

13th February, 2026

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

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

In Continuation to our letter dated 04th February 2026, the Company organized a conference call with the Investors/ Analysts on Monday, 09th February 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

Nagajayanthi J. R
Company Secretary & Compliance Officer

Encl: As above



“KIMS Hospital
Q3 FY26 Earnings Conference Call”
February 09, 2026



MANAGEMENT: **DR. BHASKAR RAO BOLLINENI – FOUNDER AND
MANAGING DIRECTOR – KIMS HOSPITAL**
**DR. ABHINAY BOLLINENI – EXECUTIVE DIRECTOR
AND CHIEF EXECUTIVE OFFICER – KIMS HOSPITAL**
**MR. SACHIN SALVI – CHIEF FINANCIAL OFFICER –
KIMS HOSPITAL**
**DR. NITISH SHETTY – CHIEF EXECUTIVE OFFICER FOR
KIMS BANGALORE CLUSTER**
**MR. SREENATH REDDY – DIRECTOR – BUSINESS
STRATEGY AND M&A**

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

Moderator: Ladies and gentlemen, good day and welcome to the KIMS Hospital Q3 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Jeewani from IIFL Capital. Thank you, and over to you, sir.

Rahul Jeewani: Yes. Hi, good morning, everyone. This is Rahul from IIFL Capital. I welcome you all to the third quarter earnings conference call of KIMS Hospitals. From KIMS, we have with us today Dr. Bhaskar Rao Bollineni, Founder and Managing Director; Dr. Abhinay Bollineni, Executive Director and CEO; Mr. Sachin Salvi, CFO; Dr. Nitish Shetty, CEO for KIMS Bangalore Cluster and Mr. Sreenath Reddy, Director, Business Strategy and M&A. Over to you, sir, for your opening comments.

Bhaskar Rao Bollineni: Good morning to all of you. A hearty and warm welcome to all of you. This happens to be the first meeting in the new year and I take this opportunity to extend the greetings for a healthy and happy year ahead for all of you. Last week, the union budget was presented, which is a quite budget devoid of any frills or fanfare, but conveys a clear resolve for fiscal consolidation.

The health sector received a 7% hike over the previous year with a major push to mental health and making cancer and rare disease treatment more affordable. Primary focus was given to creating a skilled health care workforce to cater to the growing disease burden. That way the hospitals will get more skilled people in the new coming areas.

Overall, it is a good budget, though it would have been better with increased allocations to health care sector.

Now let us move to financials and operational results for the quarter 3 – 2025-26.

I'm happy to share that this is a record-breaking quarter with the highest-ever revenue crossing the INR1,000 crores mark. Though Q3 is traditionally a weak quarter, I would say that we have raised fast with growing results despite the usual initial pressures associated with the new units because of our new inherent strength and enhanced network.

Q3 FY '26 highlights.

- Total revenue of INR1,003 crores, a growth of 2.2% on year-on and 3.9% on quarter-on- basis.
- The EBITDA of INR204 crores, a marginal decline of 0.4% on year-on-year and 2% on a quarter-on- basis.
- The decline in EBITDA was mainly on account of EBITDA erosion caused by the newer units that commenced operations over the last 9 to 12 months.
- EBITDA margin stood at 20.4% versus 25.9% in Q3 FY 25 and 21.6% in Q2 FY 26.

- PAT at INR52 crores in Q3 FY '26 against INR93 crores and INR72 crores in Q3 FY '25 and Q2 FY '26, respectively.
- Consolidated EPS for Q3 FY '26 of INR1.3, a decline of 39.9% on a year-on-year basis and 20.1% quarter-on-quarter, respectively.
- Cash and cash equivalents includes cash, bank balance deposits with maturity less than 12 months and investments in mutual funds at INR206 crores as on 31st December 2025.

Q3 FY 26 Financial Highlights-Consolidated:

- Consolidated revenue from operations INR998 crores, a growth of 29.2% on year-on-year and 3.9% on a quarter-on-quarter basis.
- Consolidated EBITDA pre-Ind AS, INR193 crores, a decline of 2.2% on year-on-year and up 3.7% on a quarter-on-quarter basis.
- Consolidated EBITDA (Pre-INDAS and excluding other income) of INR188 crores, a growth of 4.6% and a decline of 4.3% on year-on-year and quarter-on-quarter basis respectively.

Operational highlights consolidated

Q3 FY 26 Highlights

- Average revenue per operating debt (ARPOB) grew by 20.5% and 10.3% on year-on-year and quarter-on-quarter basis, respectively.
- Average revenue per patient (ARPP) grew by 13.9% and 9% on year-on-year and quarter-on-quarter basis, respectively.
- IP volume (61,139) grew by 13.2% year-on-year and declined 4.9% quarter-on-quarter basis.
- OP volumes (5,85,499) an increase of 24.5% year-on-year and a decline of 1.2% quarter-on-quarter.

Other Developments

KIMS entered into an agreement with Andrea Saba for its land to construct and operate a hospital at Chennai for 26 years. The construction is expected to be completed within 2 years.

At KIMS Mahadevapura, Bangalore, 25 transplants were performed just within 3 months, which started functioning.

At Thane, 100-plus life-saving periodic cardiac procedures were done within first 5 months. It's a great achievement for the new unit.

We organised an event on the occasion of World Cancer Day 4th February where good number of Cancer conquerors, their families and doctors participated. The Chief Guest was Padma Vibhushan awardee and famous Cine actor Shri Chiranjeevi.

I don't intend to burden you with endless list of our clinical achievements. The point of note is that excellent medical care and latest technology is now available at tier 2 and 3 centres wherever KIMS is there. Even organ transplants are taking place at these small towns which was unheard of before.

There have been a galore of accomplishments during the year 2025. I will give brief highlights.

- We now have 25 hospitals across 5 states.
- In 2025, we launched 7 hospitals –, Bangalore – Mahadevapura and Electronic city, 2 in Guntur, Kollam in Kerala, Thane & Sangili in Maharashtra.
- 100 Heart n lung transplants were done in 2025 under the leadership of Dr Sandeep Attawar and his team.
- Over 430 plus renal transplants across the group led by Dr. Uma Maheshwara Rao and Satya Reddy and his team and his team.
- Over 120 Liver transplants across the group done in this year under the leadership of Dr. Venugopal and Sachin Daga and Chandan and other group team members.
- Over 100 organ donations are achieved by impressing the patient attenders to donate their kith and kin for their body so that at least 800 people got benefited out of this entire credit goes to our coordinator Mangadevi and Mr. Advik Bollineni.
- Over 500 robotic surgeries done across and over 100 robotic Whipple surgeries done, which is a great achievement by KIMS Secunderabad.
- KIMS Usha Lakshmi Breast unit got 2 Guiness book of world record for largest breast cancer awareness program.
- Launch of India's first Tulsa Pro for Prostate Cancer care treatment
- Launch of India's second MRgFUS for tremor treatment
- Launch of South India's first Gamma Knife for brain tumours

Finally, I would like to say that the new units have started stabilizing and real growth on their path can be seen from coming financial year. We have more expansion in the offering and I would be able to let you know in the next quarter meeting.

Thank you for your continued trust and support.

I conclude now wishing you and your families best of everything in the new year.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ameya from JM Financial. Please go ahead.

Ameya:

So first question is on the newer assets. Is it possible for the management to provide the occupancy number for Thane as well as two Bangalore assets and also the trajectory for the EBITDA losses for these three units in the coming quarters, especially for quarter 4 and FY '26?

Abhinay Bollineni:

Yes, may be difficult to give you specific details on occupancy of each of the assets because both -- all three assets are growing. But I think between Thane and Mahadevapuram in Bangalore and towards the end of Q1 next financial year, we should become EBITDA positive or EBITDA neutral. Electronic City might take a little longer by because we commissioned it only in the month of December. So I think by end of Q3, Electronic City also should turn EBITDA neutral or positive.

Ameya: Sure. And for Bangalore, particularly or the Karnataka cluster, the ARPOBs are upwards of INR76,000 for this quarter. Should we consider some normalization in these ARPOBs because this is just the first few quarters of the hospitals getting started or you think these ARPOBs are maintainable going ahead?

Abhinay Bollineni: Sreenath, do you want to take that. So I think you should probably discount it a little because we have done a significant amount of transplant work in this quarter. And since the hospital is new, the base is still low, we should probably think of it similar to what it is in the Telangana cluster around INR70,000, INR75,000 crores ARPOBs.

Sreenath Reddy: Yes. To add to Dr. Abhinay, see, these are initial period, but we strongly believe that these trends should more or less continue. There could be some small rationalization, but the trend should continue.

Ameya: Sure. And the second question I have on the Andhra and Telangana cluster, the volumes growth has been for Telangana, it's in low single digit and for, I believe, Andhra, it has declined. Despite bed addition and only operating at 50% kind of occupancy, is there anything to read into this? You expect the performance to improve?

Abhinay Bollineni: No, I think if you look at Telangana, growth, it has been on a year-on-year basis, it's been 20% on a quarter-on-quarter last year same quarter. On the volume growth also from last year -- first 9 months of last year to the first 9 months of this year, there has been a 5% growth in volume and revenue has grown higher. But at a mature cluster to grow at 5% is healthy enough. As far as Andhra, in quarter 3, we had a strike with the state government. So we had not taken Aarogyasri scheme for almost a month, and that's why you see a significant dip in volume. But otherwise, January, things have bounced back and the revenues are as per how it was in Q2.

Ameya: Sure. So Telangana, what optimal occupancy should we assume going ahead at an annual level?

Abhinay Bollineni: Telangana, we should get to 75%, 80%. There are little constraints in Telangana because some beds, we have now shut down because of renovation. Once those beds come into operation, which will happen end of next year, that should contribute to growth. And the new Kondapur facility, like the Kondapur facility today is probably running at 90%, 95% occupancy. It should get commissioned in the next 3, 4 months. Once that gets commissioned, there will be more volume growth in the Telangana cluster.

Moderator: The next question is from the line of Damayanti from HSBC.

Damayanti: My question is on Maharashtra cluster unit. So first, for both Nashik and Thane unit, can you update whether -- like what is the status on NABH accreditation? The second point is the discussion which you are having with the insurance empanelment, what is the update? And since last quarter, have you signed any empanelment either in Nashik or Thane? And also, I just want to understand is NABH accreditation must before you really get empanelment with all the key insurance players?

Abhinay Bollineni: No, NABH in Nashik, entry level is completed. NABH and Thane is in pipeline, it will take some more time. But both of them -- for both units or any other unit, NABH is not a prerequisite for empanelment with insurance company. There has been some progress in both units on insurance empanelments. But the top 5 companies that we wanted to do, out of which 2 are done, 3 more are to be done. We are almost in the last leg of closure on all 3 for both Nashik and Thane. It should be done by -- before the end of this quarter, quarter 4.

Damayanti: Okay. And just want to understand, I believe your discussion or negotiation with insurance companies took a little longer than what we anticipated. So any point where you really had to negotiate a lot with the insurance companies? And what are the key pushback coming from them before they agree for signing the deal?

Abhinay Bollineni: I think it is -- we always want a better price. We want something higher than what is already being offered, and they obviously want to lower the price as quickly as they can. So that is something that's a bilateral discussion between the hospital and insurance company.

Damayanti: Okay. And you said of the top 5 insurance companies, 2 are already done, like you have closed the contract. Is it that for Nashik unit or...

Abhinay Bollineni: Nashik and Thane for both.

Damayanti: Okay. And then second question I had on the overall ARPOB and ARPP trends. You did mention there was a component of transplant in new Bangalore unit, etc. But when we look at the trends, it seems exceptionally strong than what we had seen in last few quarters. So is transplant only the moving factor here or something else has changed? And how should we look at the trend in coming years.

Abhinay Bollineni: Are you referring to the group ARPOB?

Damayanti: Yes, the consolidated ARPOB and ARPP numbers.

Abhinay Bollineni: I think see Thane and Bangalore both are high ARPOB markets. And both of the -- all 3 hospitals got commissioned only in the last 6, 9 months. So definitely, the incremental revenue that's coming in from Thane and Bangalore, the ARPOB will be higher, which will pull the overall group ARPOB. And Telangana, also -- if you see Telangana was at 65,000 last quarter has now moved to 70,000 this quarter. So there is growth in 3 regions, Bombay, Hyderabad and Bangalore, all 3 of them being high ARPOB, which is pulling the overall company ARPOB.

Damayanti: Okay. So maybe not at, say, 20% level or so, but we can assume better trend than what we saw in 1Q, 2Q or any quantitative indication will be helpful?

Abhinay Bollineni: Difficult to quantify because these are all different states and each state is growing differently. So I think what we are delivering to you should get to, you should be sustainably growing that.

Damayanti: Okay. And my last question is, if I look at your Telangana cluster, I guess your growth number for revenue in last 2 quarters, they were somewhere in high single digit to low double digit. So

will that be the range to look forward? Or as you mentioned, there is a headroom to grow better compared to what we saw in the last 2 quarters?

Abhinay Bollineni:

I think we've always been indicating that Telangana is a very mature market with significant bed capacity by KIMS and other hospitals. As and when we add new hospitals, we might see this high single-digit move up to a double-digit number. But otherwise, just having mature hospitals to grow at a double-digit number from that cluster will be difficult.

But this year, because we are adding Kondapur, we're adding Kompali and subsequent years, we are adding a few more facilities. We might see double-digit growth for the next 3, 4 years. But again, moving forward, after that, it will be difficult to deliver double-digit growth only from Telangana.

Damayanti:

Got it. My last question is actually a clarification. Did you mention for Telangana, you are looking to reach occupancy of 75%, 80%? And if yes, by when?

Abhinay Bollineni:

It will eventually get there, maybe another three, four years on the current occupancy. But we'll keep as we keep adding more beds, the occupancy percentage will fall down but by absolute numbers it will consistently get to that.

Moderator:

The next question is from the line of Chirag Gupta from Allegro Capital.

Chirag Gupta:

I just wanted to know the net debt position as of December 31?

Sachin Salvi:

Chirag, it is about INR2,850-odd crores at a consolidated level as on 31st of December '25.

Moderator:

The next question is from the line of Karan Vora from Goldman Sachs.

Karan Vora:

So my first question is an extension of previous participant's question with respect to top 5 insurer empanelment. So can you highlight how many of the top 5 have been empanelled for Kerala cluster? And what's the progress on Bangalore? I know it's early days for Bangalore, but still just getting some sense. And what are the targets of reaching those top 5 insurer empanelment if they have not already been for Kerala?

Abhinay Bollineni:

So on Kerala, I think Kannur, we are done with most of the impairments. Kollam might take another 2 quarters before the top 5 are fully done. Bangalore should take another 6 months to 9 months before the empanelment is done.

Karan Vora:

Okay. Got it. And Kollam, how many are already on board?

Abhinay Bollineni:

Top 5, none maybe one, I think I'm not sure.

Karan Vora:

Okay. Okay. And Kannur, all top 5 are done?

Abhinay Bollineni:

Yes.

Karan Vora: Got it. And the second question is with respect to Bangalore. So in the previous presentations, previous quarter's presentations, the kind of capex we have given for Bangalore, it seems like these are asset-light expansion. So any rental number which you are calling out or as a percentage of sales is also fine, which we might be paying to the owners of those land or properties?

Abhinay Bollineni: I think the total rent that we have, the commitment is around INR2.5 crores per month for both the assets put together. Half of the Mahadevampuram asset is owned by the company. The remaining half we pay lease. Electronic City is on a revenue share model. But I think the fixed commitment is towards INR2.5 crores a month.

Karan Vora: Okay. And sorry, you mentioned Electronic City is half owned, right?

Abhinay Bollineni: Correct. Sorry, Mahadevampuram is half owned. Electronic city is on revenue share.

Karan Vora: Okay. Got it. And the revenue share will be over and above the INR2.5 crores per month fixed rentals?

Abhinay Bollineni: No, no, it is part of it.

Karan Vora: Okay. Okay. Got it. And the last question is with respect to ARPOB. So whatever ARPOBs I think for Bangalore, you've already mentioned that there could be some moderation. But for other geographies, whatever ARPOB we see in Q3, should that be considered as the new base of ARPOB?

Abhinay Bollineni: Yes. For Karnataka and Maharashtra, we should still give it more time before it stabilizes. But other clusters, yes, you should more or less take that ARPOB.

Moderator: The next question is from the line of Kunal Randeria from Axis Capital.

Kunal Randeria: So, it's on your payer mix. Sir, your Aarogyasri contribution has gone down. Obviously, that is because incremental revenues are largely coming out of outside of Telangana market. So as we expand in other states, are you also getting empanelled for those state schemes?

Abhinay Bollineni: No, we only are empanelling state schemes in Andhra, not in other states.

Kunal Randeria: Okay. It's only in Andhra. Okay. So your institutional bed contribution as well as revenue contribution should keep coming down over the years?

Abhinay Bollineni: Correct, from state government schemes.

Kunal Randeria: Sure. That's very helpful. Secondly, again, on ARPOB, I'm not sure if it's covered earlier or not. But in the last couple of quarters, Andhra Cluster has seen very sharp ARPOB as well as ARPP growth. But there has been some moderation as far as the volumes are concerned, IP volume. So I just want to understand what is happening over here?

Abhinay Bollineni: No, even volume growth are growing very healthy. It's just that last quarter we had a strike with the state government on Aarogyasri payment because of which almost for 45 days, 45 to 60 days

we had a, the entire one-month Aarogyasri was completely banned in all hospitals and 15 days before and 15 days later it took time for us to scale down and ramp up. So that disruption caused us decline in volume. But otherwise we don't see any issue in volume growth or revenue growth in Andhra.

Kunal Randeria: Got it, sir. And the reason for ARPP growth, I mean, is the case mix changing very heavily or just the payer mix?

Abhinay Bollineni: So even the case mix is some hospitals, we have started onco services like in Ongole, in Vizag, we have started onco services. Transplant is picking up in a big way in Andhra. So it's a little bit of everything, case mix, pricing and the payer mix.

Kunal Randeria: Sure. And just one more, if I can. Sir, I noticed in this time down in the presentation, there are - - there is no slide on expansion plans. So should I assume that what was there last time is the same thing?

Abhinay Bollineni: Yes, you should assume the same thing. We have no new hospitals in addition to what we have already announced.

Kunal Randeria: Right, sir. So Chennai is the only one that you would have announced. So other than that, there's nothing much coming.

Abhinay Bollineni: Yes.

Moderator: The next question is from the line of Anshul Agrawal from Emkay Global.

Anshul Agrawal: A few clarifications in the net debt number that you have mentioned, does that include all the payments made to our partners for bringing down the minority stake to 9%?

Sachin Salvi: So yes. So it is a net debt position as on 31st of December 2025. It includes all the debt which we have raised for the expansion. For minority, we do not get any -- we have not raised any debt. But of course, it is out of the internal sources. So to fund the internal sources, you have to raise working capital requirement.

Anshul Agrawal: So that's exactly what I wanted to understand. There are no payments due to get that minority stake to 9%, which have not already been paid?

Sachin Salvi: Yes.

Anshul Agrawal: Perfect. Second question, sir, that I had was, is there any update on the new units that were going to be commissioned in AP? I thought in the last slide, I think we mentioned Ongole was supposed to get 50 incremental beds added in Q3, which in the AP cluster doesn't seem to have shown up. And Anantapur is expected to be commissioned in the current quarter. Could you help us with an update on these 2?

Abhinay Bollineni: Onngol 50 beds got commissioned. That's what I just mentioned 3, 4 a week ago. Anantpur towards the end of March, we should commission the cancer center and add an incremental 75 beds of the 250 beds that we are supposed to add. Rajahmundry, were again stated towards the end of Q4. Kundapur 2 end of Q1, we are stated to start. And Kompali also from March, we will start commission the hospital.

Anshul Agrawal: Got it. Very clear. Also, just wanted to check, there's a dip in occupancy and profitability in the Kerala cluster. I understand seasonal trends, etc. But given that we are in the ramp-up phase in these 2 hospitals, any particular reason to call out for this dip in occupancy and profitability in the Kerala cluster?

Abhinay Bollineni: One of the hospital at Kerala -- both the hospitals are doing extremely well. In one of the hospitals, we had some onetime expenditure, which we had to write off in the last quarter. But otherwise, both hospitals are doing extremely well. Kollam is ramping up -- sorry, Kannur is ramping up quite well. In fact, December, Jan have been even more promising than the results of Q3. Kollam is just 6, 7 months old. It should breakeven in the next 1, 2 quarter.

Anshul Agrawal: Got it. Just one last question from my end. In the previous con calls you'd mentioned that Thane, because of the ramp up we are seeing at least on a monthly run rate basis expectation is around break even somewhere in the month of January. Are the trends suggesting the same or should we wait for end of Q1 '27 for Thane to break even?

Abhinay Bollineni: No, trends are suggesting that towards the end of Q4 we should break even, but just to be on the safer side we have also indicated end of Q1. But right now things are going quite positive, there are some incremental costs that we're incurring on a month-on-month basis, but it's going better than planned.

Anshul Agrawal: Got it. Just one last question if I can squeeze in. For the Bangalore cluster, is Q3 an apt indicator for the overall cost for both hospitals or are there certain costs that you would think would sort of crop up in Q3 in the Electronic City hospital, or is it a full quarter of costs that have come up in the Bangalore cluster in the current quarter?

Sreenath Reddy: Yes, I can answer that. See, Electronic City the cost what you are seeing is only for 1 month, right? Because we just started in the month of December, but for the Mahadevapura unit it is the full cost. Yes, year-on-year there could be some smile minor increase in overall cost to the extent of 7% to 8%, but having said that most of the costs have been factored in. Electronic City per se the cost what you see is just 1 month.

Anshul Agrawal: Great. Thank you so much.

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

Rahul Jeewani: Yes, hi sir. Dr. Abhinay you indicated about Telangana being a mature market and a competitive market. But if we look at our occupancies, our occupancies are still let's say for first 9 month on an operating bed basis hovering somewhere around 52%, 53%?

So with the scope which we have in terms of driving occupancy improvement, shouldn't our IP volume growth be slightly faster within the Telangana cluster because first 9 months the IP volume growth has been only let's say low to mid-single-digit. So just your thoughts in terms of how you see these dynamics playing out with respect to occupancies in Telangana and the potential for IP volume growth?

Abhinay Bollineni:

See, Rahul, if you actually look at the Telangana occupancy, so occupied beds divided by the operational beds, correct? These are at around 52.5%. Now in this, see in Secunderabad we don't, we are renovating almost 200, 250 beds, which will only get commissioned in the next financial year. So actually on the beds that are available, we're running at 80%, 85% occupancy. It's just that those beds, it shows in the census beds, but they are under renovation. So that is one reason why we're not able to show more volume growth in the Secunderabad facility. As far as Kondapur is concerned, it is already running at 95%, 100% occupancy and we are losing patients because of space constraints.

Once we move to the new facility, there will be significant volume growth in that hospital. Sunshine are the other two assets and they've been growing consistently on a year-on-year basis. It is only since the bed capacity is spread over four facilities, Sunshine has been growing on a healthy basis on a year-on-year basis even on volume.

These two facilities where there is more growth potential, we are limited with bed capacity, which should get sorted by one next quarter and one maybe in the next 18 months.

Rahul Jeewani:

Okay, sure, sure Dr. Abhinay. So basically Secunderabad and Kondapur. So when would these 200 beds which you are renovating at Secunderabad, when would they come online?

Abhinay Bollineni:

Towards the end of next year, second half of next financial year.

Rahul Jeewani:

You mean FY '27?

Abhinay Bollineni:

Correct.

Rahul Jeewani:

Sure Dr. Abhinay. And with respect to the new units, your presentation talks about the fact that the doctor onboarding at the Thane hospital is 90% over. So can you also talk about in terms of let's say the doctor onboarding for the two Bangalore hospitals in terms of where are we in terms of our targets for doctor additions in these two hospitals?

Abhinay Bollineni:

Yes, I'll let Nitish take that.

Nitish Shetty:

Yes, Rahul, most of the onboarding of the doctors in all specialties been done in both the hospitals. Probably a very few people might be added in the future as the volume growth, but at this moment of time considering all quaternary case specialties, tertiary case specialties, all doctors are on Board. We are close to 200 doctors between two hospitals already on Board.

Rahul Jeewani:

Sure Dr. Nitish. So 200 doctors you have combined across both the hospitals as of now?

Nitish Shetty: Yes, that's right. Close to 120 in Mahadevapura and other 90 doctors in the Electronic City unit.

Rahul Jeewani: Okay, and so for the first Bangalore hospital Mahadevapura now the costs or let's say the losses should keep coming down. But for Electronic City given that we only had 1 month of contribution, maybe for Electronic City we might still see an increase in loss going into fourth quarter?

Nitish Shetty: Not increase in the loss because we, December month, January month, January has come down and as the revenue ramps up which we are confident of, the losses only should come down. Because all the doctors, all the fixed costs already been done.

So it's all a matter of the revenue ramping up and our revenue ramp up in Electronic City has been good and we are confident that the losses only will come down and eventually lead to the breakeven like indicated by Dr. Abhinay we are targeting somewhere in the second quarter of the financial year '26-'27.

Rahul Jeewani: Sure, sure, sure. And Dr. Abhinay you talked about Thane and Mahadevapura achieving break even in 1Q and Electronic City in third quarter of fiscal '27. So just to clarify, do you mean break even for the quarter or let's say break even on an exit run rate basis in these quarters?

Abhinay Bollineni: Towards the end of the quarter we will break even for that quarter.

Rahul Jeewani: Okay, so you will break even for the quarter. So Thane and Mahadevapura by 1Q FY '27 and Electronic by 3Q FY '27 break even for the quarter.

Abhinay Bollineni: Correct, correct. And Rahul, what we are indicating when we say doctor onboarding is completed, see doctor onboarding is a continuous process even in mature hospitals like in Telangana and Andhra. So what we've completed is for, Phase 1 of growth which is the first 24 months of growth.

We will keep adding more doctors for more growth in the future because all these hospitals are large format hospitals, they're more than 300 beds in each in each location. So it will be an ongoing process before we onboard doctors and that's why costs keep going up sometimes in between we find good doctors, we take them and the cost goes up. Break even might get delayed here and there a little, but as long as the revenue is growing and the losses are diminishing, it's in the right direction.

Rahul Jeewani: Sure. And given that all these 3 hospitals are growing, can you also talk about in terms of the operationalization plan for incremental beds at these 3 hospitals?

Abhinay Bollineni: I think we have now enough capacity first to breakeven. Our focus is to prioritize breakeven in all of these hospitals. We have enough capacity operationalized in all of these hospitals. All the capex for all the 3 hospitals are fully done, there is no incremental capex that we'll have to incur for more beds up to each of their capacities. It's about adding more manpower which is not going to take more than 2, 3 months. As and when we see the occupancy ramp up happen and we feel there is pressure on the system to add more beds, we'll operationalize the remaining.

Rahul Jeewani:

Sure. And last question before I join back. So now obviously if we look at these four hospitals, Nashik, Thane and the two Bangalore ones, maybe in Thane and the two Bangalore hospitals we have seen a very good traction in terms of revenue ramp up, but Nashik let's say still continues to be slightly behind in terms of ramp up.

So do you think that maybe a better strategy is to have or add hospitals largely in Tier 1 markets where let's say ramp up is relatively faster, easier as compared to let's say some of these Tier 2 Tier 3 markets like Nashik and if you can also talk about where let's say Nashik hasn't gone according to our plans? Thank you.

Abhinay Bollineni:

Nashik yes, there is, it took us 13 months to achieve break even and in January we are EBITDA positive in Nashik, Rahul. We've achieved almost INR8.5 crores revenue and we turned EBITDA positive. We got empanelment of CGHS -- sorry ECHS in Nashik, we should start being able to take patients from next month.

The only difference in a Tier 2 and a metro market is the opportunity size is the same, in fact there is more opportunity in Tier 2 because of lesser competition, the ability to consolidate work there is much easier and fast much easier. But the only challenge is because the payer profile in Tier 2 markets you have a mix of cash, insurance and corporate. Insurance and corporate because they take time and it's a very price sensitive market, that is why the delayed ramp up. But otherwise fundamentally we don't see any issue in Thane or Bangalore because these two are very high cash paying markets.

Even though insurance empanelments are getting delayed, they are getting substituted by cash business, which may not be the case in smaller towns like Nashik. But you know we're now last month break even at the 13th month of operations has given positive more positive feedback in the entire system.

Now with the empanelment of corporates such as CGHS and ECHS in the next 2 months, we don't see any fundamental challenge in the growth story of Nashik. It was a little slow, likewise in Nagpur but overall, things in Nagpur have turned around significantly well in '24, 36 months. So Nashik we don't see any, we have similar confidence levels for Nashik too.

Rahul Jeewani:

Sure Dr. Abhinay. So, with respect to the ramp up which we have seen on onco and transplants in these other 3 hospitals and the fact that for the Nashik market, obviously we cannot do onco, so has that also been a reason why Nashik has seen a slightly slower ramp up as compared to these other 3 hospitals?

Abhinay Bollineni:

No, I wouldn't say that because even in Thane we have not done any transplant work yet. It's just that even on the broad specialties, we've just because of delayed empanelment from insurance which is almost 30% of the business and being a price sensitive market and the remaining 30% of the business there is from public sector companies and only 25%, 30% of the business is from cash.

And with only one payer to scale up in Tier 2 markets is a challenge, like in the case with Andhra and most all our hospitals in Andhra. So if you actually look at just the cash-to-cash business of KIMS in Nashik today versus the other competition in Nashik, we're probably the largest in terms of cash as a payer in that market already in less than 12, 13 months.

Rahul Jeewani: Okay, sure. Understood. I will join back the queue. Thank you.

Moderator: Thank you. The next question is from the line of Alankar Garude from Kotak. Please go ahead.

Alankar Garude: Hi, good morning everyone. So on a like-for-like basis, how would you compare your tariffs in Mahadevapura and Electronic City with other similar hospitals in those respective micro markets?

Sreenath Reddy: Yes, so between Electronic City and Mahadevapura internally there is no change in the pricing, both offer same pricing. Vis-a-vis in respect to competition, we are slightly priced at least at least I would say that around 15% lower in the initial days. We may rationalize it in the coming few months, but yes, we will be slightly at least for some more time, will be slightly lower compared to competition.

Alankar Garude: Got it, sir. The second question was can you take us through your thought process behind entering Chennai, which are the leading factors that drove this decision? And maybe a second question there would be are you open to looking at further expansion in Tamil Nadu?

Abhinay Bollineni: So, like we earlier mentioned, Alankar, we've always felt there is a lot of micro markets within these larger cities which are underserved, like in Bangalore, like in Bombay we felt there were many micro markets underserved. And very clearly with the way things are ramping up, that thought process of these being underserved is turned out to be true. Likewise in Chennai we feel there are at least two, three micro markets visibly underserved today.

We want to focus on being able to start new hospitals there and attract talent. And again, strategically a lot of patients from Andhra go to Tamil Nadu for treatment, a lot of the people in Tamil Nadu at least 20% of the population there are Telugu speaking, the brand is well established, the doctor culture among the doctor community there is a strong goodwill and even now with Bangalore and Thane success that goodwill is even getting stronger because even outside the core markets we've been able to do quite well.

So, given the size and the opportunity for consolidating one more state, it will -- that's the reason why we looked at Chennai. Earlier we'd looked at Chennai, but we didn't get the right land parcel. Now that we got a very good land parcel, we said let's start the story in Chennai and that's the only missing link in consolidating South India.

So with Andhra, Telangana having such strong leadership position, now with Karnataka, Bangalore both the hospitals doing well and adding more facilities, Kerala doing well and adding more facilities, the only missing link in the South story would be Tamil Nadu and that's why we thought it's, it makes logical sense for us to enter that market.

Alankar Garude: So does it mean Dr. Abhinay that apart from possibly looking at more expansion in Chennai, you'd also be open to Tamil Nadu, the other cities in Tamil Nadu or would it be just Chennai for the next few years?

Abhinay Bollineni: No, I think we're pretty open. We're not closing our mind on the other cities of Tamil Nadu. But at this point in time, we've not looked at anything, we're only focusing on Chennai as a market.

Alankar Garude: Got it. And similarly if you can comment about Karnataka state as well. We have two in Bangalore with more in the works. Any plans of looking at other markets in Karnataka?

Abhinay Bollineni: Nothing I think at this point in time, we have enough on the table for Bangalore. We want to do few more hospitals in Bangalore, we have a land which is already part of the company, we want to start work on that hospital too. We feel we can add more bed capacity in Bangalore the kind of doctor traction we've got with these two facilities. We are pretty confident that with more facilities and more micro markets being underserved we should be add -- adding more capacity here and expanding this. After that then we could probably potentially look at other Tier 2 markets in Karnataka.

Alankar Garude: Got it. And one final question from my side. In the past you've also spoken about adding more hospitals in Mumbai. Can you share any update on your plans for Mumbai city?

Abhinay Bollineni: Mumbai city we're still exploring all the opportunities that are coming our way, nothing concrete at this point in time. But like we said, overall, we believe there's a large footprint that we can create in Bombay city. We are working towards achieving that over a period of time.

But for the next 12 months I think our focus is to first ensure all the hospitals that we've commissioned and we're going to commission in this financial year to ensure that they all break even and there is no drag on the system.

Alankar Garude: Got it. So basically any expansion plans, if at all, in Mumbai are unlikely to be finalized at least for the next 12 months?

Abhinay Bollineni: I wouldn't say that, Alankar, but Yes we're definitely exploring opportunities as and when something good comes up we might take it up, you may not. But our priority is on commissioning the current, I mean operationalizing and commissioning the current hospital.

Alankar Garude: Fair enough. That's helpful. Thank you and all the best.

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

Rahul Jeewani: Yes. Sir, now let's say large part of our current expansion is nearing completion. So the only large one which we have is Kondapur which should get commissioned. So how do you see your overall debt now trending from a next 1 to 2-year perspective? Has the debt number peaked out?

Abhinay Bollineni: Yes, I think for the current expansion the debt numbers have peaked out. If we add more new facilities, then it could potentially go up. But for now we're almost done with most of the capex that we planned for 3 years ago.

Rahul Jeewani: Okay, sure Dr. Abhinay. And given that you said focus over from, let's say, a next 1-year perspective is to scale up these existing new hospitals, that would mean that debt should moderate unless and until we don't announce anything large in any of the new markets?

Abhinay Bollineni: Correct. Unless we don't announce anything large, I think debt should moderate.

Rahul Jeewani: Okay. And are we looking for something, let's say, a largish kind of an opportunity in any of the other markets apart from, let's say, a Mumbai market? And what let's say excites you still about Mumbai?

Abhinay Bollineni: I think the way Thane has ramped up and the kind of confidence we're getting in Bombay, it's a pretty underserved market and I don't see why we shouldn't consolidate and add more capacity. There is enough opportunity for two, three players to coexist in Bombay as a market. So, I think opportunity is quite large and we were waiting for us to do well in the first few hospitals.

Nagpur, Thane, Nashik we're pretty -- Nagpur anyways is doing extremely well, but Thane also is ramping up well. Nashik we're pretty confident with the way things are moving. So, I think overall Maharashtra being able to consolidate over the long run is a good opportunity beyond South.

Rahul Jeewani: Sure, Dr. Abhinay. And let's say these opportunities which you might be evaluating in Mumbai, would these be asset heavy or asset light expansions for you?

Abhinay Bollineni: I think our preference has largely been to own land and building, Rahul. So I think it will take into account owning the land and building. You know doing an asset light model may be challenging in a city like Bangalore than -- sorry in Bombay, the rental cost will be significantly higher, it will be difficult for us to absorb that cost. But if we're referring to the opportunity in Ghatkopar that's not true, we're not doing any hospital in Ghatkopar at this point in time.

Rahul Jeewani: Okay. And apart from, let's say, the organic expansion, any potential M&A opportunities in any of the markets which might -- where you might be interested in?

Abhinay Bollineni: Nothing sizable. There are a couple of small acquisitions, potential acquisitions that have come our way, but nothing significant and sizable at this point in time.

Rahul Jeewani: Okay, sure, Dr. Abhinay. Thanks for answering my questions.

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

Alankar: Just one question on Kondapur. You said you are operating at 90%, 95% occupancy. Now with this new hospital coming up, how should we assume a ramp-up of it? And I mean, what would be the plans for the existing hospital once the new building is up and running?

Abhinay Bollineni: In 6 months, once the new building is ready, we will shut down the old hospital. And I think 20% -- 20%, 25% year-on-year growth at the new Kondapur facility is something that we are extremely confident about.

Alankar: So in terms of cost, would there be duplication of cost for 6 months? And I mean, how should we look at the EBITDA for both the hospitals combined, say, over the next year or so?

Abhinay Bollineni: There will be some duplication of costs like when we transition from the old Sunshine to the new facility. There has been some duplication that will continue to be there in Kondapur also for 3 to 4 months, before we fully shut down the old facility.

Alankar: Got it. And any sense on the monthly fixed cost at the new facility?

Abhinay Bollineni: It will only be incremental. It we're moving one of our old facility into a new facility. So we will -- obviously, a lot of new doctors will come in, a lot of new incremental staff to service those patient volumes will come in. So it will probably be higher than -- higher by around 25% from the current fixed cost, 25%, 30%. It also depends on when the new doctor teams are onboarding and stuff.

Alankar: Got it. But given that it's expected to be operationalized soon, I mean, we would already be in that process, right, of...

Abhinay Bollineni: Correct. But it's a very large facility. It's an 850-bed hospital. So -- and the current facility is only 250 beds. So it will -- our doctor onboarding will happen in phases. It will not happen on day 1.

Alankar: Okay. So significantly higher beds, but just 25% higher cost, as you mentioned. Got it. Yes, that's it from my side. Thank you.

Moderator: The next question is from the line of Vedant Nilekar from ICICI Securities. Please go ahead.

Vedant Nilekar: Am I audible?

Abhinay Bollineni: Yes.

Vedant Nilekar: Thank you for this opportunity. I just had one question on the capex front. Now that most of our expansion is done, and whatever further bed capacity that we are going to add, what is our expected capex figure for FY '27 and FY'28?

Abhinay Bollineni: Capex for '27 and '28. '27, the full closure and capex will be another incremental INR500 crores to INR600 crores. And for '28, we have not yet put a plan together because there's no new hospitals that we're commissioning that. Initially the main capex will be adjusted.

Vedant Nilekar: Okay. Got it. Thank you.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments. Over to you, sir.

Bhaskara Bollineni:

Yes, very good afternoon. And we have done a lot of knowledge by asking your questions. Let me clarify certain things beyond what all in addition to what Sachin, Abhinay and Sreenath and Nitish clarified. The debt portion is even though we have INR2,800 crores, we are supposed to get nearly INR600 crores from our creditors, from mostly the state and central government, which are sent for the payment. But because of lack of money there, that will definitely will come.

There is -- as I mentioned, that we have already at INR200 crores cash as of now with us. So with these things, I think moving forward, we may not see any incremental debt will be there on the books, and it will start coming down quarter-on-quarter. If there is any new opportunities, expansions, which we are having that we will be able to look into the other means of funds, not through debt, that's one.

As far as the doctors onboard is concerned, the -- initially, we started a few specialties and it is an ongoing process of expansion of the new facilities with even the old facilities like Nellore and other places. We are adding new specialties when we add new specialties, then the doctors keep boarding. That is even incremental revenue instantaneously, because these are all already existing facilities. There will not be a requirement of any capex.

And these are all the things which we are doing for the growth, so that the growth we can expect in all the hospitals. There is a potential in every hospital that needs to add a little more of new specialties. And as one of the calls, I said, in about a year back that in 3 years, we will be able to double our top line, which we are on the -- better than what I promised.

So the -- whatever the things that we do, it will always be for the benefit of the investors. And also, we consider the -- many of you have been worried about the debt ratios. So we are very, very keen and confident that we will do good. And in the next few years, we expect a better growth than the last 2 years. Thank you. Thank you very much.

Moderator:

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