

13<sup>th</sup> February, 2025

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

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

In Continuation to our letter dated 31<sup>st</sup> January 2025, the Company organized a conference call with the Investors/ Analysts on Friday, 07<sup>th</sup> February 2025 at 10:30 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 24-25.

Kindly take the same on record and display the same on the website of your exchange.

Thanking you,  
Yours truly

**For Krishna Institute of Medical Sciences Limited**

**Nagajyanthi J. R**  
**Company Secretary & Compliance Officer**



“Krishna Institute of Medical Sciences Limited Q3  
Earnings Conference Call”

**February 07, 2025**



**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 AND M&A, OF KERALA AND  
KARNATAKA CLUSTERS**

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

**Moderator:** Ladies and gentlemen, good day, and welcome to the KIMS Hospitals' Q3 FY '25 Earnings Conference Call, hosted by IIFL Capital.

As a reminder, all participant' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Jeewani from IIFL Capital. Thank you, and over to you, sir.

**Rahul Jeewani:** Hi. Good morning, everyone. This is Rahul from IIFL. I welcome you all to the 3rd Quarter Earnings Conference Call of KIMS Hospitals being hosted by IIFL Capital. 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”.

**Bhaskara Rao Bollineni:** Good morning. I extend a warm welcome to all for the First Investors Meet of this year.

Gross revenue of INR 790 crores, a growth of 29.7% year-on-year and 1% on quarter-on-quarter basis. EBITDA of INR 205 crores, a growth of 36.4% on year-on-year and a decline of 8.1% on quarter-on-quarter basis. EBITDA margin is at 25.9% versus 24.7% in Q3 FY '24, and 28.5% in Q2 FY '25.

PAT at INR 93 crores in Q3 FY '25 against INR 77 crore and INR 121 crore in Q3 FY '24 and Q2 FY '25 respectively. Consolidated EPS for 9 months of INR 7.1, face value of shares at INR 2, a growth of 15.6% adjusted for share split on year-on-year basis. Cash and cash equivalents include cash, bank balance, deposits with maturity less than 12 months, and investment in mutual funds at INR 112 crores as on Q3 FY '25.

Financial Highlights consolidated:

Consolidated revenue from operations grew by 27.5% on year-on-year, and it declined by 0.6% on quarter-on-quarter basis, INR 772 crores. Consolidated EBITDA pre IndAS grew by 34.7% on a year-on-year and declined by 10% on quarter-on-quarter basis to INR 198 crore.

Consolidated EBITDA pre-IndAS and excluding other income to total revenue margin stands at 23.3% growth of 25.4% year-on-year basis, and a decline of 16.2% quarter-on-quarter basis. Operational highlights consolidated, average revenue per operating bed grew by 25.2% and 0.5% on year-on-year and quarter-on-quarter basis respectively. Average revenue per patient grew by 12.2% and 2.8% on year-on-year and quarter-on-quarter basis respectively. IP volume grew by 13.8% and declined by 3.1% on year-on-year and a quarter-on-quarter basis respectively.

The other developments, we are happy to announce the opening of 200-bedded multispeciality hospital at Guntur on a O&M basis called KIMS-SIKHARA at Guntur, a very important town in Andhra Pradesh near the capital city of Amravati. Honorable Chief Minister of Andhra Pradesh, Sri Chandrababu Naidu Gara has kindly consented to inaugurate this hospital on 12th February of this month.

KIMS entered into an agreement with VIMS, Valiyath Institute of Medical Sciences Hospital in Karunagappally of Kollam district. It has total 300 beds. This is our second hospital in Kerala. The other 1 is at Kannur, opened recently, and is doing well.

Within 3 months, the Kannur Hospital has been breakeven, which is a landmark in Kerala. As you may be aware, Kerala occupies the first place in the percentage of people seeking hospitalization.

KIMS Hospital has now set a benchmark in neuro care. It now features South Asia's first MRI-guided focused ultrasound with Hero 3T MRI. It is proven to reduce the tremor-dominant Parkinson's and essential tumors in patients. It gives benefits of without anesthesia, reduce the tremor totally, safe and effective, admission is not required, single session treatment. The first patient was a young maths teacher from rural parts of Maharashtra. He was suffering from hand tremor.

**Moderator:** Yes, sir. Please go ahead.

**Bhaskara Rao Bollineni:** On hearing about this, he came to us and underwent a noninvasive surgery, free procedure, and walked back tremor-free immediately. KIMS Foundation and Research Center has developed AI-based smart glasses for the visually impaired that will enhance their quality of life. The product was launched in a function based by Honorable Governor of Telangana, Sri Jishnu Dev Varma.

Recently, KIMS Secunderabad was awarded a “Nonclinical Operations Excellence Award” by Associations of Healthcare Providers of India. KIMS Kondapur also got the award for “Excellence in Nursing Practices” from AHPI. KIMS Cuddles, Secunderabad hosted a 2-day conference of Indian Association of Pediatric Surgeons of both Telugu states which had a record number of participants, was able to speak about the awareness -- Clinically, KIMS achieved another distinction by becoming the first private hospital in the country to have performed 100 robotic-assisted Whipple surgeries, a significant achievement in treatment of pancreatic cancer.

You all know that we have been ordered about 25 robots, out of that 5 has been placed in the different institutions, and all of them are doing well. That is a good move. And it is going to improve the quality of the treatment.

At KIMS-Kingsway Nagpur robotic-assisted CABG was successfully done, which is first in Central India. This minimal invasive approach ensures faster recovery, reduced postoperative pain, shorter hospital stay and minimal scarring. KIMS Manavata Hospital, Nashik performed

the first finger joint replacement, this is the first of such operation in Maharashtra and third in India. KIMS Secunderabad has done within no time about 200 robotic knee replacements.

I have intentionally kept good and important news in the end. I'm glad to inform that a distinguished personality has joined our Board. He is Sri Suresh Patel, who held many prime positions in his illustrious career. He was CMD of erstwhile Andhra Bank, presently Union Bank of India. Later occupied 1 of the top positions in the country as CVC, that is Central Vigilance Commissioner. Our Board will be greatly enriched with his contributions.

And all the projects, new projects are going in time. The only thing is that the entire civil structures have been finished in Quarter 4. As we know that the problems what we faced in Nashik, after the civil works are finished to get the required permissions to start the hospital it takes a longer time, that may be we may be the end of the first quarter or the beginning of the second quarter we can able to commence with all these permissions, so that we can able to bring down the loss funding.

Usually, when we finish the civil structure, we will try to recruit all the doctors, and then it causes a loss running heavily. So, after getting all the permissions if we start and then start recruiting the doctors, we can able to minimize the loss running. So, that is the reason that we may able to start full-fledged in quarter 2 all the 3 projects in Thane and Bangalore, 2 hospitals, quarter 2 of '26, maybe early in Quarter 1.

Okay. Over to the audience for any questions, clarifications.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "\*" and 1 on the touchstone telephone. If you wish to remove yourself from the question queue, you may press "\*" and 2. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles. Ladies and gentlemen, you may press "\*" and 1 to ask a question. A reminder to all participants, you may press "\*" and 1 to ask a question.

The first question comes from the line of Anshul Agrawal from Emkay. Please go ahead.

**Anshul Agrawal:**

Hi, thank you for the opportunity. So, my first question is on the Maharashtra cluster. Is there any one-off there? I see a sharp decline in the EBITDA margins here. And what could be the EBITDA loss in the Nashik unit?

**Abhinay Bollineni:**

So, Maharashtra cluster now reports both Nashik and Nagpur. In Nagpur, there has been a decline in revenue owing to a seasonal impact. And hence, there has been a decline in EBITDA and some one-off, write-offs, some general dues and PBDD provisions. As far as Nashik is concerned, we have incurred a loss of INR 5 crores for the quarter. And that's why Maharashtra

as a cluster, the EBITDA margins have significantly declined. But that should get rectified by Q2, Q3, given that Nashik will break even by then.

**Anshul Agrawal:** So, Nashik is on course to breakeven within 1 year of commencement. Would that be correct?

**Abhinay Bollineni:** Correct.

**Anshul Agrawal:** Thank you. That's it from my end.

**Moderator:** Thank you. Ladies and gentlemen, to ask a question, please press "\*" and 1 on a touchstone telephone. The next question comes from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.

**Abdulkader Puranwala:** Hi, sir. Thank you for the opportunity. Sir, my first question is with relation to your corporate overheads. So, if we see for the current quarter because of the fresh hiring, I think the corporate overheads have gone up. So, could you please provide some colour as to how do we see this cost? Is there any one-off element also included in this? And how should that run for the next coming years?

**Abhinay Bollineni:** Sorry, could you repeat the question again, please? It's not clear.

**Abdulkader Puranwala:** Sure, sir. Sir, my question was pertaining to the corporate overheads. I think the corporate overheads in this particular quarter as a percentage of your revenue has gone up. Partly my understanding is because of the recruitments what we have done in terms of your various clusters. So, if you could provide us some colour as to how this would pan out in the next couple of years it would be helpful.

**Abhinay Bollineni:** So, I don't think we have classified corporate overheads in any part of the presentation. There has been a decline in EBITDA margin, because of the decline in revenue from mature units owing to seasonal impact from Q2 versus Q3. But Q3 and Q3, there has been significant growth both in revenue and EBITDA. And there has been a one-time expenditure towards the tune of INR 8 crores to INR 9 crores, largely due because of provisions of PBDD and general dues write-off. Other than this, there has not been any expansion in corporate expenditure. And I don't know where from this has been picked up, but it's not mentioned anywhere in the presentation.

**Sachin Ashok Salvi:** And as far as corporate overheads on account of new hiring, in particular in Bangalore cluster, as such we have not started yet the Bangalore cluster. So, it is not coming to a profit and loss account directly. It's a preoperative kind of a thing. So, there is no surge in corporate overheads as such. Understand, if we start the newer cluster, I think it would not be there.

**Abdulkader Puranwala:** No, I was referring to, if I look at your operating margins across the cluster, I think it is close to 26.5% as per the presentation. While on a reported basis, the EBITDA margin was close to 24%. Second is on the Bangalore project. So, any reason why the time line for project 2 has shifted to, say, from Q4 of fiscal '25 to Q2 FY '26?

- Abhinay Bollineni:** The second project in Bangalore, there has been some delay in execution, and hence the delay.
- Abdulkader Puranwala:** Okay, sir. More questions but I will get back in the queue.
- Moderator:** Thank you. A reminder to all participants, you may press “\*” and 1 to ask a question. The next question comes from the line of Harith Ahamed from Avendus Spark. Please go ahead.
- Harith Mohammed:** Good morning. Thanks for the opportunity. So, when I look at Telangana and AP clusters, not just for this quarter but for the entire FY '25, there's been a strong ARPOB growth, and you called out ALOS reduction as the primary reason for that. So, if I look ahead, maybe into FY '26 and '27, how should we think about ARPOB growth in these 2 regions for us?
- Abhinay Bollineni:** So, Harit, both in Telangana and in Andhra for the first 9 months, there has been a significant growth in both volume, IP and OP volume as well as ARPP in absolute number. So, I think that will continue to do. That will continue to grow at the same growth rate. And there will be more efforts in trying to reduce the ALOS from the current 3.5 to probably 3.3, 3.4. And that impact on the ARPOB will reflect.
- Harith Mohammed:** Okay. And the other income that you reported for this quarter, it's a bit higher than the usual run rate. What exactly is leading to this?
- Abhinay Bollineni:** So, there is the income from sale of land at Chennai of about INR 12.5 crores, which is sitting in other income in this quarter. Otherwise, it is normal.
- Harith Mohammed:** Okay. Last one, this time we have clubbed Sunshine with our Telangana cluster. So, if you can comment a bit about the performance there, how the quarter-on-quarter revenue ramp-up has been, as well as some colour on the margin profile there?
- Abhinay Bollineni:** So, Sunshine ramp-up is in line with the rest of Telangana, Harit. There has been a decline in revenue of INR 8 crores, and proportionately the EBITDA decline of around INR 6.5 crores in Sunshine. The occupancies are holding up. The Begumpet facility is doing quite well. So, we are pretty happy with the progress there and how things are ramping up. So, the reported number for Sunshine this quarter on revenue has been INR 150 crores versus INR 158 crores of Q2. And EBITDA has been INR 40 crores versus INR 48 crores of Q2.
- Harith Mohammed:** That's very helpful. I'll get back in the queue. Thanks.
- Moderator:** Thank you. A reminder to all participants, you may press “\*” and 1 to ask a question. Ladies and gentlemen, you may press “\*” and 1 to ask a question.
- The next question comes from the line of Arunachalam, who is a freelancer.
- Arunachalam V:** Very, very good morning. In fact, I'm very happy with the organic growth, both in the revenues as well as in the bottom line. Sir, what is actually our flagship? Like what would be the

percentage of, in all the specialties, like whether it's cardiac or neuro or gastro or what, or onco, or it's equal?

**Abhinay Bollineni:** So, it's a fragmented split, the specialties. Cardiac is around 17%, 18%. Rest of the specialties like renal, neuro, orthopedics, oncology, gastro are around 9% to 10%. So, it's quite fragmented across all specialties.

**Arunachalam V:** What I wanted to know is how does somebody perceive KIMS? Do they see you as a multi-specialty or do they see you as a cardiac or a neuro or a onco? That's why I wanted to know. Particularly you're also into medical tourism, that's why, like international patients.

**Abhinay Bollineni:** Given that the specialty mix is quite fragmented, I think the perception is that we are a multi-specialty hospital.

**Arunachalam V:** Thank you very much.

**Moderator:** The next question comes from the line of Amey Chalke from JM Financial. Please go ahead.

**Amey Chalke:** Yes. Thanks for taking my questions. Congrats to the management on a good set of numbers. The first question I have is on Kerala geography. So, far we have announced 3 units. 1, we have already added, Kannur. There are other 2 Kollam and Thrissur. So, what would be the time line for these Kerala units? And if you can also provide some colour on how would the mix, like would these be more secondary care kind of hospitals or there would be tertiary care as well? And what could be the rough ARPOB range for these units?

**Abhinay Bollineni:** So, right now, we have Kannur, which is fully operational. We are planning to add another 50 beds by end of this financial year in the same campus. And maybe another 2 years from now, we should be able to add another 100, 150 beds in the Kannur facility, taking up to 350, 400 beds. The intent for Kerala as a cluster is to have all specialties and all of them will be doing tertiary, quaternary care work. So, in Kannur, we will soon start kidney transplant. With the expansion for 100, 150 beds, we are factoring in oncology also with LINAC and all the other services that are required. So, all the hospitals in Kerala will be focused on tertiary and quaternary care. Kollam, which should commence operations from April onwards.

**Moderator:** Sorry to interrupt. Ladies and gentlemen, please stay connected while we reconnect the management line. Ladies and gentlemen, we have the management line reconnected. Sir, please go ahead.

**Abhinay Bollineni:** So, I spoke about Kannur. As far as Kollam is concerned, we are renovating the facility, we rebranded by the first week of April. That again will be a hospital that will service tertiary and quaternary care. We don't have oncology at the moment, but we may eventually look at adding oncology once there's an initial ramp-up. Thrissur should take another 12 to 18 months -- 12 to 15 months before we start operation. In Phase 1, we don't intend to have oncology there, but we intend to do transplant as a service, both liver and kidney. And as the hospital ramps up, we will



add oncology as a service there. But overall, the idea is to have oncology and all the other specialties in all the hospitals in Kerala. We might just stagger it and do it in phases.

**Amey Chalke:** Sure. And the second question I have is on the Queen's NRI. Since the acquisition, how has this unit fared? And if you can give some colour on the same on the operational front of this unit? Whatever improvements have happened so far? And what would be now the profitability? Has it improved since we acquired?

**Abhinay Bollineni:** So, Queen's NRI is a very old facility. It's a 20-year-old facility. So, a lot of the renovation works are happening at this point in time. And usually, Northern Andhra, December, Jan is a very weak season, even among our other hospitals in North Andhra. And most of the doctors have agreed to join only post-Sankranti. So, as we speak, a lot of the onboarding is happening. By the end of Feb, a lot of the doctors will be fully onboarded. And part of the renovation works also should be completed. So, right now, we are not losing any money. It is EBITDA-neutral. But there will be a good ramp-up in FY '26.

**Amey Chalke:** What would be the occupancy for this unit currently?

**Abhinay Bollineni:** It will be around 35%, 40%.

**Amey Chalke:** Okay. Got it. Thank you so much.

**Moderator:** Thank you. A reminder to all participants, you may press “\*” and 1 to ask a question. The next question comes from the line of Rahul Jeewani from IIFL Capital. Please go ahead.

**Rahul Jeewani:** Sir, on the Nashik Hospital you talked about EBITDA breakeven in 2Q, 3Q of next year. But can you also talk about how has the doctor onboarding progressed in that hospital? And do we have the requisite doctor talent to allow us to break even in, let's say, 2Q, 3Q of next year?

**Abhinay Bollineni:** Yes. So, I think all the doctors have been identified, Rahul, and joining letters have been issued to all of them. In the month of Jan, the occupancy has been around 25 beds, so that's around 10% occupancy and revenue of INR 3.5 crores to INR 4 crores in the month of Jan. We are yet to onboard 50% of the doctors. And the dates given are mostly Feb and March. So, hopeful that by March end, 70%, 80% of the doctor onboarding would have been completed, hence 2 quarters from there.

**Rahul Jeewani:** Sure, sir. And in terms of specialties, are you offering all the specialties at Nashik right now?

**Abhinay Bollineni:** Yes, except for oncology, we are offering all specialty.

**Rahul Jeewani:** Okay. Sure, sir. And sir, you called out this INR 8 crores to INR 9 crores of onetime, let's say, write-off on advances. So, this was across clusters or was this in the Telangana and AP cluster?

- Abhinay Bollineni:** It was almost INR 3 crores in Nagpur alone, INR 3.5 crores in Nagpur alone, and the remaining is in Telangana and Andhra.
- Rahul Jeewani:** Sure, sir. And we had these write-offs in Nagpur last quarter as well. So, are we done with these write-offs? Or do you expect this to continue, let's say, going forward?
- Sachin Ashok Salvi:** So, in Nagpur, before we took over, there were a lot of advances which were given and we haven't obtained any services or the vendors have not provided any goods against those particular advances. So, we have taken a write-off against these advances in the last quarter and this quarter. Most part of it is done. In Q4 of this financial year, you will see about some INR 50 lakh, INR 1 crore kind of write-off. But over and above that, I think most part of it is done in Nagpur.
- Rahul Jeewani:** Okay. So, you mean that another INR 2 crores to INR 3 crores of write-off might come in the next quarter as well?
- Abhinay Bollineni:** Not INR 2 crores to INR 3 crores. I'm saying INR 50 lakhs to INR 1 crore.
- Rahul Jeewani:** Okay. Sorry, I missed that number. Sure. And 1 question on the Thane micro market. Now one of our peers is already in that market, and we would be coming up with a hospital 1Q, 2Q of next year, while 1 another larger peer has also announced their plans to enter the Thane market. So, how do you see the competitive intensity in that market shaping out to be, let's say, over the course of the next 4 to 5 years? Do you think that the competitive, let's say, intensity in that market would worsen? Or you think that there is enough demand for, let's say, 3 or 4 large players to coexist in that micro market?
- Abhinay Bollineni:** It just reinforces our thought process that there is a lot of opportunity in Thane. And given that Jupiter announced its second hospital in Thane is even more reassuring. I think there is an opportunity for all of us to coexist. And the good part is there is a good 4, 5-year window before these hospitals get commissioned. So, it gives us a good runway to get ourselves established in those micro markets.
- Rahul Jeewani:** And sir, in terms of doctor, let's say, ability to attract doctors in Thane, that I think should not be much of a problem. Is that correct?
- Abhinay Bollineni:** Correct.
- Rahul Jeewani:** Okay, sir. And sir, last question from my end. So, Nashik is expected to break even next year, but what kind of loss funding you are expecting from Thane and the 2 Bangalore hospitals in '26 and '27? Thank you.
- Abhinay Bollineni:** So, I don't think we should have loss funding for '27. But for '26 for each of these facilities, we have factored around INR 10 crores to INR 15 crores.

- Rahul Jeewani:** On each. So, the total could be around INR 30 crores to INR 45 crores.
- Abhinay Bollineni:** Correct.
- Rahul Jeewani:** Okay. That's it from my end.
- Moderator:** A reminder to all participants, you may press "\*" and 1 to ask a question. The next question comes from the line of Harith Ahamed from Avendus Spark. Please go ahead.
- Harith Ahamed:** So, on the Kollam unit, which we have acquired, can you talk a bit about this hospital. So, my question was on Kollam Hospital. Just looking for some colour on the history of this hospital, whether it's already operational, how long has been, how many years this has been operational? And if you can share something about the unit level economic shares in terms of revenues and whether it's profitable at this point?
- Abhinay Bollineni:** Harith, are you referring to Kollam?
- Harith Ahamed:** Yes, yes, Kollam, yes.
- Abhinay Bollineni:** Yes. So, Kollam is a running hospital. It's been operational for the last 4 to 5 years. It's very similar to when we acquired Kannur, around INR 4 crores to INR 5 crores of revenue. I think here it is around INR 3 crores to INR 4 crores of revenue. I think on the operational breakeven, it should be similar to what we have experienced in Kannur at around INR 8 crores, INR 8.5 crores, we should be EBITDA neutral.
- Harith Ahamed:** Okay. Okay. Got it. And in Kerala and Bangalore, 2 markets where you've stepped up your focus, can you talk a bit about the bed addition plans, what's the pipeline looking like? And which are the cities that you'll probably be targeting? And then specifically, if you can comment on your plans for Kochi, which is a large market in the state of Kerala, if you have any plans to enter that market?
- Abhinay Bollineni:** Yes. I think like we have mentioned in the past, both Karnataka and Kerala are very, very important for us. In Karnataka the plan should be that we scale up to at least 2,000 beds in Bangalore over a period of time. At this point, we have 2 hospitals that will get commissioned in this financial year. And then we have a land for a third facility, which we will start work maybe in the next financial year, and then it might take 3 years from there.
- But as far as Kerala is concerned, the idea is to again scale up to around 2,500 to 3,000 beds over a period of time. The cities, obviously the focus is to be in the larger cities like Kochi, Calicut, Trivandrum. But at this point in time, we have no visibility. There are a good number of transactions that we are looking at, both acquisition in greenfield and semi Brownfield. But at this point in time, we have 3 assets which will add up to 1,000 beds, which is Kollam, Thrissur and Kannur. As and when we zero down on more assets in Kochi and Calicut, we will have

more.... But the intent is to do a large facility in Kochi, close to around 1,000 beds over a period of time.

**Harith Ahamed:** And on Karnataka, if you can talk a bit about your plans there?

**Abhinay Bollineni:** Like we said, Karnataka, we already will commission 2 this year. We will also start a hospital in Sarjapur soon. Maybe we should start construction from early next year. And then 3 years from there, that should get commissioned. We are looking at 2 more opportunities in the northern part of Karnataka. Nothing concrete at this point in time. But as and when we do, we can potentially add around 750 -1000 beds in the northern part of Bangalore. We are largely present today in the South part of Bangalore. We are looking to add around 750-1000 beds in North Bangalore. But that will take time. It will take at least 3 to 4 years before we start it.

**Harith Ahamed:** Okay. That's helpful. And last 1, when I look at the Maharashtra cluster ARPOB for this quarter, there's been a decline quarter-on-quarter, and I assume it's coming from the Nashik Hospital. But if I think of, let's say, at maturity, what kind of ARPOB should we expect for Nashik? Will it be in line with Nagpur or slightly higher? If you can give some color, that will be helpful.

**Abhinay Bollineni:** It will be in line with Nagpur, around INR 32,000, INR 33,000. Right now, it's around INR 24,000, INR 25,000. Nagpur continues to be at INR 34,000, INR 35,000. So, a blended number came out to be around INR 28,000, INR 29,000. But I think once it matures or towards the end of the first 12 months, we should get to INR 30,000, INR 33,000 kind of ARPOB.

**Harith Ahamed:** Okay. That's helpful. Thank you very much.

**Moderator:** Ladies and gentlemen, you may press "\*" and 1 to ask a question. The next question comes from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.

**Tushar Manudhane:** Sir, firstly, on this ARPP with respect to Andhra Pradesh, seen significant scale up. So, is it to do with the case mix or payer mix?

**Abhinay Bollineni:** It's a mix of both, case mix and payer mix.

**Tushar Manudhane:** In the sense which particular case as in therapy has been driving this? And how sustainable that is?

**Abhinay Bollineni:** There is a price hike because of insurance renewals. There has been a case mix change. And also, Queen's NRI is largely driven by cash and insurance as a payer and very little scheme work. So, all these 3 factors pulled the ARPP up.

**Tushar Manudhane:** Understood, sir. And as far as the expansion plan goes, while we've been expanding in, let's say, Bangalore as well as the other areas. But like in Telangana itself, which has been the profitable territory for us, is there any scope for further expansion out there?

- Abhinay Bollineni:** Yes. Even in Telangana, I think we have a lot of opportunity still. I think Sunshine is still only at 60% occupancy. There is an opportunity for us to ramp up beds there. Ramp up occupancy there and increase, expand margin. So, I think eventually Sunshine's margin expansion will be in the tune of 30%, 33%. So, there is 1 opportunity there. Kondapur, we are adding incremental 500 beds, which should be ready by the next financial year. So, that will be a big pull for us in terms of revenue and EBITDA. And yes, these 4 assets for now and then we are doing O&M hospital in a place called Kompally, which is a 250-bedded hospital, which also should get commissioned by the end of this financial year.
- Tushar Manudhane:** Got it. And I just missed this, the overall operational cost that would come up because of these new hospitals which are expected to commence in FY '26, if you could just repeat that number?
- Abhinay Bollineni:** Overall operational, could you repeat the last part?
- Tushar Manudhane:** Overall addition in the operational cost because of commencement of new hospitals.
- Abhinay Bollineni:** Yes. So, since we are reporting them on a cluster-on-cluster basis, Telangana, Andhra, we are not seeing much incremental costs happening because we are all mature. Maharashtra, we said Nashik will be around INR 10 crores to INR 15 crores of operating losses. Kerala, fortunately, we have broken even. And Thane as well as Bangalore, we should see INR 10 crores to INR 15 crore drag this financial year for each of the assets.
- Sachin Ashok Salvi:** And for the Kompally asset, as such we are doing an O&M model. So, operational cost comes on our book.... Sir, as far as Kompally asset is concerned, since it is an O&M model, by the structure of the transaction itself, no operational cost comes on our books. We are only entitled to some percentage of revenue that would be accounted in the income. So, there would not be any material operational cost on account of that in our books.
- Tushar Manudhane:** That's it from my side. Thank you.
- Moderator:** Thank you. A reminder to all participants, you may press "\*" and 1 to ask a question. The next question comes from the line of Arunachalam, who is a freelancer. Please go ahead.
- Arunachalam:** Good morning, again. You plan massive expansions in Kerala. So, just 1 question is, the brand name, does it not cause any sort of confusion amongst the public, because there's 1 more hospital there? Or how does it work, sir?
- Abhinay Bollineni:** Are you referring to the other KIMS in Kerala?
- Arunachalam:** Yes, yes, yes, correct, sir. Correct, sir. Correct, sir.
- Bhaskara Rao Bollineni:** See, basically it is Kims Health City, isn't it?
- Arunachalam:** Correct. Correct, sir. Correct.

- Bhaskara Rao Bollineni:** And we are putting a co-branding as of now, KIMS Sreechand and KIMS Valiyath. And then Thrissur also. By the time it is coming to operational, then our brand also will be able to come to the notice of the public.
- Arunachalam:** Okay. Okay. That's I just wanted to know if there is any plan for rebranding it or something like that? That's the question.
- Bhaskara Rao Bollineni:** Already keep adding the existing hospitals. And when we do standalone, we will look into that, whether we should be able to rebrand or we will continue by the time if brand has been penetrated well in the public.
- Arunachalam:** Thank you, sir. I wish you all the best for all the markets. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, you may press "\*" and 1 to ask a question. The next question comes from the line of Parvati Rai from Equentis Wealth Advisory. Please go ahead.
- Parvati Rai:** So, I wanted to understand, given these expansion plans and while last quarter you did mention that debt to EBITDA would be around 2x in the next couple of years as we take the expansion. Sir, interest expense was quite high again this quarter. So, going forward, as we move into FY '26, what is the kind of debt and the interest that I should factor in or assume, because for the last 2 quarters, it's inching up. And also, on the CAPEX for the next year, is it still at around INR 500 crores or INR 600 crores guidance or given the expansion plans there's a change that we are looking at?
- Sachin Ashok Salvi:** So, as far as outstanding debts are concerned, as on 31st December 2024 it is roughly INR 1,550 crores. Why interest expense, which has been debited to the profit and loss account in this quarter increased mainly because Nashik assets we have capitalized and all the borrowing cost on that asset gets factored into interest expenses from this quarter. As far as the guidance as to the CAPEX, nothing changes. It remains the same. Already, we have announced, and we are on track.
- And we have already got a sanction for most of our facilities, and the expenses which we are incurring are in line with our budgets, which we have estimated for these projects. I think in couple of calls earlier also we have mentioned the outstanding debts would be somewhere in the range of INR 1,750 crores kind of a range, which will be still in the range of below 1:1 debt equity and below 2:1 in terms of debt to EBITDA. That will continue. Certainly, once all these hospitals get matured, this debt equity and debt EBITDA percentage will come down in the subsequent financial year.
- Parvati Rai:** Okay. That's it from my side. Thank you.
- Moderator:** Thank you. The next question comes from the line of Alankar Garude from Kotak Institutional Equities. Please go ahead.

- Alankar Garude:** Thank you for the opportunity. First question, what was the minority share of EBITDA in the 3rd Quarter? And maybe if you can give the number for 9 months as well?
- Sachin Ashok Salvi:** So, it is 9.9% in Q3. And if you're asking about 9 months, it would be somewhere in the range of 10% to 11% in the same range it would be, not more than that.
- Alankar Garude:** And any outlook, sir, which you can share, given so many new hospitals coming up in FY '26. Any outlook as far as FY '26 is concerned?
- Sachin Ashok Salvi:** Outlook as to minority interest, you are saying?
- Alankar Garude:** Yes, yes. How many of these hospitals which are coming up have a doctor equity structure? And accordingly, how do you expect the minority share to play out, because some of these hospitals will also have losses. So, do you expect a major change versus the 10% number or it will be broadly in the same range?
- Abhinay Bollineni:** The only incremental thing will be the Karnataka cluster, where we have 20% minority towards the Management team. But otherwise, Thane is 100% owned by the company. Kondapur is anyways part of the current hospital. So, we don't see any other minority adjustments.
- Alankar Garude:** Got it. And maybe the other question is related to the expansion. We have been announcing new deals every few months. Now while we have been adding beds over the last 2 decades, the pace of additions as well as the expansions being announced is currently much higher than what we have seen in the past. So, just trying to understand what are the key learnings so far? And on the operational side, which are the areas you believe we need to invest in to manage the execution smoothly?
- Abhinay Bollineni:** Yes. Obviously, the size of the Company has also increased. So, that allows us to do more transactions. That is number 1. As far as where we would like to strengthen, I think on the project delivery, there is scope for us to improve further. We'd like to strengthen that, and we are trying to build teams to strengthen that because we want to do a lot more assets in the future. So, we need to have a consistent team that we should be able to achieve on that.
- And also, 1 of the big reasons why we are doing this bed addition is if you see, there is a lot more opportunity in AP and Telangana. We have a very strong team. We are on ground. So, it makes sense to keep investing more and more to expand this opportunity.
- And thanks to Sreenath and Nitish in Karnataka, Farhaan and team in Kerala, given their bandwidth, given their experience, it makes sense for us to grab as many opportunities as we get and be able to scale up as quickly as possible in these clusters. Given their 20, 25 years of experience in running such large format clusters.
- Alankar Garude:** Understood. Maybe, Abhinay, just 1 question pertaining to what you mentioned for some of these newer hospitals in terms of ramp-up, for Kollam, for Thrissur as well as I think for Nashik

as well you mentioned that except oncology, you will start with all the specialties. On the other hand, for our AP hospitals, we have been adding oncology over the last few years. So, just wanted to understand basic question, why keep oncology for later? Any specific reason?

**Abhinay Bollineni:** No, I think all our greenfield projects, all the large format hospitals, we have oncology from day 1. So, Bangalore, in both the hospitals, we have oncology from day 1. Thane, we have oncology. Nashik, contractually, we are obligated to not do oncology, and that's why oncology is out of the equation there.

As far as Kerala is concerned, the way the current hospitals are designed is it does not have space for oncology. So, when we ramp up the current hospitals and then do the next phase of expansion, that's why we are bringing oncology. But like say, if we are doing a greenfield project in Kerala or a Brownfield, we will focus on oncology from day 1.

**Alankar Garude:** Yes. That's it from my side. Thank you.

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

**Rahul Jeewani:** Hi, sir. So, sir, on the AP cluster, our margin profile is still lower than what we do in the Telangana cluster, largely because of our presence in some of these Tier 2, Tier 3 markets in AP. But with the addition of, let's say, oncology and mother and child care, which you have been planning across your hospitals, when do you think that the AP cluster margins can catch up to Telangana cluster margins in terms over what time period can we get to Telangana cluster margins in AP.

**Abhinay Bollineni:** Yes. Rahul, there will always be a gap of 300, 400 basis points from AP and Telangana, given the ARPOB and given the positioning there. But I think if you look at Q2, we have reached 26% margin in AP. And that's in spite of adding Queen's NRI. With Oncology and Mother and Child coming in most hospitals in this financial, in FY '26 and FY '27, maybe 3 years from there we should get to a 30% kind of a margin.

**Rahul Jeewani:** Okay, sure. So, AP cluster margins with 9 months are around 24%, you expect it to inch up to 30% in 2 years?

**Abhinay Bollineni:** Yes, in 2 to 3 years after the oncology facilities are operational.

**Rahul Jeewani:** And you said that most of these Onco, let's say, capacities will get commissioned in '26?

**Abhinay Bollineni:** '26-27.

**Rahul Jeewani:** Okay. Sure sir. So, yes, that's it from my side.



- Moderator:** Thank you. A reminder to all participants, you may press “\*” and 1 to ask a question. The next question comes from the line of Aman from PhillipCapital. Please go ahead.
- Aman:** Thank you for the opportunity, and taking my question. So, I just had a question around your Maharashtra cluster. So, we have seen a fair amount of bed addition. So, what has been the occupancy trend in the Q4 so far that we have seen?
- Abhinay Bollineni:** Sorry, in Q4?
- Aman:** Yes. So, what has been the trend so far, we are almost halfway there in Q4, right? So, what has been the trend in occupancy?
- Abhinay Bollineni:** So, in Nagpur, the occupancy is around 160, 170. In Nashik, it's around 30, 35 in the month of January.
- Aman:** So, that was the only question from my end. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, you may press “\*” and 1 to ask a question. The next question comes from the line of Jay from Finnovate. Please go ahead.
- Jay:** Good morning. My question pertains to medical tourism. Could you provide an estimate of the percentage of international patients that KIMS currently caters to? Additionally, which hospitals in your portfolio contribute the most to international patient revenue? And what are your views on the broader medical tourism trend in India? And how do you see KIMS positioning itself to capitalize on this segment? Thank you.
- Abhinay Bollineni:** Hyderabad as a location is not very well recognized for international tourism. But however, we have seen significant improvement from last financial year to this financial year. This year, we should do around INR 40 crores to INR 50 crores of revenue from international patients. We are hoping that it will go up to INR 100 crores, INR 150 crores over a period of time, just from the Telangana cluster. But I think given Bangalore and Thane, both the locations are very well poised for international patients. We are hopeful that the contribution for international from these 2 hospitals will be significantly higher than what it is in Telangana.
- Jay:** Okay. And just if KIMS as the hospital is tracking this metric, so how much EBITDA % the Company is earning from these international patients?
- Abhinay Bollineni:** Right now, since it's in growth phase, there is hardly any EBITDA. We are still at INR 40 crores, INR 50 crores of revenue. But once we scale up, there will be more EBITDA coming. But it won't be higher or on par with what we are already getting from domestic.
- Jay:** Sure, sir. That's it from my side. Thank you and all the best.

**Moderator:** Thank you. A reminder to all participants, you may press “\*” and 1 to ask a question. Ladies and gentlemen, you may press “\*” and 1 to ask a question. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

**Bhaskara Rao Bollineni:** Thanks for all the questions and enlightening us with the knowledge. And we are very happy the way which we are running in terms of bed expansions, and as well as the specialties we are adding. And we have been planned in such a way that it will not able to go beyond our EBITDA debt more than 2 at any given time, and also equity to debt will be less than 1, maybe 0.8, 0.9.

And opportunities are coming, and the doctors are showing the good response with all the new facilities and even the existing facilities where we are adding new branches. And that way I think we are very happy the way which we are performing, and we will still continue to perform the same thing. Thank you very much.

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