

15th November, 2024

The General Manager,

70,

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

Dear Sir/ Madam.

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

In continuation to our letter of intimation dated 04th November 2024 with reference to the conference call with the analysts/investors, we would like to inform that the Company had convened the conference call with the investors/analysts on Monday, 11th November 2024 at 10:00 AM (IST).

A copy of the transcript of the conference call held with the Investors/ Analysts is enclosed herewith and the same has also been uploaded to the Company's Website at https://www.kimshospitals.com/investors > Disclosures under Regulation 46 of SEBI (LODR) Regulations, 2015 > Analysts Calls schedule, PPT & Transcripts > Transcripts, Audio & Video Recordings > FY 24-25.

Kindly take the same on record.

Thanking you,

Yours truly

For Krishna Institute of Medical Sciences Limited

Uma Shankar Mantha Company Secretary & Compliance Officer



"KIMS Hospital

Q2 FY25 Earnings Conference Call"

November 11, 2024







MANAGEMENT: DR. BHASKAR RAO BOLLINENI – FOUNDER AND

MANAGING DIRECTOR - KIMS HOSPITAL

DR. ABHINAY BOLLINENI – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER – KIMS HOSPITAL

Mr. Sachin Ashok Salvi – Chief Financial

OFFICER - KIMS HOSPITAL

Dr. Nitish Shetty - Chief Executive Officer -

KIMS BANGALORE CLUSTER

MR. SREENATH REDDY – DIRECTOR BUSINESS STRATEGY – M&A OF KERALA AND KARNATAKA

CLUSTERS

MODERATOR: MR. RAHUL JEEWANI- IIFL SECURITIES LIMITED



Moderator:

Ladies and gentlemen, good day and welcome to KIMS Hospital Q2 FY '25 Earnings Conference Call hosted by IIFL Securities. 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 call is being recorded. I now hand the conference over to Mr. Rahul Jeewani from IIFL Securities. Thank you, and over to you, sir.

Rahul Jeewani:

Yes. Thanks. Good morning, everyone. This is Rahul from IIFL Institutional Equities. I welcome you all to the Second Quarter Earnings Conference call of KIMS Hospitals. From KIMS, we have with us 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:

Yes. Good morning, and a warm welcome to all of you. It is about 1 month back, that is on 9th October, we lost a crown jewel of Indian corporate world in the death of Shri Ratan Tata. He was universally respected because he was the conscience keeper of Indian industry. He's known for his values, ethics and standards. My heartfelt tribute to this towering legend. We are witnessing the theory of rains and floods in Telangana, Andhra Pradesh and Kerala during August and September months, causing havoc and heavy damage.

As a part of our corporate responsibility, KIMS donated INR1 crores to each of these three states for aiding the victims. Let me now announce our financial and operational details of quarter 2, '24-'25. It can be observed that there has been a growth on each and every parameter both in quarter-on-quarter and year-on-year basis, reflecting the good work done by KIMS. Gross revenue of INR782 crores, a growth of 19.4% on year-on-year and a 12.9% on a quarter-on-quarter basis. EBITDA of INR223 crores, a growth of 23.8% on a year-on-year and a 21.2% on a quarter-on-quarter basis.

EBITDA margin at 28.5% versus 27.5% in quarter 2 FY '24 and 26.6% in quarter 1 FY '25. EBITDA margin excluding other income stands at 28.1% versus 27.2% in quarter 2 FY '24, 26.1% in quarter 1 '25. PAT INR120 crores in quarter 2 FY '25 against INR101 crores and INR95 crores in quarter 2 FY '24 and quarter 1 FY '25, respectively. Operational results. Average revenue per operated bed grew by 22.9% and marginally declined by 0.5% on year-on-year and quarter-on-quarter basis, respectively.

Average revenue per patient grew by 9.7% and 0.7% on year-on-year and quarter-on-quarter basis respectively. IPO volume 55,741 grew by 9.1% and 12.2% year-on-year and quarter-on-quarter basis respectively. 4Q volume INR4,73,989 grew by 12.2% and 12.5% on year-on-year and quarter-on-quarter basis respectively. The other developments that happened in KIMS. In the last quarter, I appraised you about acquisition of Queen's NRI Hospital in Vizag.



I'm pleased to inform that we have taken total control of the said hospital, and we will see good results soon. I'm happy to inform that we are making our foray into Kerala also. We have taken over Sreechand Hospital in Kannur and entering the O&M contact with Westfort Hi-tech at Thrissur. The expansion blueprint includes setting up a fully equipped Oncology and transplant centers in Kannur and 350-bed hospital in Thrissur, dedicated to advanced transplant services.

These initiatives are intended to make high-quality healthcare available at Tier 2 and Tier 3 towns. Our launch in Kerala is proceeded by a lot of immaculate preparatory work, particularly in identifying and recruiting best managerial and clinical talent, focusing on 3C character, calliber and commitment. Accordingly, we have inducted a brand of highly experienced and accomplished personals who are familiar with the of terrain of Kerala and Karnataka. The rich expertise and long experience is expected to yield good results. We had a press meet in Kerala, which was well attended and grew huge positive response.

I'm sure it will translate into good growth in the coming months. We are also exploring further opportunities in Kerala and Karnataka, so as to exploit the full potential of this new team. Let me give a brief introduction of these new executives joining KIMS family. Mr. Sreenath Reddy joins us as the Group Director of Finance Strategy, M&A of the Kerala and Karnataka clusters. He is a Chartered Accountant and a Lawyer who held top positions in leading hospital groups and pharmacy chains for the past 25 years.

Dr. Nitish Shetty joins as the CEO of KIMS Bangalore Cluster. He brings with him 25 years of leadership experience in reputed healthcare groups. He had matured health institutes, grow with his acumen and passion. Mr. Farhan Yasin joined as the CEO of KIMS Kerala Cluster. He has two decades of experience in the fields of marketing and management in healthcare sector and has a thorough knowledge of Kerala healthcare landscape.

Mr. Arjun Vijaykumar joins as the Head of Finance and Accounts for the Kerala Cluster. He is a chartered accountant with 16 year's experience have worked in healthcare and the financial sectors with the global firms like Deloitte. Thus, these four professionals come with a collective experience of 85 years between them and all are well familial with regions. In all our expansion plans, we want to nourish the local talent flavor as they have a better understanding of the local needs and expectations.

We are confident that the new stream of executives will strengthen our brands adds further in our growth trajectory in general in Kerala and Karnataka states in particular. I'm happy to add that now KIMS has a presence in Guntur of Andhra Pradesh, which is one of the important and densely populated towns and a quite near to the upcoming new capital Amaravathi. We have entered into O&M agreement with Insignia Healthcare Private Limited of a brand name of Secura hospitals, a multi-specialty.

We have also entered into MOU with Wipro GE Healthcare Private Limited Secura Hospitals and exclusive oncology center. Already, we have a strong presence in Andhra Pradesh and these initiatives will make our impact stronger. We are confident of good results. A good portion of these expressions will be met by internal approvals and also a prudent debt to the extend



essential. Over the next two or three quarters, the debt to EBITDA will be, as we promised, around 2 in the wake of these expansions.

KIMS always encouraged the doctor's equity likewise. Here also the doctors and key personnel will be investing in the project, resulting in a sense of ownership and increase the responsibility on their part besides impact in cost of funds. Our hospital like Nashik and Maharashtra operations are poised for a good growth. All other projects are running as scheduled. The acquisition of Vizag unit and the commencement of operation at Nashik resulting adding up 625 additional beds, post shifting of Sunshine to the new premises, there is a marked improvement in its performance.

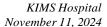
Few of the academic accomplishments. The annual conference of Neuro spine Surgeons Association with India was held in Hyderabad with the participation of 450 spine surgeons from all over the world. On this occasion a special workshop was organized by KIMS Hospitals that received a lot of attention and appreciation. Serbian Neurosurgery Society along with internal pediatric neurosurgery and Southeast Europe Neurological Societies recently held a conference at Belgrade, with a participation of 37 countries, including India. Four of our doctors, Dr. Manas, Dr. Vasantha Reddy, Dr. Sravan and Dr. Sandhya presented their work done at KIMS to the forum and it was widely appreciated and awarded.

KIMS Hospital signed MOU with Intuitive a global leader in minimal invasive care and robotic-assisted surgery. To this collaboration, KIMS Hospitals seek to enhance the availability of advanced surgical technology across geographies where access has been limited. It helps to include the patient at in Tier 2 and Tier 3 cities. In addition, we plan to offer robotic-assisted surgical training program to doctors in our associated colleges and institutes further contributing to future of health care in this region.

KIMS Hospitals and associated Arrhythmia Research and a Training Center conducted an education symposium with the participation of 300 cardiologists and electrophysiology from Telangana, Andhra Pradesh, Chennai, Kolkata, Bangalore and Delhi. The fact included distinguished electrophysiology from all over the country. The main objective was to highlight the importance of ECG in clinical decision-making of various cardiac disorders.

We are pleased to convey that as many as 14 submissions from the Department of Rheumatology, KIMS Secunderabad associated for American College of Rheumatology convergence in 2024. At the Annual Meeting of International Urogynecology Association held in Singapore, our URO Gynec Department the privilege of presenting 9 papers on a lot of appreciation.

KIMS Foundation Research Center KFRC in collaboration with a Deaf Enabled Foundation has started an exclusive telemedicine center with idea of interpretation on deaf. This initiative will make health care more accessible to the people. Dr. Raghuram our breast cancer expert, was bestowed an honorary fellowship of International Surgical Society is the first and only surgeon for millions of continent in 120 years history of this prestigious organization to receive this highest recognition.





Two important clinical achievements I should mention here Dr. Madhu Devarasetty surgical oncologist and robotic surgeon and his team completed 100 Robotic Whipple for pancreatic and periampullary carcinoma. He is one of the largest [inaudible 0:12:13] in India probably the highest. KIMS Sunshine Hospital achieved a significant milestone by successfully performed the first-ever Episealer Knee Implant surgery in Telangana and Andhra Pradesh states. This revolutionary procedure marks a new era in personalized with joint care, offering hope who suffering from deliberating knee cartilage injuries.

KIMS Kondapur Hospital recently reached the landmark of successfully done 300 robotic joint replacement surgeries, which in a short period of time. I come now assuring that KIMS will continue to make its efforts to make healthcare more accessible and affordable with the quality care

Thank you very much. over to Rahul.

Moderator: Sir, should we begin with the Q&A?

Abhinay Bollineni: Please Yes, we can.

Moderator: Thank you. We will now begin the question-and-answer session. First question is from the line

of Ameya Chalke from JM Financial. Please go ahead.

Ameya Chalke: Congrats to the management with a good set of numbers. The first question I have is on the

Telangana part of the business, where the occupied beds have come down during the quarter. However, the revenues have grown sharply from INR309 crores to INR370 crores. Is there anything to allow in this? Is it risk which have changed so dramatically or from year-on-year

basis? And is it structural in nature?

Abhinay Bollineni: No, I don't think there's any structural changes. It could -- it will only be a case mix change or

an ALOS debt. If you look at the H1 last year and H1 this year is the ALOS has significantly

come down.

Ameya Chalke: Okay. So got it. So we should see a partial seasonal impact in this basically?

Abhinay Bollineni: Correct.

Ameya Chalke: Got it. And the second question I have is how many months of operations for Nashik and Vizag

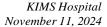
have been taken into this quarter?

Abhinay Bollineni: Nashik, nothing, in fact investing INR10 lakhs. Vizag is 1 month revenue.

Ameya Chalke: Sure. And just one query. If we add the four revenues of four different segments of Telangana,

Andhra and Sunshine and Nagpur, it comes a bit higher than the overall group. So is there any

intersegment revenues which is canceling it or if there is some mismatch?





Sachin Ashok Salvi: I mean you're right. These are on account of eliminations, which has to be adjusted in the

Telangana cluster in revenue as well as EBITDA.

Ameya Chalke: Okay. And Vizag revenue will not be significant, what you mean to say during the quarter?

Sachin Ashok Salvi: Yes.

Ameya Chalke: Okay. And the last question I have is you have announced a 3,000-bed ambition plan for Kerala

cluster. Is it possible to give time line to achieve this target? How much of this will be achieved by organic or inorganic? And there are some established chain in this region in Kerala region? How do you see competitive intensive there? And is there sufficient scope for your hospital

chain to come?

Sreenath Reddy: So, we are looking at the addition of bed of the 3,000 numbers over a period of time. It could be

in the next 5 to 6 years. And where we are looking at it is, it's a mix of both asset-light model as well as Greenfield. Initially, it will be mostly asset light. The two new facilities that we have

talked about, which Chairman had talked about both Kannuras well as Thrissur is asset-light.

Our focus is going to be because many of them are approaching us on asset-light models in Kerala. Mostly, it could be asset-light. But having said that, in the big cities that could be in Kochi and Calicut, we would like to go with Greenfield projects, but that is it. I think your second question was a lot of other groups are present. Yes, definitely, there are groups. But if you look it, these are all local groups. We don't have the international players. So we'll be one player,

which will have a national presence.

And Kerala is one important state for us being the sole and because the management team and the doctors and others whom we have identified, they're all part of this earlier growth, and we

are pretty confident that we will be able to get good results both from the growth as well as in

terms of the EBITDA from this geography.

Ameya Chalke: Sure. So engines basically in Tier 2, Tier 3 cities, they will try to acquire or do the O&M kind

of agreement with the existing hospitals. So that will not add new beds basically in those cities.

Is that the right understanding?

Sreenath Reddy: Yes, that is right. In Tier 2, Tier 3, if you look at the smaller cities, it's mostly asset light, and

the capex for that will be very, very minimal.

Abhinay Bollineni: And also this city will also not see new bed capacity addition because we are already physically

present, and we are only changing the operator.

Amey Chalke: Okay. And overall capex plan, does it change because of this ambition? Or is it still the same?

Abhinay Bollineni: No, I think we'll still continue to maintain the debt levels that we spoke about earlier. And at

least the 2 projects that we spoke about are asset-light O&M contracts. So it really doesn't have

much impact and doesn't change much of the capex plan.



Amey Chalke: Thank you so much. I will join back the queue.

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

Damayanti Kerai: My first question is on operating costs. So as like multiple new units will be coming into your

network in next couple of quarters. how should we look at operating costs building up from here? And very broadly, what will be the broad impact on the operating margins? And extending it, since you have a big plan to extend into Kerala market where we understand operating costs are generally higher than, say, Bengaluru market, etcetera. So, over a long period of term, how

should we look at the margins from current levels?

Abhinay Bollineni: Yes. I think one, the three new assets that came into play this year are Vizag, Kannur, Guntur

and Nashik. And except for Nashik, the other three are running hospitals with some revenue. So, there will not be much EBITDA loss from these companies. In fact, the EBITDA loss would be

as low as INR1 crores, INR2 crores because they're already on the verge of breakeven.

And as far as Nashik, we are still pretty confident within 12 months, we should be able to breakeven. And for the first 12 months, we could have an EBITDA loss of at best INR5 crores to INR10 crores. As far as the other hospitals that are coming up next financial year, which is Bangalore and like you had earlier indicated INR10 crores, INR15 crores loss per asset is what we're looking at. So cumulatively, a INR30 crores, INR40 crores drag on an EBITDA of the

current scale and size, I don't think will impact the margin significantly.

Damayanti Kerai: So from these assets, which you discussed annual drag of say INR30 crores to INR50 crores, not

more than that cumulatively?

Abhinay Bollineni: The new ones that have only come up next year. The ones that have come up this year, we will

not see any drag except for Nashik, which would be to the tune of INR10 crores.

Damayanti Kerai: Okay. And a slightly longer-term basis when you increase your presence in Kerala in that way

like how should we look at the margins?

Abhinay Bollineni: So first of all, Kerala, we are pretty confident we should still be able to get to a 25% kind of a

margin and that is what some of the best hospitals in that geography have been doing. So right now, we have these two facilities, we'll focus on these two and we're pretty constant these two

will scale up to 25% margin in the course.

Damayanti Kerai: Okay. Good to hear that. And then I have a question on the promoter pledge. So earlier, I guess,

you mentioned that there will be some reclassification of some promoter entities to public. So that should be bringing down the fledge part. But I guess September number doesn't reflect that.

So how do you see that moving?

Bhaskar Rao Bollineni: Actually, we have been applied to that. So we asked some queries. We are answering those

things definitely maybe next 1 or 2 months that could be done. And after doing that, personally

from my side, there will not be any pledge.



Damayanti Kerai: Okay. So yours will be completely taken off, right, once that ...?

Bhaskar Rao Bollineni: Correct.

Damayanti Kerai: Okay. And my last question is on margins in the AP cluster. I think we have seen notable

improvement there. So obviously I guess, we've talked about case mix, etcetera. And this quarter, I understand there is seasonal benefit also. So where do you see AP cluster margins settling in

very broadly?

Abhinay Bollineni: as we had always indicated AP, there are still actually 2 assets that are still in the less than 3%

margin. But over a period of time, once those two and the remaining hospitals scale up because of the total beds in AP, 40% of the beds are still less than 5 years old. So, as they scale up, we

will be able to get to a 27%, 28% kind of a margin there.

Damayanti Kerai: Ok that's helpful. Thank you very much.

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

Alankar Garude: Good morning, everyone. Bhaskar sir, Abhinay, just wanted to understand your thought process

in selecting Kerala as a focused market, especially given the plan to add 3,000 beds. Kerala is also a slightly different market with maybe higher cost, etcetera. So, I just wanted to understand whether this entry was it slightly opportunistic considering that we got a great team, your insights will be really helpful. And maybe I have a follow-up there, but maybe your response here and

then I can ask that other question.

Bhaskar Rao Bollineni: So if you take the health care in India, Kerala is the one, which is matured, more literally and

understanding the health care and the insurance penetration is more, and there will be a lot of procedures and every small type to also do very well. And there is a lot more gaps that are available in Kerala, there is a need. So, the team that has been totally understand the geography

much better than us. So that's why we are mentioning mostly we are going with the asset-light

model. And that's why we have selected that. Anything you want to add, Nitish on this?

Nitish Shetty: Yes. Thank you, sir. I have vast experience in Kerala. You know my previous organization has

a dominant presence in Kerala. What we have seen is in the last 10 years, Kerala previously has been a decent market as it was dominated by the government hospitals and charitable institutions.

Last 10 years and especially post COVID, there is a general acceptance of a large private

hospital. And when I say large private hospitals at much more among the organized players.

My previous employer has leveraged on that opportunity and has grown well. But I see there is an opportunity for much more players to come in because there is a need in terms of the non-

communicable disease, payment is very high. The requirement in Kerala is densely populated.

The whole state is organized and then most important thing is the clinical talent available is very

healthy.

Even in the Tier 2, Tier 3 cities, including that three super specialist in all specialty. Considering

this opportunities, lack of reorganized players, large players in Kerala and the incidence of



disease and also the acceptance of the general population for moving away from the government hospitals and trust hospitals to private hospitals, especially for tertiary care work.

Earlier patients from Kerala used to go out of Kerala state for tertiary care work. When I say tertiary care high-end work like neuro, cardiac, organ transplant, but they have accepted that now, so that can be delivered in the state itself. So KIMS comes with a vast experience in organ transplant, cardiac, neuro and all the cutting edging work and there was a very good high-end infrastructure models in other states, something seamless can be eliminated and add to that, KIMS has a unique model of partnering with the local talent, especially with doctors.

That model can further the growth of KIMS in Kerala. In a nutshell, I see a huge opportunity in Kerala. When it comes to other states within the metros and Tier 2, Tier 1, but in Kerala it is in Tier 2, Tier 3 and more and also in large cities as well.

Alankar Garude:

Appreciate the response, sir. Maybe the context to ask this question was also, I mean we had till about 2 years, 3 years back, zeroed in on Maharashtra is the next AP, Telangana, equivalent for the company with 5 years, 10 years view. Now with I mean the focus on Kerala as well as, I mean, the additions coming up in Bangalore, have we curtailed our expansion plans for Maharashtra beyond plans which you've already announced?

Abhinay Bollineni:

So, Alankar, I don't think the plans for Maharashtra will slow down because of this. We are --whatever we have announced, we are anyways committed to. We will also bring a few more opportunities on board very well as far as Maharashtra is concerned. It is just said Kerala was a very unique opportunity. We have the right people, who understand the market totally. There were a lot of opportunities to do asset-light hospitals. It means the large state, where multiple asset-light opportunities in that state.

All we have to do is one or two Greenfield over a period of time. So it made very strategic sense as far as to consolidate our position in South with Andhra, Telangana, foray into Karnataka, Kerala, it makes us very dominant and strong South Indian operator, but that doesn't derail any plans that we have for Maharashtra or what you -- how you wanted to expand in Maharashtra where capital required for Kerala is significantly low.

Alankar Garude:

Understood. So basically, Maharashtra that earlier plan of adding as many beds maybe more ask what you've announced in Kerala stays over the next say 5 years to 10 years?

Abhinay Bollineni:

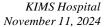
Correct. That continues. It just that Kerala we have formulized it with a [inaudible 29:20] we didn't do in any other states.

Alankar Garude:

Okay. Fair enough. The second question is can you please take us through the progress in Sunshine and Nagpur? Sunshine was quite impressive this quarter. Nagpur saw healthy growth, but margins came up sequentially, if you can help explain the dynamics in both these markets?

Abhinay Bollineni:

So as far as Sunshine, we're always pretty confident that it will do better than KIMS Telangana cluster in terms of its margin. And we were all -- it took a year, 1.5 years for us to show turnaround because we have to move from the current facility to the new facility. And right after





it moved the revenue significantly improved, we were able to onboard good doctor talent. In fact, the new hospital is almost still it's a very high occupancy now you'll have to look at expanding that facility as well.

So I think now Sunshine has an aspiration to reach 30-plus EBITDA margins. From now on, whatever incremental revenue, 40%, 50% will flow through to EBITDA. So we're pretty happy as far as that turnaround is concerned. As far as Nagpur again the revenues have stabilized. EBITDA margins are also healthy at 25%, between 25% to 30%. It's just that this quarter, we had a lot of renovation and onetime expenditure work.

So if you actually normalize the EBITDA, it would have been in the range of INR15 crores, INR16 crores which is around 25%, 26%. So we are, again, pretty confident Nagpur will continue to deliver a 30% EBITDA margin as the revenue ramp-up happens.

Alankar Garude: Understood. And maybe one final one clarification. When you said INR10 crores, INR15 crores

EBITDA loss in Bangalore, does this include the second project as well?

Abhinay Bollineni: So I said per center we will incur a INR15 crores EBITDA loss for the first 12 months of

operations.

Alankar Garude: Okay. So then, I mean, you also said INR30 crores to INR40 crores drag from the newer assets.

So that doesn't include Nashik then. So two hospitals in Bangalore and one in Thane would...

Abhinay Bollineni: Yes, correct.

Alankar Garude: Okay. Fair enough. Thank you.

Moderator: Thank you. The next question is from the line of Bino Pathiparampil from Elara Capital. Please

go ahead.

Bino Pathiparampil: Good morning and congratulations for a great set of numbers. Most of my questions are asked.

Hence just a couple of bookkeeping questions. In your presentation, the total number of beds for the -- at the end of the quarter is 4,610, but if I add up your four cluster beds, it comes to only 4,275. There is a difference of 335 of which I guess Kerala is 200. Could you explain the

remaining difference, please?

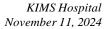
Abhinay Bollineni: Sachin, Rudra, could you?

Rudra: So in the -- if you see in the group, if you add these four clusters, it won't total up to the group

because the Nashik beds have been added which we have mentioned in the down group and 10 beds of Dr. Meda, the Meda Institute of Podiatry that we have taken that has been added into the group. So from the -- what we thought is from the next quarter, because Nashik didn't have the significant revenue from the next quarter, we will add up into the Maharashtra cluster, we will

create a cluster, and we will show those things.

Bino Pathiparampil: Understood. So is the 200 bed in Kerala part of this 4,610?





Rudra: No, not in this quarter because it started from October.

Bino Pathiparampil: Okay. That will also get added next quarter. And for Guntur and Kerala which are like O&M,

what would be the accounting treatment? Would you be fully consolidating the numbers or

would you recognize only the 5% income -- revenue share income as income?

Sachin Salvi: We'll be recognizing the...

Abhinay Bollineni: Go ahead Sachin. Sachin, go ahead.

Sachin Salvi: We'll be recognizing on the 5% revenue share since we are not having any equity in that

company. So we'll not be doing any consolidation.

Bino Pathiparampil: Okay. So the revenue numbers which you -- the segment cluster-wise revenue numbers you

report will not have their revenue?

Sachin Salvi: Yes.

Bino Pathiparampil: Okay. Understood. And that is for Guntur as well as for Kurnool?

Sachin Salvi: Wherever we have.

Abhinay Bollineni: Guntur and Thrissur. Kurnool, we report the 100% revenue and EBITDA. There's a lease rental

that goes out from that P&L for Kurnool. For Thrissur and Guntur, we only report 5% as the

operating income.

Bino Pathiparampil: Understood. Thank you. And one last....

Sreenath Reddy: I would like to clarify, I think there was one question earlier, I think from JM or some, I'm not

able to recollect. The thing is that -- see when we are talking about asset light, at least in Kerala we are talking about all the bids coming into our control and the revenues, profit or loss is going to be to our account. So that is the asset-light and management model that we are talking about

in Kerala. So just a clarification.

Bino Pathiparampil: Okay. And can I just get an estimate of the full year capex for this year?

Abhinay Bollineni: We don't have the numbers offhand, but can we share that -- it's part of the presentation and we

can share that with you separately.

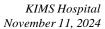
Bino Pathiparampil: Sure. Okay. Thank you.

Moderator: Thank you. The next question is from the line of Ankush Mahajan from Axis Securities. Please

go ahead.

Ankush Mahajan: Congrats for a good set of numbers. Sir, my first question is, if we see from the last four quarters,

earlier, we have a -- on a consolidated basis, we have an ARPOB in the range of INR30,000,





INR31,000. Now it is in the range of INR38,000, INR40,000. So what are the reasons behind it that the ARPOB has increased?

First one. And the second one, if you see across the industry for second quarter, the major growth is driven by the increase in occupancies, but in our cases the growth is majorly increased by the ARPOB growth and occupancies has come down. So would you throw some light on it?

Abhinay Bollineni:

Moderator:

That's something we should be happy about. It's not a seasonal impact, and it's an impact that it's going to sustain for the coming quarters as well. But as far as the ARPOB growth, I think as you indicated earlier, there has been some impact on price revision from GIPSA and some insurance renewals. And most of it is also because the ramp-up in Sunshine, ramp-up in Nagpur is coming largely from quaternary and tertiary care. So the ARPOB contribution there is also a little higher.

Ankush Mahajan: And sir, last one is what is the margin guidance for the full year, EBITDA margins?

Sachin Salvi: I think what we have delivered for H1 will continue to...

Abhinay Bollineni: Something that we'll deliver for H2 as well 27% to 28%.

Ankush Mahajan: Thanks sir.

Thank you. The next question is from the line of Rahul Jeewani from IIFL Securities. Please go

ahead.

Rahul Jeewani: So sir, on these two assets, Thrissur and Guntur where we would be getting just 5% revenue

share, can you talk about your thought process in terms of taking on these assets? Because typically, in O&M model at least for some of the other O&M models, which we have been having we give out 5% rental revenue share, whereas for these two assets because the economics would just be 5% revenue share for us, do you think that given the economics, it made sense for

us to take on these assets?

Abhinay Bollineni: So, Rahul, the plan is given the current debt situation in the company and we didn't want to

exceed the debt, net debt to EBITDA is 1 is to 2 and we found some opportunities and we were able to structure some of these opportunities in such a way that the promoters were okay that we

take full control of running the hospital and scaling up and ramping up the hospital.

But eventually, maybe in a 4 year, 5 year time line or a 3 year to 5 year timeline, we can bring

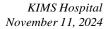
these assets back into KIMS, either through a merger or through infusing 51% primary and

getting to 51%, 76%.

Rahul Jeewani: Sure, Dr. Abhinay. So would we have first right of refusal for acquiring these assets?

Abhinay Bollineni: Correct. In fact, we'll have an option where we can exercise it at the end of -- at our discretion,

at the discretion of KIMS between the third to fifth year or even later, where we can bring this





under KIMS. So when the debt situation is better and we're able to buy out these assets, we'll start buying off these assets.

Rahul Jeewani: Sure, Dr. Abhinay. And have we had any, let's say, agreement in terms of the multiples which

we would be paying for these assets going forward once we try to acquire them?

Abhinay Bollineni: It will be on par with -- in any Tier 2, Tier 3 markets, it will be less than a single -- I mean less

than sub-10 kind of a number.

Rahul Jeewani: On EBITDA?

Abhinay Bollineni: On EBITDA.

Rahul Jeewani: Sure. And the second question which I had Dr. Abhinay was on this expansion plan. Now the

expansion plan which the PPT talks about, there our spend is going to be around INR1,600 crores. but out of that INR1,600 crores Thane and the two Bangalore assets were there which would now soon get commissioned in fourth quarter. So of the INR1,600 crores capex, how much have we already incurred so far? And then with, let's say, the expansion which we are targeting in Kerala and the existing units what kind of a capeEx spend do you expect in '26 and

'27?

Abhinay Bollineni: So Kerala, as far as Kannur is concerned we have already spent whatever you're seeing in the

current debt, it also includes the debt for Kannur. So that is already taken care of. As far as Thrissur is concerned, the spend will not be more than INR30 crores, INR40 from the KIMS side for its scope of work. As far as the expansion plan of 1,600 beds, I'm not sure if I have the right number, but I think to the tune of INR800 crores, INR900 crores spend has already been

done and is already factored in currently, but we can check the exact numbers and come back to

you, Rahul.

Rahul Jeewani: Sure. So of the INR1,600 crores you are saying INR800 crores, INR900 crores has already been

incurred?

Abhinay Bollineni: Yes, or maybe a little less than that, Rudra do you have the numbers off hand?

Sachin Salvi: Yes. So Rahul, we have already incurred to the tune of INR800-odd crores on these projects,

Bangalore and Thane which are in pipeline. Nashik is already done and that stood at on 30th

September 2024.

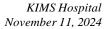
Rahul Jeewani: Okay. So the remaining spend would essentially be for our existing units which is, let's say,

 $Kondapur,\,Anantapur,\,Srikakulam\,\,and\,\,Ongole?$

Sachin Salvi: Yes.

Rahul Jeewani: Sure, sir. And sir, can you update us in terms of the Kondapur expansion, how that is

progressing? So Kondapur, we were going to add 500 beds and 100 to 150 beds were supposed





to get commissioned in -- or will get commissioned in first quarter of FY '27. So how has the

progress been there?

Abhinay Bollineni: It's on track, Rahul. We may commission it maybe a quarter early as -- might be able to

commission it a quarter early. But for now, things are on track for us to be able to commission

in FY '21 -- quarter 1 FY '27.

Rahul Jeewani: Sure, Dr. Abhinay. And how many beds would you be commissioning in Phase 1 100 to 150?

Abhinay Bollineni: So given the traction and given how things are moving, I think an incremental 200, 250 beds is

what we will commission. So we'll move the current 250 and commission an additional 250, so

500, 600 beds.

Rahul Jeewani: Okay. Sure. And that you are saying can get commissioned maybe a quarter earlier as well?

Abhinay Bollineni: Correct.

Rahul Jeewani: Sure sir. Thank you. I will join back the queue.

Moderator: Thank you. The next question is from the line of Anubhav Sahu from McPro Research. Please

go ahead.

Anubhav Sahu: So I want to understand, since we have been exploring various types of hospital business models

for the last few years, whether it's O&M or lease or doctor partnership. So for the inorganic initiatives, could you summarize what are the key parameters we are looking at while finalizing the target? And what payback period, peak debt equity, etc we are looking at? And if you can

also define or redefine the catchment area we are looking at?

Abhinay Bollineni: Sorry, your first part of the question was not clear. Your voice is not very audible.

Anubhav Sahu: So I want to understand what are the key parameters we are looking at while finalizing a target

for inorganic this thing. So I mean, maybe in terms of payback period we are looking at for the target and what peak debt to equity we are comfortable at the group level when we are looking

at this kind of acquisition over the year?

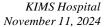
Abhinay Bollineni: Yes. I think like we had mentioned in the past, I don't think that changes anything. We will

continue to look at 350, 400 beds as the minimum size for us to set up a hospital. Anything that we don't see a visibility of INR175 crores, INR10 crores kind of an EBITDA potential we may not continue to look at. And even to begin with is just 150, 200 beds as long as there's opportunity

to scale up to 400, 500 beds or 350, 400 beds depending on which market we're operating in.

I think we are pretty comfortable as long as we have that line of visibility to scale up. As far as net debt to EBITDA, I think we are very comfortable to maintaining it at a net debt-to-EBITDA of 1 is to 2 at a console group level. And we should -- except for one or two quarters in between,

we should be able to stick to that through the year.





Anubhav Sahu: Okay. And in terms of ROI or payback period we're looking at while investing in those assets

any timelines?

Abhinay Bollineni: 5 years, 7 years is what we typically look at, but because these are now larger format hospitals,

we should take a much longer-term view on these hospitals because we're acquiring land for building hospital over the next 10 years' time. So we're building Phase 1 over it and then you build Phase 2. So you'll have to take a little longer view. As long as we are able to invest efficiently and the capital per bed is on par with the ARPOB per bed and the revenue growth is happening and EBITDA margins are happening. ROI should not be such a concerning factor.

Anubhav Sahu: Okay. And you may have mentioned before. Could you just remind me please how much spent

we have already done this year and how much is left or how much is done for the rest of the

year's and next year?

Sachin Salvi: So Anubhav I will try to answer this question. So as far as Bangalore is concerned, up to

September '24, we have spent almost like INR260-odd crores. For another Bangalore project, we have spent about INR10-odd crores. For Thane, we have spent about INR350-odd crores. So Nashik, we have already spent about INR155 crores. So this is the total spend, which we have

done up to September '24.

For the remaining part of the year for Bangalore both the assets since most of the medical equipment have to be deployed, we may have to spend up to about INR100 crores to INR125 crores for each asset. For Thane, we will need about INR125 crores for medical equipment. So this medical equipment spending will be only spending. Otherwise, civil spending, most of the things have been done. And in fact, for the medical equipment spending also we have paid some

advances. So this is what the position as on 30th September '24.

Anubhav Sahu: And so what's lined up for next year in terms of...

Sachin Salvi: Sorry, your voice is.

Anubhav Sahu: Sorry for that. So in terms of capex, what is lined up for next year, next fiscal year?

Sachin Salvi: So next fiscal year, I think, as Abhinay has also said, most of the assets which we are doing are

on a asset-light model. Most of the spending, which is required for the existing Bangalore and Thane assets would be done by the end of this financial year. So next year, about some INR500

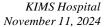
crores or INR600 crores, Abhinay, correct me if I'm wrong.

Abhinay Bollineni: Yes, that's it. .

Anubhav Sahu: Okay. That's it. Thanks a lot. It was very helpful.

Moderator: Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal

Financial Services. Please go ahead.





Tushar Manudhane:

Sir, just on this Andhra Pradesh cluster, the occupancy sort of is lower year-over-year or even if I compare it with FY '24 number, while the beds are largely stable. So if you could just throw some light, maybe I'm not sure if you have already responded to this, but just to understand, how do we think of improving the occupancy in first place at the existing sites? And then subsequently, we've been going to invest at Anantapur and other centers within Andhra Pradesh. So if you could give some idea in terms of at least the places where we are adding significant beds where the occupancy stands at those sites?

Abhinay Bollineni:

So as far as Andhra Pradesh is concerned, there are some hospitals where the occupancy is still low and there are some hospitals, where the occupancy is above 90%. So Rajahmundry, Anantapur and such hospitals, the occupancy is very, very high. And that's why we are adding more bed capacity there. A place a Nellore, for example, Ongole, for example, where the occupancy there is still opportunity it is only at 30%, 40% -- 40%, 50%, we can still add -- the growth can happen.

But when we acquired these hospitals, they were a very large government hospital. And we knew it will take that much time for it to scale up. So there was -- and we're okay with it. So -- and also a part of the occupancy dip is because of acquiring Queen's NRI which came in, that could be one of the reasons why there is a dip.

Tushar Manudhane:

Got it. And this INR90 crores to INR110 crores investment for Anantapur for 250 beds. So this is like lower than, let's say, typical run rate of INR1 crores, INR1.5 crores or INR2 crores per bed investment. So if you could just share why the investment per bed number looks lower as far as this investment is concerned?

Abhinay Bollineni:

I think in that market, it's difficult for us to get beyond that. The ARPOB in that market is only around INR70 lakhs, INR80 lakhs per bed. So we'll have to play around within that ARPOB range.

Tushar Manudhane:

Just on -- conceptually since you highlight both ARPOB as well as ARPP in the presentation. At least this quarter, it seems that ARPOB growth is quite 22%, while ARPP growth is just 9% to 10%. So I mean while...

Abhinay Bollineni:

There's a dip in ALOS so that is also want to reflect there.

Tushar Manudhane:

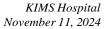
Understood. And lastly, for Thane project like and the other where the opex of -- as you highlighted in the earlier remarks of the opex drag of INR30 crores to INR40 crores, this is with the assumption of what kind of occupancy will be sort of end in 12 months of operation?

Abhinay Bollineni:

Sorry, could you repeat the question, please?

Tushar Manudhane:

Sir, in the earlier comment you highlighted like opex drag of INR30 crores to INR40 crores that would happen on account of addition of new hospitals including that of Thane. So those new centers like probably what kind of occupancy assumptions are we going by, let's say, first year of operation?





Abhinay Bollineni: We're assuming a 30% kind of an occupancy on the total bed capacity 25% to 30%.

Tushar Manudhane: Understood. Got it. Thank you sir. That's it from my side.

Moderator: Thank you. The next question is from the line of Ameya Chalake from JM Financial. Please go

ahead.

Ameya Chalake: Thank you for giving me an opportunity to ask follow up question. So first question I have is on

the KIMS Cuddle. Abhinay is it possible to tell like how many hospitals currently have KIMS Cuddle and what are the plans in other hospitals when are we going to add that? And also, if we

could give some color on the ARPOBs and the profitability of this KIMS cuddle unit?

Abhinay Bollineni: So, Ameya, we don't track that separately. It's part of the adult hospitals. It's just one more

specialty within the hospital. So there is -- we don't look at the profitability of that department separately. But right now, it is operational in 7 hospitals. And as and when, like in Anantapur, we're adding extra -- add initial infrastructure to start mother and child. As and when the infrastructure gaps are fulfilled, we will keep adding mother and child in all specialties. As far

as Bangalore, Thane and any other new project that's coming up, they're adding mother and child

on day one.

Ameya Chalake: Okay. So -- but in terms of ARPOB and profitably, will it be more than the company average or

how is it -- how should we look at it? Is it going to improve our ARPOB?

Abhinay Bollineni: ARPOB will be similar. ARPOB will be similar. Again, at a gross margin level, it is because the

consumable cost is significantly low, the gross margin is better than the adult specialty, but

because we don't look at it beyond gross margin, we don't track it at an EBITDA level.

Ameya Chalake: Okay. Sure. The second question I have is on the Wipro agreement which we have done recently,

INR700 crores agreement. How is it to help us operationally and how -- net-net, how much

spend we have to do annually for this kind of agreement?

Abhinay Bollineni: So this is a contract that is spread over the next 3 years to 5 years. This takes into account the

replacement of the current hospitals because most of them are 10-year-plus old and a new hospital. So it just gives us leverage to negotiate better because you're doing a group order, but there is no -- there is no time pressure on this. We can execute this over the next 3 years to 5

years.

Ameya Chalake: Okay. But will it have any P&L impact or it's not going to change materially the existing lease,

whatever we have agreement which we have?

Abhinay Bollineni: Correct. It has no impact on P&L. All of this is captured in the overall capital numbers that we're

talking about and the debt situation that we've already spoken about.

Ameya Chalake: Okay sure. Thank you so much. I will join back. Thank you.



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

ahead.

Rahul Jeewani: Sir, on the Kerala cluster, while we are targeting to add, let's say, 3,000 beds over the next 5 year

to 6 year period and that would be dependent on M&A. But realistically speaking, let's say, over the next 3-year period, what kind of a bed capacity can be factored in for the Kerala cluster? So

would it be closer to 1,000 or 1,500 beds over the next 3 years?

Abhinay Bollineni: At this point, Rahul we have two assets, one in Kannur and one in Thrissur. So these are certain

projects and cumulatively will have 400 beds in Kannur over a period of time and 350 beds in Thrissur, so 750 beds. So nothing else we signed definitely -- definitively. We are exploring multiple opportunities in an asset-light model. And if it does happen, then we could potentially look at adding another 500 beds next year in an asset-light model. But again, like I said, it's still

in discussion. There is no definitive agreements there.

Rahul Jeewani: Sure, Dr. Abhinay, let's say, for the, let's say, Kannur, Thrissur and another 500 beds next year.

So we get to around 1,300, 1,400 beds. So for the 1,300, 1,400 beds, what would be your actual

capex outflow would be very limited given the asset light O&M model?

Abhinay Bollineni: Correct. So for Kannur it was only INR40 crores, INR50 crores. And for Thrissur, it will be

around INR20 crores, INR30 crores.

Rahul Jeewani: Okay. Sure. Thank you. That's it from my side.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to

the management for closing comments.

Bhaskar Rao Bollineni: If there is no more questions, then we will close.

Moderator: Sir, do you have any closing comments?

Bhaskar Rao Bollineni: Okay. See, what is happening now with all the question that you people been asked and you

have some good concerns. Our motto to go whatever we have been identified in Maharashtra, we are not coming we are going to exclude the entire Maharashtra. And as well as these O&M contracts what happened there are a few doctors who built and not able to run it. So they were looking for it. Then we have some constraint on our balance sheet, then usually we thought we'll take it on a O&M contract, so that we are able to understand the culture, build the human

resources, legal teams and everything.

Whenever there is an opportunity, it is in our discussion we can be able to acquire those things. And as a vacation points out and Kerala is a good clinical talent. Mostly, there was looking mainly of the primary, secondary and early tertiary care and we are very expert in a quaternary and high-end tertiary care with a lot of oncology, more and more complex cases that are coming. That is the purpose we want to explore these opportunities without putting a lot more funds identifying it and discussion will be at our end to whether we should be able to acquire over a

period of time.



The second important thing what we have been negotiated with the [inaudible 58:58] where when we're able to give it to one company, having been selected many of the companies where we've been able to bring down the capex nearly INR150 crores to INR200 crores to financial cost. Otherwise, there will be another INR200 crores you need to incur when you want to independently look into the different, different companies.

Similarly by putting all these [inaudible 59:27] over a period of time and good training that we're able to give a lot more operational efficiency and at the same time, more comfort towards the patients. Today, when the -- if you're able to look into that next 2 years to 3 years, with the robotic-assisted surgeries and operational efficiencies here loss may still come down drastically. That's what the world is looking in healthcare. We are in the in that.

And we do being in health care, we do a lot of evidence based and a lot of research oriented. We like all these things and then we see that -- it will be good for the organization to grow very steadily without causing any burden on the balance sheet. And most of these O&M what we are talking about, there are some of the local doctors and other people who want to practice. They are going to build the land and building an entire thing. Our capex will be very, very minimal.

Over a period of time, our balance sheet strengthens. And if there is an excess cash, these are discussions that we've been able to keep increasing our share in those keeping acquisitions. Thank you very much for your patient present hearing and concerns and raised a good question that was able to enable the management to keep thinking and expanding the company. Thank you very much.

Moderator:

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