

14 May 2025

India | Equity Research | Results Update

Krishna Institute of Medical Sciences

Healthcare

Growth levers across clusters in place; valuation pricey

Krishna Institute of Medical Sciences' (KIMS) delivered robust performance in Q4FY25 with revenue/EBITDA/PAT surging 26%/29%/49%, respectively. Existing clusters of AP/ Telangana grew 19%/23% while EBITDA growth was much faster at 37%/34% YoY, respectively. However, new hospitals in Nashik and Kollam dragged EBITDA by INR 180mn. KIMS added 2 new hospitals in Guntur (200 beds) and Sangli (350 beds on O&M basis) in Q4. Thane and 2 Bangalore hospitals could commence operations in H1FY26 (as per schedule). KIMS may increase bed capacity by 45% to ~7,500 beds by FY27. Management aims for 15-20% revenue growth with slight dip in margins in FY26 due to new bed addition. Maintain **HOLD** with TP of INR 630, based on 26x FY27E adj. EV/EBITDA.

Steady quarter; newer hospitals drag margins

Revenue grew 25.7% YoY (3.2% QoQ) to INR 8.0bn (I-Sec: INR 8.3bn) driven by ARPOB improvement. Gross margin expanded 20bps YoY (flat QoQ) to 79.0%. Adjusting for a one-off charge of INR 67mn, its EBITDA grew 28.8% YoY (9.3% QoQ) to INR 2.0bn (I-Sec: INR 2.1bn). EBITDA loss of new hospital stood at INR 180mn. Adj. EBITDA margin expanded 60bps (150bps QoQ) to 25.7% (I-Sec: 25.5%). Adj. PAT grew 49.2% YoY (10.1% QoQ) to INR 977mn (I-Sec: INR 1.1bn).

Traction driven by core clusters of Telangana and AP

In Q4FY25, revenue from Telangana grew 18.7% YoY (-1.2% QoQ) to INR 5bn. Occupancy contracted 30bps YoY to 50.6% and EBITDA margin of Telangana cluster rose 437bps YoY (155bps QoQ) to 32.3%. Revenue from Andhra Pradesh (AP) cluster was up 23.0% YoY (1.0% QoQ) to INR 2.1bn. EBITDA margin expanded 188bps YoY (-16bps QoQ) to 23.5%. Occupancy in AP cluster dipped to 54.6% due to the addition of 300 beds YoY. ARPOB rose 35.9% YoY/11.2% QoQ. It inaugurated a 200-bed hospital in Guntur on O&M basis in Feb'25. It also added 300 beds hospital in Vizag in Apr'25. Management targets to achieve 27-28% margin in AP cluster in near term. Maharashtra cluster revenue grew 42.2% YoY (21.3% QoQ) to INR 680mn driven by Nagpur and new Nashik hospital. Addition of new hospital in Sangli is likely to boost growth from FY26. Revenue from Kerala stood at 261mn (+15.3% QoQ). Its Kannur hospital, which it added in Q3FY25, has achieved breakeven. In Jan'25, it added 375 bed hospital in Kollam on O&M basis which dragged margin in the cluster in Q4. It aims to have 3,000 beds over the next 4-5 years in Kerala, mainly through an asset-light route.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	24,982	30,351	38,990	46,940
EBITDA	6,372	7,959	9,981	12,345
EBITDA Margin (%)	25.5	26.2	25.6	26.3
Net Profit	3,100	3,861	4,427	5,925
EPS (INR)	7.7	9.7	11.1	14.8
EPS % Chg YoY	(4.7)	24.6	14.7	33.8
P/E (x)	84.1	70.2	58.9	44.0
EV/EBITDA (x)	42.6	35.2	28.2	22.6
RoCE (%)	11.1	10.5	11.0	12.7
RoE (%)	17.7	19.5	18.8	20.6

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Market Data

Market Cap (INR)	261bn
Market Cap (USD)	3,051mn
Bloomberg Code	KIMS IN
Reuters Code	KRII.BO
52-week Range (INR)	708 /350
Free Float (%)	61.0
ADTV-3M (mn) (USD)	5.4

Price Performance (%)	3m	6m	12m
Absolute	7.4	17.5	63.0
Relative to Sensex	(0.8)	12.7	49.6

ESG Score	2023	2024	Change
ESG score	70.3	67.3	(3.0)
Environment	48.6	48.1	(0.5)
Social	68.6	68.5	(0.1)
Governance	80.9	77.8	(3.1)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	1.3	3.2
EBITDA	1.3	3.2
EPS	(4.6)	(0.3)

Previous Reports

09-02-2025: [Q3FY25 results review](#)
12-11-2024: [Q2FY25 results review](#)

New facilities likely to turn EBITDA positive in first year

The Nashik hospital reported an EBITDA loss due to delay in insurance empanelment and may achieve breakeven in Q3FY26. ARPOB of this hospital is expected to be ~INR 35,000 per day in line with Nagpur hospital. Thane hospital is on track to commence operations in Q1FY26 and it is likely to post an EBITDA loss of INR 100–150mn in the first year of operations. Thane hospital shall have an ARPOB of INR 60,000 and operating cost could be 20–30% higher than Nashik. Management has hired a team of 50 full time doctors who are expected to join till Jul'25. Management is confident of achieving 25% margins at both Thane and Nashik hospitals. It would also commission two hospitals in Bangalore with capacity of 800 beds in Jul-Aug'25, respectively. The facilities are likely to have EBITDA losses of ~INR 200-350mn in FY26. Besides, in existing clusters, it could add 120 beds in Srikakulam (AP) by Q1FY26, 50 beds in Ongole (AP) by Q2FY26, 250 beds in Anantapur (AP) by Q4FY26, 500 beds in Kondapur (Telangana) by Q1FY27 and 350 beds in Rajahmundry (AP) by Q4FY27. New hospital in Kerala (Kannur) achieved breakeven in three months of operations. EBITDA losses at the recently commissioned Kollam hospital are likely to be reversed in 2-3 months. Trissur hospital is likely to commence operations in FY27.

Valuation and risks

KIMS continued its healthy growth traction across its key clusters of Telangana and Andhra Pradesh while newer clusters of Maharashtra and Kerala contributed to growth. Nashik and Kollam hospital dragged overall margins in the quarter. KIMS commenced operations at 5 hospitals in Nashik, Sangli, Kannur, Kollam and Guntur in FY25, yet its EBITDA margin still increased by 70bps YoY to 26.2% in FY25. Kannur and Guntur hospitals have achieved EBITDA breakeven while Nashik, Kollam and Sangli are likely to breakeven in a couple of months. New bed addition (989 beds YoY), lower ALOS (3.66 days vs 4.11 days in FY24) continue to dent overall occupancy (50.1% in FY25 vs 61.3% in FY24). ARPOB increased by 21% in FY25 and going ahead increase in ARPOB is likely to be in line with ARPP growth. KIMS is targeting to increase its bed capacity by ~45% to over 7,500 beds in next 2 years and maintains ALOS at 3.6–3.8 days in existing hospitals. Its capex plan ensures steady addition of bed capacity across new and existing clusters with the company adding 500 beds in Telangana, 600 beds in AP, 300 beds in Maharashtra and 800 beds in Karnataka in next 2 years. New hospitals in Thane and Bangalore are likely to have a negative EBITDA of INR 200-300mn in first year of operations, and hence, management expects a drag on EBITDA margin in FY26.

We increase our EBITDA by ~1-3% for FY26/27E factoring in faster breakeven. We factor in an EBITDA CAGR of 24.5% over FY25-27E driven by revenue CAGR of 24.4%. We like the company for its dominant position in Telangana and Andhra Pradesh, geographical expansion, strong margin profile and prudent capital allocation by the management. The stock currently trades at a pricey valuation of 28.2x FY26E and 22.6x FY27E adjusted (ex-minority) EV/EBITDA. We maintain **HOLD** with an unchanged target price of INR 630 based on 26x FY27E adj. EV/EBITDA (earlier: 29x FY26E adj. EV/EBITDA).

Key downside risks: Slowdown in growth in South India and delay in capacity addition.

Key upside risks: Faster-than-expected breakeven at new hospitals and improvement in occupancy.

Q4FY25 conference call highlights

Telangana

- Cluster margin rose to ~32% in Q4FY25 due to robust growth across all 4 hospitals.
- Management is confident of maintaining margin at 32% in this cluster.
- Addition of new hospital and addition of newer specialty and transplant will boost growth in Kondapur in the next couple of years.
- Occupancy of this cluster is likely to improve from ~50% to 65-70% in the next couple of years.
- Revenue and EBITDA growth at existing cluster of AP and Telangana is expected to be over 15-20% for next couple of years.
- Sunshine recorded revenue and EBITDA of INR 1.55bn and INR 470mn in Q4FY25 and INR 6bn and INR 1.7bn in FY25, respectively.

Andhra Pradesh

- It added 200 beds at Guntur facility in FY25 and 2nd unit at Vizag with 300 beds in Apr'25.
- The company has reconfigured its scheme-based segment which has led to improvement in ALOS from 4.5days in FY24 to 3.85 days in FY25 in this cluster.
- Introduction of oncology services and better case and payor mix will improve ARPOB to INR 30,000 from this cluster in next 3-4 years.

Maharashtra

- Addition of new hospitals at Guntur and Sangli will boost growth in FY26.
- New hospital at Thane is expected to be completely operational in next 5-6 months.
- Nashik hospital had an EBITDA loss of INR 150mn. Insurance empanelment at the hospital has been delayed and is likely to happen in the next couple of months. The facility will breakeven in 3 months post insurance empanelment.
- 50 full time doctors are expected to join Thane hospital in next 2-3 months.
- Going ahead, EBITDA losses at Thane and Nashik hospital are likely to be in line with management's expectation.
- Guntur and Sangli hospitals had accounted for a small % of revenue. These hospitals had sales of INR 140mn in Apr'25. Both these facilities will breakeven in next 3-4 months.
- Nagpur Kingsway Hospital had sales of INR 560mn and EBITDA of INR 120mn in Q4FY25.

Kerala

- Kannur hospital is EBITDA positive while drag in margin in Q4 was from the hospital in Kollam.
- Presently, cash patient account for 100% of revenue from this cluster. In near term, contribution from cash patient will stand at 80% cash and 20% will come from insurance.
- Thrissur hospital will be commissioned in FY27.

Karnataka

- The 2 hospitals in Bangalore (800 beds) will commission in Jul-Aug'25, respectively.
- Management will hire 40-50 doctors initially at each of the 2 new hospitals.

Guidance

- Management is targeting 15-20% revenue growth for next couple of years.
- Thane and Bangalore hospitals will be operational in next couple of months. All the 3 hospitals should turn EBITDA positive in 12 months. These hospitals will keep margins under pressure in FY26.
- Targeting 27-30% margins in older clusters while new clusters will drive revenue growth in near term.
- O&M beds will not be a part of overall reporting structure of the company.
- It will have 3 hospitals with 800 capacity beds on O&M basis.
- Going ahead, growth in ARPOB and ARPP is likely to be in line with each other.
- Net debt stood at INR 18bn and may further rise to INR 21-22bn in FY26 to fund expansion plans.
- Net debt to EBITDA will be maintained below 2 times.
- Capex in next 2 years is likely to be INR 6-7bn.
- The company has identified some cities in existing clusters of AP, Telangana and Kerala for addition of hospitals in future.

Q4FY25 financials

- New unit had an INR 180mn impact on EBITDA.
- Minority interest to EBITDA stood at 12% of reported EBITDA.
- Price increases in Telangana clusters, lower ALOS and improvement in payor mix have fuelled a 20% rise in ARPOB.
- Revenue from scheme-based patients has remained flat YoY though reduced by 100-200bps in terms of % contribution.
- Paid stamp duty of INR 67mn for Kannur and Kollam hospital which was classified as an exceptional expense for the quarter.

Exhibit 1: Q4FY25 result review

Particulars (INR mn)	Q4FY25	Q4FY24	YoY % Chg	Q3FY25	QoQ % Chg	FY25	FY24	YoY % Chg
Net Sales	7,969	6,338	25.7	7,724	3.2	30,351	24,982	21.5
Gross Profit	6,298	4,995	26.1	6,106	3.1	24,082	19,678	22.4
Gross margins	79.0	78.8	20bps	79.1	0bps	79.3	78.8	60bps
EBITDA	2,047	1,590	28.8	1,872	9.3	7,959	6,372	24.9
EBITDA margins (%)	25.7	25.1	60bps	24.2	150bps	26.2	25.5	70bps
Other income	45	37	22.2	178	(74.7)	319	161	98.1
PBITD	2,092	1,627	28.6	2,050	2.0	8,278	6,533	26.7
Depreciation	526	463	13.6	447	17.7	1,772	1,465	21.0
Interest	267	164	63.2	257	3.9	903	470	92.1
Extraordinary income/ (exp.)	41	-	-	-	-	(22)	-	-
PBT	1,340	1,000	34.0	1,346	(0.4)	5,581	4,598	21.4
Tax	279	285	(2.1)	421	(33.7)	1,433	1,236	15.9
Minority Interest	43	60	(28.6)	38	13.2	303	259	17.0
Reported PAT	1,018	655	55.5	887	14.8	3,845	3,100	24.0
Adjusted PAT	977	655	49.2	887	10.1	3,861	3,100	24.6

Source: I-Sec research, Company data

Exhibit 2: Operational highlights

Operational highlights	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Operational beds	3,503	3,503	3,503	3,503	4,038	4,342	4,492	28.2	3.5
Occupancy(%)	65.2	61.6	58.3	56.5	56.8	50.7	48.0	(1033bps)	(265bps)
IP Volume	51,115	47,479	46,368	49,674	55,741	54,013	53,918	16.3	(0.2)
OP Volume	4,22,409	3,91,821	4,10,856	4,21,367	4,73,989	4,70,159	4,68,797	14.1	(0.3)
ARPOB	31,140	30,741	34,270	38,458	38,263	38,472	41,469	21.0	7.8
ARPP	1,27,959	1,28,507	1,37,500	1,39,398	1,40,316	1,44,181	1,49,069	8.4	3.4
ALOS	4.1	4.2	4.0	3.6	3.7	3.8	3.6	(10.5)	(4.3)
Revenue (INR mn)	6,554	6,091	6,376	6,930	7,823	7,902	8,014	25.7	1.4
EBITDA (INR mn)	1,802	1,504	1,628	1,840	2,231	2,050	2,025	24.4	(1.2)
EBITDA (%)	27.5	24.7	25.5	26.6	28.5	25.9	25.3	(20bps)	(60bps)

Source: I-Sec research, Company data

Exhibit 3: Revenue mix

Revenue (INR mn)	Q4FY25	Q4FY24	YoY % Chg	Q3FY25	QoQ % Chg	FY25	FY24	YoY % Chg
Telangana	4,964	4,184	18.7	5,027	(1.2)	19,711	16,572	18.9
AP	2,109	1,714	23.0	2,088	1.0	8,108	6,775	19.7
Maharashtra	680	478	42.2	561	21.3	2,365	1,797	31.7
Kerala	261	-	-	226	15.3	486	-	-
Total	8,014	6,376	25.7	7,902	1.4	30,670	25,143	22.0

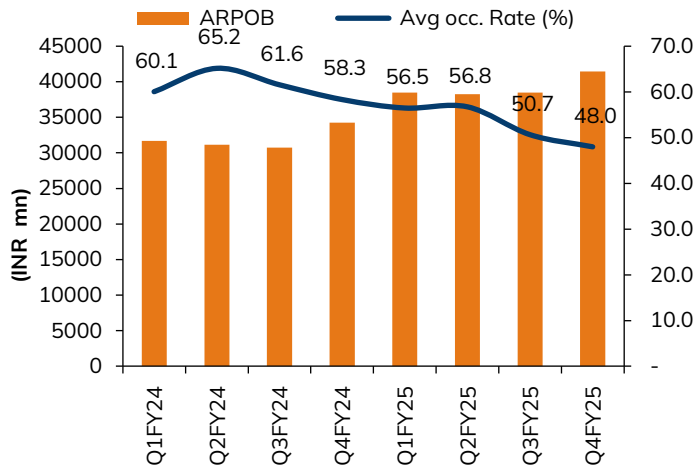
Source: I-Sec research, Company data

Exhibit 4: EBITDA mix

EBITDA (INR mn)	Q4FY25	Q4FY24	YoY % Chg	Q3FY25	QoQ % Chg	FY25	FY24	YoY % Chg
Telangana	1,606	1,170	37.2	1,548	3.7	6,062	4,778	26.9
Margins (%)	32.3	28.0	437bps	30.8	155bps	30.8	28.8	193bps
AP	496	371	33.7	494	0.3	1,962	1,506	30.3
Margins (%)	23.5	21.6	188bps	23.7	(16bps)	24.2	22.2	197bps
Maharashtra	22	87	(75.0)	8	172.5	221	250	(11.7)
Margins (%)	3.2	18.2	(1503bps)	1.4	178bps	9.3	13.9	(458bps)
Kerala	(98)	-	-	1	-	(97)	-	-
Margins (%)	(37.6)	-	-	0.4	-	(20.0)	-	-

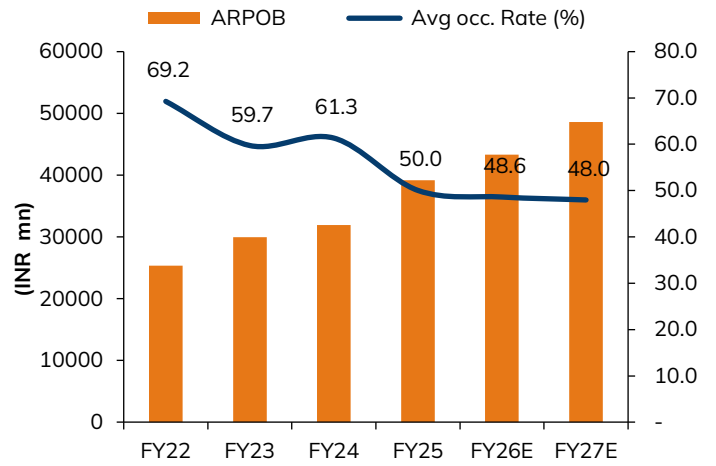
Source: I-Sec research, Company data

Exhibit 5: Occupancy declined due to new bed addition



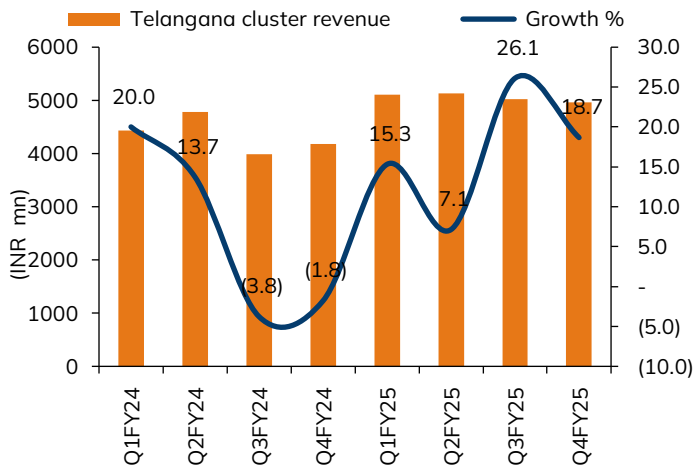
Source: I-Sec research, Company data

Exhibit 6: New bed addition to keep a check on occupancy ahead



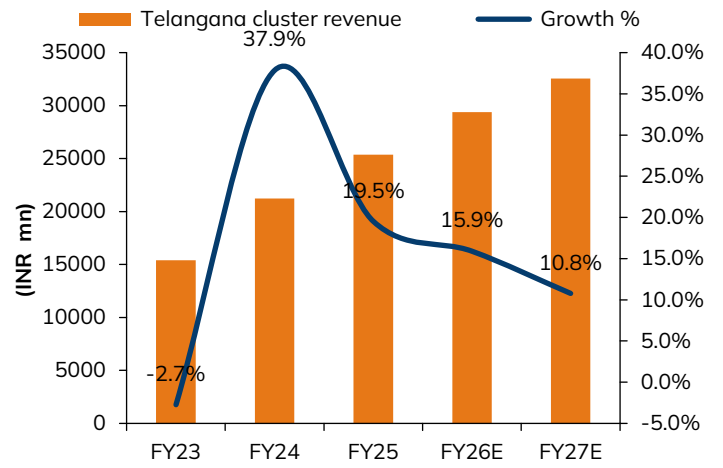
Source: I-Sec research, Company data

Exhibit 7: Telangana cluster revenue rose 18.7% YoY



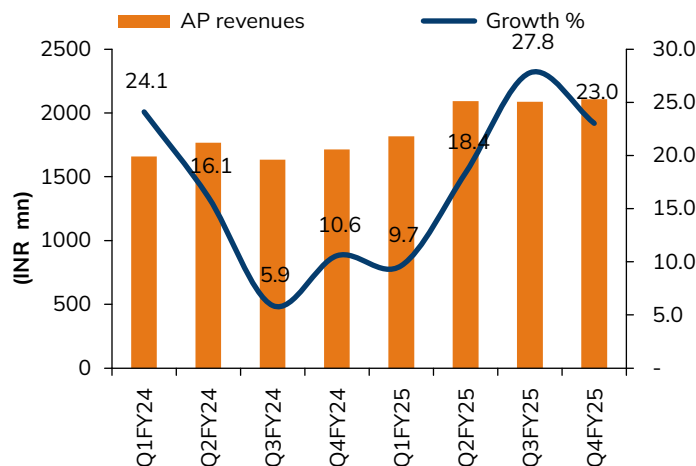
Source: I-Sec research, Company data

Exhibit 8: Improvement in occupancies in Telangana's matured assets to drive growth



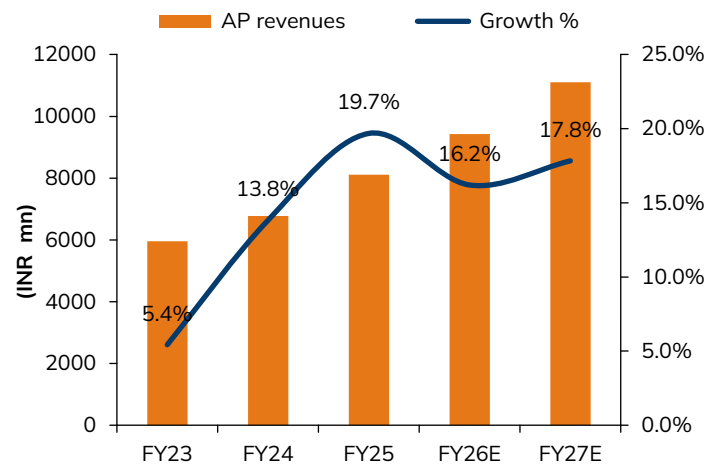
Source: I-Sec research, Company data

Exhibit 9: AP revenue rose 23.0% YoY



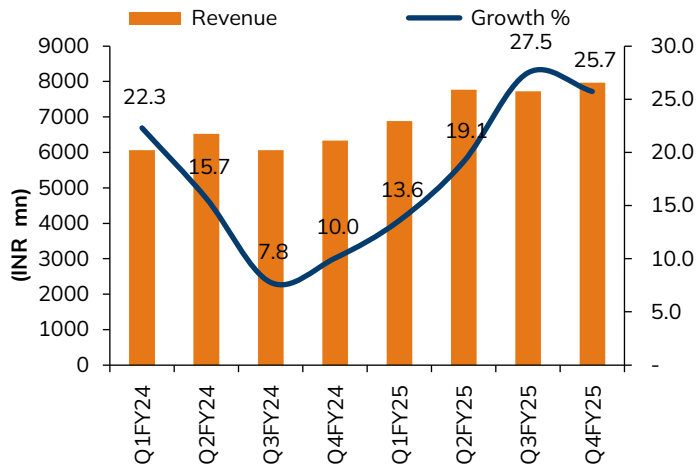
Source: I-Sec research, Company data

Exhibit 10: Bed additions to drive AP revenue



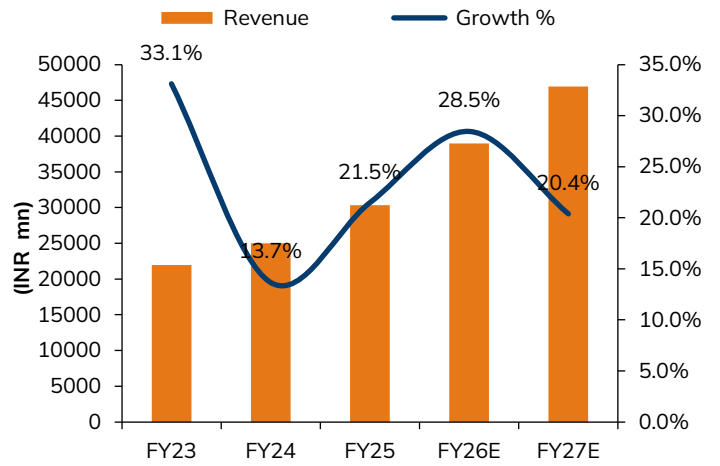
Source: I-Sec research, Company data

Exhibit 11: Better revenue led by improvement in ARPOB



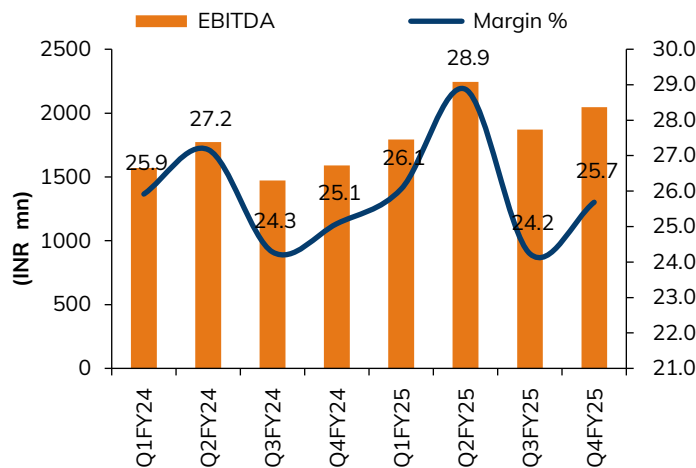
Source: I-Sec research, Company data

Exhibit 12: Expect revenue CAGR of 24.4% over FY25-27E



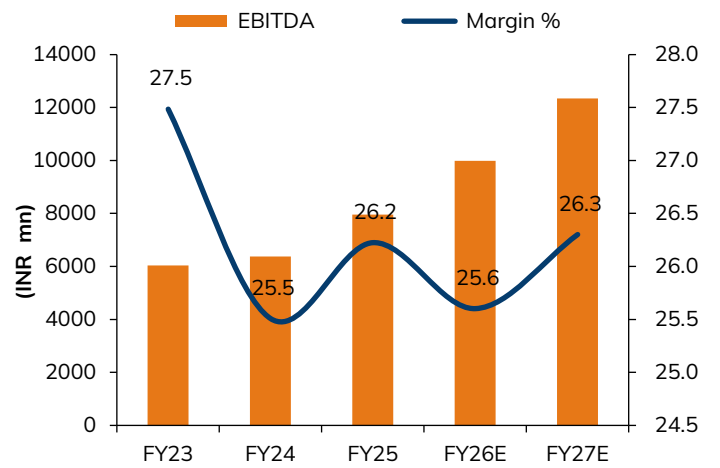
Source: I-Sec research, Company data

Exhibit 13: Adj. EBITDA margin expanded 60bps YoY



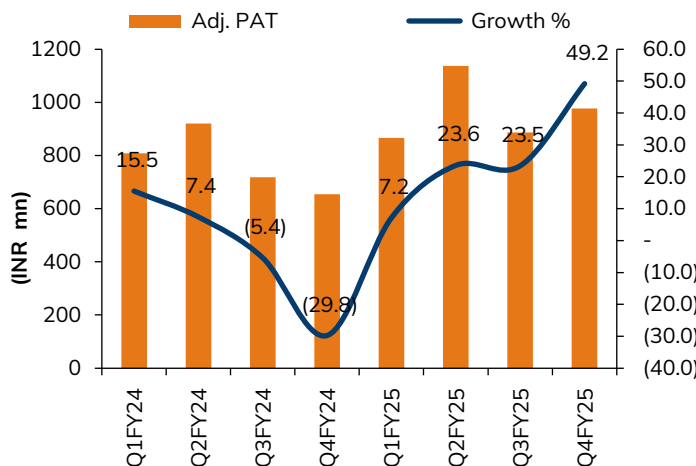
Source: I-Sec research, Company data

Exhibit 14: EBITDA margin to surge to ~26.3% in FY27E led by expansions



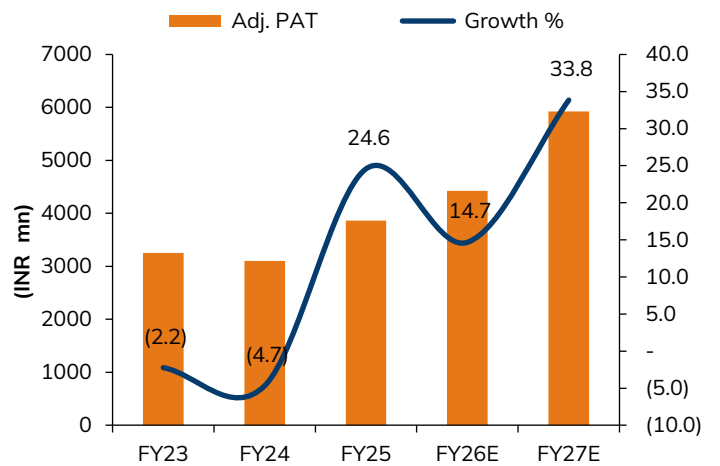
Source: I-Sec research, Company data

Exhibit 15: PAT grew 49.2% YoY



Source: I-Sec research, Company data

Exhibit 16: Expect PAT CAGR of 23.9% over FY25-27E



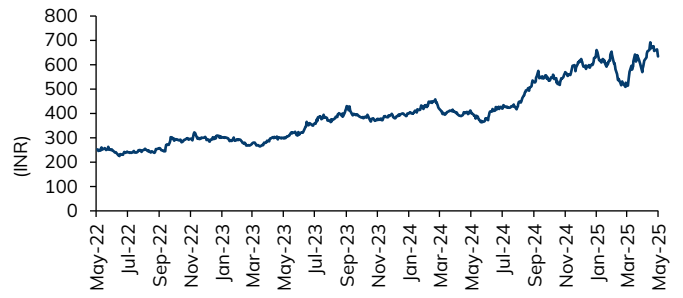
Source: I-Sec research, Company data

Exhibit 17: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	38.8	38.8	38.8
Institutional investors	48.2	47.7	47.4
MFs and others	25.8	26.0	25.4
FIs/Banks	-	0.3	0.4
Insurance	6.2	5.7	6.2
FIIIs	16.2	15.7	15.5
Others	13.0	13.5	13.8

Source: Bloomberg

Exhibit 18: Price chart



Source: Bloomberg

Financial Summary

Exhibit 19: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	24,982	30,351	38,990	46,940
Operating Expenses	13,306	16,123	20,937	24,878
EBITDA	6,372	7,959	9,981	12,345
EBITDA Margin (%)	25.5	26.2	25.6	26.3
Depreciation & Amortization	1,465	1,772	1,751	2,227
EBIT	4,907	6,187	8,230	10,118
Interest expenditure	470	903	2,045	1,925
Other Non-operating Income	161	319	160	175
Recurring PBT	4,437	5,284	6,185	8,193
Profit / (Loss) from Associates	(3)	-	-	-
Less: Taxes	1,236	1,433	1,599	2,109
PAT	3,362	4,040	4,746	6,259
Less: Minority Interest	(259)	(303)	(318)	(334)
Extraordinaries (Net)	-	108	-	-
Net Income (Reported)	3,100	3,715	4,427	5,925
Net Income (Adjusted)	3,100	3,861	4,427	5,925

Source Company data, I-Sec research

Exhibit 20: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	4,645	6,753	7,772	8,519
of which cash & cash eqv.	490	797	258	(413)
Total Current Liabilities & Provisions	3,233	5,667	5,978	6,753
Net Current Assets	1,412	1,086	1,794	1,766
Investments	1,574	991	220	220
Net Fixed Assets	27,260	42,237	46,486	49,259
ROU Assets	-	-	-	-
Capital Work-in-Progress	-	-	-	-
Total Intangible Assets	3,080	3,386	3,386	3,386
Other assets	1,962	3,993	4,648	5,250
Deferred Tax Assets	-	-	-	-
Total Assets	35,288	51,693	56,534	59,881
Liabilities				
Borrowings	10,462	19,060	19,060	16,060
Deferred Tax Liability	463	468	468	468
provisions	274	335	430	518
other Liabilities	65	1,135	1,135	1,135
Equity Share Capital	800	800	800	800
Reserves & Surplus	17,483	20,578	25,005	30,931
Total Net Worth	18,284	21,378	25,806	31,731
Minority Interest	2,649	2,810	3,128	3,462
Total Liabilities	35,288	51,693	56,534	59,881

Source Company data, I-Sec research

Exhibit 21: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	5,212	5,818	6,736	9,254
Working Capital Changes	2,895	1,888	3,255	3,663
Capital Commitments	(6,459)	(9,617)	(6,000)	(5,000)
Free Cashflow	(1,247)	(3,799)	736	4,254
Other investing cashflow	(1,066)	(1,545)	771	-
Cashflow from Investing Activities	(7,526)	(11,162)	(5,229)	(5,000)
Issue of Share Capital	-	-	-	-
Interest Cost	(470)	(903)	(2,045)	(1,925)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	-
Others	2,637	6,334	-	(3,000)
Cash flow from Financing Activities	2,167	5,431	(2,045)	(4,925)
Chg. in Cash & Bank balance	(147)	87	(539)	(672)
Closing cash & balance	470	556	21	(650)

Source Company data, I-Sec research

Exhibit 22: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	7.7	9.3	11.1	14.8
Adjusted EPS (Diluted)	7.7	9.7	11.1	14.8
Cash EPS	11.4	14.1	15.4	20.4
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	45.7	53.4	64.5	79.3
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	13.7	21.5	28.5	20.4
EBITDA	5.5	24.9	25.4	23.7
EPS (INR)	(4.7)	24.6	14.7	33.8
Valuation Ratios (x)				
P/E	84.1	70.2	58.9	44.0
P/CEPS	57.1	46.3	42.2	32.0
P/BV	14.3	12.2	10.1	8.2
EV / EBITDA	42.6	35.2	28.2	22.6
P / Sales	10.4	8.6	6.7	5.6
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	78.8	79.3	79.3	79.3
EBITDA Margins (%)	25.5	26.2	25.6	26.3
Effective Tax Rate (%)	26.9	26.2	25.2	25.2
Net Profit Margins (%)	12.4	12.7	11.4	12.6
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	0.4	0.7	0.6	0.5
Net Debt / EBITDA (x)	1.3	2.2	1.9	1.3
Profitability Ratios				
RoCE (%)	11.1	10.5	11.0	12.7
RoE (%)	17.7	19.5	18.8	20.6
RoIC (%)	11.6	10.7	11.2	12.7
Fixed Asset Turnover (x)	1.1	0.9	0.9	1.0
Inventory Turnover Days	8	8	9	8
Receivables Days	-	-	-	-
Payables Days	31	36	36	35

Source Company data, I-Sec research

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