

November 10, 2025

Q2FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	840		815	
Sales (Rs. m)	46,956	58,322	49,840	62,322
% Chng.	(5.8)	(6.4)		
EBITDA (Rs. m)	11,299	14,965	12,204	15,889
% Chng.	(7.4)	(5.8)		
EPS (Rs.)	11.6	17.9	14.3	20.6
% Chng.	(19.3)	(13.5)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	30,351	38,255	46,956	58,322
EBITDA (Rs. m)	7,829	8,366	11,299	14,965
Margin (%)	25.8	21.9	24.1	25.7
PAT (Rs. m)	3,737	2,988	4,633	7,143
EPS (Rs.)	9.3	7.5	11.6	17.9
Gr. (%)	20.5	(20.1)	55.1	54.2
DPS (Rs.)	-	-	-	2.3
Yield (%)	-	-	-	0.3
RoE (%)	18.8	13.1	17.4	22.2
RoCE (%)	17.5	13.3	16.5	21.2
EV/Sales (x)	9.8	7.9	6.5	5.1
EV/EBITDA (x)	38.2	36.2	26.8	20.0
PE (x)	75.1	93.9	60.5	39.3
P/BV (x)	13.1	11.5	9.7	8.0

Key Data

KRII.BO | KIMS IN

52-W High / Low	Rs.798 / Rs.474
Sensex / Nifty	83,535 / 25,574
Market Cap	Rs.280bn / \$ 3,162m
Shares Outstanding	400m
3M Avg. Daily Value	Rs.304.36m

Shareholding Pattern (%)

Promoter's	34.11
Foreign	15.03
Domestic Institution	32.11
Public & Others	18.75
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	-	10.4	22.9
Relative	(1.2)	5.0	17.0

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In expansion phase; profitability to improve from FY27

Quick Pointers:

- New unit's losses were at Rs 463mn in Q2; Vizag QNRI, Kannur and Sangli now are EBITDA positive.
- Guided for +27% OPM over the next 3 years as newer hospitals ramp up.

Krishna Institute of Medical Sciences (KIMS) reported EBITDA de-growth of 6.5% YoY, impacted by losses from new units. Our FY26E and FY27E EBITDA stands reduced by 7%, factoring in higher losses from new units. New leadership team hiring across Karnataka and Kerala provides comfort for faster ramp-up in these clusters. Given its lean cost structure and partnership with local doctors/ leadership outside Andhra Pradesh (AP) and Telangana, the management remains confident of achieving faster breakeven and +25% OPM across Maharashtra, Karnataka and Kerala clusters over the next 4-5 years. We expect 25% EBITDA CAGR over FY25-28E with healthy return ratios of ~20%. Maintain 'Buy' rating with TP of Rs840/share based on 30x Sep2027E EV/EBITDA as we roll forward. Delay in breakeven of new units will be a key risk to our call.

- **Muted EBITDA led by losses from new units:** KIMS reported EBITDA of Rs2.04bn. Adjusted for losses from new units, EBITDA was up by 15% YoY. Telangana cluster reported 8% YoY growth in EBITDA, whereas AP units grew by 25% YoY. Maharashtra cluster reported Rs 1.1bn of revenues and Rs. 96mn EBITDA loss. Thane and Nashik unit reported losses of Rs150mn and Rs65mn respectively in Q2. The newly commercialized Bangalore unit reported Rs28mn of revenues with EBITDA loss of Rs 255mn in Q2.

- **Occupancy stable QoQ; healthy ARPOB:** KIMS consol occupancy was at 58% (56% in Q1) vs 77% in Q2FY25. Overall, KIMS added 1,200 beds across Bangalore, Thane, Vizag, Kannur, Kollam and Nashik over the past one year. Consolidated ARBOB came in at Rs42,016/day (up 10% YoY) aided by improved payer and case mix, reduction in ALOS (3.58 days vs 3.67 days in Q2FY25). IP/OP volumes grew by 15%/25% YoY.

Key Conference Call Takeways:

- **Bed expansion Plans:** Kondapur expansion (Telangana) to add 550 incremental beds, taking total to 770 beds, expected commissioning in Q1FY27. Rehabilitation of ~300 beds at Secunderabad is underway and is to be completed over the next year; total capacity there to rise to 1,200 beds. Srikakulam (AP) added ~100 beds, aiding margin expansion in the Andhra cluster.

- **New units: Thane Hospital's** Revenue ramp-up strong; currently operating ~130 beds with monthly revenue of Rs 125–130mn against fixed costs of ~Rs 120mn. Management guided for breakeven by Q4FY26), though margins may stay muted as more beds are operationalized. **Bangalore (Mahadevapura)**

hospital performing better than expected, completed a liver transplant within 45 days of commissioning and targeted to breakeven within 12 months. PES Hospital, Bangalore delayed due to licensing; to be commissioned by Dec'25, adding to near-term start-up losses. Each new large-format hospital is expected to incur Rs 200-300mn EBITDA loss in its first year, with breakeven in 10–12 months post launch.

- **Telangana:** Mature cluster with high single-digit growth guidance; current occupancy impacted (~50%) due to 300 beds under rehabilitation at Secunderabad. Growth improves once these and Kondapur expansion become operational.
- **AP:** Strong mid-to-high teens growth outlook with sustainable 25–28% OPM; margin improvement in Q2 aided by turnaround of the acquired Bajjack Hospital and ramp-up at Srikakulam.
- **Maharashtra & Karnataka:** Losses narrowing; Thane and Mahadevapura ramping well. Maharashtra cluster to benefit from CGHS and insurance empanelment by Q4FY26.
- **Kerala:** Early-stage ramp-up; management reiterate focus on affordability and volume-led growth similar to AP/Telangana.
- **O&M units:** Guntur and Sangli O&M hospitals continue to perform well; KIMS receives revenue share without bearing EBITDA impact.
- **ARPOB and Occupancy Guidance:** ARPOB at ~Rs 42,000–43,000; management expects this to rise to Rs 50,000 over the next 8 quarters as Thane and Bangalore scale up. Mgmt guided occupancy levels gradually improve as new capacity stabilizes and insurance empanelment complete.
- **Insurance & CGHS Updates:** Insurance empanelment progressing; top five insurers expected to be onboard across Thane, Nasik, and Bangalore by Q4FY26. CGHS tariff revision (~20% increase) to benefit Telangana, AP, and Maharashtra clusters (Nagpur); full impact expected from Q4FY26, potentially adding ~100bps to EBITDA margin and offsetting some new-unit losses.
- **Net Debt:** Consolidated net debt stood at Rs 24.5bn as of Q2FY26. Minority interest was at 11.5% for Q2FY26.

Exhibit 1: Q2FY26 Result Overview (Rs mn) –Adjusted EBITDA growth for new unit losses was 15% YoY

Y/e March	2QFY26	2QFY25	YoY gr. (%)	Q2FY26E	% Var.	1QFY26	QoQ gr. (%)	1HFY26	1HFY25	YoY gr. (%)
Net Sales	9,607	7,773	23.6	9,759	(1.6)	8,716	10.2	18,323	14,657	25.0
COGS	1,952	1,555	25.5	2,098	(7.0)	1,840	6.1	3,792	2,981	27.2
<i>% of Net Sales</i>	<i>20.3</i>	<i>20.0</i>		<i>21.5</i>		<i>21.1</i>		<i>20.7</i>	<i>20.3</i>	
Staff Cost	1,745	1,192	46.4	1,757	(0.7)	1,510	15.6	3,255	2,378	36.9
<i>% of Net Sales</i>	<i>18.2</i>	<i>15.3</i>		<i>22.6</i>		<i>17.3</i>		<i>17.8</i>	<i>16.2</i>	
Other Expenses	3,870	2,845	36.0	3,923	(1.4)	3,440	12.5	7,310	5,323	37.3
<i>% of Net Sales</i>	<i>40.3</i>	<i>36.6</i>		<i>50.5</i>		<i>39.5</i>		<i>39.9</i>	<i>36.3</i>	
Total	7,567	5,592	35.3	7,778	(2.7)	6,790	11.4	14,357	10,682	34.4
EBITDA	2,040	2,181	(6.5)	1,981	3.0	1,926	5.9	3,966	3,975	(0.2)
<i>Margins (%)</i>	<i>21.2</i>	<i>28.1</i>		<i>20.3</i>		<i>22.1</i>		<i>21.6</i>	<i>27.1</i>	
Other Income	42	50	(16.0)	70	(40.0)	71	(40.8)	113	96	17.7
Interest	450	199	126.1	370	21.6	326	38.0	776	378	105.3
Depreciation	661	410	61.2	575	15.0	534	23.8	1,195	800	49.4
PBT	971	1,622	(40.1)	1,106	(12.2)	1,137	(14.6)	2,108	2,893	(27.1)
Provision for Taxation	248	415	(40.2)	282	(12.1)	287	(13.6)	535	734	(27.1)
<i>Tax rate %</i>	<i>25.5</i>	<i>25.6</i>		<i>25.5</i>		<i>25.2</i>		<i>25.4</i>	<i>25.4</i>	
PAT	723	1,207	(40.1)	824	(12.3)	850	(14.9)	1,573	2,159	(27.1)
Minority Interest	51	133	(61.7)	70	(27.1)	64	(20.3)	115	219	(47.5)
Reported PAT	672	1,074	(37.4)	754	(10.9)	786	(14.5)	1,458	1,940	(24.8)

Source: Company, PL

Exhibit 2: Revenue growth across clusters led by healthy ARPOB

Cluster wise revenues – Rs mn	FY24	FY25	1HFY26
Telangana (incl. Sunshine)	16,441	19,392	10,903
<i>% total</i>	<i>65.7</i>	<i>63.9</i>	<i>59.5</i>
AP	6,775	8,108	4,677
<i>% total</i>	<i>27.1</i>	<i>26.7</i>	<i>25.5</i>
Maharashtra	1,796	2,365	1,950
<i>% total</i>	<i>7.2</i>	<i>7.8</i>	<i>10.6</i>
Kerala	NA	486	765
<i>% total</i>	<i>NA</i>	<i>1.6</i>	<i>4.2</i>
Bangalore			28
<i>% total</i>			<i>0.2</i>
Total	25,012	30,351	18,323

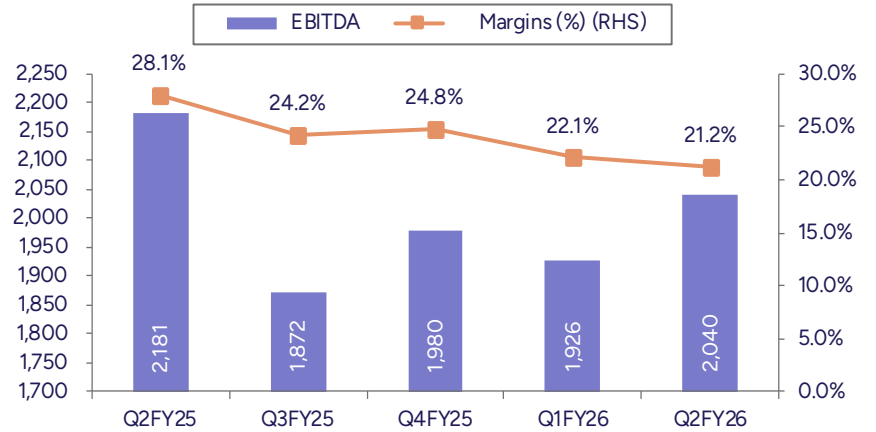
Source: Company, PL

Exhibit 3: Margin declined YoY & QoQ due to losses from new units

Cluster wise EBITDA- Rs mn	FY24	FY25	1HFY26
Telangana (incl. Sunshine)	4,647	5,743	3,228
<i>OPM (%)</i>	<i>28.3</i>	<i>29.6</i>	<i>29.6</i>
AP	1,506	1,962	1,171
<i>OPM (%)</i>	<i>22.2</i>	<i>24.2</i>	<i>25.0</i>
Maharashtra	250	221	-161
<i>OPM (%)</i>	<i>13.9</i>	<i>9.3</i>	<i>-8.3</i>
Kerala		-97	-17
<i>OPM (%)</i>		<i>-20.0</i>	<i>-2.2</i>
Bangalore			-255
<i>OPM (%)</i>			<i>NA</i>
Total	6,403	7,829	3,966
<i>Consol OPM (%)</i>	<i>25.6</i>	<i>25.8</i>	<i>21.6</i>

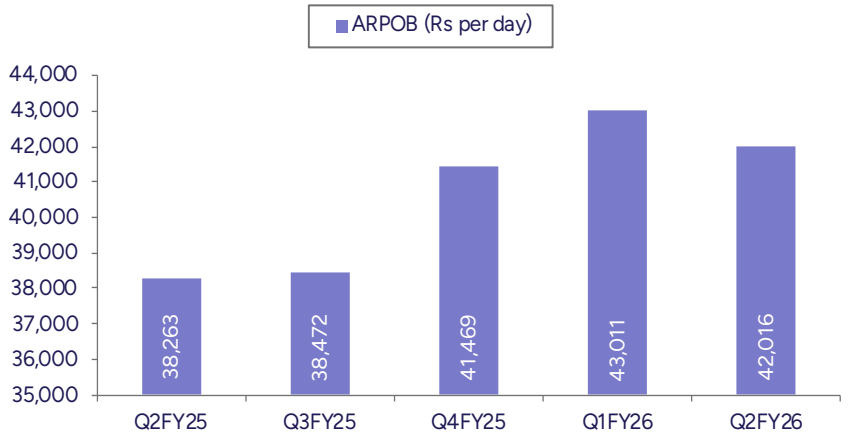
Source: Company, PL

Exhibit 4: Margins declined by 90bps QoQ and 690 bps YoY



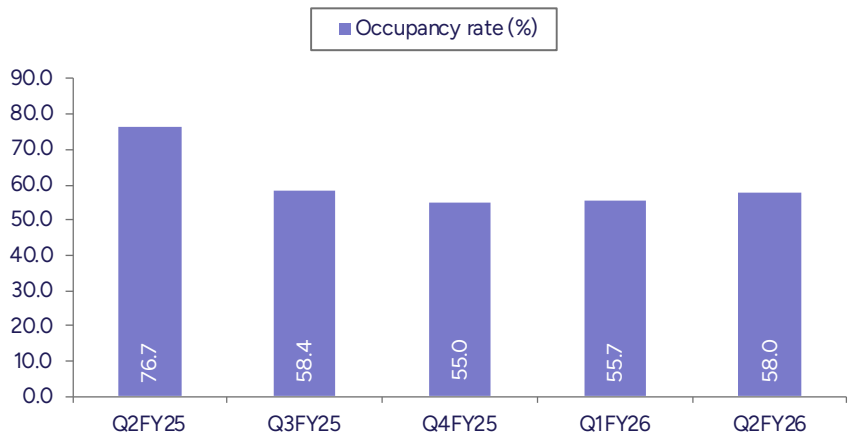
Source: Company, PL

Exhibit 5: ARPOB grew by ~10% YoY on improved case and lower ALOS



Source: Company, PL

Exhibit 6: Occupancy improved QoQ despite new beds addition



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	30,351	38,255	46,956	58,322
YoY gr. (%)	21.5	26.0	22.7	24.2
Cost of Goods Sold	6,269	8,225	10,330	12,831
Gross Profit	24,082	30,030	36,625	45,491
Margin (%)	79.3	78.5	78.0	78.0
Employee Cost	4,995	6,244	7,180	8,042
Other Expenses	11,258	15,420	18,146	22,484
EBITDA	7,829	8,366	11,299	14,965
YoY gr. (%)	22.8	6.9	35.1	32.4
Margin (%)	25.8	21.9	24.1	25.7
Depreciation and Amortization	1,772	2,527	3,039	3,455
EBIT	6,057	5,839	8,260	11,510
Margin (%)	20.0	15.3	17.6	19.7
Net Interest	903	1,700	1,750	1,550
Other Income	319	220	250	350
Profit Before Tax	5,473	4,359	6,760	10,310
Margin (%)	18.0	11.4	14.4	17.7
Total Tax	1,433	1,112	1,724	2,629
Effective tax rate (%)	26.2	25.5	25.5	25.5
Profit after tax	4,040	3,247	5,036	7,681
Minority interest	303	260	403	538
Share Profit from Associate	-	-	-	-
Adjusted PAT	3,737	2,988	4,633	7,143
YoY gr. (%)	20.5	(20.1)	55.1	54.2
Margin (%)	12.3	7.8	9.9	12.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,737	2,988	4,633	7,143
YoY gr. (%)	20.5	(20.1)	55.1	54.2
Margin (%)	12.3	7.8	9.9	12.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,737	2,988	4,633	7,143
Equity Shares O/s (m)	400	400	400	400
EPS (Rs)	9.3	7.5	11.6	17.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	30,488	39,488	47,488	53,988
Tangibles	30,488	39,488	47,488	53,988
Intangibles	-	-	-	-
Acc: Dep / Amortization	7,823	10,351	13,390	16,845
Tangibles	7,823	10,351	13,390	16,845
Intangibles	-	-	-	-
Net fixed assets	22,665	29,138	34,098	37,143
Tangibles	22,665	29,138	34,098	37,143
Intangibles	-	-	-	-
Capital Work In Progress	19,572	19,572	19,572	19,572
Goodwill	3,386	3,386	3,386	3,386
Non-Current Investments	991	991	991	991
Net Deferred tax assets	131	131	131	131
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	640	838	1,029	1,278
Trade receivables	3,954	4,716	5,789	7,190
Cash & Bank Balance	797	1,077	1,119	1,626
Other Current Assets	3,716	4,088	4,496	4,946
Total Assets	57,360	65,445	72,120	77,772
Equity				
Equity Share Capital	800	800	800	800
Other Equity	20,578	23,566	28,199	34,414
Total Networkth	21,378	24,366	28,999	35,214
Non-Current Liabilities				
Long Term borrowings	16,541	20,541	21,041	18,541
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	2,519	2,519	2,519	2,519
Trade payables	2,691	3,144	3,859	4,794
Other current liabilities	4,446	4,831	5,254	5,719
Total Equity & Liabilities	57,360	65,446	72,120	77,773

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	5,473	4,359	6,760	10,310
Add. Depreciation	1,772	2,527	3,039	3,455
Add. Interest	903	1,700	1,750	1,550
Less Financial Other Income	319	220	250	350
Add. Other	(909)	-	-	-
Op. profit before WC changes	7,239	8,586	11,549	15,315
Net Changes-WC	12	(495)	(534)	(700)
Direct tax	(1,433)	(1,112)	(1,724)	(2,629)
Net cash from Op. activities	5,818	6,980	9,292	11,986
Capital expenditures	(12,343)	(9,000)	(8,000)	(6,500)
Interest / Dividend Income	-	-	-	-
Others	239	-	-	-
Net Cash from Inv. activities	(12,104)	(9,000)	(8,000)	(6,500)
Issue of share cap. / premium	-	-	-	-
Debt changes	7,938	4,000	500	(2,500)
Dividend paid	-	-	-	(928)
Interest paid	(903)	(1,700)	(1,750)	(1,550)
Others	(658)	-	-	-
Net cash from Fin. activities	6,377	2,300	(1,250)	(4,978)
Net change in cash	91	280	42	508
Free Cash Flow	(6,525)	(2,020)	1,292	5,486

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	9.3	7.5	11.6	17.9
CEPS	13.8	13.8	19.2	26.5
BVPS	53.4	60.9	72.5	88.0
FCF	(16.3)	(5.0)	3.2	13.7
DPS	-	-	-	2.3
Return Ratio(%)				
RoCE	17.5	13.3	16.5	21.2
ROIC	10.7	9.1	11.6	15.1
RoE	18.8	13.1	17.4	22.2
Balance Sheet				
Net Debt : Equity (x)	0.9	0.9	0.8	0.6
Net Working Capital (Days)	23	23	23	23
Valuation(x)				
PER	75.1	93.9	60.5	39.3
P/B	13.1	11.5	9.7	8.0
P/CEPS	50.9	50.9	36.6	26.5
EV/EBITDA	38.2	36.2	26.8	20.0
EV/Sales	9.8	7.9	6.5	5.1
Dividend Yield (%)	-	-	-	0.3

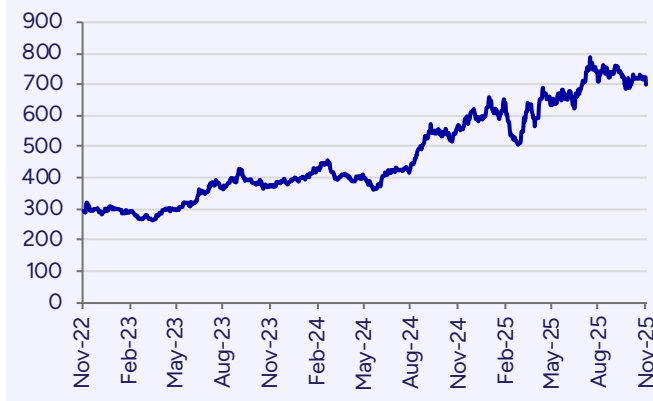
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	7,724	7,969	8,716	9,607
YoY gr. (%)	27.5	25.7	26.6	23.6
Raw Material Expenses	1,618	1,671	1,840	1,952
Gross Profit	6,106	6,298	6,876	7,655
Margin (%)	79.1	79.0	78.9	79.7
EBITDA	1,872	1,980	1,926	2,040
YoY gr. (%)	27.2	24.6	7.4	(6.5)
Margin (%)	24.2	24.8	22.1	21.2
Depreciation / Depletion	447	526	534	661
EBIT	1,425	1,454	1,392	1,379
Margin (%)	18.4	18.2	16.0	14.4
Net Interest	257	267	326	450
Other Income	178	45	71	42
Profit before Tax	1,346	1,232	1,137	971
Margin (%)	17.4	15.5	13.0	10.1
Total Tax	421	279	287	248
Effective tax rate (%)	31.3	22.6	25.2	25.5
Profit after Tax	925	953	850	723
Minority interest	38	43	64	51
Share Profit from Associates	-	-	-	-
Adjusted PAT	887	910	786	672
YoY gr. (%)	23.5	39.0	(9.2)	(37.4)
Margin (%)	11.5	11.4	9.0	7.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	887	910	786	672
YoY gr. (%)	23.5	39.0	(9.2)	(37.4)
Margin (%)	11.5	11.4	9.0	7.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	887	910	786	672
Avg. Shares O/s (m)	400	400	400	400
EPS (Rs)	2.2	2.5	2.0	1.7

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	BUY	815	706
2	08-Aug-25	BUY	815	745
3	08-Jul-25	BUY	725	695
4	30-Jun-25	BUY	725	663
5	14-May-25	BUY	725	656
6	08-Apr-25	BUY	725	567
7	10-Feb-25	BUY	725	642
8	08-Jan-25	BUY	675	649
9	12-Nov-24	BUY	675	563

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,539
2	Apollo Hospitals Enterprise	BUY	9,300	7,642
3	Aster DM Healthcare	BUY	775	693
4	Aurobindo Pharma	BUY	1,300	1,141
5	Cipla	Accumulate	1,675	1,541
6	Divi's Laboratories	Accumulate	7,050	6,657
7	Dr. Reddy's Laboratories	Reduce	1,270	1,284
8	Eris Lifesciences	BUY	1,975	1,590
9	Fortis Healthcare	BUY	1,000	1,042
10	HealthCare Global Enterprises	BUY	620	651
11	Indoco Remedies	Hold	325	290
12	Ipca Laboratories	Accumulate	1,525	1,360
13	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,657
14	Jupiter Life Line Hospitals	BUY	1,720	1,521
15	Krishna Institute of Medical Sciences	BUY	815	706
16	Lupin	BUY	2,400	1,972
17	Max Healthcare Institute	BUY	1,355	1,131
18	Narayana Hrudayalaya	BUY	2,000	1,783
19	Rainbow Children's Medicare	BUY	1,725	1,331
20	Sun Pharmaceutical Industries	BUY	1,875	1,703
21	Sunteck Realty	BUY	600	432
22	Torrent Pharmaceuticals	Accumulate	4,200	3,580
23	Zydus Lifesciences	Accumulate	1,020	937

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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