



KIMS delivered a strong Q3FY25 performance, with revenue surpassing expectations, though EBITDA and margins fell short due to one-off expenses and write-offs. The Maharashtra cluster faced challenges, primarily due to losses in Nashik, but stabilization is expected in the coming quarters. Certain projects faced execution delays, leading to timeline shifts, but management remains confident about meeting the revised schedules. Telangana and AP clusters saw strong growth, driven by a favorable case mix, lower ALOS, and insurance-related price hikes. The Sunshine cluster saw a minor dip in performance but is showing signs of improvement. Minority interest stood at 9.9% in Q3 and is expected to remain in the 10-11% range. KIMS is aggressively expanding in Kerala, with plans to add 2,500-3,000 beds over the next few years.

Key Financials Highlights

- Revenue (Excl OI) at INR 7,724 Mn, +27% YoY / -1% QoQ
- EBITDA at INR 1,872 Mn, +27% YoY / -14% QoQ
- EBITDA margin at 24.2% vs 24.3% / 28.1% in Q3FY24 / Q2FY25
- Adj PAT at INR 887 Mn, +23% YoY / -17% QoQ
- Adj EPS stood at INR 2.22 vs 1.79 / 2.68 in Q3FY24 / Q2FY25

Financial Summary

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net sales	21,977	24,981	31,530	43,304	54,179
EBIDTA	6,040	6,404	8,418	11,670	15,224
Margins	27.5	25.6	26.7	27.0	28.1
PAT (adj)	3,260	3,101	4,085	6,504	8,857
Growth (%)	(2.0)	(4.9)	31.7	59.2	36.2
EPS	8.1	7.8	10.2	16.3	22.1
P/E (x)	74.9	78.7	59.8	37.5	27.6
P/B (x)	14.6	13.4	10.8	8.3	6.3
EV/EBITDA (x)	41.3	40.0	31.0	22.3	16.8
RoE (%)	19.5	17.0	18.0	22.0	22.9
ROCE (%)	21.6	17.2	16.8	19.9	22.2

Source: Dalal and Broacha

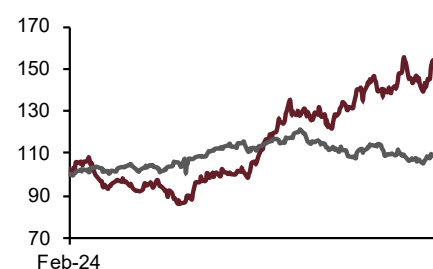
Rating	TP (Rs)	Up/Dn (%)
HOLD	733	14

Market data

Current price	Rs	642
Market Cap (Rs.Bn)	(Rs Bn)	257
Market Cap (US\$ Mn)	(US\$ Mn)	2,934
Face Value	Rs	2
52 Weeks High/Low	Rs	674.3 / 350
Average Daily Volume	('000)	444
BSE Code		543308
Bloomberg		KIMS.IN

Source: Bloomberg

One Year Performance



— Krishna Institute of Medical Sciences Ltd
— Nifty Index

Source: Bloomberg

% Shareholding	Dec-24	Sep-24
Promoters	38.82	38.82
Public	61.18	61.18
Total	100	100

Source: BSE

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Key Operational Highlights

- IP Volume (in no.): 54,013 Patients +13.8% YoY / -3.1% QoQ
- OP Volume (in no.): 470,159 Patients +20% YoY / -0.8% QoQ
- ARPOB (in INR): INR 38,472 vs INR 30,741 / INR 38,263 in Q3FY24 / Q2FY25
- ALOS (in days): 3.75 in Q3FY25 vs 4.18 in Q3FY24
- Occupancy on occupied bed capacity: 50.7% in Q3FY25 vs 61.6% in Q3FY24

Quarterly Financials

(Rs.Mn)	Q3FY25A	Q3FY24	YoY Growth (%)	Q2FY25	QoQ Growth (%)
Revenue from Operations	7,724	6,058	27%	7,773	-1%
Other Income	178	33	447%	50	256%
Total RM Cost	1,618	1,256	29%	1,555	4%
Employee Benefits Expense	1,275	1,043	22%	1,192	7%
Other Expenses	2,959	2,289	29%	2,845	4%
Total Expenses	5,852	4,587	28%	5,592	5%
EBITDA (Excluding Other Income)	1,872	1,471	27%	2,181	-14%
Depreciation and Amortisation Expenses	447	354	26%	410	9%
EBIT / PBIT	1,603	1,150	39%	1,821	-12%
Finance Costs	257	124	107%	199	29%
EBT/ PBT	1,346	1,026	31%	1,622	-17%
Tax Expense	421	259	63%	415	1%
Net Profit after Tax (Adjusted)	887	718	23%	1,074	-17%
Earning Per Share (Adjusted)	2.22	1.79	23%	2.68	-17%
Margins (%)					
EBITDA Margins (Excl Other Income)	24.2%	24.3%	-5	28.1%	-382
PAT Margins	11.5%	11.9%	-37	13.8%	-233
As a % to sales					
RM as a % to sales	20.9%	20.7%	22	20.0%	94
EE Cost as a % to sales	16.5%	17.2%	-70	15.3%	117
Other exps as a % to sales	38.3%	37.8%	53	36.6%	171
Key Operational Metrics					
IP Volumes	54,013	47,479	13.8%	55,741	-3.1%
OP Volumes	470,159	391,821	20.0%	473,989	-0.8%
ARPOB (Rs)	38,472	30,741	25.1%	38,263	0.5%
Occupancy (%) (On Total bed capacity)	50.7%	54.3%	-356	49.7%	100

Particulars	Consolidated - FY25 Q3 Results				
	Q3 FY24	Q2 FY25	Q3 FY25	QoQ	YoY
Total Income	609.1	782.3	790.2		
Less : Other Income	3.3	5.0	17.8		
Revenue from Operations	605.8	777.3	772.4	-0.6%	27.5%
PBT	102.4	162.2	134.6	-17.0%	31.4%
Add : Interest	12.4	19.9	25.7		
Add : Depreciation	35.4	41.0	44.7		
Reported EBITDA (Incl. other income) as per Financials	150.3	223.1	205.0	-8.1%	36.4%
Less : Other Income	3.3	5.0	17.8		
Less : INDAS	3.6	3.4	7.4		
EBITDA Pre INDAS & Excl.Other Income	143.4	214.7	179.8	-16.2%	25.5%
EBITDA* % to Revenue from Operations	23.7%	27.6%	23.3%		

Source: Company, Dalal & Broacha Research

Did you know?

In a populous country like India occupancy is not a constraint but affordability is. KIMS is one of the lowest cost quality healthcare service providers with industry leading margins backed by consistent volumes driven by doctors who own equity in the company.

Key Operating Metrics**Key Operating Metrics**

Particulars	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total Commissioned Beds (in No.s)	3,064	3,940	3,975	6,010	6,260	6,760
Incremental beds (in No.s)	-	876	35	2,035	250	500
Total Operational Census Bed Capacity (in No.s)	2,590	3,468	3,503	4,175	4,300	4,550
Incremental beds (in No.s)	-	878	35	672	125	250
Occupancy (On Operational Census Beds)	79.9%	69.3%	71.9%	68.0%	70.0%	72.0%
IP Volume	136,731	177,181	191,167	226,687	242,205	268,467
OP Volume	1,013,759	1,462,439	1,587,997	1,883,060	2,011,965	2,230,119
ARPOB (in ₹)	25,323	29,946	31,916	36,703	41,108	45,835
ARPP (in ₹)	121,297	122,779	131,175	143,143	159,087	174,174
ALOS (in days)	4.79	4.10	4.11	3.90	3.87	3.80
Operating Revenue (Excluding OI)	16,508	21,977	24,981	32,449	38,532	46,760
EBITDA (Excluding OI)	5,158	6,040	6,404	8,664	10,384	13,140
EBITDA (%)	31.2%	27.5%	25.6%	26.7%	27.0%	28.1%

Source: Company, Dalal & Broacha Research

Expansion Plans

Units	Current Beds	Incremental Beds	New Departments	Approx. Capex	Expected Year of Operation	Revised Expected Year of Operation
Bangalore (Project-1)	-	450	All Specialities	350-400 Cr	Q4 FY25	Q1 FY26
Bangalore (Project-2)	-	350	All Specialities	180-200 Cr	Q4 FY25	Q2 FY26
Mumbai (Thane)	-	300	All Specialities	500-525 Cr	Q4 FY25	Q1 FY26
Srikakulam	200	120	All Specialities	70-75 Cr	Q4 FY25	Q1 FY26
Ongole	350	50	Cancer Centre	40-50 Cr	Q4 FY25	Q1 FY26
Anantapur	250	250	Cancer Centre / Mother & Child	90-110 Cr	Q4 FY26	Q4 FY26
Kondapur	200	500	All Specialities	300-350 Cr	Q1 FY27	Q1 FY27
Rajahmundry (New)	-	350	All Specialities	300-350 Cr	-	Q4 FY27

Source: Company, Dalal & Broacha Research

Expansion Plans

Kerala Expansion:

- **Kannur:**
 - Fully operational, adding **50 beds by FY25-end** and **100-150 more in 2 years**.
- **Kollam:**
 - Rebranded as KIMS Valiyath Institute of Medical Sciences.
 - Operations to commence in **April 2025**.
 - Focus on **tertiary & quaternary care**, oncology may be added later.
- **Thrissur:**
 - Expected launch in 12-15 months.
 - Initial focus on liver & kidney transplants, oncology to be added in later phases.
 - Plan to scale up to 2500-3000 beds in Kerala

Thane & Mumbai Expansion

- Thane hospital launch: Expected in Q2 FY26.
- KIMS confident of demand despite competition from Jupiter & another large hospital.
- Doctor recruitment not expected to be a challenge in Thane.

Bangalore Expansion

- Two hospitals launching in FY26.
- Sarjapur project: Construction to start early FY26, expected completion in three years.
- North Bangalore: Exploring 750-1,000 bed additions over the next 3-4 years.

Capex & Debt guidance

- FY26 CapEx: ₹500-600 crore (unchanged).
- Debt as of Dec 2024: ₹1,550 crore.
- Debt/EBITDA target: <2x; Debt/Equity target: <1x.

Management Concall KTAs

- A 200-bed multispecialty hospital opening in Guntur on O&M basis on 12-Feb.
- Performed 100 robotic-assisted surgeries, a significant achievement in pancreatic cancer treatment.
- **New projects** are on schedule, with civil structures completed in Q4, but hospital openings may be delayed to Q2 of the next financial year due to permission delays.
- **Maharashtra Cluster (includes Nashik & Nagpur):** A sharp decline in EBITDA margins (1.3% vs 16.9% YoY) was reported due to seasonal impact in Nagpur and one-off write-offs and provisions. Nashik incurred a loss of 5 crores for the quarter. Expected to break even by Q2/Q3 FY26. ARPOB are expected to stabilize at Rs 32,000/33,000.
- No structural increase in corporate overheads but Rs 8-9 crore one-time costs and provision & write-offs dragged margins.
- **Project Delays:** There was a delay in the execution of the second Bangalore project, shifting the timeline to Q2 of the following financial year.
- Other income higher due to Rs 12 crore income reported from the sale of land in Chennai.
- Medical Tourism
- Targeting revenue of Rs 40-50 crore in FY25
- Future target to have Rs 100-150 crore driven by high focus on international patients at Bangalore and Thane.
- **Telangana and AP Growth:** The strong growth in the Telangana and AP clusters is attributed to the case mix improvement & price hikes. Target to reduce ALOS from 3.5 days to 3.3/3.4 days.
- **Sunshine Hospital:** Sunshine hospital saw a slight decline in revenue of Rs 8 cr to Rs 150 cr vs Rs 158 cr QoQ and EBITDA of Rs 40 cr vs Rs 48 cr QoQ.
- **Queen's NRI:** The facility is undergoing renovations, with doctor onboarding happening by the end of February. It is currently neutral in terms of profitability, with expected ramp-up in the next FY. Occ currently at 35-40%. Most doctors have joined. Ramp up expected in FY26.
- **One-off Write-offs:** One-time write-offs on advances were taken in Nagpur and Telangana. Further write-offs of Rs 50L to 1 cr are expected in the next quarter.
- **Loss Funding:** Loss funding of 10-15 crores is expected for each of the Thane, Bangalore & Nashik hospitals.
- **Minority Interest:** Minority interest was 9.9% in Q3 and is expected to remain between 10-11%. The Karnataka cluster has a 20% minority stake.

Outlook and Valuations

KIMS is expanding aggressively in Maharashtra, Kerala, Karnataka, and Andhra Pradesh while maintaining strong profitability and operational efficiency. Despite short-term EBITDA pressure from Nashik and Nagpur, management remains confident in long-term growth.

With a focus on high-potential markets like Bangalore, Thane, and Kerala, KIMS is investing in robotic surgeries and AI-driven healthcare innovations to enhance specialized care. Debt remains well-managed, ensuring a clear path to improved margins as new hospitals mature.

KIMS continues to strengthen its leadership in AP & Telangana while capitalizing on new opportunities in key metro regions. With disciplined expansion and cutting-edge technology, KIMS is well-positioned for sustained growth and profitability.

Management remains confident in long-term profitability, supported by efficient cost control and strong growth in key regions.

KIMS @ CMP of Rs.641 trades at 16.8x EV/EBITDA on FY27E; we arrive at a target price of Rs.733 implying an upside of 14% from current levels. We assign HOLD rating on the stock.

About the Company:

- The company was incorporated as 'Jagjit Singh and Sons Private Limited', on July 26, 1973 at Mumbai.
- Until the year 2003, the company was owned, managed and controlled by Jagjit Singh and certain of
- his family members, who together owned the entire shareholding of the company. On February 15,
- 2003, acting in pursuance of the Takeover MoU, certain of their Promoters, namely Dr. Bhaskara Rao
- Bollineni and BRMH, along with certain other individuals and entities, acquired the entire equity share
- capital of the company (then 'Jagjit Singh and Sons Private Limited').The company offers
- multidisciplinary healthcare services with primary, secondary, and tertiary care across 2-3 tier cities
- and an additional quaternary healthcare facility in tier-1 cities.

Amazing Fact about KIMS Hospital :

Nearly 300 doctors jointly own 9% equity in the company providing long term revenue visibility because doctors are the main revenue driver in hospital business

Financials

P&L (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	21,977	24,981	31,530	43,304	54,179
Raw Material Cost	(4,806)	(5,303)	(6,464)	(8,769)	(10,917)
Employee Cost	(3,464)	(4,224)	(5,297)	(7,275)	(9,075)
Other Expenses	(7,666)	(9,051)	(11,351)	(15,589)	(18,963)
Operating Profit (EBITDA)	6,040	6,404	8,418	11,670	15,224
Depreciation	(1,293)	(1,465)	(1,826)	(2,012)	(2,219)
PBIT	4,748	4,939	6,592	9,659	13,005
Other income	259	131	170	221	287
Interest	(305)	(470)	(905)	(730)	(1,000)
PBT	4,701	4,599	5,857	9,149	12,293
Share of Profit from JV	-	(3)	-	-	-
Profit before tax (post exceptional)	4,849	4,596	5,857	9,149	12,293
Provision for tax	(1,191)	(1,236)	(1,474)	(2,303)	(3,094)
Reported PAT	3,658	3,360	4,383	6,846	9,199
MI	295	259	297	342	342
Net Profit	3,363	3,101	4,085	6,504	8,857
Adjusted Profit (excl Exceptionals)	3,260	3,101	4,085	6,504	8,857

Balance Sheet	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	800	800	800	800	800
CCPS	-	-	-	-	-
Reserves	15,895	17,483	21,866	28,712	37,911
Net worth	16,695	18,284	22,666	29,512	38,711
MI	2,684	2,649	2,946	3,288	3,630
Non Current Liabilities	7,069	13,065	16,546	18,068	19,590
Current Liabilities	2,965	4,523	7,564	9,368	9,561
TOTAL Equity & LIABILITIES	29,413	38,520	49,722	60,236	71,493
Non Current Assets	24,637	33,046	41,395	47,768	51,138
Investments in JV	-	-	-	-	-
Fixed Assets	19,352	27,260	34,818	41,191	44,561
Goodwill	3,080	3,080	3,780	3,780	3,780
Non Current Investments	-	-	-	-	-
Deferred Tax Asset	402	319	319	319	319
Long Term Loans and Advances	567	-	-	-	-
Other Non Current Assets	1,235	2,387	2,478	2,478	2,478
Current Assets	4,776	5,474	8,327	12,469	20,355
Current investments	679	830	150	156	162
Inventories	429	494	691	949	1,187
Trade Receivables	2,527	2,944	3,714	5,102	6,234
Cash and Bank Balances	664	490	2,801	5,292	11,801
Short Term Loans and Advances	-	-	-	-	-
Other Current Assets	479	716	970	970	970
TOTAL ASSETS	29,413	38,520	49,722	60,236	71,493

Cash Flow St. (Rs. mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Profit	3,260.4	3,101.5	4,085.1	6,504.3	8,856.5
Add: Dep. & Amort.	1,292.6	1,465.5	1,826.1	2,011.8	2,219.0
Cash profits (Inc)/Dec in	4,553.0	4,567.0	5,911.2	8,516.1	11,075.5
Sundry debtors	(1,240.2)	(417.5)	(770.5)	(1,387.1)	(1,132.8)
Inventories	(64.4)	(65.8)	(196.6)	(258.1)	(238.4)
Loans/advances	(171.4)	566.9	-	-	-
Other Current Assets	(140.9)	(1,171.4)	(253.9)	-	-
Current Liab and Provisions	309.5	599.6	233.1	75.9	69.1
Sundry Creditors	447.2	229.0	401.4	750.3	615.6
Change in working capital	(860.1)	(259.2)	(586.4)	(818.9)	(686.6)
CF from Oper. activities	3,692.8	4,307.8	5,324.8	7,697.2	10,389.0
CF from Inv. activities	(14,144.4)	(9,523.8)	(9,404.6)	(8,390.3)	(5,595.8)
CF from Fin. activities	5,414.9	3,417.4	6,390.9	3,184.0	1,715.4
Cash generated/(utilised)	(5,036.7)	(1,798.6)	2,311.1	2,490.8	6,508.6
Cash at start of the year	1,900.7	663.7	490.1	2,801.2	5,292.1
Cash at end of the year	(3,136.0)	(1,134.9)	2,801.2	5,292.1	11,800.6

Ratios	FY23	FY24	FY25E	FY26E	FY27E
OPM	27.5	25.6	26.7	27.0	28.1
NPM	14.66	12.35	12.89	14.94	16.26
Tax rate	(24.6)	(26.9)	(25.2)	(25.2)	(25.2)
Growth Ratios (%)					
Net Sales	33.1	13.7	26.2	37.3	25.1
Operating Profit	17.1	6.0	31.5	38.6	30.5
PBIT	7.1	4.0	33.5	46.5	34.7
PAT	(2.0)	(4.9)	31.7	59.2	36.2
Per Share (Rs.)					
Net Earnings (EPS)	8.15	7.75	10.21	16.25	22.13
Cash Earnings (CPS)	11.4	11.4	14.8	21.3	27.7
Dividend	-	-	-	-	-
Book Value	41.7	45.7	56.6	73.8	96.7
Free Cash Flow	(15.0)	(17.0)	(18.9)	(16.8)	(8.2)
Valuation Ratios					
P/E(x)	74.9	78.7	59.8	37.5	27.6
P/B(x)	14.6	13.4	10.8	8.3	6.3
EV/EBIDTA(x)	41.3	40.0	31.0	22.3	16.8
Div. Yield(%)	-	-	-	-	-
FCF Yield(%)	(2.5)	(2.8)	(3.1)	(2.8)	(1.3)
Return Ratios (%)					
ROE	20%	17%	18%	22%	23%
ROCE	22%	17%	17%	20%	22%

Source: Dalal & Broacha Research, Company

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