

CMP: ₹ 740

Target: ₹ 875 (18%)

Target Period: 12 months

BUY

September 09, 2025

Well planned expansion based on proven track record...

About the company- Krishna Institute of Medical Sciences (KIMS) was incorporated in the year 2000 and is one of the largest corporate healthcare groups in Andhra Pradesh and Telangana in terms of patients treated and treatments offered. The hospital operates in five geographic clusters- i) Andhra Pradesh; ii) Telangana; iii) Maharashtra; iv) Karnataka and v) Kerala.

It manages 25 multispecialty hospitals under the KIMS hospitals brand and services more than 40 specialties and super specialties, including cardiac sciences, oncology, neurosciences, gastric sciences, orthopaedics, organ transplantation, renal sciences and mother and childcare.

Investment Rationale

- **Strong presence in Andhra Pradesh and Telangana** - KIMS stands out for offering high-quality, affordable healthcare in tier-2/3 cities, backed by deep regional expertise built over 25 years which it plans to strengthen. The company is shifting its payor mix toward cash and insured patients to improve ARPOB and margins (Andhra Pradesh), while also expanding into high-value specialties like oncology and mother & child care. A 1270-bed addition is planned across Srikakulam, Ongole, Kondapur, Anantapur, and Rajahmundry over the next two years. The Kondapur greenfield facility (500 beds, ₹300–350 crore capex) is expected to be a key growth driver, with phased commissioning from Q3FY26. On a 3-year CAGR basis, we expect 12% revenue growth in Andhra Cluster and 30% revenue growth in Telangana cluster till FY27.
- **Foray in Maharashtra and Karnataka-** KIMS continues to deepen its regional presence while expanding into new high-potential geographies through a mix of greenfield, acquisition, and asset-light models. In Karnataka, 2 hospitals (combined bed capacity 800 beds) in Bengaluru are being developed tapping into a ₹50000+ ARPOB catchment and benefiting from strong local leadership hires. In Maharashtra, the Thane facility (₹520 crore investment) is set to emerge as a decent contributor post-insurance empanelment fetching ₹50000-55000 ARPOB, while the Nagpur and Nashik hospitals ramp up gradually.
- **Well thought-out M&A strategy** – KIMS adopts a focused approach to M&A, targeting only hospitals within its five key clusters—Telangana, Andhra Pradesh, Maharashtra, Karnataka, and Kerala. It prioritizes multi-specialty or scalable single-specialty assets with a minimum of 250 beds. Region-specific market surveys assess demand gaps, while talent availability is a critical final filter. KIMS follows a structured O&M-first model, acquiring hospitals only after they meet defined revenue and EBITDA thresholds. Its unique doctor equity partnership ensures clinical alignment, with built-in exit clauses to safeguard capital in underperforming assets.

Rating and Target Price

- We value KIMS at **₹875** based on FY27E EBITDA of ₹ 1201 crore **30x** EV/EBITDA.

Key Financial Summary

Particulars (in ₹ Crore)	FY22	FY23	FY24	FY25	3-Year CAGR FY22-25 (%)	FY26E	FY27E	2-Year CAGR FY25-27E (%)
Revenues	1650.8	2197.7	2498.2	3035.0	22.5	3836.6	4835.6	26.2
EBITDA	515.8	604.0	640.5	782.7	14.9	905.0	1201.6	23.9
EBITDA Margins (%)	31.2	27.5	25.6	25.8		23.6	24.8	
Net Profit	343.8	336.2	337.2	414.5	6.4	442.8	711.6	31.0
EPS (Adjusted)	4.0	4.4	3.9	9.3		10.2	16.3	
PE (x)	177.9	176.0	190.3	77.0		72.3	45.5	
EV to EBITDA (x)	115.0	98.7	93.8	39.9		34.4	25.5	
RoCE (%)	29.6	22.5	18.2	16.2		17.1	23.4	
RoE (%)	23.3	21.0	17.0	17.5		16.2	20.6	

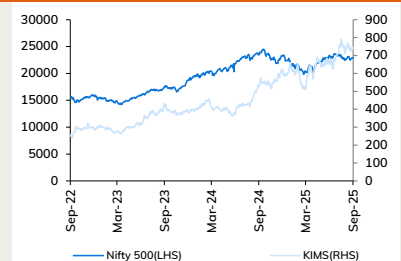
Source: Company, ICICI Direct Research

**Particulars**

Particular	Amount
Market Capitalisation	₹ 29610 crore
Debt (FY25)	₹ 1654 crore
Cash (FY25)	₹ 56 crore
EV	₹ 31208 crore
52 week H/L	798/474
Equity capital	₹ 80 crore
Face value	₹ 2

Shareholding pattern

Particular	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	38.8	38.8	38.8	34.1
FII's	15.9	15.7	15.4	15.5
DII's	32.3	32.1	32.0	31.7
Others	13.0	13.5	13.8	18.7

Price Chart**Key risks**

- Higher than expected competition, in specific geographic clusters.
- Delay in project executions.

Research Analyst

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Company Background

Dr Bhaskar Rao Bollineni, a veteran cardiothoracic surgeon with over 27 years of experience founded KIMS Hospitals and currently is the Chairman & Managing Director. The group's strategic growth is being led by the CEO of the group Dr Abhinay Bollineni. The first hospital of KIMS was established in the year 2000 in Nellore, Andhra Pradesh having a bed capacity of around 200 beds.

It is one of the largest corporate healthcare groups in Andhra Pradesh and Telangana in terms of patients treated and treatments offered.

Exhibit 1: Timeline of Hospitals along with number of beds

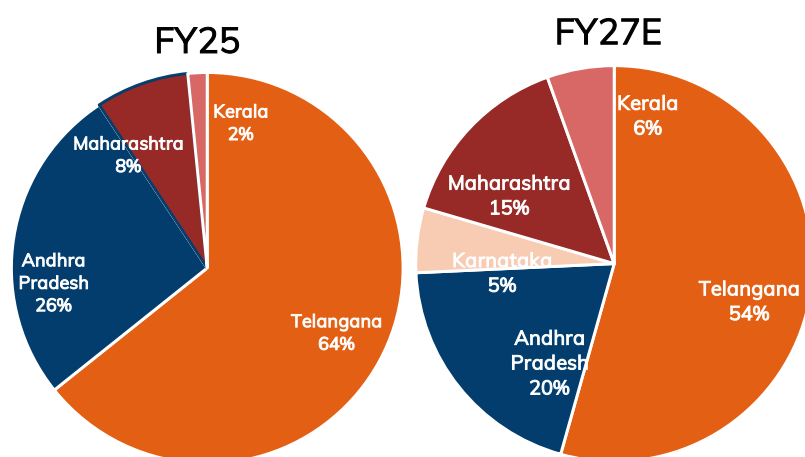


Source: Company Annual report, ICICI Direct Research

KIMS operates under 5 geographic clusters-

- Andhra Pradesh
- Telangana
- Maharashtra
- Karnataka (yet to be operationalised)
- Kerala

Exhibit 2: Cluster wise Revenue Breakup for FY25 and FY27E (in ₹ crore)



Source: Company Annual report, ICICI Direct Research

Exhibit 3: Cluster wise total bed capacities (in Nos.)

Cluster	City	Existing Capacity (As of Q1FY26)	New Capacity to be Added
Andhra Pradesh	Vizag (KIMS ICON)	434	0
	Vizag (Formerly QNRI)	300	0
	Vizag (Gastro Unit)	35	0
	Srikakulam	200	120
	Rajahmundry	195	350
	Ongole	350	50
	Kurnool	200	0
	Nellore	250	0
	Anantapur	250	250
	Guntur-O&M	200	0
	Sub Total	2414	770
Karnataka	Bengaluru (Marathalli)	0	450
	Bengaluru (PES)	0	350
	Sub Total	0	800
Kerala	Kannur-Leased	189	0
	Kollam	320	0
	Sub Total	509	0
Maharashtra	Nagpur	334	0
	Nashik	325	0
	Thane	300	0
	Sangli-O&M	350	0
	Sub Total	1309	0
Telangana	Secunderabad	1000	0
	Begumpet	290	0
	Kondapur	220	500
	Gachibowli	237	0
	Asian Transcare	60	0
	MIPPL	10	0
	Sub Total	1817	500
GRAND TOTAL		6049	2070

Source: Company Annual report, ICICI Direct Research

Andhra Pradesh cluster accounts for around 26% of the overall revenues and the first KIMS Hospitals was started in this cluster in the city of Nellore. As of Q1FY26, Andhra Pradesh cluster consists a total of 2214 beds (excluding 200 O&M beds in Guntur) with an ARPOB of around ₹24000/day. Besides Nellore KIMS owns hospitals in Ongole, Srikakulam, Rajahmundry, Vishakhapatnam, Anantapur and Kurnool. Most of these hospitals are equipped with laminar flow operation theatres, catheterization laboratory, advanced intensive care units, MRI scan units, CT scan units along with diagnostic labs & ambulance and pharmacy services. KIMS is regarded as the number one hospital for nephrology, neurosurgery & poly Trauma treatments, cardiovascular surgeries and urology surgeries.

KIMS also has an Operation & Management contract with a multi-specialty hospital, Sikhara Hospital in Guntur. It has a bed capacity of 200 beds with a potential to achieve an ARPOB more than ₹ 35000 per day. KIMS is expected to receive ~5% of the revenues generated by Sikhara as Operation & Management fees.

Representing a pie of around 61% of the overall revenues Q1FY26, **Telangana cluster** is the largest revenue generator with a total bed capacity of around 1817. This cluster commands an ARPOB of around ₹63000/day, highest for the group, along with the highest EBITDA margins of ~30%+. KIMS Secunderabad Hospital is a flagship hospital for the group, which commenced operations in 2004 and occupies five acres of land while being strategically located and easily accessible from within the city of Secunderabad, Telangana. It is the second hospital in Hyderabad (Telangana) to install a 4-Arm HD da Vinci robotic surgical system on its premises.

KIMS Kondapur is a multispecialty hospital that commenced operations in 2014. It largely caters to India's IT belt of Kondapur. Besides this KIMS has hospitals in Gachibowli and Begumpet.

KIMS acquired a stake of 51.07% in Sunshine Hospitals (gradually taking it to 65%), a specialist hospital in Orthopaedics and Trauma, in October, 2021 for an enterprise value of ₹730 crore. With a presence in Secunderabad, Gachibowli and Karimnagar Sunshine was founded in 2009 by Dr. Gurava Reddy.

KIMS' Gastro unit in Vizag is a single specialty unit with a bed capacity of 35 beds. It is not included in the total bed capacity of Andhra Pradesh cluster.

The **Maharashtra cluster** is relatively new for the group which represents ~9% of the overall revenues in Q1FY26. KIMS acquired 51% stake in Kingsway Hospital, a ~330 bed multi-specialty hospital in Nagpur in August 2022. Before that, in June 2022, KIMS signed a Share Holders Agreement with Nashik based oncological surgeon Dr. Raj Nagarkar (with 49% ownership) to set-up KIMS Manavata, a 325 bedded super specialty hospital in Nashik with a capital infusion which became operational in Q3FY25. As of Q1FY26, Maharashtra cluster has a total bed capacity of 959 beds with an ARPOB/day of ~₹37000.

KIMS purchased the newly constructed hospital building from Hiranandani in Thane for ₹ 275 crore. It is located near the Hiranandani Estate and has been launched in Q1FY26, it is expected to generate higher ARPOB for the group and in-line with Thane market.

Kerala Cluster currently consists of the Sreechand Hospital, Kannur and KIMS Valiyath Hospital in Kollam which started operations in April, 2025. Both hospitals combined has a bed capacity of 509 beds and represents only around 4% of the overall revenues of FY25. The cluster is making negative EBITDA due to lower initial revenues and higher fixed costs. With another facility coming-up in Thrissur in the next 12-15 months the management is expecting to reach to a total bad capacity of ~1000 beds along with Kannur and Kollam in the long term.

Karnataka Cluster has 2 new facilities coming-up in Bangalore (one in Soul space near Marathalli and another one in electronic city, South Bangalore) and they are expected to become operational in Q2FY26. It would have a combined bed capacity of 800 beds with a peak potential ARPOB/day of around ₹55000.

Investment Rationale

Established fortress in Andhra Pradesh and Telangana....

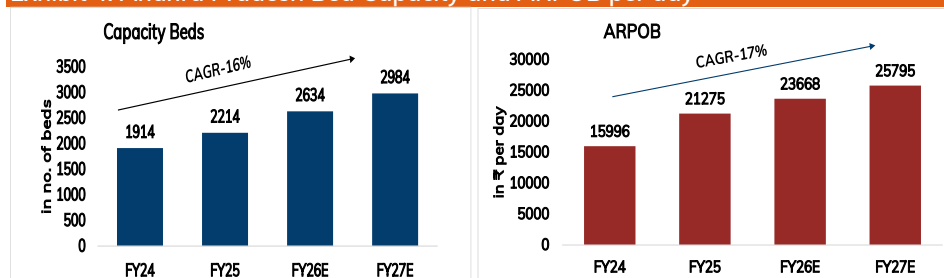
Andhra Pradesh Cluster- With close to 25-year experience in the AP and Telangana region, KIMS has the understanding of the regional dynamics of the business, customer culture and the mind-set of the medical professionals where there is a growing need for quality and affordable healthcare services. KIMS is considered affordable in tier-2 and tier-3 cities as compared to its competitors and provides almost the same/better quality of healthcare offerings.

The management plans to address the lower ARPOB of this cluster by optimising the payor mix more towards cash & insurance patients and limiting the government patients (like that of the Arogyasri scheme). Addition of specialties like Oncology and Mother & Child to their existing offerings will help them cater to wider range of specialties.

KIMS is looking to add 120 beds in Srikakulam (All specialties); 50 beds in Ongole (Oncology); 500 beds in Kondapur (All specialties); 250 beds in Anantapur (Cancer centre and Mother & Child care) and 350 beds in the new facility in Rajahmundry (All specialties). These facilities are expected to be operationalised in the next 2 years.

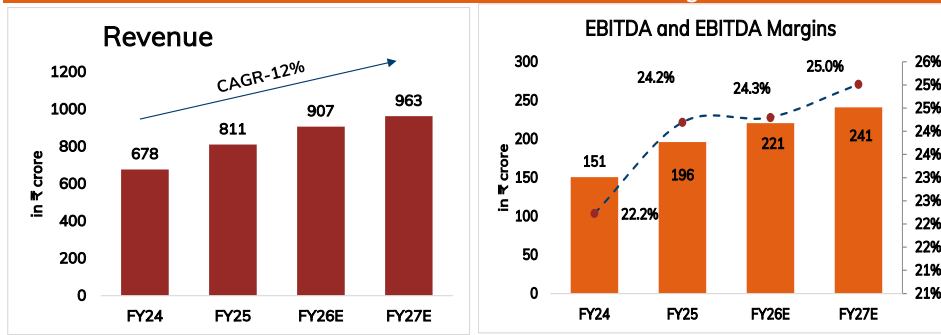
We have modelled 12% CAGR in revenues for FY24-27E driven by volume and ARPOB growth, 17% CAGR in EBITDA and 17% CAGR in ARPOB to be driven by KIMS' initiatives to limit government scheme-based patients.

Exhibit 4: Andhra Pradesh Bed Capacity and ARPOB per day



Source: Company, ICICI Direct Research

KIMS' Gastro unit is a single specialty unit with a bed capacity of 35 beds. It is not included in the total bed capacity of Andhra Pradesh cluster.

Exhibit 5: Andhra Pradesh Cluster Revenue and EBITDA Margins

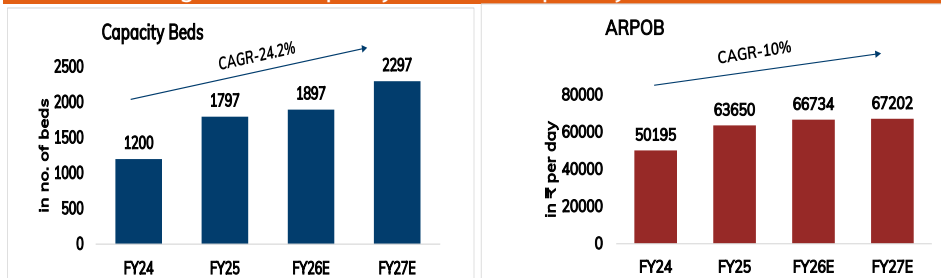
Source: Company, ICICI Direct Research

Telangana Cluster- has the second highest bed capacity with around 1817 beds as of Q1FY26. This cluster commands an ARPOB of around ₹63000/day, highest for the group, along with the highest EBITDA margins of ~30%. This is attributable to higher number of high-end surgeries besides locational advantages. KIMS owns hospitals primarily in Secunderabad, Kondapur, Gachibowli and Begumpet.

The management is planning for green field capacity addition in Kondapur of around 500 beds. This will require a capex of around ₹300-350 crore and is expected to be commissioned fully by Q1FY27. This new hospital will be made operational in a phased manner and 100-150 beds are expected to start between Q1-Q3FY26. The management expects current occupancy levels of 50% to reach 65-70% in the next 4-5 years helping the growth in top-line.

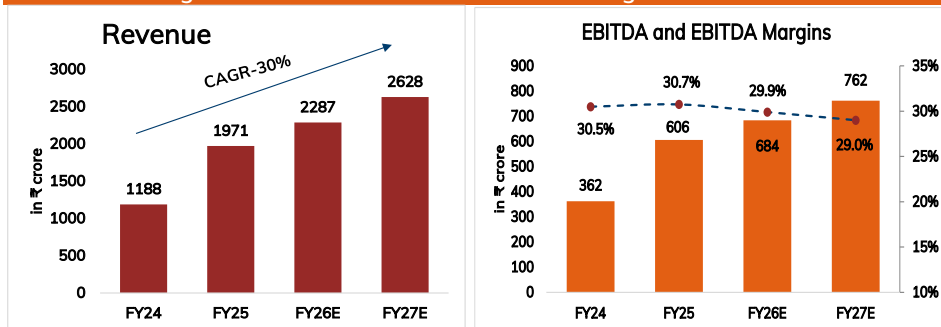
We have modelled 30% CAGR in revenues for FY24-27E driven by capacity expansion in Kondapur, 28% CAGR in EBITDA and ~10% CAGR in ARPOB.

EBITDA margins are expected to sustain at 29% for FY27E with a minor dip, driven by liver transplant programs (higher ARPOB fetching specialty), price hikes, despite adding newer capacities (e.g. Kondapur).

Exhibit 6: Telangana Bed Capacity and ARPOB per day

Source: Company, ICICI Direct Research

Out of the 500 capacity beds to be added in Kondapur, 100 beds are expected to be operationalised in H2FY26 and then gradually rest of the beds will be operationalised in FY27.

Exhibit 7: Telangana Cluster Revenue and EBITDA Margins

Source: Company, ICICI Direct Research

Foray into Maharashtra, Karnataka and Kerala Clusters with premiumisation theme...

Maharashtra Cluster - In August 2022, KIMS acquired 51% stake in Kingsway Hospitals, a 300-bed multispecialty facility based in Nagpur. This hospital has been instrumental in serving the healthcare requirements of Nagpur and nearby regions. With Kingsway's strong presence in central India, the acquisition allows KIMS to establish itself in a growing healthcare market with considerable potential, enabling it to cater to Nagpur's expanding population and increasing need for quality healthcare

services. This strategic move helped KIMS expand beyond its core base in South India, giving it a gateway to strengthen its presence in Western India. Nagpur, Maharashtra's third-largest city with a population of around 5 million, offers high affordability and strong connectivity to cities like Amravati, Jalgaon, and Bhopal. KIMS infused ₹80 crore in equity to acquire its stake, primarily to help repay the hospital's existing debt.

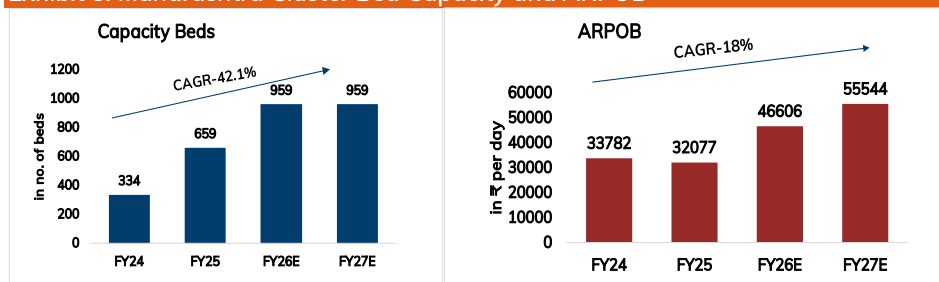
In 2023, KIMS acquired the Hiranandani hospital in Thane for ~ ₹520 crore that includes the refurbishment costs. Other than the advantage from near-by Hiranandani Estate the management expects the locational advantage because of new and upcoming townships similar to these and insurance covered salaried population in the area that can increase the Insurance payor mix going ahead. Also, there is no other major multi-specialty hospital except for Jupiter Hospitals in the near-by vicinity. The said hospital has been launched in Q1FY26 and the management is expecting a significant contribution from this facility as the insurance empanelment follows through.

KIMS has also signed an O&M contract with UAIMS, Sangli which is a 350 bedded multispecialty hospital. It currently does a revenue of ₹ 85-90 crore with a single digit EBITDA. KIMS is expected to receive 4-5% of their revenue as an O&M fee and once this asset reaches a range of ₹ 250-300 crore of revenues, the management can exercise the call option acquire a stake in the hospital.

Gradual ramp-up from KIMS Kingsway, Nagpur; KIMS Manavata, Nashik and KIMS Hiranandani Thane is expected to contribute to the growth in Maharashtra cluster and eventually the consolidated revenues. Reduction in drag in EBITDA from Nashik and high ARPOB fetching hospital in Thane will help in sharp increase in the cluster's EBITDA in FY27E.

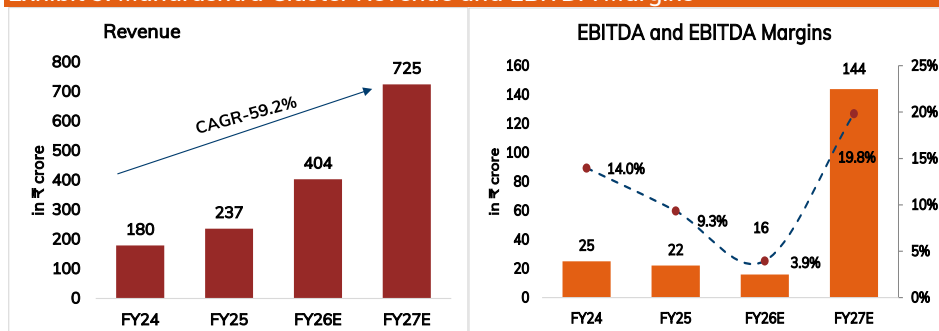
We have modelled 59% CAGR in revenues for FY24-27E, 79% CAGR in EBITDA and 18% CAGR in ARPOB.

Exhibit 8: Maharashtra Cluster Bed Capacity and ARPOB



Source: Company, ICICI Direct Research

Exhibit 9: Maharashtra Cluster Revenue and EBITDA Margins



Source: Company, ICICI Direct Research

Karnataka Cluster— In Bengaluru, KIMS's first hospital is coming up at Soul Space near Marathalli, an owned asset with a bed capacity of 415 beds and another hospital being developed under a long-term lease agreement with the People Education Society (PES), allowing KIMS to lease both the land and building for 25 years that will have 300 beds. These two hospitals have Narayana Hrudayalaya and Fortis Whitefield situated in around 10 km of their vicinity. The local catchment area presents an ARPOB opportunity of around ₹50,000—over 30% higher than KIMS's current average. Karnataka is a critical market for KIMS, with ~3.5 crore individuals covered under health insurance. The state also sees a strong inflow of both insured and cash-

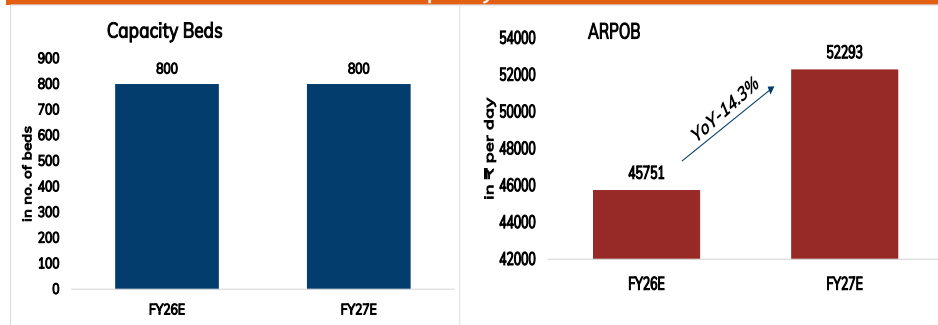
paying patients from border districts in Andhra Pradesh who seek healthcare in Bengaluru's tertiary hospitals.

To support its expansion, KIMS has strengthened its leadership in Bengaluru by appointing seasoned professionals from the local healthcare ecosystem. Dr. Nitesh Shetty, with over 24 years of experience in hospital operations and healthcare management—including his tenure as Group CEO of Aster DM Healthcare India—has been appointed as Managing Director of the Bengaluru cluster. He holds an MD in Hospital Administration from Kasturba Medical College and has also completed executive education at Harvard.

Mr. Sreenath Reddy, a veteran in India's healthcare space with more than 25 years of experience, joins as Director – Business Strategy and Mergers & Acquisitions, Bengaluru. His previous roles include Group CFO positions at Aster DM Healthcare and Narayana Hrudayalaya. He also successfully led Aster's US\$ 1.5 billion IPO. A Chartered Accountant, Lawyer, and Certified Fraud Examiner, Sreenath brings a strong strategic and financial background to the role.

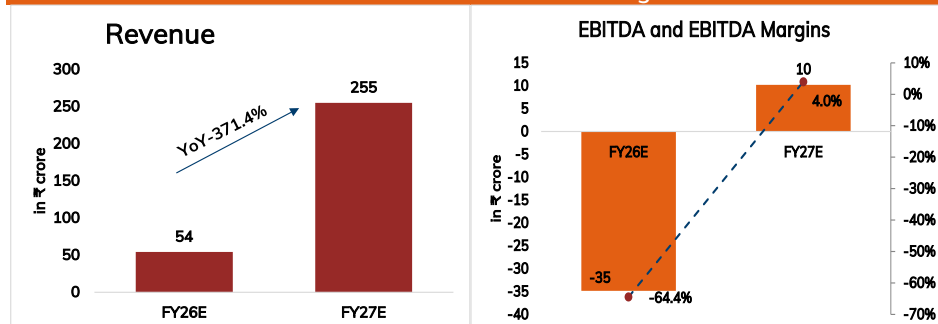
We have modelled a 371.4% increase in revenue to ₹255 crore in FY27E, with an EBITDA margin of 4% in FY27E and growth in ARPOB/day of ~14% YoY to ₹52293 in FY27E.

Exhibit 10: Karnataka Cluster Bed Capacity and ARPOB



Source: Company, ICICI Direct Research

Exhibit 11: Karnataka Cluster Revenue and EBITDA Margins



Source: Company, ICICI Direct Research

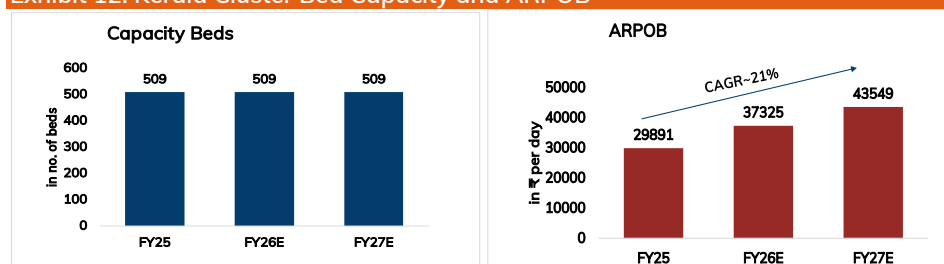
Kerala Cluster – As a long-term strategy KIMS is looking to add 2500-3000 beds in Kerala over the next 5 years which would comprise a mix of asset light model and acquired assets. As of FY25, it owns 509 beds. KIMS has started with the O&M model for the Sreechand Hospital, Kannur and it also has KIMS Valiyath Hospital in Kollam which started operations in April 2025. Once the initial ramp-up takes place the management is expecting to add oncology specialty in these assets. We haven't factored the additional Beds and revenues that could add-up in Thrissur in the later stage of FY27.

Kerala has a lot of urbanized metro cities and patients in Kerala prefer visiting hospitals for their illness. This peculiar trend makes expansion in Kerala a long-term strategy. It also has abundant clinical talent in the tier 2 cities because of good medical educational institutes in the state. KIMS has on-boarded experienced personnel Farhan Yassen as CEO and Arjun Kumar as Head of Finance & Accounts for the Kerala cluster who have worked at Aster DM Healthcare in similar positions. The management is also looking to start a hospital in Thrissur and may add a nursing institute on a small land parcel in the long term. In the longer-term management is looking to expand in cities like Kozhikode, Cochin and Calicut with either greenfield or already built but need to refurbished kind of assets.

The Management is expecting for greenfield/built-to-suit facilities in the larger cities of Calicut and Cochin in the near term, as it expects the Kerala cluster to deliver 25% margins in the long term.

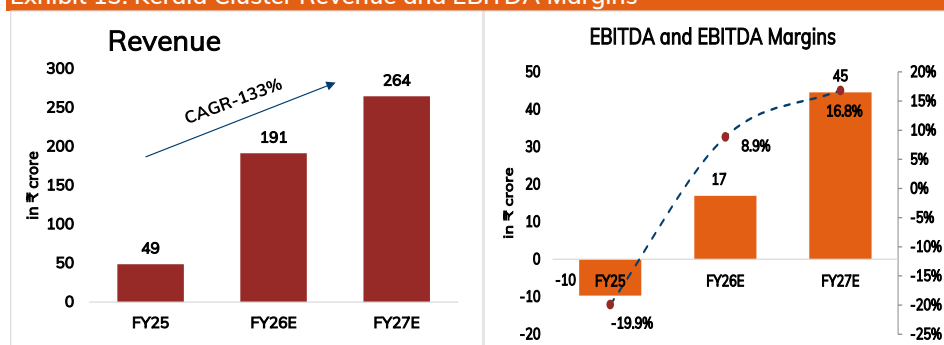
We have modelled 133% CAGR for revenues from FY25-FY27E driven by Kollam and Kannur Hospitals & 21% CAGR FY25-FY27E in ARPOB.

Exhibit 12: Kerala Cluster Bed Capacity and ARPOB



Source: Company, ICICI Direct Research

Exhibit 13: Kerala Cluster Revenue and EBITDA Margins



Source: Company, ICICI Direct Research

Well thought-out M&A Strategy

M&A has been the hallmark for KIMS for expansion. KIMS follows a structured step wise filtering process to evaluate M&A opportunities. First, the company considers hospitals located only within five key clusters where it currently operates or plans to expand—namely Telangana, Andhra Pradesh, Maharashtra, Karnataka, and Kerala. This targeted approach allows KIMS to focus its resources and efforts rather than evaluating opportunities across all Indian states.

Secondly, the company focuses on acquiring either multi-specialty hospitals or single-specialty assets that have the potential to be scaled into multi-specialty facilities. Third, it filters for hospitals with a minimum bed capacity of 250, ensuring adequate scalability to support a multi-specialty model.

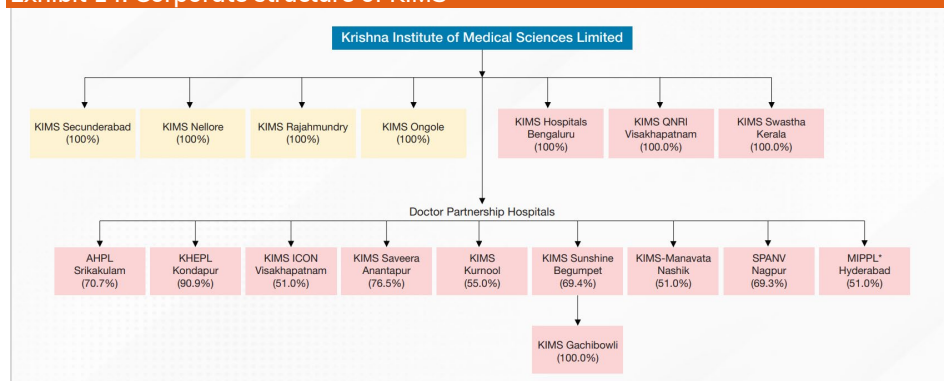
Once an hospital meets the above criteria, KIMS conducts a third-party survey to understand region-specific market dynamics. This includes assessing demand-supply gaps and identifying how KIMS can effectively address them.

The last and most critical factor is the availability of qualified doctors, paramedics, and nurses. Management emphasizes that the quality of healthcare is not solely dependent on infrastructure but also on the quality of medical professionals.

KIMS follows a unique doctor equity/partnership model in its acquisitions. Once a target asset is identified, KIMS enters into an Operations and Management (O&M) agreement with the hospital. Under this agreement, KIMS operates the hospital and earns revenue. When revenue and EBITDA reach pre-defined thresholds, the company may exercise a call option to acquire a majority or full stake in the hospital.

To ensure alignment, KIMS encourages doctors to hold equity in the hospital. The O&M contract also includes a clause for allowing KIMS to revoke its call option if the hospital's performance does not meet management expectations.

Exhibit 14: Corporate structure of KIMS



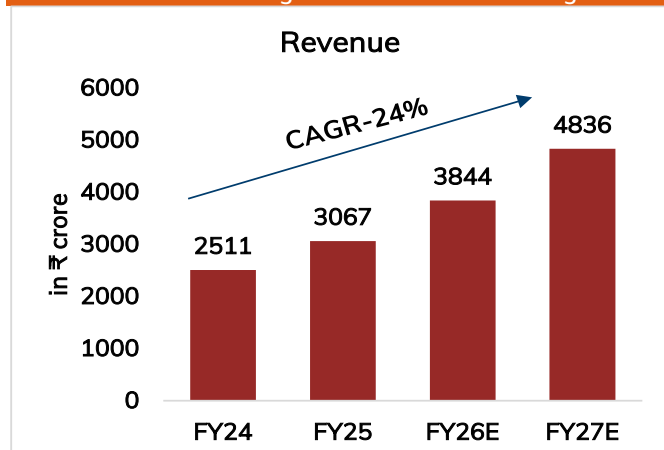
Source: Company, ICICI Direct Research

Key Financial Summary

Revenues CAGR of 24% for FY24-27E to be driven by new cluster addition

Revenues have witnessed a CAGR of 23% during FY21-25 due to introduction of new specialties along with expansion of bed capacity in existing hospitals and acquiring new assets in Andhra Pradesh and Telangana while foraying in to Maharashtra and Kerala. Going forward we believe the levers are well placed to continue the top line growth CAGR of 24% mainly driven by expected ramp-up in the Thane Hospital in Maharashtra cluster and 2 new hospitals coming up in Karnataka. Growth momentum is expected to pick up in FY26 and FY27 for new clusters and sustained growth existing clusters.

Exhibit 15: Revenues to grow at 24% CAGR during FY24-27E

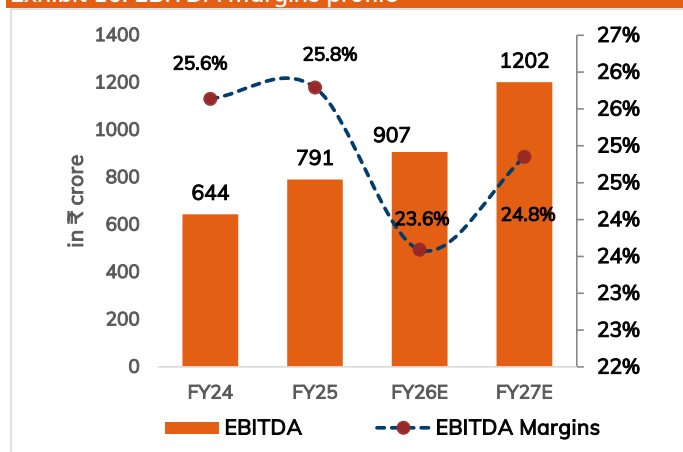


Source: Company, ICICI Direct Research

EBITDA improvement to be driven by a waning drag in new assets, improving operating leverage...

EBITDA margins are expected to witness a dip in FY26 due to lower initial revenues and higher fixed costs resulting in EBITDA drag from new hospitals in Maharashtra, Kerala and Karnataka Clusters.

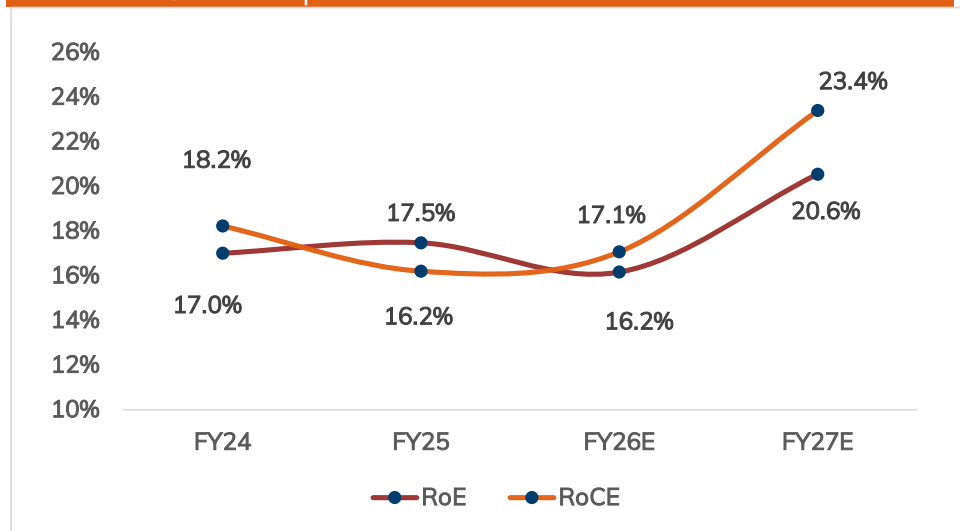
Nashik is expected to turn EBITDA neutral by H1FY26 while Thane facility is expected to EBITDA breakeven in the start of FY27. Kannur has broken even but Kollam will turn EBITDA neutral by Q3FY26, collectively Kerala Cluster is expected to breakeven by the end of FY26 or Q1FY27. Gradual ramp-up in these new sites in FY27 and the management expectation of sustained margins in the mature clusters will result recovery in EBITDA margins as compared to that of in FY26.

Exhibit 16: EBITDA margins profile


Source: Company, ICICI Direct Research

Return ratios reflects capex; expected to improve gradually

During FY26-FY27E, the company is expected to spend ~ ₹ 800-900 crore towards ~ 1150 beds addition in Ongole, Anantapur, Kondapur & Rajahmundry (greenfield). This incremental capex is likely to weigh on return ratios initially. We expect improvement from FY27E onwards as the capex momentum moderates and new facilities in Thane, Bengaluru among others start witnessing better operating leverage.

Exhibit 17: RoCE and RoE profile


Source: Company, ICICI Direct Research

Valuation

Having demonstrated one of the best unit economics despite having one of the lowest ARPOBs in the industry, KIMS has proved that even tier II tier III city hospitals can have better earnings profile with a right strategy. It is now entering into a significant expansion mode in high-earnings geographies with a methodical stepwise approach. The strategy is in sync with the pan-India peers who want to cash in on growing healthcare needs and improving investment feasibility, a stark contrast to a scenario ten years ago. We believe the company is well poised to grow with focus on both metros and tier II-III. We value KIMS 30x EV/EBITDA and assign the target price of ₹ 875. We believe the premium valuation is justified as the company spreads pan-India with a calibrated cluster-specific approach.

Exhibit 18: Peer Comparison

Peer Comparison	Aster DM	Apollo Hospitals	Medanta	Fortis health	KIMS
Revenues-FY25 (in ₹ crore)	3990	11147.5	3771.4	6528	3035
Revenue Growth (YoY)	12%	13%	13%	14.80%	21.50%
Bed Capacity (Nos.)	5159	9544	3042	4750	5179
ARPOB (in ₹ per day)	45000	60588	62722	66301	41469
EBITDA-FY25 (in ₹ crore)	875	2700.5	956.2	1339	782.7
EBITDA Growth (YoY)	30%	15%	9%	26.50%	22.20%
EBITDA Margin	21.9%	24.2%	25.4%	20.5%	25.80%

Source: Company, ICICI Direct Research

Key Risk and Concerns

Cluster specific higher than expected competition: Hospitals in Andhra and Telangana are established and proven money spinners for KIMS, but newer clusters like Kerala, Karnataka and Maharashtra have competitors that either co-exist with KIMS or are planning to add bed capacity. Higher than expected competition in some of these areas could lead to stretched paybacks for newer assets.

Potential talent loss to competitors: KIMS has earlier recruited talent from its competitors like Aster DM and Narayana Hrudayala to understand and service the new geographic micro market. Same risk applies to KIMS also.

Delay in project executions – As of FY25 debt level for the company is around ₹1650 crore which are expected to go up a bit in the next 2 years. Currently maintaining 2.1 times of Debt to EBITDA, unprecedented issues in project execution leading to delay could lead to deterioration of the leverage ratios.

Financial Summary

Exhibit 19: Profit and loss statement

₹ crore

(Year-end March)/ (₹ crore)	FY24	FY25	FY26E	FY27E
Total Operating Income	2,498.2	3,035.0	3,836.6	4,835.6
Growth (%)	13.7	21.5	26.4	26.0
Raw Material Expenses	530.3	627.0	831.4	1,053.0
Gross Profit	1,967.9	2,408.0	3,005.2	3,782.6
Gross Profit Margins (%)	78.8	79.3	78.3	78.2
Employee Expenses	422.4	499.4	638.6	757.1
Other Expenditure	905.0	1,125.9	1,461.5	1,823.9
Total Operating Expenditure	1,857.7	2,252.3	2,931.6	3,634.0
EBITDA	640.5	782.7	905.0	1,201.6
Growth (%)	6.0	22.2	15.6	32.8
Interest	47.0	90.2	130.4	100.7
Depreciation	146.5	177.3	213.6	211.8
Other Income	13.1	31.9	31.3	72.5
PBT before Exceptional Items	460.0	547.1	592.3	961.7
Less: Exceptional Items	0.0	-10.8	0.0	0.0
PBT after Exceptional Items	460.0	557.9	592.3	961.7
Total Tax	122.8	143.4	149.5	250.0
PAT before MI	337.2	414.5	442.8	711.6
PAT	337.2	414.5	442.8	711.6
Growth (%)	0.3	22.9	6.8	60.7
EPS (Adjusted)	7.8	9.3	10.2	16.3
Other income as % of (Cash+investment)	28%	57%	13%	25%

Source: Company, ICICI Direct Research

Exhibit 20: Cash flow statement

₹ crore

(Year-end March)/ (₹ crore)	FY24	FY25	FY26E	FY27E
Profit/(Loss) after taxation	319.5	416.7	409.4	651.1
Add: Depreciation & Amortization	146.5	177.2	213.6	211.8
Net Increase in Current Assets	8.0	-164.1	-90.8	-79.8
Net Increase in Current Liabilities	0.0	62.0	4.6	80.0
Others	47.0	90.0	130.4	100.7
CF from Operating activities	521.1	581.8	667.2	963.8
Investments	-82.2	39.8	0.0	0.0
(Purchase)/Sale of Fixed Assets	-645.9	-1,137.4	-450.0	-400.0
Others	-24.4	-18.6	-6.6	-6.7
CF from Investing activities	-752.6	-1,116.2	-456.6	-406.7
(inc)/Dec in Loan	513.0	793.8	100.0	-400.0
Dividend & Dividend tax	0.0	0.0	0.0	0.0
Other	-296.3	-250.7	-130.4	-100.7
CF from Financing activities	216.8	543.1	-30.4	-500.7
Net Cash Flow	-14.7	8.7	180.2	56.4
Cash and Cash Equivalent	61.6	46.9	56.0	236.2
Cash	46.9	55.6	236.2	292.6
Free Cash Flow	-124.8	-555.6	217.2	563.8

Source: Company, ICICI Direct Research

Exhibit 21: Balance Sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	80.0	80.0	80.0	80.0
Reserve and Surplus	1,748.3	2,057.8	2,452.3	3,088.2
Total Shareholders funds	1,828.4	2,137.8	2,532.3	3,168.2
Total Debt	927.6	1,654.1	1,754.1	1,354.1
Deferred Tax Liability	46.3	46.8	47.7	48.7
Long-Term Provisions	27.4	33.5	34.2	34.9
Minority Interest	264.9	281.0	281.0	281.0
Other Non Current Liabilities	305.2	746.6	761.5	776.8
Source of Funds	3,399.8	4,899.8	5,410.9	5,663.6
Gross Block - Fixed Assets	2,724.4	3,785.7	4,085.7	4,385.7
Accumulated Depreciation	598.5	775.8	989.4	1,201.2
Net Block	2,125.8	3,009.9	3,096.3	3,184.5
Capital WIP	600.1	1,213.8	1,363.8	1,463.8
Fixed Assets	2,725.9	4,223.7	4,460.1	4,648.3
Investments	0.0	0.0	0.0	0.0
Goodwill on consolidation	308.0	338.6	338.6	338.6
Other non-Current Assets	212.7	411.0	419.2	427.6
Long Term Loans and Advances	26.0	5.5	5.5	5.5
Deferred Tax Assets	31.9	59.9	59.9	59.9
Inventory	49.4	64.0	73.6	92.7
Debtors	294.4	395.4	473.0	529.9
Other Current Assets	156.7	181.9	185.5	189.2
Cash	46.9	56.0	236.2	292.6
Total Current Assets	547.4	697.3	968.3	1,104.5
Creditors	129.0	269.5	262.8	331.2
Provisions	18.6	26.4	26.9	27.5
Other Current Liabilities	304.6	540.3	551.1	562.1
Total Current Liabilities	452.2	836.2	840.8	920.8
Net Current Assets	95.2	-138.9	127.5	183.7
Application of Funds	3,399.8	4,899.8	5,410.8	5,663.6

Source: Company, ICICI Direct Research

Exhibit 22: Ratio Analysis

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (₹)				
Reported EPS	7.8	9.6	10.2	16.3
Cash EPS	7.8	9.3	10.2	16.3
BV per share	45.7	53.4	63.3	79.2
Cash per Share	1.2	1.4	5.9	7.3
Dividend per share	0.0	0.0	0.0	0.0
Operating Ratios (%)				
Gross Profit Margins	78.8	79.3	78.3	78.2
EBITDA margins	25.6	25.8	23.6	24.8
PAT Margins	12.5	12.3	10.7	13.5
Cash Conversion Cycle	31.4	22.8	27.0	22.0
Asset Turnover	0.9	0.8	0.9	1.1
EBITDA conversion Rate	81.4	74.3	73.7	80.2
Return Ratios (%)				
RoE	17.0	17.5	16.2	20.6
RoCE	18.2	16.2	17.1	23.4
RoIC	24.0	24.5	28.2	40.0
Valuation Ratios (x)				
P/E	95.2	77.0	72.3	45.5
EV / EBITDA	47.6	39.9	34.4	25.5
EV / Net Sales	12.2	10.3	8.1	6.3
Market Cap / Sales	11.8	9.8	7.7	6.1
Price to Book Value	16.2	13.8	11.7	9.3
Solvency Ratios				
Debt / EBITDA	1.4	2.1	1.9	1.1
Debt / Equity	0.5	0.8	0.7	0.4
Current Ratio	1.1	0.8	0.9	0.9
Quick Ratio	1.0	0.7	0.8	0.8
Inventory days	7.2	7.7	7.0	7.0
Debtor days	43.0	47.6	45.0	40.0
Creditor days	18.8	32.4	25.0	25.0

Source: Company, ICICI Direct Research

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