

22nd May, 2026

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

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

In Continuation to our letter dated 12th May 2026, the Company organized a conference call with the Investors/ Analysts on Monday, 18th May 2026 at 09:30 AM (IST). A copy of the transcript of the conference call held with the Investors/ Analysts is enclosed herewith and the same has also been uploaded to the Company's Website at <https://www.kimshospitals.com/investors> > Disclosures under Regulation 46 of SEBI (LODR) Regulations, 2015 > Analysts Calls schedule, PPT & Transcripts > Transcripts, Audio & Video Recordings > FY 25-26.

Kindly take the same on record.

Thanking you,
Yours truly

For Krishna Institute of Medical Sciences Limited

Nagajyanthi J. R
Company Secretary & Compliance Officer

Encl: As above



“KIMS Hospitals Q4 FY '26 Earnings Conference Call”

May 18, 2026



IIFL CAPITAL



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

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

Moderator: Ladies and gentlemen, good day and welcome to KIMS Hospitals Q4 FY '26 Earnings 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Jeewani. Thank you and over to you, Mr. Jeewani.

Rahul Jeewani: Hi. Good morning, everyone. This is Rahul from IIFL Capital. I welcome you all to the 4th 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; and Mr. Sachin Salvi, CFO;

Over to you, sir, for your opening comments.

Bhaskar Rao Bollineni: Good morning. Hearty welcome to all of you. The closure of Financial Year 2026 coincided with the beginning of the ongoing Gulf War with ramifications across many countries in the world, including India. The recent appeal by Prime Minister for austerity measures underlines the grim scenario. Let us heed the call of the Prime Minister and ensure optimum utilization of resources till normalcy is restored. Let's hope and pray that better senses will prevail and war will soon come to an end. In the present world, war between any two countries is impacting many countries because of their interdependence.

I am aware that all of you are eagerly awaiting our financial results. I am happy to announce that KIMS registered a stable growth.

Q4 FY '26 highlights:

- Total revenue of INR 1,084 crore, a growth of 35.3% on year-on-year and 8.1% on quarter-on-quarter basis.
- EBITDA of INR 216 crore, a growth of 6.8% on year-on-year and 5.9% on quarter-on-quarter basis.
- EBITDA margin at 19.9% versus 25.3% in Quarter 4 Financial Year '25 and 20.4% in Quarter 3 Financial Year '26.
- PAT at INR 33 crores in Quarter 4 Financial Year '26 against INR 106 crore and INR 52 crore in Quarter 4 Financial Year '25 and Quarter 3 Financial Year '26 respectively.

FY '26 highlights:

- Total revenue of INR 3,931 crore, a growth of 28.2% on year-on-year basis.
- EBITDA of INR 828 crore, a growth of 1.6% on year-on-year basis.
- EBITDA margin of 21.1% versus 26.6% in Financial Year '25.
- PAT at INR 242 crores in Financial Year '26 against INR 415 crores in Financial Year '25.
- Consolidated earning per share for Financial Year '26 of INR 6.03, a decline of 37.2% on year-on-year basis.

Q4 FY '26 Financial Highlights - Consolidated:

Consolidated revenue from operations is INR 1,075 crore, a growth of 34.8% on year-on-year and 7.7% on quarter-on-quarter basis.

Consolidated EBITDA pre-Ind AS is INR 131 crore, a decline of 33.5% and 32.3% on year-on-year and quarter-on-quarter basis respectively.

Operational Highlights - Q4 FY '26:

- Average revenue per operating bed grew by 13.7% and 1.7% on year-on-year and quarter-on-quarter basis respectively.
- Average revenue per patient grew by 14% and 3.5% on year-on-year and quarter-on-quarter basis respectively.
- IP volumes grew by 17.9% and 4% on year-on-year and quarter-on-quarter basis respectively.
- OP volumes grew by 30.1% and 4.1% on year-on-year and quarter-on-quarter basis respectively.

FY '26 Operational Highlights:

- Average revenue per operating bed grew by 14% on year-on-year basis.
- Average revenue per patient grew by 11.4% on year-on-year basis.
- IP and OP volumes grew by 15.4% and 25.4% respectively on year-on-year basis.

Thus, the operational parameters demonstrated a consistent upward trend. It augurs well that new units at Bangalore, Thane, Kerala, Nashik and Seetamadara, Vizag contributed significantly to top-line growth.

The matured units maintained healthy growth pattern. Expansions necessarily involve heavy expenditure and it strains the profits in the initial phase. Likewise, the profit of the company for the year is impacted, though growth remains stable. However, the new units also will turn the tide sooner than expected and the prospects are already visible.

'25-'26 has been a year of expansions. We opened one more hospital in Hyderabad at Kompally, two in Guntur, two in Maharashtra at Thane and Sangli, two in Bangalore, Mahadevapura and Electronic City, and one in Kerala at Kollam. We also opened fertility centers at Hyderabad and Guntur. Expansion has no meaning without clinical excellence and excellence is incomplete without empathy. All these new units reflect above concepts of excellence and empathy and already started making great imprints in their respective zones.

I am happy to state that we accomplished an important milestone of completing 10,000-plus successful brain tumor surgeries at KIMS.

An exclusive cancer block was recently inaugurated at KIMS Hospital, Ongole, to meet the medical needs locally without patients running far and wide.

We opened KIMS Cuddles, a mother and child unit at Nellore. On 4th February 2026, International Cancer Day program was organized to promote awareness. Megastar Padma Vibhushan Chiranjeevi took part as chief guest. Making the International Lupus Day, KIMS Hospital, Secunderabad, organized a unique ramp walk featuring lupus warriors on 11th May, attended by family members and healthcare professionals across the city. This happens to be the fifth such lupus ramp walk initiative in Asia.

Yesterday, that is 7th May, was World Hypertension Day. Hypertension or elevated blood pressure is a common condition with a prevalence of one in three adult Indians. This condition is dangerous, but silent and causes a huge disease burden in the forms of heart disease, brain stroke, renal failure, eye disease, and peripheral vascular disease. The danger is more since it often produces no symptoms by itself until target organ damage is already established and so it is appropriately called a silent killer. Large studies have shown that early detection and appropriate management can prevent the adverse effects of this disease. Early detection relies on screening programs across the populations and education to follow a healthy lifestyle.

Thus, high blood pressure is the gateway for mental health, many health issues, and timely action will enable mitigate many problems. Considering the paramount significance, we gave a call to all our unit heads across the globe to organize BP checkups in a massive scale of 1 lakh at random places like railway stations, bus stands, offices, etc. All the units spontaneously responded to the call in a resounding way despite the short notice and accomplished 2,04,000 numbers, more than double our expectations due to vigorous campaigning. Besides the numbers, it succeeded in creating awareness on a wide scale. We strongly believe that PREVENTION IS BETTER THAN CURE and this step demonstrate our philosophy.

Being a healthcare professional, I thought it fit to appraise you also, but the ill effects of hypertension on this occasion.

Finally, it is said that THERE IS NO HAPPINESS IN MEDICINE AND THERE IS NO MEDICINE LIKE HAPPINESS. I thank you for continued support and trust. Thank you very much.

Rahul, we can open it for Q&A.

Moderator: Thank you. We will now be beginning the question-and-answer session. The first question comes from the line of Balamurali Krishna with Oman Investment Advisor. Please go ahead.

Balamurali Krishna: So, my first question is regarding this bed addition or changes in the presentation. Earlier, we have a lot of bed addition in Andhra Pradesh which is not available now and also Telangana, Kondapur is elevated. So, is there any changes in plans? And also timelines are not available. So, how do we see this?

Vijay Hargunani: Hi Bala Krishna, this is Vijay here. So, the change is only because of we are coming up, we are planning for a QIP in a month or two. So, what has happened is to align with the consuls, the prospectors and everything, we have given this time only the information which is being informed to exchanges and all. But the earlier plan is on track and we will update the presentation next quarter.

Balamurali Krishna: Sir, secondly, in 2026, we have opened a lot of new assets. So, what is the contribution of those assets in the current revenue and what is the EBITDA range? Mostly, they are in EBITDA negative. So, what could be the approximate percentage of EBITDA?

Vijay Hargunani: So, for quarter-on-quarter basis, if you see the mature unit for us remains in the steady position of EBITDA of 30% approximately and new units which are recently started for Karnataka, specifically, the PES Hospital, there is a initial drag. That is only taking away the EBITDA. So, this is the change.

In terms of the numbers, if you are asking about the revenue of around INR 1,085 crore, the matured units in this quarter has contributed almost INR 862 crores of revenue and the balance revenue of about INR 224 crores is from the newer units. Newer units we mean the units which are in operations for less than one year, as on the date of financial statement.

Whereas the EBITDA, which we have reported almost INR 216 crores in this quarter, out of that INR 250-odd crores is from the mature unit. So, to say that almost 28.5% or 29% of EBITDA margin from matured unit we continue to maintain.

As far as the newer units for the current quarter, the EBITDA erosion is to the extent of about INR 32 crores. So, this is roughly or this is accurately in the terms of numbers for the current quarters.

Balamurali Krishna: Thanks a lot for this explanation. So, when do you think, lastly, and when do you think that we can go to previous EBITDA numbers as these assets matures and we can take those numbers maybe down the line one year or two years? Or as we are expanding rapidly every year, so the EBITDA margin will settle at this range for the next three, four years.

Abhinay Bollineni: The better way to look at it is on a cluster-on-cluster basis. Every cluster we are now disclosing the EBITDA margins at each cluster. So, because we are adding so much bed capacity in different clusters, there will be some depression in EBITDA numbers. But as long as we are able to grow that on a quarter-on-quarter basis, that is the direction we should look at. That is the guidance we would like to give.

Balamurali Krishna: That is all. Thanks a lot.

Moderator: Next question comes from the line of Aman Goyal from IIFL Capital. Please go ahead.

Aman Goyal: So, my question is related to the new unit's loss trajectory. Can you throw some colors on the quarter-on-quarter losses on Nashik, Thane and newer Karnataka units?

Abhinay Bollineni: So, Nashik for Q4 is around INR 1 crore loss. Thane is around INR 5 crore loss for Q4. And the rest of the losses are from Karnataka. I think the losses in Maharashtra have narrowed down to just INR 6-7 crores now from both the new entities.

Karnataka, because PES just got commissioned in the month of Jan, there are some losses. Sorry, in December, PES got commissioned. Now that the ramp-up is happening in PES, maybe towards the end of the year, the losses from PES also should narrow down.

As far as Mahadevapuram is concerned, the losses are in the similar range of Thane, which again will narrow down as soon as we get more and more insurance types.

Aman Goyal: My next question is related to the Karnataka geography. Since we are new to the region and there are lots of bigger hospital chain like Apollo, Manipal and there. So, how do you see the market as compared to the core cluster like Telangana and Andhra?

Abhinay Bollineni: Obviously, it is a new market, but we are very happy with the way the ramp-up has happened at Mahadevapuram. Now it is 8 months old, 8-9 months old. We are doing an average of INR 17 crores a month based on Q4 numbers. And we have very clear visibility of how it will go to INR 25-30 crores over the next 12 months.

So, we don't see any difference in how the ramp-up would have happened in a city like Hyderabad or in Bangalore. It is just that the timing for both the hospitals, there was a gap and because of which the losses expanded. And PES, we took a little longer to commission. And the only difficulty off late is the insurance empowerment. Once that gets solved, I think the growth trajectory, we are pretty confident in all the hospitals that we commission.

- Aman Goyal:** I will join back the queue.
- Moderator:** Next question comes from the line of Nancy Yadav with Allegro. Please go ahead.
- Nancy Yadav:** Again, I also have a question on the new units. To be able to calculate margins, would it be possible for you to tell the revenues and the EBITDAs for Q4 for Mahadevapura, E-City and Thane? Mahadevapura you said is close to INR 17 crores per month. So, does it come to around INR 51 crores?
- Abhinay Bollineni:** No. Mahadevapura in Q4 is INR 49 crores. PES is INR 17 crores. Thane is INR 47 crores.
- Nancy Yadav:** And, sir, could you also tell the losses individually for Mahadevapura and Electronic City?
- Abhinay Bollineni:** Mahadevapura is INR 14, Electronic City is 25, Thane is 5 and Nasik is 1.
- Nancy Yadav:** And, sir, Electronic City is INR 17 crores in revenue. Sorry, I am not sure if I got that correctly.
- Abhinay Bollineni:** Yes, for the quarter.
- Nancy Yadav:** That is all I wanted.
- Moderator:** Next question comes from the line of Alankar Garude with Kotak Institutional Equities. Please go ahead.
- Alankar Garude:** Sir, in the 3rd Quarter call, you had mentioned that debt has peaked out and in the absence of any new expansion plans, debt should trend lower. Now, then within a month, you announced the QIP. Can you help us understand the reasons behind the planned INR 1,500 crore QIP? I mean, does it mean that you have zeroed in on any new expansion plans?
- Abhinay Bollineni:** Expansion plans, we are still exploring, Alankar. That is part of the whole strategy. But the idea is now that the debt has reached its peak, close to INR 3,000 plus crores, the idea is we retire some debt and use the cash flow to do more greenfield projects, which anyways will take three to four years before they get commissioned.
- So, there are one, two small acquisition opportunities that can potentially come up over the next two quarters, but they are not significantly big. They are around 400, 500 beds, both put together. But the idea is to retire a large amount of this, we go to retire debt and use the cash flow to fund greenfield expansion, which will anyways take three to five years before they get commissioned.
- Alankar Garude:** Which are these markets, Abhinay, you are talking about for both the organic expansion as well as the acquisitions?
- Abhinay Bollineni:** All of them are in our home markets, Karnataka, Kerala, Andhra, Telangana, mostly in these four markets.

Alankar Garude: So, basically, you will be retiring debt and then eventually will be pursuing the greenfield, given that the cash flow requirement for the greenfield will be more back-ended. Retiring debt is something which is possible with the QIP. Is that the way to understand this?

Abhinay Bollineni: Right.

Alankar Garude: Fair enough. The second question is, qualitatively, particularly on the insurance empanelment, can you update us on the progress of the four new, relatively new hospitals, Nasik, Thane and the two Bangalore ones? And vis-a-vis your initial expectations, if you can just highlight how each of these units have performed.

Abhinay Bollineni: So, I think what we underestimated is the time it takes to now get insurance empanelments vis-a-vis how it was before. That has caused some delay in ramp-up, but otherwise, overall, we are very happy with all the four hospitals, the way we have been able to get clinical talent. Had we got empanelments like we could have in the past, the ramp-up would have significantly been better than what it is today. In spite of which, we are pretty happy with the trajectory of the revenue growth in most of these hospitals.

As far as empanelments are concerned, Nasik, we are still yet to get STAR, Medi Assist, and GIPSA. For Thane, we finally got GIPSA, and Medi Assist and STAR are almost through. That completes at least 70% of the volume of insurance. We are yet to get the empanelment, but at least the negotiations are more or less through. As far as Bangalore, it will take 3-4 more months before we are able to get the empanelment.

Alankar Garude: Just one quick follow-up there. You mentioned about delays in the insurance empanelment. Was it more specific to FY '26 and the standoff which happened with insurance providers for the industry, or this is something which we should expect to continue going forward?

Abhinay Bollineni: I think there is a new council, GIC, which also got introduced in the same financial year. And because of that, there led to a lot of confusion as to who empanels hospitals, will GIC do it, will companies do it directly. So, that confusion also led to a significant delay in empanelling hospitals. I think eventually, we will have to figure out a way to ease this and make sure that once a new hospital is commissioned, within 6 months, 9 months, we are able to get empanelment done.

Alankar Garude: That is very helpful.

Moderator: Next question comes on the line of Akshay Thakur with Helios Capital. Please go ahead.

Akshay Thakur: Sir, my question is related to capital raise. I wanted to know your strategic evaluation on, let's divide it in two parts. Say, for example, one would be taking it from the market. It could be debt or it could be QIP or any other source.

Second would be doctor's participation model, which we used to have earlier. So, what is the strategic evaluation point between these two to raise capital from these two sources?

Abhinay Bollineni: So, right now, we have a debt of almost INR 3,000 plus crores. We want to use the capital raised from the QIP to retire debt. And most of the projects that we do at a project level, we put in an equity of 40% of the project cost and 65% is debt.

Now, doctor participation is usually a very, very small amount. It amounts only to 3% to 5% at best.

Akshay Thakur: So, in current expansion plans, do you evaluate this as well, this doctor participation model?

Abhinay Bollineni: Doctor participation model is always open. So, doctors are always open to invest as and when they feel like.

Akshay Thakur: That is my only question.

Moderator: Next question comes from the line of Karan Vohra with Goldman Sachs. Please go ahead.

Karan Vohra: So, the first question is with respect to the Kondapur expansion. So, I see that we have kind of increased the number of beds. So, just any thoughts on the kind of CAPEX we are planning and what are the timelines? When should these beds come online? And if they will come in phases, which is what we understand, then what will be the phase 1, 2, 3? What will be the timelines and the CAPEX for it?

Abhinay Bollineni: So, we will shift into the new Kondapur facility starting in the first week of June. So, the new hospital will have 800 beds in total. The old hospital, we will completely shut it down. We will transition over a period of one month. But we may continue to run the old facility for 2-3 months even after we transition. And then we will shut it down.

So, the new hospital will have 800 beds, of which in Phase 1, because we are already at an occupancy of 200 beds and we need headroom for growth, we will commission at least 400 to 500 beds in Phase 1. The remaining 300 beds, we will commission as and when the occupancy increases.

Karan Vohra: And CAPEX we have incurred for the whole project?

Abhinay Bollineni: Yes, except for, I would say around INR 50 crores to INR 75 crores, which we will incur not in the FY '27, but in FY '28 and beyond, which is to complete two additional floors, which we don't require at this point in time.

Karan Vohra: Sorry, INR 50 crores to INR 70 crores?

Abhinay Bollineni: INR 50 crores to INR 75 crores over, we don't need it for the FY '27. We may need it in FY '28 or FY '29, based on how the ramp-up happens.

Karan Vohra: The second question is with respect to the Andhra Pradesh and Bangalore ARPOBs. So, Bangalore ARPOBs, I see, it looks like have risen significantly. Even the full year number shows like some 85,000 on the deck, if I am not wrong.

So, what has happened and is this the new base or that it is just a one-off where the mix was just too good and you go back to the 70s number, which was originally envisaged? And similarly, for Andhra Pradesh, what is the right run rate? Is 28,000 plus the new run rate or 24,000 to 26,000 is the one which we should think as a normal run rate?

Abhinay Bollineni: Yes, as far as Bangalore is concerned, 75,000 is a healthy number to assume. If you actually look at Q3, Q4 and full year, the ALOS keeps changing. As the ALOS keeps changing, the ARPOB keeps moving up and down.

But you should fairly assume, for all models, we should assume 75,000 as a base and work on it. It will take time before the hospital settles down because a lot of new programs are getting added. Transplants are happening on a very aggressive way. But for modeling purpose, we should just assume 75,000 annually.

Karan Vohra: And Andhra ARPOBs?

Abhinay Bollineni: Likewise, Andhra also is at 26,000, 27,000 in Q3. And Q4 also remains the same.

Karan Vohra: So, that is the base. That is the normal base.

Abhinay Bollineni: Yes.

Karan Vohra: And just a quick last question. So, Maharashtra, what was the Q4 occupancy? Because the implied number when I do it, it looks fairly high at 60%-65% plus to arrive at that 52.1% number for the full year, right? So, is that a fair number or is there some error?

Abhinay Bollineni: Maharashtra is 60.5% occupancy for Q4.

Karan Vohra: And is that sustainable? Because it looks like a massive ramp up from 35% in Q1 to like 60% plus in Q4. So, should we assume like a 60% or that kind of a number as the new base for Maharashtra occupancy?

Abhinay Bollineni: That is the new base in Q4.

Karan Vohra: That is helpful.

- Moderator:** Next question comes from the line of Abhishek Gupta with Chrys Capital. Please go ahead. Mr. Gupta, please go ahead with your question.
- Abhishek Gupta:** In Telangana and Hyderabad particularly, which we do know is a more mature market, we saw IP volumes increased by 2% whereas the overall revenue mix was increasing by 12% plus, right? So, most of it is value-driven. How do we sort of see this going forward in the next year or two?
- Abhinay Bollineni:** Sorry, Abhishek, could you come back? Could you come back again? You are saying on a year-on-year basis?
- Abhishek Gupta:** Yes. So, in Hyderabad, which is the mature market for the larger healthcare space, we saw the IP volumes increased by 2%, right? And the rest of it was driven by value. So, how do we sort of see this number going forward in the next year or two?
- Abhinay Bollineni:** I think because as a cluster Telangana now, we have added Kompally, which was commissioned two months ago. The new Kondapur will get commissioned now. And in the next 18 months, expansion in Secunderabad will happen. So, once these expansions happen, the growth will be largely volume-driven for the next 4-5 years.
- Abhishek Gupta:** That's all from me.
- Moderator:** Next question comes from the line of Damayanti Kerai with HSBC. Please go ahead.
- Damayanti Kerai:** I have two broader industry-based questions. So, first, what is your observation on competition for doctors in some of your key markets, say in Bangalore, whether it is becoming more competitive or it is not an issue for you? So, if you can comment on that part.
- Abhinay Bollineni:** I think Hyderabad is the most competitive from all the geographies that we are present in. Even in the last one year, at least 4-5 hospitals got commissioned only in Hyderabad. But we have not seen any doctor, significant doctor acquisition. We lost one or two doctors, but nothing material that we are worried of. We are seeing competition intensify. In fact, we are also adding more capacity and we are pretty confident we will be able to get doctors from competition to be able to ramp up.
- Damayanti Kerai:** So, according to you, what is helping? Sorry, please complete.
- Abhinay Bollineni:** Likewise, in all the other markets, Karnataka, Kerala, we have been seeing good traction from all doctors. So, anything, any department that they want to go and be able to build, they are not seeing any significant resistance from doctors to join.
- Damayanti Kerai:** So, according to you, what are the key initiatives or key incentives from KIMS' side, which is retaining the key doctors? Because what we have seen across market, whenever new hospitals

come up, I guess there are some tangible attrition from the incumbents, etc. So, what, according to you, is helping to retain the talent which you have in your hospitals?

Abhinay Bollineni: I guess they are very comfortable in our hospital and they are happy to continue to work here. They don't see any incremental value-add that they will get by moving from this hospital.

Damayanti Kerai: My second question is actually a continuation of earlier discussion on the insurance empanelment. So, if you can again, I think explain, I didn't get very well. What is the dynamic which has actually changed and that has caused to delay in the empanelment?

You mentioned the GIC involvement, etc. And then we have been hearing about the common empanelment initiative, etc. So, it seems like a lot of changes or discussions happening on that part. So, I just want to hear your thoughts or observations there.

Abhinay Bollineni: Yes, I think GIC, they have come up with an initiative, GIC, where common empanelments have to happen. And that is where we lost significant time in trying to understand which is the model to empanel hospitals. So, that is an initiative by all insurance companies. And it is going to continue. It will strengthen moving forward. But because it is a new initiative this year, there has been some confusion on how things should move forward.

And also given we have commissioned so many hospitals in different micro markets in different cities, and when we are going and approaching insurance companies for 10 empanelments at the same time, plus we are talking about renewals at the same time, that has kind of led to delayed response from them also. Not that they are not working towards it, but given that there are so many things that they have to work on from one single company, that is where we have to take time and space for each hospital to finish first and then go to the other hospitals.

Damayanti Kerai: And what is your view on the common empanelment initiative? Will you be considering that? Or what are your key resistance against that step?

Abhinay Bollineni: I think if IRDAI decides to do something, we have to only follow the rules that they put in place.

Damayanti Kerai: Because some of your larger peers, I think they indicated it is not legally applicable. And there are, I think, some concerns on pricing, et cetera. So, that is why I wanted to hear your view.

Abhinay Bollineni: I don't know. I don't think it is appropriate to comment on that now. Right now, we are pursuing our empanelments with each insurance companies.

Damayanti Kerai: I will get back in the queue.

Moderator: Next question comes from the line of Ankush with Sanctum. Please go ahead.

Ankush: If we take some earlier calls, in the earlier call, it was given that December quarter is the quarter where we are finding that the new units have started, and it is one of the lowest margins in the December quarter. And there is some regular pickup in margins in the business.

So, just try to get your sense on that. How do you see the ramp up in the margins now in the upcoming quarters?

Abhinay Bollineni: Like I said, we should look at it on a cluster-on-cluster basis. It is difficult to look at it at a company level because there is a lot of new hospitals getting commissioned at different clusters.

On a cluster basis, every quarter there is margin expansion in almost all the clusters, including the mature ones. Even in Andhra, we are seeing margin expansion. In Telangana, we are seeing some margin expansion and good revenue growth.

Ankush: That's it from my side.

Moderator: Next question comes from the line of Satyam Kumar with AAA Holding Trust. Please go ahead.

Satyam Kumar: Actually, I have a couple of questions. First question is regarding the Bengaluru ARPOB. What I can see is like Bengaluru Hospital combined has reported around 85,000 of ARPOB. So, do you see this level sustaining going forward? And also occupancy, I understand. Hospitals have recently operationalized. So, occupancy is very low, like around 20-odd percent. So, how do you see this occupancy and ARPOB playing around? This is my first question.

Abhinay Bollineni: So, ARPOB, like I said, 85,000 for the full year, quarter-on-quarter, the ALOS has been changing. And given it is a new facility and other new departments are getting added, it will take time for it to stabilize the length of stay. For all practical purposes, you should assume a 75,000 ARPOB and model the ramp up based on that. As time passes, as the hospitals mature, the ARPOB will obviously expand.

And as far as occupancy is concerned, there has been a healthy growth from a quarter-on-quarter basis. We are seeing visibility that the ramp up will be quite healthy even in the coming financial year. Towards the end of the year, we should hit a 35-40% kind of an occupancy on the full bed capacity.

Satyam Kumar: And like, how are you planning to add beds in both the hospitals of Bengaluru? Like right now the operational bed is on the lower side. That is quite understandable. Like how you increase? Like at what occupancy level you generally tend to increase the count of operational beds?

Abhinay Bollineni: 60% on the current occupancy, on the current operational beds, we will operationalize the other beds. See, operationalizing other beds means just adding more manpower. So, based on the need on ground, we will decide how to operationalize these beds. Because the CAPEX for all of these beds are completed.

Satyam Kumar: And one last question, slightly for a longer term. So, like, a couple of years ago, you announced expansion plan. What I understand, most of the expansion has already been taken care of.

So, from here on, how do you see expansion going forward for, let's say, next three, four years, since you are also doing QIP? So, what kind of expansion you are aiming for? And also, what kind of top line and EBITDA growth from growth perspective, slightly for medium term, what is your target, if you would like to share?

Abhinay Bollineni: I think the expansion will continue to happen. We will keep adding more beds on a year-on-year basis. For the next 12 to 24 months, a lot of the consolidation of the current hospitals will happen, which will also expand margin for us to strengthen the current hospitals. And by then, the debt level also will come down to, in spite of the QIP level, will come down to a significant low number.

We will also use the next 24, 36 months to get the greenfield projects going. So, we obviously have plans to expand in Karnataka, in Kerala, Tamil Nadu, we are going to add one hospital. And obviously, continue to expand in Andhra and Telangana.

So, similar phase of expansion will happen, but because these are all greenfield projects, they will again get culminated up once after three or four years.

Satyam Kumar: So, any growth perspective in your mind, like what kind of top line or bottom line you are aiming for? Anything you would like to share at this moment?

Abhinay Bollineni: Forward-looking numbers, we are not able to share, but I think it should be similar to how we have been able to grow in the past.

Moderator: Next question comes from the line of Karan Vohra with Goldman Sachs. Please go ahead.

Karan Vohra: So, just trying to get a sense on what is the key, one key challenge for like each of our geographies, if you can highlight, it will be helpful. Just one biggest top of mind management concern for each of the five states you are present in.

Abhinay Bollineni: Right now, the only challenge I see is the insurance empanelment. Whatever we have learned in Thane, Bangalore, Nasik, all new clusters, we have not seen it any different from how things are in AP and Telangana. We are attracting talent, building hospitals. Ramp-ups are very similar. The experience has been very similar. The only challenge we faced in the ramp-up was the insurance empanelment.

Karan Vohra: So, basically applicable only to the new hospitals, which we are kind of operationalizing, not to the existing ones. No challenges in any of the existing hospitals.

Abhinay Bollineni: No, we are not--

- Karan Vohra:** Second question is with respect to the doctor pay and strategy in existing versus new geographies. Are we kind of having some different strategies in newer markets like Bangalore or Kerala or Thane versus what we do in Andhra Pradesh, Telangana? Are we paying up? Are we like, where do we stand in terms of paying to doctors? Are we top quartile? Are we like just above average, average, any color on the strategy and pay ranges will be helpful.
- Abhinay Bollineni:** It is the same thing that we are following in AP and Telangana. The same model has been extended to Maharashtra and Karnataka and Kerala. We have not changed anything.
- Karan Vohra:** And are we like top quartile in terms of pay versus other larger peers, above average, average, any color there?
- Abhinay Bollineni:** We pay based on what we believe that the teams can do. Now, I don't know how to classify them under the kind of category that you have been asking. But I think, yes, we have been paying pretty well, whatever we think is healthy enough for ramp up of the hospital. That is how we look at it.
- Karan Vohra:** And just a quick bookkeeping one. So, Kondapur margin hit any qualitative number, any quantitative number or range will be helpful in FY '27?
- Abhinay Bollineni:** I think last time when we did the Sunshine Movement, there was a INR 15 to 20 crore or INR 25 crore kind of a number when Sunshine moved from its old hospital to the new facility. But because this is a much, much larger facility, we should think of it on similar lines a little more.
- Moderator:** Next question comes from the line of Harith Ahamed with Aventus. Please go ahead.
- Harith Ahamed:** Good morning, Dr. Abhinay. Can you talk a bit about the acquisition in Palakkad, the kind of revenue, EBITDA profile there and the potential that we are seeing, and then whether we will be consolidating this in our P&L?
- Abhinay Bollineni:** We will consolidate this in our P&L, Harith. It is like how we have in Kollam. It is a 250 bedded hospital, sorry, 300 bed hospital. The revenue potential would be around INR 12 to 15 crores per month over a period of time, where currently this month of May, we should be doing around INR 6.5, 7 crores with maybe a 5% negative EBITDA. So, by next month, we should break even in that facility, June, July.
- Harith Ahamed:** And following up on your comment on the net debt reduction post the QIP, so is there a broad level that you can guide for from the current 3,000-odd crore net debt level that we have post the QIP and assuming factoring in some of the CAPEX plans that we have for the year and also the ramp up that we are expecting at some of the currently loss making hospitals, some broad level for FY '27 end?

Abhinay Bollineni: I think may be to the tune of INR 1,000 crores is what we should retire debt. And the rest we will use for losses and additional CAPEX in the current facilities, CAPEX that we needed to complete in some of the existing facilities that we have commissioned.

Harith Ahamed: And lastly, on the Telangana cluster, given such a large contributor to our overall profits, and then the Kondapura expansion being a fairly large one, in FY '27, should we expect a growth for the cluster overall? Or will it be in line with our recent trends? Or will it be a soft year overall for the cluster?

Abhinay Bollineni: With the cluster, I think there should be a healthy growth rate. It won't be soft, maybe around 10%-12% EBITDA growth we should look at for Telangana cluster. Historically, it's been higher, but given Kondapur and Kompally that just got commissioned, it should be in that range.

Moderator: Next question comes from the line of Rahul Jeewani with IIFL Capital. Please go ahead.

Rahul Jeewani: Sachin, can you please call out the EBITDA loss from the new units for the entire year, as well as the base business EBITDA, the way you did for 4th Quarter?

Sachin Salvi: Sure, I will do that. So, from the mature units for the entire financial year, we did a revenue of INR 3,335 crores, to be exact, out of that INR 3,931 crores of revenue which we have reported.

The EBITDA which we have done from the mature unit is about INR 956 crores out of INR 827 crores of EBITDA which we have reported. So, that says from the newer units, so the units which are in operation for less than one year, we did in total INR 597 crores of revenue and EBITDA erosion for the entire year is about INR 128 crores.

So, that also says that from the mature unit, we continue to do about 29.5% of EBITDA margin on the overall base revenue which we continue to do for these mature units in the past.

Rahul Jeewani: And can you also reiterate the commentary in terms of the break-evens for these new units on a monthly basis which you had called out in your previous call? So, has Thane already achieved EBITDA break-even on a monthly basis and what are your expectations in terms of when do you think both the Bangalore hospitals should be able to achieve a break-even?

Sachin Salvi: So, at a March exit, I mean, yes, please go ahead, Dr. Abhinay, if you want to.

Abhinay Bollineni: No, so Rahul, as far as Thane is concerned, March exit number, we were EBITDA neutral. April also, we were EBITDA neutral. But also, we added some doctors now again in the month of May. So, there might be some drag there.

But it is going in the right direction. We are seeing growth on a month-on-month basis. The only roadblock currently for that growth is the empanelments. Once that is done, I think there will be more traction for growth.

As far as Bangalore is concerned, like you said, Mahadevapuram, within 12 months of commissioning, we commissioned it in October. Twelve months from then, we should break, there was one month we were EBITDA positive in Mahadevapuram. EBITDA neutral, not positive. But I think before October, we should become EBITDA positive, single-digit positive in Mahadevapuram.

As far as PES is concerned, again, we are pretty confident with the trajectory. End of the financial year, we should get to a EBITDA positive kind of a number.

Rahul Jeewani: End of the financial year, which means March 27 for Electronic City. And let's say, obviously, this year, you will have some impact from Kondapur, but all these other new units should scale up. So, this entire EBITDA loss, which you had for the year to the tune of INR 120 crore kind of a drag from these new units, what kind of an expectation you have in terms of, let's say, the combined losses from these new hospitals going into FY '27 and '28?

Abhinay Bollineni: It is difficult to quantify that now, Rahul. We are just waiting for these empanelments to be done. And then the ramp-ups can happen faster. But obviously, it will be less than half the number.

Rahul Jeewani: I will join back the queue.

Moderator: Next question comes from the line of Aditya Chheda with InCred Asset Management. Please go ahead.

Aditya Chheda: I would like to know the management's perspective on balancing the current cost of debt and the cost of equity that we are looking to raise. So, how do you view the capital structure and your view on the optimal mix for the capital structure and fund raise?

Abhinay Bollineni: No, I think, given the feedback from most of our investors, they all believe that a healthy net debt to EBITDA ratio should be 1 is to 2. So, now that it is slightly higher than 1 is, it is at 1 to 3, we wanted to bring it down to that healthy number. And that is the purpose of doing this QIP. And also, it will ease out some cash flow for us when we want to do the new greenfield expansion.

Moderator: Ladies and gentlemen, as there are no further questions, we have reached the end of the question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Bhaskar Rao Bollineni: So, thank you very much for all the relevant questions. And as we all already ramped up and given the knowledge that our entire aim is to see that whatever the last five years we have been achieved, I keep on telling that in the next few years, in the next five years also, we will try to achieve the same growth. That is why we are trying to do these expansions, Greenfield, Brownfield, as well as the QIPO.

The reason is, and also we were mentioning all the time that our debt EBITDA should not cross more than 1 is to 2, and also the asset ratios. And keeping all those things, the PAT this quarter and the EPS and all those things, ROE, ROC has come down. So, we realize, we know that this financial year, it will cross our expectations of all these things.

That is why we are raising this fund, so that to keep the company healthy and also, at the same time, we will do a steady expansion plans. With that, I think whatever is the losses that we have been, nearly 120 EBITDA eroded, and that also comes down in the next year. And moving forward, I think this will not be much.

So, we can see the company should be able to, and we are anticipating the company should go on a healthy note in the next 3 to 5 years. Thank you very much for all the questions again.

Moderator:

Thank you. on behalf of KIMS Hospitals and IIFL Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.