

Retail Equity Research

CMP Rs. ₹ 640

Krishna Institute of Medical Sciences Ltd

Rating: Overweight

Healthcare

NSE CODE: KIMS BSE CODE: 543308

The company's revenue in Dec-24 stood at ₹772.4 crores, showing a marginal decline of 1% QoQ after strong sequential growth in previous quarters. Operating profit declined by 14% QoQ to ₹187.2 crores, indicating margin pressure as expenses increased to ₹585.2 crores. However, other income saw a sharp rise to ₹17.8 crores, mitigating some impact.

Despite robust PBT growth in Sep-24, Dec-24 saw a contraction to ₹134.6 crores, reflecting rising interest costs (₹25.7 crores) and depreciation (₹44.7 crores). Net profit declined 21% QoQ to ₹88.7 crores due to elevated tax outgo.

The fluctuating growth trends suggest potential seasonality and cost pressures. While expansion contributed to top-line growth in earlier quarters, margin sustainability remains key. Investors should monitor cost controls and future revenue visibility. Strategic efficiency and operational improvements will be crucial in sustaining profitability amid rising financial costs.

Company Data

Market Cap (cr)	Rs.	25,346.82	
Enterprise Value (cr)	Rs.	17,784.44	
Outstanding Shares (cr)		40.01	
52 week high	Rs.	674.00	
52 week low	Rs.	350.00	
1m average volume (lacs)		9.56	
Face value	Rs.	2.00	
	FY22	FY23	FY24
Sales	1650.83	2197.68	2498.14
Growth(%)	24%	33%	14%
EBITDA	551.4	651.45	660.76
EBITDA Margin(%)	33.4%	29.6%	26.5%
PAT	332.69	336.32	310.15
Growth(%)	65%	1%	-8%
EPS	8.3	8.4	7.8
P/E	33.3	33.3	53.1
P/B	8.0	6.7	9.0
EV/EBITDA	20.2	18.2	26.9
ROE(%)	24%	20.1%	17%
ROCE(%)	29%	22.2%	16.2%
ROIC(%)	27%	17.3%	12.4%
D/E	0.18	0.41	0.74

Financial Performance

KIMS recorded revenue of ₹790 crores in Q3 FY25, growing 29.7% YoY. EBITDA reached ₹205 crores, reflecting a 36.4% increase, while PAT stood at ₹93 crores. The EBITDA margin was 25.9%, with consolidated EPS rising by 15.6% YoY.

Operational & Technological Advancements

The company witnessed a 25.2% YoY increase in ARPOB and a 12.2% rise in revenue per patient. It launched a 200-bed hospital in Guntur and signed an agreement for a 300-bed facility in Kerala. Technological advancements include South Asia's first MRI-guided focused ultrasound for neuro care and AI-based smart glasses for the visually impaired.

Expansion & Market Positioning

KIMS is expanding in Bangalore and Thane, with Nashik expected to break even by FY26. Medical tourism revenue is projected to rise from ₹40-50 crores to ₹100-150 crores. The company remains a leader in multi-specialty healthcare across Andhra Pradesh and Telangana.

Key Highlights

Regional Leadership Krishna Medical Institution Ltd (KIMS) is a leading corporate healthcare group in Telangana and Andhra Pradesh, offering comprehensive medical services across primary, secondary, and tertiary care. The group also provides quaternary healthcare in tier-1 cities, ensuring access to advanced treatments at an affordable cost. With expertise in over 40 specialties and super-specialties, KIMS has established itself as a trusted healthcare provider in the region.

Diverse Speciality-Wise Revenue Mix KIMS Hospitals generates revenue across multiple specialties, with Cardiac Sciences contributing the highest at 18%, followed by Orthopedics (14%), Neurosciences (11%), and Renal Sciences (9%). Other key contributors include Mother & Child care (9%), Gastric Sciences (8%), Oncology (6%), and Organ Transplants (3%), with the remaining 22% coming from various other medical disciplines. This diversified revenue mix ensures stability and growth for the company.

Expanding Bed Capacity and Infrastructure As of FY24, KIMS operates 12 multi-specialty hospitals with an aggregate bed capacity of over 3,900, of which 3,500+ are operational. The company's flagship hospital in Secunderabad is one of the largest single-location healthcare facilities, housing approximately 1,000 beds. This extensive infrastructure enables KIMS to cater to a growing patient base while maintaining high standards of medical care.

Strong Financial Performance and Occupancy Growth KIMS has demonstrated consistent financial growth, with its Average Revenue Per Occupied Bed (ARPOB) rising from Rs 18,807 in FY18 to Rs 31,900 in FY24. The occupancy rate has also improved from 51% to 54% over the same period, reflecting increased patient trust and efficiency in hospital management. These indicators underscore the company's strong operational performance and revenue-generating capability.

Aggressive Expansion Strategy The company is undertaking significant expansion initiatives, including new hospital facilities and capacity additions. KIMS is adding 300 beds in Nashik (Rs. 200-250 Cr capex), 415 beds in Bangalore (Rs. 350-400 Cr capex), 500 beds in Kondapur (Rs. 300-350 Cr capex), 200 beds in Anantapur (Rs. 90-110 Cr capex), and 120 beds in Srikakulam (Rs. 70-75 Cr capex). Additionally, it is setting up a cancer center in Ongole with a Rs. 40-50 Cr investment and a multi-specialty hospital in Thane, Mumbai, with a capacity of 300 beds and Rs. 500 Cr capex. The company has acquired land on a 99-year lease for the Thane project in March 2024, further strengthening its presence in new markets.

Challenges and Risks Despite its strong market position, KIMS faces key challenges. It generates over 90% of its revenue from Telangana (66%) and Andhra Pradesh (27%), indicating geographical concentration risk. The company's debt levels have surged from Rs. 160 Cr in FY22 to approximately Rs. 930 Cr in FY24 (excluding lease liabilities). Additionally, KIMS does not own the trademark for its corporate logo and word mark, leading to disputes with other institutions using the same brand name. Furthermore, its subsidiary, SPANV Medisearch Lifesciences, received a tax demand notice of approximately Rs. 307 Cr from the Income Tax Department for the assessment year 2022-23. The company has also announced a share split, with the board approving the subdivision of one equity share from Rs. 10 to Rs. 2 each on June 28, 2024.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	605.84	633.80	688.40	777.30	772.40
Growth(%)	-7%	5%	9%	13%	-1%
Expenses	458.84	474.90	509.00	559.20	585.20
Operating Profit	147.00	158.90	179.40	218.10	187.20
Growth(%)	-17%	8%	13%	22%	-14%
Other Income	3.26	3.80	4.60	5.00	17.80
Depreciation	35.38	46.30	39.00	41.00	44.70
Interest	12.43	16.40	17.90	19.90	25.70
Profit before tax	102.45	100.00	127.10	162.20	134.60
Tax	25.90	28.50	31.90	41.50	42.10
Net profit	71.84	65.50	86.60	107.40	88.70
Growth(%)	-28%	-10%	24%	19%	-21%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	1,122.65	1,329.94	1,650.83	2,197.68	2,498.14
Growth(%)	22%	18%	24%	33%	14%
Expenses	871.91	953.15	1,126.48	1,586.78	1,850.44
Operating Profit	250.74	376.79	524.35	610.90	647.70
Growth(%)	196%	50%	39%	17%	6%
Other Income	4.83	9.09	27.05	40.55	13.06
Depreciation	70.61	69.54	72.67	129.26	146.55
Interest	44.43	37.33	21.87	37.28	54.57
Profit before tax	140.53	279.01	456.86	484.91	459.64
Tax	25.45	73.54	113.06	119.09	123.64
Net profit	119.18	201.22	332.69	336.32	310.15
Growth(%)	350%	69%	65%	1%	-8%

Balance Sheet

(Rs Cr)

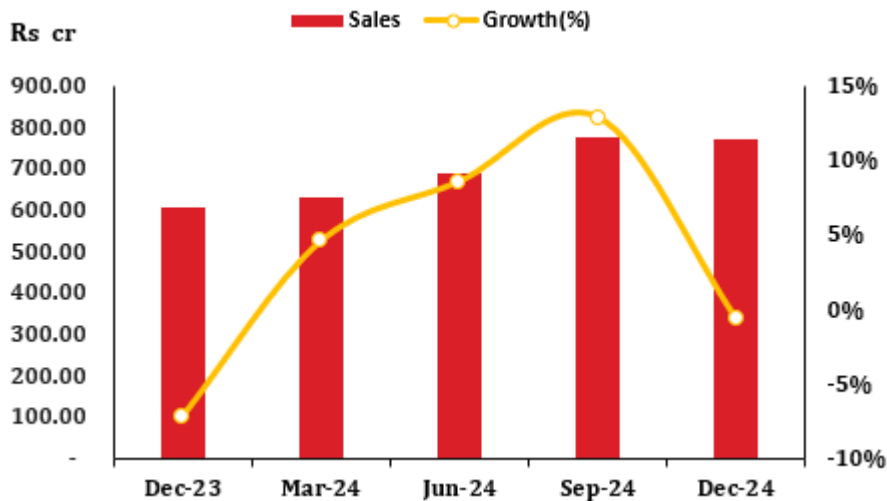
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	74.49	77.59	80.03	80.03	80.03
Reserves	523.64	786.14	1,307.28	1,589.51	1,748.33
Borrowings	368.73	316.37	256.53	678.18	1,355.33
Other Liabilities	227.62	253.11	260.29	553.39	636.41
Total	1,194.48	1,433.21	1,904.13	2,901.11	3,820.10
Net Block	915.98	931.08	1,005.21	1,766.32	2,433.91
Capital Work in Progress	2.23	9.24	20.76	476.93	600.09
Investments	-	-	332.48	67.89	157.41
Other Assets	276.27	492.89	545.68	589.97	628.69
Total	1,194.48	1,433.21	1,904.13	2,901.11	3,820.10

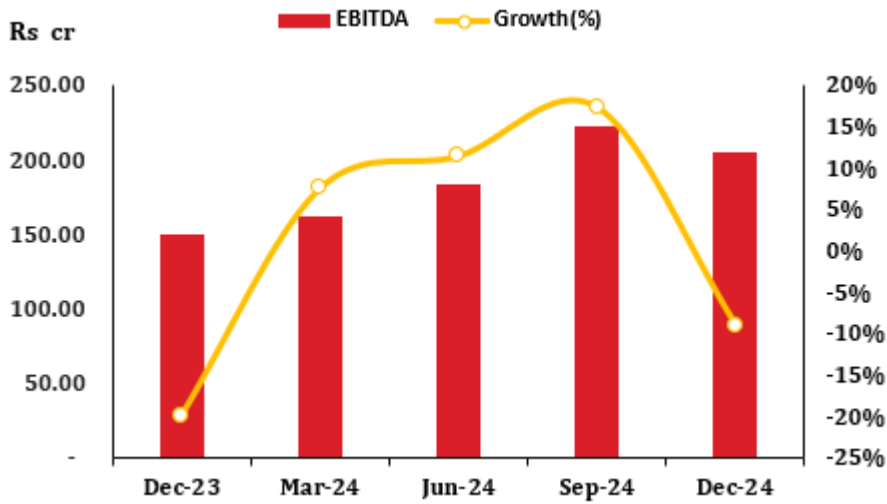
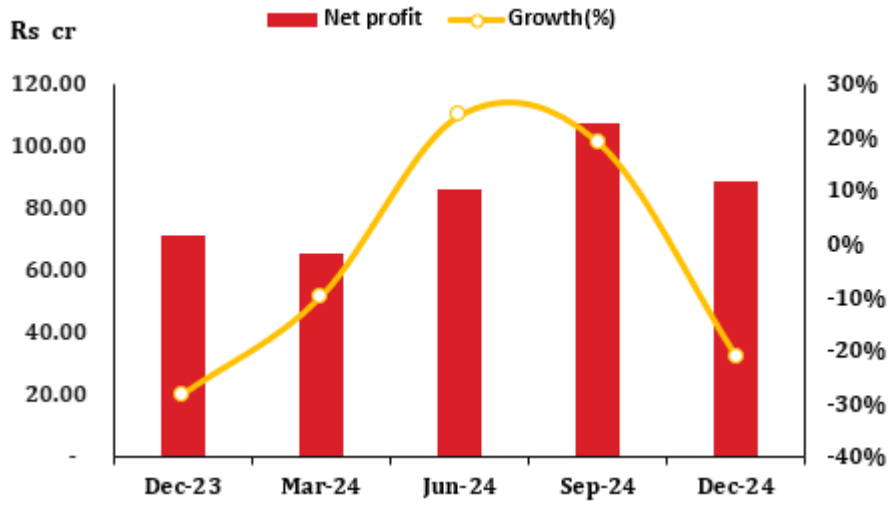
Cash Flow

(Rs Cr)

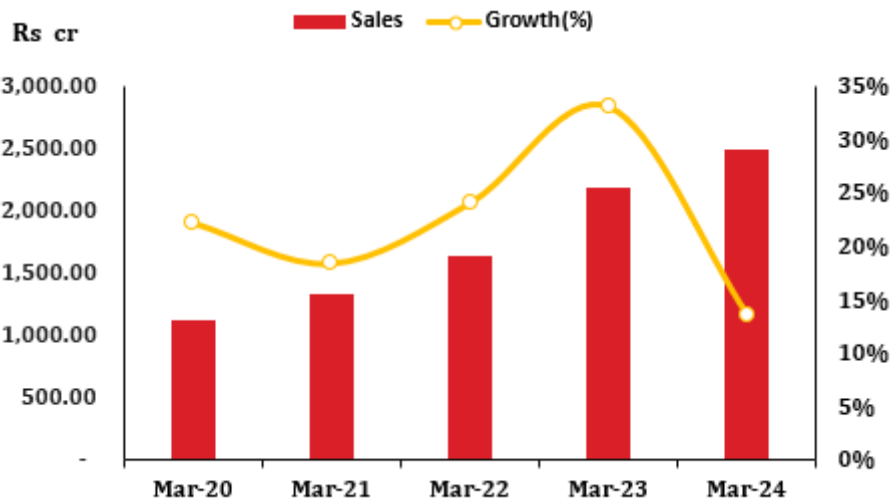
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	201.5	355.97	324.03	432.09	521.09
Cash from Investing Activity	-124.71	-354.18	-411.52	-415.75	-752.56
Cash from Financing Activity	-44.34	9.82	61	19.64	216.76
Net Cash Flow	32.45	11.62	-26.5	35.98	-14.72

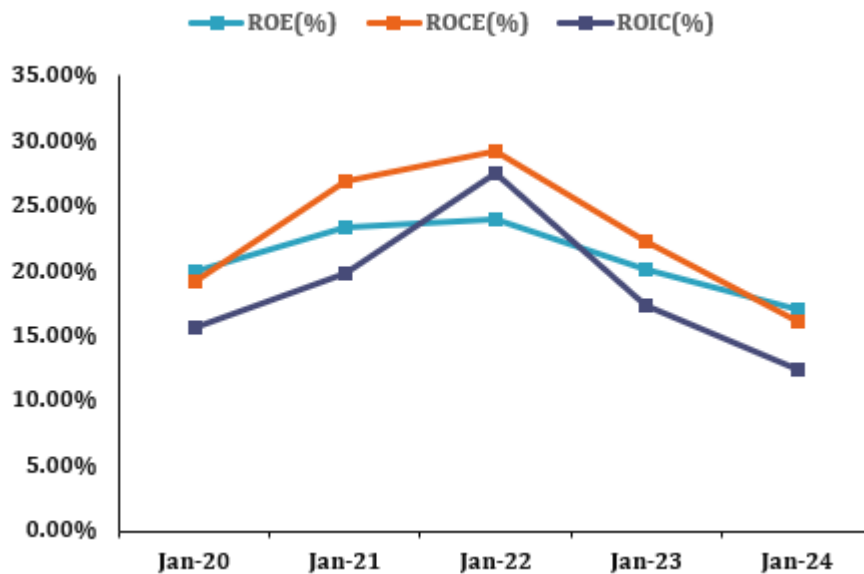
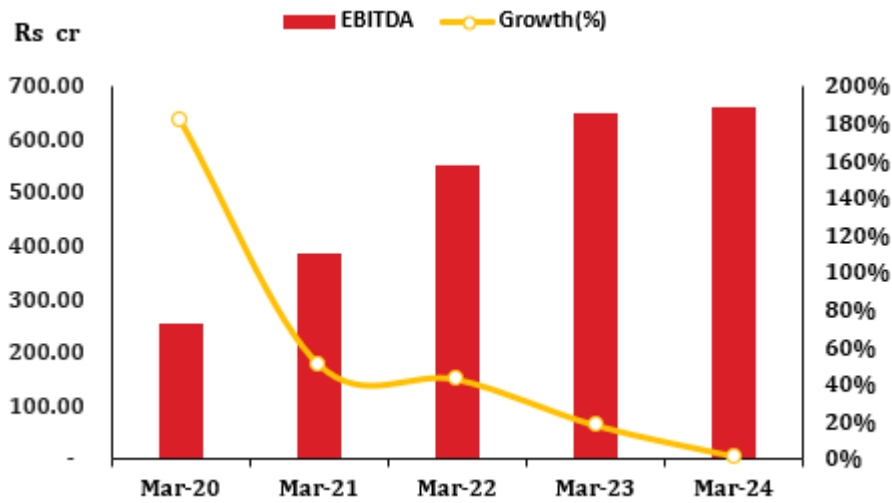
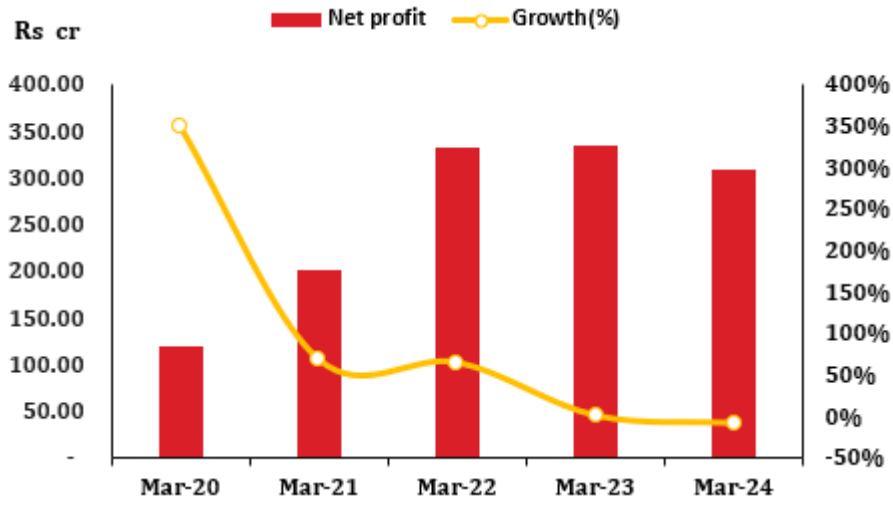
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.62	0.37	0.18	0.41	0.74
Debt/Assets	0.31	0.22	0.13	0.23	0.35
Debt/Ebitda	1.44	0.82	0.47	1.04	2.05
Debt/Capital Ratio	38%	27%	16%	29%	43%
Cash flow/Debt	0.55	1.13	1.26	0.64	0.38
Interest coverage ratio	4.16	8.47	21.89	14.01	9.42
Sales Change	22%	18%	24%	33%	14%
Ebit Change	438%	71%	51%	9%	-2%
Operating Leverage	8.78	2.72	1.62	0.50	0.44
Financial Leverage	2.00	1.66	1.37	1.74	2.09
Efficiency ratios					
Receivable days	43	30	28	42	43
Receivable turnover	8.49	12.11	12.83	8.70	8.49
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	29	40	31	37	37
Net Fixed assets turnover	1.23	1.43	1.64	1.24	1.03
Sales/capital employed	1.16	1.13	1.00	0.94	0.78
Total Asset Turnover	0.94	0.93	0.87	0.76	0.65
Profitability ratios					
Ebitda	255.57	385.88	551.4	651.45	660.76
Ebitda margin	23%	29%	33%	30%	26%
Gross Profit	503	641.55	839.9	1060.55	1178.86
Gross Profit Margin	45%	48%	51%	48%	47%
EBIT	184.96	316.34	478.73	522.19	514.21
EBIT Margin	16%	24%	29%	24%	21%
ROE	20%	23%	24%	20%	17%
Net profit margin	11%	15%	20%	15%	12%
EPS	3.20	5.19	8.32	8.41	7.75
DU Pont ROE	20%	23%	24%	20%	17%
Net Profit Margin	11%	15%	20%	15%	12%
Sales/Total assets	0.94	0.93	0.87	0.76	0.65
Financial Leverage	2.00	1.66	1.37	1.74	2.09
DU PONT ROA	10%	14%	17%	12%	8%
Net Profit Margin	11%	15%	20%	15%	12%
Sales/Total assets	0.94	0.93	0.87	0.76	0.65

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	16%	20%	26%	20%	16%
EBIT Margin	16%	24%	29%	24%	21%
Sales/cap employed	1.16	1.13	1.00	0.94	0.78
NOPAT	151.46	232.96	360.26	393.94	375.89
Capital employed	966.86	1180.1	1643.84	2347.72	3183.69
ROIC	16%	20%	22%	17%	12%

Valuation Ratios					
Price/Earnings			33.27	33.34	53.13
Price/Book	-	-	7.98	6.72	9.01
Marketcap	-	-	11,068.37	11,214.40	16,478.12
Enterprise Value	323.00	31.93	11,134.83	11,826.21	17,784.44
EV/EBITDA	1.26	0.08	20.19	18.15	26.92

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