08 August, 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.**

In Continuation to our letter dated 28th July 2026, the Company organized a conference call with the Investors/ Analysts on Tuesday, 04th August 2026 at 10:00 AM (IST). A copy of the transcript of the conference call held with the Investors/ Analysts is enclosed herewith and the same has also been uploaded to the Company's Website at https://www.kimshospitals.com/investors > Disclosures under Regulation 46 of SEBI (LODR) Regulations, 2015 > Analysts Calls schedule, PPT & Transcripts > Transcripts, Audio & Video Recordings > FY 26-27.

Kindly take the same on record.

Thanking you,
Yours truly

For Krishna Institute of Medical Sciences Limited

BHASKARA RAO BOLLINENI
Digitally signed by BHASKARA RAO BOLLINENI
Date: 2026.08.08 17:08:10 +05'30'

Dr. Bhaskara Rao Bollineni
Chairman and Managing Director

Encl: As above

“KIMS Hospitals Q1 FY '27 Earnings Conference Call”

August 04, 2026

MANAGEMENT: **DR. BHASKAR RAO BOLLINENI – FOUNDER & MANAGING DIRECTOR, KIMS HOSPITALS**
DR. ABHINAY BOLLINENI – EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER, KIMS HOSPITALS
MR. SACHIN SALVI – CHIEF FINANCIAL OFFICER, KIMS HOSPITALS
MR. NITISH SHETTY – CHIEF EXECUTIVE OFFICER, KIMS BANGALORE CLUSTER
MR. SREENATH REDDY – DIRECTOR OF BUSINESS STRATEGY

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

Moderator: Ladies and gentlemen, good day, and welcome to the KIMS Hospitals Q1 FY '27 Earnings Conference Call hosted by IIFL Capital Services Limited.

As a reminder, all participant lines will remain 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 the operator by pressing '*' then '0' on your touch-tone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Rahul Jeewani from IIFL Capital Services Limited for opening remarks. Thank you, and over to you, Rahul.

Rahul Jeewani: Thanks, Ryan. Hi. Good morning, everyone. This is Rahul from IIFL Capital. I welcome you all to the 1st 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 Shetty – CEO for KIMS Bangalore cluster, and Mr. Sreenath Reddy – Director of Business Strategy.

Over to you, sir, for your opening comments.

Bhaskar Rao Bollineni: Good morning and a hearty welcome to all of you from KIMS. The breeze of Independence Day is already blowing as the nation is getting ready to celebrate its 80th Independence Day. Let me convey the Independence Day greetings to all of you in advance.

Without keeping you waiting, I will straight come to financial and operation results Quarter 1, 2026-2027. I am happy that the growth trajectory continued unabated, and we delivered strong financial and operational results for the quarter. We crossed the INR 1,000 crore mark of revenue in Q3 '25/'26, and the same tempo is continued with gust in the current year.

Q1 FY '27 updates:

Total revenue of INR 1,196 crore, a growth of 36.1% year-on-year and a 10.3% on quarter-on-quarter basis.

EBITDA of INR 240 crore, a growth of 20.1% on year-on-year and 10.9% on quarter-on-quarter basis.

EBITDA margin at 20.1% versus 20.27% in Quarter 1 Financial Year '26 and 19.9% in Quarter 4 Financial Year '26.

PAT at INR 37 crores in Quarter 1, '27 against INR 85 crore and INR 33 crores in Q1 FY '26 and Q4 FY '26 respectively.

Consolidated EPS for FY '26 of INR 104, a degrowth of 2.3% on quarter-on-quarter basis.

Cash and cash equivalents includes cash, bank balance deposits with maturity less than 12 months and investment in mutual funds at INR 505 crore as on 30th June 2026.

Quarter 1, '27 financial highlights - consolidated:

Consolidated revenue from operations of INR 1,180 crore, a growth of 35.3% on year-on-year and a 9.8% on quarter-on-quarter basis.

Consolidated EBITDA pre-Ind AS of INR 222 crore. There is a growth of 14.6% year-on-year and a 12.9% on quarter-on-quarter basis.

Consolidated EBITDA pre-Ind AS and excluding other income of INR 206 crores, a growth of 10.2% on year-on-year and a growth of 10% on quarter-on-quarter basis.

Operational highlights – consolidated:

Quarter 1 Financial Year '27 updates:

Average revenue per operating bed grew by 9.7% and 0.1% on year-on-year and quarter-on-quarter basis respectively.

Average revenue per patient grew by 6.8% on year-on-year and a decline of 3.8% on quarter-on-quarter basis.

IP volumes, 72,493 grew by 26.6% year-on-year and 14% on quarter-on-quarter basis. The annual growth is 15.4%, that is over the Financial Year 2025.

OP volumes 6,58,617 grew by 28.5% year-on-year and 8% on quarter-on-quarter basis. The annual growth is 25.4%, that is over the Financial Year 2025. Thus both IP and OP volumes registered impressive growth.

We have other developments. I want to apprise you of the two significant financial initiatives we have undertaken. A Qualified Institutional Placement and a preferential allotment to promoters. The QIP successfully raised INR 1,500 crores and has oversubscribed, demonstrating the deep trust and confidence of institutional investors in the vision of your company. In line with our commitment to financial prudence, INR 1,100 crores of these proceeds have already been utilized to reduce our debt.

Furthermore, the preferential allotment to promoters stands at INR 600 crores. Under this arrangement, 25% of the amount is to be infused initially and the balance to be brought in within

18 months. The significant allotment underscores promoter's strong commitment and a long-term faith in the company's stable future.

Together, these two strategic initiatives will substantially strengthen our balance sheet and provide us with the necessary financial leverage to explore new growth opportunities.

I am happy to state that we have recently opened one unit in Kerala at Palakkad, taking our presence strength to three units in the state. There is a good potential, and we are confident of good results. I am happy that all the new units are doing well on expected lines.

At Mahadevapura, Bangalore operated a break-even less than seven months, and we are EBITDA positive. At Electronic City, Bangalore will expect break-even in next one or two quarters. It has been started a little bit later than the Mahadevapura. Both the units are doing very well.

We are very happy that the entire Bengaluru cluster is exponentially doing well. It is gladdening that very complex surgeries, including lung transplants, are taking place in the newly opened centers, which speaks about clinical expertise and infrastructure at these centers.

I would like to brief about some exceptional professional accomplishments. Dr. Raghuram, our renowned breast care expert, has achieved his third Guinness World Records title in a short span of 15 months. The latest Guinness World Record title was awarded under a newly created category recognizing innovation in artificial intelligence enabled holographic health education. The initiative demonstrates the transformative potential of artificial intelligence and immersive communication in advancing public health awareness. Last month, Dr. Raghuram addressed three distinguished institutions in the U.K.

We inaugurated a fully dedicated sports ortho clinic at our Seetamadara, Vizag unit, which is the first of its kind in the state of Andhra Pradesh. Dr. Meda, Head of our Vascular and Endovascular Surgery Department, was invited as a faculty at the prestigious SVS Vascular Annual Meeting 2026, held in Boston, U.S.A., the world's premier gathering of vascular surgery leaders.

Dr. Meda presented the world's first surgical technique, no shunt, no hypothermia, no bypass, a novel technique for open repair of type 3 and type 4 thoracoabdominal aortic aneurysms. This technique is pioneered in the first time in the world, represents a landmark advancement in complex aortic surgery.

We are proud to share what is believed to be the first robotic implantation of the new Perceval Plus sutureless aortic valve, not only in India, but Asia-Pacific region by KIMS Nagpur. The procedure was successfully performed by Dr. Saurabh Varshney using the da Vinci robotic platform, marking another step forward in the evolution of robotic cardiac surgery.

Thus, I have apprised you about latest developments. The overall picture is promising and optimistic, and I am sure we will be able to achieve the projections in the forthcoming quarters with a continued emphasis on quality care and growth of orientation.

And you all know that last quarter we have inaugurated the new facility of Kondapur, and we are now doing a 50% growth within a quarter.

I would now conclude saying that we must pioneer the future of health today to secure the very health of our future tomorrow. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Sucrit D Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D Patil: I have two questions. The first question to Dr. Abhinay is, beyond the regular outlook, just want to understand what are the top two to three execution priorities you are focusing on in the next few quarters? And alongside that, what do you see as the biggest risk in patient demand shifts or competitive pressures, and how are you preparing to manage them while strengthening KIMS position in the hospitality and healthcare delivery space? That is my first question. I will ask my second question after this.

Abhinay Bollineni: Yes, I think this financial year, a lot of focus is on the new Kondapur Hospital, which just got commissioned last month. The first month has been very promising. We grew by almost 40% in less than a month. So, yes, I think a lot of focus on Kondapur, Thrissur, which we are going to commence in the next three to four months, and obviously to neutralize EBITDA in most of our hospitals that we commissioned last year.

Sucrit D Patil: My second question to Mr. Sachin is, from a financial point of view, what key risk or challenges do you anticipate in the coming quarters? And what specific measures are being taken to manage margins, cash flow, and balance sheet strength, especially in areas like cost pressures or receivables or regulatory compliance?

Sachin Ashok Salvi: So, as far as risk are concerned, some of the measures we have already taken care of. We have already launched a QIPO, using the QIPO proceeds, we have repaid the secured loans. So, we have enough leverage to fund the expansion or fund the growth. So that risk factor will be completely taken care of.

As far as the receivables are concerned, yes, the government receivables were a challenge, but we have seen a positive trend in that side. The government receivables are coming on time to a certain extent. So that risk, to a certain extent, is mitigated. Loss funding had got reduced a bit in last quarter.

For the newer units, the ramp-up is very important. It all depends upon how quickly we ramp up in the newer units to mitigate the risks which are associated with the financial strength of the company.

Moderator: We take the next question from the line of Sandhya from Unicorn Asset. Please go ahead.

Sandhya: A couple of questions. First, on the Kerala units, how would you attribute the cost increase that we have seen in the Kerala units? Going forward, what could be the steady state that we expect from those?

Second one would be on the overall clusters. So, we have seen quite a few clusters having a significant jump in the ARPOB, but ARPP is decently grown, not like an abrupt jump. So that explains that ALOS has reduced in those clusters in particular, that has given us quite a good ARPOB jump. So, should we see this as steady state, or is it a quarterly phenomenon due to a mix of certain kind of surgeries or procedures that we do in Q1 favorably and not in the seasonal kind of a thing?

Abhinay Bollineni: Yes, I think Kerala cluster is still in its growth phase. We just added one hospital last quarter. We have another hospital that we will commission towards the end of this year. I think right now we are looking at single-digit EBITDA margins. Maybe through the year it will continue similarly, but next financial year, we should move to mid-teens kind of a number. And it should stabilize at around 20%, 22% EBITDA margin over the next two to three years, as far as Kerala is concerned.

And as far as the ARPOB, we are not seeing significant change on a quarter-on-quarter basis. Whatever numbers were reported in Q4 and Q1 are very similar. I think that trend will continue to be similar as we ramp up over the next one year.

Sandhya: So, just to confirm that we are focusing particularly on decreasing diagnosis, and therefore ARPOBs will change, and whether ARPP is the right metric to track?

Abhinay Bollineni: Yes, I would suggest look at ARPP because that is a more stronger indicator. ARPOB could be changing because of seasonal case mix in that particular quarter, one or two things could change. But the right indicator should be ARPP.

Sandhya: Makes sense. And how are we seeing demand other than the seasonal factors for the newer units, say, in Kerala or of course, you highlighted that Kondapur had a quite good growth. Other than that, how are we seeing the overall demand in the existing units, which are kind of mature now?

Abhinay Bollineni: Overall, the demand is quite strong. We are pretty confident about the ramp-up. In fact, things are still going very strong in our favor in the right direction in most of the clusters. We have had

some glitches in terms of insurance and empanelment and stuff. But I don't see any challenge in the ramp-up of the hospital that we've already commissioned. Most of them…

Sandhya: No, my question is more on the existing ones. How are we seeing the demand in the existing facilities which are kind of mature now?

Abhinay Bollineni: We are seeing good demand. There has been good growth in both. If you look at Telangana and Andhra, which is our mature cluster, if you look at a year-on-year growth, the revenue growth and EBITDA growth in Telangana and Andhra have been quite strong.

Sandhya: There is no number to track for what would be the growth in the existing versus the new. Therefore, I was asking this question in particular, because Telangana would have included, the numbers overall would have been due to the newer units and stuff as well, right?

Abhinay Bollineni: Telangana does not include the newer unit. Kondapur commissioned in July, so it does not reflect.

Sandhya: Cool. That makes a lot of sense. Have a good one.

Moderator: We take the next question from the line of Damayanti Kerai from HSBC. Please go ahead.

Damayanti Kerai: My first question is on your CAPEX strategy. So, after expanding significantly in last 3, 3.5 years, should we assume you are broadly done with your expansion plan, and focus from here on will be on improving the profitability metrics or do you think there are still some markets or some pockets within the existing market where you can increase your presence further? I just want to understand management's thought there.

Abhinay Bollineni: Like we mentioned earlier, our priority today is to ensure that all hospitals that we commissioned turn EBITDA positive and reach a high single-digit or low double-digit kind of an EBITDA margin. And once we are confident that the trajectory is sorted, the growth will continue to happen over the next two, three years, then we have enough opportunities in the core markets, which is Telangana, Andhra, Maharashtra, Karnataka, Kerala, which we will continue to pursue after that.

So, I think our priority is very clear. Next eight months or next three quarters, we will first focus on stabilizing the current hospitals that we commissioned, and maybe next year we will come up with more greenfield opportunities. But in the core geography, we are seeing enough opportunity in the core geography. We are not looking at opening up any new geography.

Damayanti Kerai: So, more room for greenfield within the existing market itself. That is how you are looking.

Abhinay Bollineni: Correct.

Damayanti Kerai: My second question is on your Telangana cluster, which is your biggest and most mature cluster. So, if we leave apart this new addition of Kondapur unit, and when we look at the occupancy, the range has been broadly stated, say, 50%-52% range. So, can you explain why occupancy are hovering in that range and should we assume you can really move it to much higher level?

Abhinay Bollineni: Yes, I think so, there is one mistake in this. With the number of beds in Secunderabad, we have demolished the old facility, which used to have 250 beds. Right now, the bed capacity shows those beds also. But right now we have not operationalized those beds. But when the new facility gets ready by end of next year, and when we operationalize, then the ramp-up will continue to happen.

As far as Telangana is concerned, we do not see any reason why we cannot ramp up to 70%, in spite of the new Kondapur hospital and the new Secunderabad hospital over the next three to four years. Next time, in the next investor presentation, we keep a note on which are the beds that are not functional at this point in time because of the renovation and rehabilitation.

Damayanti Kerai: The actual occupancy would have been higher than what is shown in the presentation, right? And then you plan to take it to, say, 70% or so in next few years.

Abhinay Bollineni: Correct. 70% is doable in spite of the new Kondapur hospital that got commissioned. Next three to four years, we will get there.

Damayanti Kerai: My next question, after paying off this INR 1,100 crore of debt, should we assume considerable reduction in the interest expense on your books from second quarter onwards?

Sachin Ashok Salvi: Surely. So, we have completed the QIPO proceeds only at the end of the quarter. At around 24th June, we have received the proceeds into our current account. And using that proceeds to a certain extent, we have reduced our debt on 27th or 28th June. So, the interest cost reduction has not come in the last quarter. You will see that reduction in this quarter and henceforth.

Damayanti Kerai: And my last question is, Sachin, if you can update us on the empanelment status for all the new units in terms of which are remaining and where you have completed the empanelment with the key insurance.

Abhinay Bollineni: I think we have made good progress from the last call that we had. We have had traction on some of the insurance companies, some of the key insurance companies. There are now a few empanelments left for the 4 assets, which is largely Thane, Nashik, and two of the Bangalore assets. I would say we have now empanelled with 50% of the insurance companies. The remaining 50 is what we are pursuing, which we are now seeing a positive direction.

Earlier, we were curious in which direction things were going, and we didn't have definitive timelines. But now I think we have more definitive timelines on when this will be completed.

Most of these empanelments, these are big ones, the key ones, will be done by end of August, mid-September.

Damayanti Kerai: So by, say, this fiscal year end, majority of things should be in place from empanelment's perspective. Thank you for your response. I will get back in the queue.

Moderator: We take the next question from the line of Karan Bora from Goldman Sachs. Please go ahead.

Karan Bora: Thank you for taking my question. The first one is with respect to Telangana cluster. So, just trying to get a sense on what were the losses of new Kondapur unit and how did we maintain such strong margins, which is almost flattish Y-o-Y, despite adding 450 operational beds, if I am looking at it correctly. And the old facility of Kondapur, have we also shut that or that is yet to be shut?

Abhinay Bollineni: So, there are very marginal losses in the numbers that are reported in Q1. There is some preoperative costs that we started incurring to the tune of INR 2 crores a month for Kondapur, INR 1.5, INR 2 crores a month.

But July, which was the first full month of Kondapur being operational, the ramp-up is being quite strong. So, we are not anticipating much losses. We were usually doing around INR 32, INR 33 crores in Kondapur. July alone, we did INR 45 crores, and more doctors are yet to join. So, the traction has been quite strong. We don't anticipate losses like we had indicated earlier.

And the old hospital is still operational. It will take us another six months before we shut down. So, that could be the drag. Only the rental costs and some operating costs of the old hospitals will be some drag.

Karan Bora: The second question is with respect to Bengaluru ARPOB. So, I think, if I am not mistaken, we had kind of originally guided for INR 70,000, INR 75,000 ARPOB, but we have seen INR 90,000 plus ARPOBs for two quarters. So, is that the correct base we should be looking at? And what has changed versus our expectations before we originally started the hospitals versus what is happening on ground?

Sreenath Reddy: So, the ARPOB would go down slightly lower because the empanelments and other things are yet to happen. So, therefore, it may not remain at these levels, but it will not go down to the initial levels of INR 75,000. So, it could be anywhere between, somewhere we are expecting it to be anywhere around INR 85,000, around that number, INR 80,000 to INR 85,000. Once all the empanelments are done and more corporates are empanelled, it should go down to those levels.

What was your second question? Your second question was what was different compared to what we had anticipated initially. So, there is nothing much different, even though initially we

expected around INR 75,000, but the thing is that as we placed as a strategy, we placed ourselves as more of a quaternary care hospital doing very complex kind of procedures, very niche kind of procedures. So, these are giving us better numbers, both in terms of the ARPP as well as the ARPOB and that is the only reason as to why the ARPOBs are higher at Bengaluru but will get stabilized as more and more all kinds of case mix happen, it will get more stabilized to around that INR 85,000 number.

Abhinay Bollineni: Also, if you look at the ARPP, it is very similar to Telangana. It is just that because the ALOS is lower, the ARPOB looks inflated. Like Sreenath said, INR 85,000, INR 80,000 is what you should model as ARPOB for that case.

Karan Bora: Helpful.

Moderator: We take the next question from the line of Rahul Jeewani from IIFL Capital Services Limited. Please go ahead.

Rahul Jeewani: Sir, if we look at, let's say, the ramp-up trajectory at your four new hospitals, which is Nashik, Thane, and the two Bangalore ones. Nashik achieved EBITDA breakeven this quarter. Mahadevapura and Bangalore have also seen, let's say, substantial decline in losses.

But somehow the Thane trajectory seems to have flattened out. So, Thane's EBITDA losses essentially have been flat for past three quarters now. So, can you talk about in terms of where the ramp-up at Thane has been slightly below versus some of the other newer hospitals?

Abhinay Bollineni: So, there is nothing significantly alarming, Rahul, as far as Thane is concerned. So, traditionally for Maharashtra, at least for our experience in Nashik, Nagpur and Sangli, first quarter is usually a weak quarter, number one. And because of the empanelment delay for the last four, five months, we have not been able to see much work. But in the month of May, we got our GIPSA empanelment and tumor empanelment happened in June.

So if you actually look at July, Thane did INR 21 crore in revenue and 10% EBITDA margin. And the August trajectory also is similar as far as the revenue. So, I think that Q1, suboptimal Q1, we have seen that traditionally in Maharashtra. But July has been a promising month. The same trajectory is continuing in August also.

Rahul Jeewani: So, then for this quarter, which is the second quarter, you would expect Thane as well to achieve breakeven on a quarterly basis?

Abhinay Bollineni: As far as June is concerned, it is 10% margin. If the August, September…

Rahul Jeewani: July.

Abhinay Bollineni: Sorry, July. If the August, September trajectory continues similarly, it should be, yes, healthy EBITDA margin.

Rahul Jeewani: And you said for July, Thane did around INR 21 crore of monthly revenue.

Abhinay Bollineni: Correct. Versus Q1, if you look at the average, it is around INR 16 crore, against which it did INR 21 crore in July.

Rahul Jeewani: And then in terms of, let's say, the two Bengaluru hospitals as well, given the traction seen at Mahadevapura, so Mahadevapura should likely achieve breakeven in 2Q and Electronic City in third quarter. Would that be a fair assumption?

Abhinay Bollineni: Mahadevapura already achieved breakeven, Rahul. Even in July, for example, it has done INR 20 crore revenue. So, Mahadevapura is now stabilized. It is almost zero or slightly positive EBITDA margin.

Electronic City is where the drag is, which like we had indicated earlier, towards the end of the year, that also should become zero.

Overall, as cluster, we are aiming for a Bangalore cluster to be zero EBITDA for the full year, with no losses. Yes, we recoup the losses also.

Rahul Jeewani: And can you talk about the way you indicated margins for Kerala as in mid-single digit for this year, ramping up to 20%-22% over next three, four year? About the Bangalore and the Maharashtra cluster as well in terms of how do you see the margin trajectory in '27 and then over the next two to three-year period. Bangalore, you talked about the neutral margins for the year.

Abhinay Bollineni: I think both clusters we should look at a healthy 20% growth on a year-on-year basis, Rahul. Our key is to first stabilize and make sure that there is no drag in any of these assets. After that, as long as it is growing at a good 15%-20%, I think we are happy on the growth of the hospitals.

Rahul Jeewani: And Sachin, can you call out the debt number post this INR 1,100 crore repayment which we have done?

Sachin Ashok Salvi: So, as of 31st of March '26, at the start of the financial year, the debt position was INR 3,250 crore, which has reduced to INR 2,570 crore as on 30th June. In fact, it has reduced further by about INR 100 crore in the first week of July, because as I said, we have received the proceeds in the last week of June, and we couldn't pay off some of the loans which we have promised to pay as per the objective in the first week. We could able to retire those debts only in the first week of July. So, the debt position as of now will be somewhere around INR 2,400 crore.

Rahul Jeewani: I will join back the queue.

Moderator: We take the next question from the line of Kunal from Axis Capital. Please go ahead.

Kunal Randeria: First question is on the Kondapur unit. So, just want to understand the revenue potential from this. This has been a fairly lucrative unit for you, INR 350 crore plus revenue, INR 100 crore plus EBITDA. And just wondering if you are making such a big hospital over here, just want to kind of understand how do you see this unit in the next three to four years?

Abhinay Bollineni: The full potential of the hospital will be around INR 100 crore revenue per month, which is around INR 1,200 crore revenue. And we should be able to get to that number over the next four, five years.

Kunal Randeria: And what drives this number? Because, see, if I were to just have a casual look, there are a lot of other hospitals also in the area. I mean, INR 100 crore, this might even become your biggest unit or the second biggest unit. So, just wondering what is driving this confidence.

Abhinay Bollineni: You are asking why is that happening?

Kunal Randeria: Yes, sir.

Abhinay Bollineni: I think there are a lot of clinical programs that we have not been able to add in Kondapur over the last few years because of space constraints. We are solving for that. A lot of new clinical leaders who wanted to join us, but we didn't have space, they are joining.

So, for example, we had no oncology at all in Kondapur. We have not started transplant even now, even in spite of the new hospital. So, there is a lot of opportunity to add a lot of new clinical programs and doctors, and we are pretty confident that it will scale up to that number in spite of KIMS having other assets in that geography.

Kunal Randeria: Sir, just comparing, let's say Mahadevapura's trajectory to Thane, Mahadevapura I believe started after Thane. It is doing higher revenue run rate versus Thane, and has I think broken even faster. So, what would you attribute the main difference? Is it because of delay in empanelments in Thane, or it is just that there are more beds over there, or it is just a bigger success story? Why would this happen?

Abhinay Bollineni: One key difference between Maharashtra and South is, I think the South ideology of full-time practice is lot more easier to get aligned with doctors. As far as Maharashtra, not just Thane, if Nashik or Nagpur in the past, doctors are not fully aligned to having a full-time practice. So, it takes time for us to convince them. So, they first join us as a part-time model, then they slowly continue to contribute more time in the hospital, and then over a period of time come to full-time.

So, if you look at Nagpur, when we first acquired, it took us 18 months, 24 months before we could stabilize that unit, because initially those doctors are not fully aligned in terms of having a full-time practice model. But once they get comfort, they see the hospital going in the right direction, all promises are kept, then the traction is quite good. If you look at Nagpur in the month of July, we have done the highest, we have done INR 30 crore revenue just from the Nagpur facility.

So, likewise, Thane has a lot of potential. Maharashtra, in general, has a lot of potential, but we are aware that it will be a little slow when compared to any other hospital in South, because in South it is easier to get clinical talent. Talent is available. Number one, talent is available.

Number two, ability to attract talent also becomes easier because they are already practicing in other corporate hospitals. And it is easier for them to shift to another hospital versus in Maharashtra, they have to shut their own hospital or their nursing home or their clinic.

So, that decision to shut their own setup and move to a corporate hospital for long-term growth takes a little time for alignment. But otherwise, potential I think is quite strong in Maharashtra. But it will always be a slow growth till the market matures.

Kunal Randeria: That is helpful. Just one more clarification on one of the points you made on Telangana beds. So, operational beds have gone up around 450 on a quarter-on-quarter basis. But occupied beds are flattish quarter-on-quarter. So, what explains this discrepancy?

Abhinay Bollineni: So, that Kondapur beds, in the last 10 days of Q1 is when we have added them. So, those are the 450 incremental beds that got added.

Kunal Randeria: So, that is the reason there is no increase in occupied beds.

Abhinay Bollineni: Correct.

Moderator: We take the next question from the line of Saurabh Kumar from Scientific Investing. Please go ahead.

Saurabh Kumar: My question is on the capacity utilization. Currently, we are around 50%, and earlier when we were at 60%-plus utilization, we were clocking 28%-plus EBITDA margin. If you can give some guideline, when do you see us hitting 55%, 60% kind of utilization again?

And historically, sir, whenever we have crossed 60%, we have come up with lot of new beds, and somehow we have never crossed, correct me if my memory is wrong, we have never been able to cross 65. So, is that the peak kind of capacity utilization in hospital business?

Because I see some of the smaller hospitals are doing 65% to 70% utilization also. So, if you can give a color with a three- to five-year framework, how we will be hitting the higher capacity utilization.

Abhinay Bollineni: Actually, in the bed capacity, in the 2,669 beds, if you remove the 450 beds of Kondapur, 500 beds of Kondapur that just got added, and if you remove 200 beds in Secunderabad, which are under renovation, and look at the occupied beds as a percentage of the remaining beds, it is already at 65% kind of an occupancy. We will share that working after the call with you, Saurabh.

Saurabh Kumar: Sir, the other question is, I think you have guided for 4% to 5% ARPOB growth rate. But historically, we have done much better number like 15%, 16%. Of course, that has to be with also the geographical mix of how hospital has evolved. But even this quarter we have done a better ARPOB number. And usually the inflationary ARPOB growth rate is around 6%, 7%. So, should we expect 6%, 7% kind of inflationary ARPOB growth rate going forward or this is too aggressive?

Abhinay Bollineni: I think it is too aggressive. Four to five is a good number.

Saurabh Kumar: That is all I had, sir.

Abhinay Bollineni: We just did the math on the bed capacity. So, if you remove the 200 beds in Secunderabad that are under renovation and new construction, and the Kondapur beds, the current cluster is at a 61% occupancy.

Saurabh Kumar: And how do you see, sir, this panning out in, let's say, by FY '28 end and by FY '30 end?

Abhinay Bollineni: By '28? Did you say FY '28 or FY '30?

Saurabh Kumar: FY '28, like March 2028 and March 2030, two years and four years, how do you see this number panning out, sir?

Abhinay Bollineni: By FY '30, if we don't add any more bed capacity to the current hospitals, then it should be around 65%, 70%, if we don't add any more beds.

Saurabh Kumar: And then we should be hitting back 28%, 29% EBITDA margin. Is that assumption correct?

Abhinay Bollineni: Yes. 30% we should be able to hit. Yes.

Saurabh Kumar: That is all I had.

Moderator: We take the next question from the line of Simran Thakkar from Beas Capital. Please go ahead.

Simran Thakkar: To build on to one of the prior participant's question on Bengaluru Mahadevapura breakeven, so what we see on slide number 25 is we could still see Quarter 1 FY '27 loss of INR 15 million and INR 176 million in terms of EBITDA. So, could you please clarify on that? It should be, what we should assume is breakeven has already been achieved in Q1 FY '27. Is that so?

Sreenath Reddy: Yes. See, it is one of the months, right? For the quarter, it will be a loss, EBITDA loss. But in the month of June is where we had the breakeven. In July, also we are doing well in terms of both revenues as well as the EBITDA. So, therefore, this quarter, on a full quarter basis, that number will be positive.

Simran Thakkar: Thanks for that clarification. My second question goes like this. The Board approved draft O&M and call option agreements with Golden Lan Solutions and Sarvottam Healthcare this quarter. So, if you could just detail out on the assets, including the location, what is the bed count, what is the current occupancy, how are we seeing P&L around it, please?

Abhinay Bollineni: So, these are two hospitals in Telangana and Andhra. These are hospitals that we are acquiring, which is eight hospitals. I mean, not we are acquiring, we are having an O&M agreement with them. That is a 300-bedded hospital very close to the new Kondapur hospital that we commissioned, around 3-4 kilometers, with a revenue potential of INR 90 crores-INR 95 crores a month. And we are pretty confident we should scale up.

As far as the other facility is concerned, that is a hospital in Kakinada, which is a micro market that we are not present in. We have two hospitals in Vizag which are doing very well. We have a hospital in Rajahmundry that is doing well. It is a micro market in between both these places. And we have an O&M agreement with them too. We are pretty confident the current INR 7 crores-INR 8 crores can scale up to INR 15 crores-INR 20 crores over a period of time.

Simran Thakkar: And sir, this agreement will be signed then from Quarter 2 FY '27, like the P&L, etc, would start getting paid by Quarter 2 FY '27?

Abhinay Bollineni: They are O&M agreements. So, we will only get a percentage of the top line. The losses will not hit our P&L. As and when we are confident that the hospital has ramped up and things have stabilized, that is when we look at time to acquire these.

Simran Thakkar: And if you could just mention a percentage of CAPEX on sales in FY '27, if you could just give that number. And how much would be the split between greenfield, the acquisition, or O&M?

Sachin Ashok Salvi: So, our total capital expenditure which we did in the last financial quarter is about INR 60-75 crore. As we have already mentioned, most of the CAPEX which we have promised to do, we have already completed. So, going forward, only some CAPEX we may have to incur into Secunderabad, which is our existing unit, the flagship unit.

We are building a hospital in Rajahmundry. There we will have to spend about some INR 60-75 crore in this financial year. And Kondapur CAPEX also mostly it is done. So, there would not be any material CAPEX, but still you can assume about INR 100-125 crore of CAPEX in the next nine odd months from these three assets. Overall, it would be more, but once we announce these assets, then we can give that number.

Moderator: We take the next question from the line of Sagar Jethwani from PhillipCapital PMS. Please go ahead.

Sagar Jethwani: The ARPOB growth in AP cluster were growing at a healthy rate in the past, and now the growth has moderated. So, what is the reason for that, and how do you see it going ahead?

Abhinay Bollineni: No, I think AP continues to be strong. Are you referring to Q4 to Q1?

Sagar Jethwani: Q4 to Q1, also I am comparing it with the past growth rates that I have been seeing it from, suppose say 19,000 to 24,000 - 25,000 and then 27,000 in the last quarter, and the growth rate in this quarter particularly has come down. Just trying to understand what is the reason for that.

Abhinay Bollineni: It could be some seasonal small case mix changes, but we are confident that AP will continue to grow. In fact, the Q2 result will be quite better than Q1 result because some of these hospitals have ramped up significantly. But we don't see anything on ground which is alarming. This could be some quarter-to-quarter seasonal effect. We will continue to grow strong.

Sagar Jethwani: So, you are saying that it is because of…

Abhinay Bollineni: We also added cancer in most of our hospitals in AP in the last two, three months. So, there will be good ARPOB growth from those specialties as well.

Sagar Jethwani: And in the Bengaluru units, have we completed the doctor hiring fully?

Abhinay Bollineni: Doctor hiring is never completed fully. For that year, we are done. I think for this financial year we are sorted. We still will keep adding more and more doctors as the hospital matures.

Sagar Jethwani: And can you give the overall margin trajectory for H2 this year and maybe how do we see FY '28 in terms of the margins, EBITDA margins?

Abhinay Bollineni: We will share a note on that separately after the call. We won't be having an end to this.

Moderator: We take the next question from the line of Nancy Yadav from Allegro Capital Advisors. Please go ahead.

Nancy Yadav: Just want to touch upon Kondapur once again. I know somebody asked already. So, just wanted to understand if it has already contributed meaningfully to the revenue in Q1 or it started off well from July.

Abhinay Bollineni: We started the hospital. We admitted the first patient on the 20th of June. So Q1 we had only 10 days. The first full month was the 1st of July to 31st of July, where we saw a 40% growth in revenue.

Nancy Yadav: And sir, any preoperative expenses or any losses that we incurred for the same hospital in Q1?

Abhinay Bollineni: No, because the EBITDA is already very high. It already delivers. Last year it did INR 110 crore EBITDA. So, there was only a INR 4 crore-INR 5 crore preoperative expenditure. There could be some drag, but given the revenue growth rate, I don't see that there will be significant drag in the EBITDA percentage compress, but absolute number will increase.

Moderator: We take the next question from the line of Yuvraj Sehrawat from ChrysCapital. Please go ahead.

Yuvraj Sehrawat: Congratulations on an encouraging set of results. I had a question on the Bangalore units. I see the operational beds have increased from 280 to 340. Can you help me understand which of the units have these beds been added in?

Nitish Shetty: Dr. Nitish here. We have added beds in the Mahadevapura unit. We have operationalized more beds. Earlier we had around 170 beds. We have increased to 210, but we have not added any more beds at the Electronics City. The additional beds have come from the Mahadevapura.

Yuvraj Sehrawat: How are we foreseeing addition of future beds as and when the occupancy ramps up? Do we have any date or occupancy number in mind when we will start adding more beds there?

Nitish Shetty: See, one is at present, the Mahadevapura occupancy on the census bed I am talking about, because the 210 beds, what I mentioned, is including non-census beds. It is the total operation beds.

The census bed we will be adding as the occupancy goes up. Right now, census bed occupancy is around 40%. When it reaches 55%-60%, we will be adding more census bed into the count. Otherwise, the non-census bed will remain the same.

Again, we are doing a lot of complex cases. Sometimes we need to commission the ICUs, sometimes we commission the ward beds. Based on the ramp-up, we will be planning the adding of the beds, operation beds.

Moderator: We take the next question from the line of Saurabh Kumar from Scientific Investing. Please go ahead.

Saurabh Kumar: Sir, my question is on the minority interest. Going forward for next two, three years, how much of PAT should we factor for minority interest? That is first question.

And second question is, through QIP, I think you said we will be reducing INR 1,300 crore of debt. In next three to four years, I think conservatively, we should do INR 2,000 crore plus of total operating cash flow. So, how much of that will go for maintenance CAPEX and then whatever is left, do you see a further debt reduction happening through internal accruals, or we will see more CAPEX being spent towards the growth? If you can throw some light on these two things.

Sachin Ashok Salvi: So, as far as minority interest is concerned, for the current quarter, it is 10.5%. Over the longer period, it would be somewhere in the range of 10%-15%. I do not think it will increase beyond that.

As far as repayment of debts is concerned, out of the total proceeds, we have already repaid INR 1,125 crore of debt. On the maintenance CAPEX, you want to take?

So, maintenance CAPEX would be around INR 100 crore per year for the next, say, three or four years.

Abhinay Bollineni: Each year.

Sachin Ashok Salvi: Each year, INR 100 crore.

Saurabh Kumar: Sir, given in next three to four years, we will be doing INR 2,500+ crore of operating cash flow, and maybe INR 400 crore-INR 500 crore will be maintenance CAPEX, that leaves us with additional INR 2,000 crore of cash flows. So, do you see potential for further debt reduction in next two, three years? Or you feel this money might get invested for, again, greenfield or brownfield growth?

Abhinay Bollineni: Most likely it will get invested for greenfield and brownfield growth.

Sachin Ashok Salvi: So, we intend to keep our debt equity in the range of 2.5:1. So that is the intention. So, most of the internal accruals which gets generated, new cash which gets generated out of the business, will be deployed for further expansion of the CAPEX opportunity which are there in our core clusters.

Saurabh Kumar: And sir, usually the brownfields are, in terms of the timeliness of the reward and effort, brownfields are usually quickly rewarding. So, do we have more plans towards any brownfield expansion?

Abhinay Bollineni: Yes, there are a couple of shortlists in Kerala, in Telangana, Maharashtra. At the right time, when we think the opportunity is right, we will look at consolidating those.

Moderator: We take the next question from the line of Alankar Garude from Kotak Institutional Equities. Please go ahead.

Alankar Garude: Abhinay, trying to understand how should we look at sustainable margins in Telangana. You spoke about 30% earlier in the call, but in the past you have even achieved as high as 35% margins in Telangana. So, can you help us understand why the difference, 30% versus a peak of 35%?

Abhinay Bollineni: Even now we are confident of the same number, Alankar. It is because the previous person who asked the question kept saying 28, 29, so we said 30, 31. If you look at our 26, 25 numbers, we have delivered 31% EBITDA margin for 26 and 25.

So, we are pretty confident. If you look at our mature, like Secunderabad, it does 34%-35%. Kondapur before the expansion used to do 34%-35%. Sunshine was at a much lower number because they were newer facilities and growing. But if you look at Q4, even that is up to 38%-39%. So, I don't see any stress in Telangana. It will continue to deliver anywhere between 30% to 35% kind of EBITDA.

Now that we are adding a lot of bed capacity, it will take some time for us to get to that number with new Kondapur, Secunderabad, some greenfield opportunities, some acquisition opportunities. Before we get back to that 30-plus kind of an EBITDA margin, it will take some time.

Alankar Garude: That is helpful. And similarly, Abhinay, for Kerala, you spoke about settling at 22%-23%. And generally, what we understand is the cost structure in Kerala is slightly higher. But still that gap seems a bit on the higher side. Would you like to explain the reason for that as well?

Abhinay Bollineni: There is an entry cost of 4%-5% in most of the assets at Kerala. And that is why I knocked off that 4%-5% margin and said 20%, 22%.

Alankar Garude: All right. So, nothing very structural which impedes margins in Kerala.

Abhinay Bollineni: No.

Alankar Garude: The second question was, you spoke about looking at new greenfield options now, possibly next fiscal only in FY '28. Similarly, earlier you had spoken about looking at couple of acquisition opportunities. Would those two be more of FY '28 announcements now, or we can expect something in FY '27?

Abhinay Bollineni: Difficult to say, Alankar, because these are not in our control. As and when the transaction is announced, the closure dates are more dependent on what the seller wants to do. At this point in time, we don't have much clarity on what timeline it is.

Alankar Garude: Fair enough. The final question is, at the industry level, can you help us update on the progress of the common empanelment initiatives?

Abhinay Bollineni: I think lesser spoken about that in a common forum is better for the industry as such, because a lot of these transactions are being discussed, and I think we should do it on a one-on-one basis than to discuss in a public forum on JIC.

Alankar Garude: So, just maybe is there any update at your end regarding common empanelment or nothing much?

Abhinay Bollineni: No, I think some clarity is emerging as time passes. I think last year, unfortunately, was a bad year because it coincided exactly with when JIC announced this common council and when we commissioned a lot of hospitals. I think now insurance companies are also getting clarity on the way forward from JIC, and JIC itself is taking some stands and making some changes. I think it will settle down now. Over the next few months, things should settle down.

Alankar Garude: That is it from my side.

Moderator: We take the next question from the line of Rahul Jeewani from IIFL Capital Services Limited. Please go ahead.

Rahul Jeewani: Dr. Abhinay, you talked about the old Kondapur hospital still operating and there being the rental cost impact of that. So, what kind of rentals are we currently incurring for the old hospital and how long will it continue then?

Abhinay Bollineni: Yes, another six months before we take a decision on how we want to do that. And around INR 90 lakhs plus GST is the cost that we have per month, and some other operating costs like electricity and some manpower that is there.

Rahul Jeewani: So, annual cost of maybe around INR 12 crore.

Abhinay Bollineni: Towards the rental, and you can assume another INR 3 crore-INR 4 crore towards the operational expense in sustaining that hospital.

Rahul Jeewani: And given you talked about, let's say, potential of Kondapur being INR 1,200 crore kind of a revenue, so let's say if you hit those numbers, what kind of EBITDA margins do you think this hospital would operate at? So, if we assume somewhere around 35%-40% margins, then potentially the Kondapur EBITDA for us could become, let's say, 4x to 5x in, let's say, 4-5 years. Is that understanding correct?

Abhinay Bollineni: It is a model around 30%, Rahul. The upside is the upside.

Rahul Jeewani: But Dr. Abhinay, Kondapur hospital, I guess currently does around, let's say, between 30%-35% EBITDA margins. You talked about onco and transplant not being there in the existing hospital. So, do you think that there is an upside in terms of the margin potential for the bigger Kondapur setup?

Abhinay Bollineni: Last year it did 33% EBITDA margin. But for 2 years it will be a little suppressed because we are adding a lot of new clinical programs. They need to mature. And as you are scaling up to a INR 1,200 crore kind of a revenue, your clinical programs and all, it will take some time before they mature. So, to assume a good 30%-32% margin is good at an INR 1,200 crore kind of a revenue. 35%, 40%, it will take more time for it to mature and reach that level.

Rahul Jeewani: Yes, sure, Dr. Abhinay. Just last question, can you talk about some of these, let's say, greenfield or M&A opportunities which you are, let's say, pursuing just in terms of which markets and how large could these assets be?

Abhinay Bollineni: Whatever we are pursuing, we are pursuing in our home markets only. I mean, in the core markets that we are already operational. Like I said, Maharashtra, Kerala, Telangana, Andhra is where we are mostly focusing on acquisition.

Karnataka will continue to do a more greenfield route. The size of these hospitals are typically around 300, 350 beds with an opportunity to scale up by another 100 odd beds.

Rahul Jeewani: And just asking, in terms of, let's say, across these greenfield and acquisition opportunities, if you had to put out a number in terms of overall bed addition, let's say, in FY '28, '29, apart from the projects which we have already announced, what that number could be?

Abhinay Bollineni: Difficult to tell, Rahul, because we do not know if we will be able to close these acquisitions. We have no certainty on these. These are just projects that are out there. Unless we have a definitive term sheet from them, it is difficult to put out a number.

Rahul Jeewani: Thanks for answering the questions.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for their closing comments.

Bhaskar Rao Bollineni: Very good discussions that have happened in the last one hour. If you look into it holistically, that healthcare is really service-oriented rather than talking about in a common forum, like openly about the margins of 35%, 30%, is not good. When we meet, we can be able to discuss in detail about that.

As far as our clusters are concerned, Kerala is doing very well. The reason is we invested only INR 110 crores, and the revenue we are doing around INR 77 crore and even though it is single digits.

Karnataka, as we expected, it is doing very well. Even the ARPPs were very high. The reason is, initially we did not expect that so much of complex cases, clinical talent is available. Thanks to Sreenath and Nitish, they were able to bring. That is why initially we have shown these things. When we added multi-specialties, that we will be able to neutralize.

As far as Hyderabad-Telangana cluster is concerned, as we planned, it is going absolutely. There is no deviations at that. In Maharashtra, as you have seen that in Nagpur onwards, the entire culture, the patient mindset and the doctor's mindset is entirely different. Slowly we are trying to change. Once they understood the concept and culture of KIMS, then that started ramping up as Abhinay has pointed out in Nagpur.

And Andhra Pradesh is concerned, it continuously keeps growing as we expected. There is a lot more opportunities, because undivided state, Telangana was doing the only one which is doing. Now we can able to develop a lot more in Vijayawada, Guntur, and Vizag. So, there is a great potential that we do.

And as far as the debt is concerned, I think we are in the philosophy that we need to be able to maintain a proper debt equity, even though irrespective of the new acquisitions or opportunity that is coming. We are very, very, very cautious about both the talent and the debt, as well as the opportunities that are there with the management and all.

So, that will be definitely, keeping all these things in mind, we are expecting year-on-year growth historically, what we have shown last 10, 15 years, we are aiming to see to achieve that year-on-year growth in the top line and bottom line. That is our entire exercise with your planning and putting all those things. So, your company is in good shape and doing definitely much better than all of us had expected. Thank you.

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