the Telangana cluster or no? Because we just account 9% of the revenue that we generate in Kompally, it wouldn't be part of the EBITDA. The EBITDA losses wouldn't be part of Telangana cluster. Would that be correct?

Sachin Salvi: No, no. It would not be forming part of the Telangana cluster. We account only 9% of the top line.

Anshul Agrawal: Perfectly. Also, now that contribution from Bangalore unit is going up, or Bangalore cluster is going up, our minority interest, the percentage out of EBITDA will be how much?

Sachin Salvi: As of now, at a consolidated level, the percentage is 11%. I do not think it will exceed 15%. It will all around between 10%-15% over the next several quarters.

Anshul Agrawal: Got it. Thank you. Those were my questions. Thank you, and all the very best for the remaining day.

Sachin Salvi: Thank you.

Moderator: Thank you. The next question comes from the line of Anubhav Sangal from Anand Rathi. Please go ahead.

Anubhav Sangal: Hi, sir. Thank you for the opportunity. My question is related to the old Kondapur Hospital. What is the fixed cost drag that you are expecting, and for how many more months is it expected to remain operational?

Abhinay Bollineni: We are incurring a fixed cost of INR1.5 crores a month for the old hospital, and that includes the rental costs. That should continue for the next maybe four to five months before we decide on how we should

Anubhav Sangal: Sure, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Simran Thakkar from Beas Capital. Please go ahead.

Simran Thakkar: Thank you for taking my question. My question is the cash outflow on the capex front. We see it INR6,500 million approx is the number. If you could just help split it into the payments for FY 2026 Kondapur mainly, B, the new capex which is incurred in H1, and C, the new assets that we have acquired. If you could also give the revised guidance for FY 2027 on the capex front, please.

Sachin Salvi: Out of the current capex which we have spent up to H1 of INR650 crores, around INR275 odd crores went into, INR275 plus , about INR300 crores went into Kondapur. As regards to the future capex, there are three projects which we have announced and we are yet to complete, Secunderabad, Rajahmundry, and a bit of Kondapur because still there is some capex which we have to incur at that unit. The total capex outflow over the period of next 18 odd months would be about INR1,100 crores on these three projects together.

Simran Thakkar: Understand. Thank you. Second is on the INR3,600 million of new long-term debt that we could see in the first half. Since you have already raised the QIP and the money sitting in the bank, why this debt?

Sachin Salvi: If you see the objective which we have filed for QIP as well as the share warrants, we have allocated 25% of the total proceeds which we are receiving towards general corporate purposes. We have parked it in the mutual funds or in the bank account as of now. The money is to be used for general corporate purposes, which includes loss funding, which includes small acquisitions, which includes minority acquisition, as and when we decide to do so. That is the only reason it has been parked there as of now.

Simran Thakkar: But then the new long-term debt that we could see of around INR3,600 crores, if you could just state the reason of the utilization.

Sachin Salvi: Sorry, I couldn't get your question actually.

Simran Thakkar: Okay. So, there was just new raise of INR3,600 crores, sorry, it is INR3,600 million of new long-term debt in the first half.

Sachin Salvi: The new debts, as I have said, we have three projects which are up and running, Kondapur, Secunderabad, and Rajahmundry. For completing these projects, already the debts were tied up. So as and when we require to spend the capital on it, we are raising that debt and we are paying the capex.

Simran Thakkar: Understand. Understand. My third and last question is on the Sarvottam Healthcare, right? In quarter one FY 2027, it was an O&M agreement. In this quarter, we have acquired a 51% share for INR795, if I am not wrong. Firstly, it was just hitting our top line. Now it would change completely because it will also be a part of our P&L.

I just wanted to understand, one, what was the valuation like, EV/EBITDA basis or EV per bed? Second, what is the current monthly revenue on this? And the third, what are the terms on the remaining 49% stake that we would be acquiring?

Vijay Hargunani: Kakinada, this Trust Hospital, currently, we are doing approximately INR8 crores-INR10 crores of revenue with a positive EBITDA of INR1.2 crores-INR1.5 crores.

Simran Thakkar: Understand.

Bhaskar Rao Bollineni: Yes. It is a 150-bed facility, and then we have about 38%-40% occupancy. They could not able to ramp up with the consultants, so that way they have given a partner with us. In the last year, the EBITDA was around INR15 crores. With that, we bought about 51% at INR80 crores. There is no debt as on today in the books.

We need to able to ramp up by adding more therapies. We are very, very confident that it can able to ramp up next one or two years, about INR7 crores-INR8 crores per month, can go up to INR12 crores-INR15 crores.

Simran Thakkar: Understand, sir. What are the terms on the remaining 49%, please?

Bhaskar Rao Bollineni: Sachin?

Sachin Salvi: For the remaining 49%, we can acquire that stake in the coming years. There is no immediate intention on our part. As such, this 49% is held by the existing promoter doctor. As and when it is required, as and when they are offering it for sale, we may consider to buy it, like any of our other subsidiaries.

Simran Thakkar: Understand.

Bhaskar Rao Bollineni: All this 49% is an existing doctor. They were promoted this hospital as a 51% of the stake of existing doctors has given to us. That 49% they will continue to hold, and they are going to practice there. Anybody who wants to resign from the work, then we have an option to buy in a fixed multiples.

Simran Thakkar: Understand, sir. Thank you so much.

Moderator: Thank you. The next question comes from the line of Rahul Jeewani from IIFL Capital Services Limited. Please go ahead.

Rahul Jeewani: Yes. Sachin, with respect to the rental cost increase which you attributed to the Kondapur hospital, I was under the impression that we are buying out the rental partner there. Is that understanding, correct?

Sachin Salvi: We are planning to, Rahul, but as of now, we have not announced it. That is the only reason I am telling that as of now, the cost sitting on the books. In case we decide to merge that company into our Kondapur subsidiary, of course, the rental cost will go up. Not only the rental cost, Rahul, we are also paying 18% GST on that rental cost. Therefore, there will be a significant saving on account of rent, and that will also help us to improve our PBT.

Rahul Jeewani: Sure, Sachin. What is the rental component for the Kondapur hospital, including GST, let's say, on an annualized basis?

Sachin Salvi: Per month, it is INR5.5 crores, Rahul. On an annual basis, you can say INR60 crores-INR65 crores.

Rahul Jeewani: Okay, so that is quite Okay. When do you, let us say, if you decide to do the acquisition of the rental partner, when do you think that can essentially play out?

Bhaskar Rao Bollineni: Rahul, this basically, whatever is the rent that we are paying, it will go to the bank EMI of that particular facility. Whether we are able to merge today and tomorrow, if we merge today, another INR400 crores of debt will come into our books. It is only the loss is only the GST. We will take a call depending upon the debt that is there in our books.

Sachin Salvi: Rahul, as sir has pointed out, there is already a debt which is sitting on the books of this associate company. We are currently holding about 40% in this company. We may take a call to acquire the 60% via some merger, in which case, the flip side of it is the additional debt comes on our books. But the positive side of it is the PBT gets improved every year by about INR60 crores. We are just evaluating what is the best option. Based on our analysis, we will go for it in another We will decide on it in another, say, 12 months or so.

Rahul Jeewani: Sure, Sachin. What is the net debt component as of now? Is it close to INR2,100 crores post the QIP and warrants?

Sachin Salvi: Yes, INR2,150 to be exact is the net debt, and net debt to EBITDA ratio will be about 1.9 odd.

Rahul Jeewani: Sure. In the past, we have talked about buying out the minority interest in some of the subsidiary hospitals. If you can also, let's say, elaborate on that as well. With the warrants and QIP money, what is the thought process in terms of buying out some of the minorities?

Abhinay Bollineni: We haven't firmed up that plan yet, Rahul. Maybe towards the end of the year, once all the units are more stable in terms of its operations and capital requirement, we will then figure out what we want to do with minority or use internal accruals for new growth. We're yet to consolidate those thoughts.

Rahul Jeewani: Okay. Sure, Doctor . The last question from my end, Dr. Abhinay, is to you. Now we have embarked on, let's say, a massive capex expansion plan over the past few years. Now if I see the next two to three years, we would not have any significant capacity coming online except, let's say, a Secunderabad and a Kondapur, which are primarily core markets for us. What is the key focus for the company in terms of, let's say, the next two to three-year period?

Abhinay Bollineni: I think in addition to the two hospitals you mentioned, we have Rajahmundry and Ongole expansion that is going on, both of which will get commissioned in the next four to five months. Beyond this, over the next 24 months, we are not looking at any significant bed addition, maybe on the lower side, around 400- 500 beds. That is what we are looking at over the next 24 months. The idea is to stabilize the operations here and then be ready for the next phase of expansion and capex outflow.

Rahul Jeewani: That next phase of expansion would start with the 300-bed hospital in Chennai, which should come in, let us say, FY 2029 onwards.

Abhinay Bollineni: Yes, 2029, 2030 onwards. Then there is more expansion that we want to do in Andhra, Telangana, Karnataka, Kerala, and Tamil Nadu. It is largely in the states that we are already operating, except for Chennai. Whatever expansion we see over the next four to five years is going to come from the states that we are already operating in.

Rahul Jeewani: Sure. Just because you touched on Kerala, the Kerala government is thinking about introducing a bill in terms of regulating the private hospital charges. Obviously, for us, it is an O&M model in that market, but your comments in terms of whether that is doable, and if it gets done, what kind of an impact do we see for business in Kerala?

Abhinay Bollineni: No, we have no idea what they are going to do, Rahul. Unless we know what it is, what kind of impact, it's difficult to anticipate that today.

Rahul Jeewani: Yes. Dr. Abhinay, do you think it's easy to regulate private hospital charges? Because obviously, depending on the infra of particular companies, the doctor talent of particular companies, the cost would vary. So what is the Kerala government actually trying to do there?

Abhinay Bollineni: Not just Kerala government, I think many governments are trying to do this, but we are yet to figure out a method to be able to create more transparency and belief. When we are able to create that transparency, we're more than happy to figure out how we can work together and make this happen. But I think right now, we have no visibility on how we want to do this or how they're proposing to do this.

Rahul Jeewani: Okay, sure, Dr. Abhinay. Best of luck, and that's it from my side. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to management for closing comments.

Bhaskar Rao Bollineni: The quarter has ended on a high, a bright note of sound financial results, expansions, and clinical accomplishments. It augurs well for the coming months, and we will work with renewed energy and enthusiasm with your valued support. Thank you very much for a good number of questions and has been enlightened us. We are on the job that we will be able to see that you do get a good growth in the company. Thank you.

Moderator: Thank you. On behalf of KIMS Hospitals and IIFL Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.