

Retail Equity Research

CMP Rs. ₹ 684

Krishna Institute of Medical Sciences Ltd

Rating: Overweight

Healthcare

NSE CODE: KIMS BSE CODE: 543308

The company reported a steady uptick in top-line performance, with sales rising 3% QoQ in Q4 FY25 to ₹796.9 Cr, driven by resilient operational execution. However, operating profit grew a modest 6% QoQ to ₹198 Cr, indicating some margin pressure as cost escalation outpaced revenue growth. After peaking in Q2 FY25, operating leverage appears to have tapered off. Net profit rebounded 13% sequentially to ₹101.8 Cr, largely aided by elevated other income and lower tax outgo, partially offset by rising interest costs and depreciation.

Profit before tax remained flat at ₹134 Cr, signaling limited bottom-line expansion despite higher sales. The decline in Q3 margins (-14% QoQ) and ongoing cost intensification warrant caution, though the recovery in Q4 suggests improving normalization. For sustained earnings momentum, attention should remain on cost control, working capital efficiency, and better asset utilization amid upcoming capacity expansions. The firm appears fundamentally sound but entering a consolidation phase post a high-growth cycle.

Company Data			
Market Cap (cr)	Rs.	26,439.18	
Enterprise Value (cr)	Rs.	28,067.40	
Outstanding Shares (cr)		40.01	
52 week high	Rs.	708.00	
52 week low	Rs.	350.00	
1m average volume (lacs)		5.73	
Face value	Rs.	2.00	
	FY22	FY23	FY24
Sales	2197.68	2498.14	3035.1
Growth(%)	33%	14%	21%
EBITDA	651.45	660.76	825.6
EBITDA Margin(%)	29.6%	26.5%	27.2%
PAT	336.32	310.15	384.50
Growth(%)	1%	-8%	24%
EPS	8.4	7.8	9.6
P/E	33.3	53.1	66.6
P/B	6.7	9.0	12.0
EV/EBITDA	18.2	26.9	34.0
ROE(%)	20%	17.0%	18%
ROCE(%)	22%	16.2%	13.8%
ROIC(%)	17%	12.4%	10.5%
D/E	0.41	0.74	1.20

1. Strong Financial and Operational Growth:

KIMS reported a 29.7% YoY revenue growth to ₹790 Cr, with EBITDA rising 36.4% YoY to ₹205 Cr, though down QoQ. ARPOB increased 25.2% YoY, and average revenue per patient rose 12.2% YoY, indicating improved patient monetization.

2. Strategic Expansion and Innovation:

New hospitals in Guntur and Kollam were added, and KIMS introduced cutting-edge treatments like MRI-guided focused ultrasound for neuro care. Robotic surgery milestones included India's first 100 robotic Whipple surgeries and robotic CABG in Central India.

3. Future Outlook and Challenges:

While Maharashtra's margins dipped due to seasonal effects and write-offs, new units in Thane and Bangalore are expected to incur initial losses. Nashik is expected to break even by FY26. Medical tourism and AP cluster margins are projected to grow, supported by continued expansion in Karnataka and Kerala.

Key Highlights

1. Strong Regional Leadership and Broad Speciality Mix

Established in 1973, Krishna Institute of Medical Sciences Ltd (KIMS) has emerged as a regional leader in the corporate healthcare sector across Andhra Pradesh and Telangana. With a comprehensive network of hospitals and services, the company offers multidisciplinary, integrated care, including primary, secondary, tertiary, and quaternary services. It operates across more than 40 specialties and super-specialties with a strong focus on cardiac sciences, orthopaedics, neurosciences, and oncology. In 9MFY25, the largest revenue contributors were cardiac sciences (17%), orthopaedics (14%), and neurosciences (10%), highlighting the hospital's diverse capabilities.

2. Robust and Expanding Hospital Network

KIMS operates a vast hospital portfolio spread across multiple states including Telangana, Andhra Pradesh, Maharashtra, Kerala, and Karnataka (under development), with over 4,800 total bed capacity. Major centers include Secunderabad (1,000 beds), Vizag (over 700 beds across two units), and Kannur (189 beds). Significant expansions are underway in Bangalore, Kondapur, Rajahmundry, Ongole, and Anantapur, targeting an incremental 2,000–2,500 beds over the next two years. These expansions will more than double the current operational capacity and are expected to enhance the company's presence in Tier-1 cities and underserved Tier-2/3 regions.

3. Favorable Operational Metrics and Financial Performance

As of 9MFY25, KIMS had 4,342 operational beds and 3,758 census beds with an occupancy rate of 52.2%. The average revenue per occupied bed (ARPOB) stood at ₹38,395, while the average revenue per patient (ARPP) was ₹1,41,340. Inpatient (IP) and outpatient (OP) volumes were 1.44 lakh and 13.65 lakh respectively. These metrics reflect strong patient throughput and revenue generation capability, underpinned by an average length of stay (ALOS) of 3.68 days—indicative of efficient treatment cycles and faster bed turnover.

4. Cluster Revenue Concentration and EBITDA Contributions

KIMS derives over 90% of its revenue from Andhra Pradesh (27%) and Telangana (66%), with Telangana alone contributing 73% of revenue and 65% of EBITDA. While Maharashtra and Kerala contribute modestly to the top line, their EBITDA contributions remain relatively low at 7% and 1%, respectively. This stronghold in AP and Telangana positions the company advantageously in its core markets but also underscores the geographic concentration risk that KIMS aims to diversify through its upcoming projects in Bangalore and Mumbai.

5. Strategic Expansion Funded via Debt and Leasehold Model

To fund its aggressive expansion, KIMS has planned a capex of ₹1,800–2,000 Cr, of which 75% will be financed through debt. The company's total debt is projected to reach ₹1,750 Cr by FY26. Notably, most upcoming hospitals are being built on leasehold lands, allowing the company to conserve capital and avoid upfront land acquisition costs. This asset-light strategy supports faster scalability and reduces the burden of high fixed costs associated with land procurement, although it comes with long-term lease obligations.

6. Regulatory and Legal Risks

Despite its operational strengths, KIMS faces certain legal and regulatory risks. It currently does not hold exclusive rights to its corporate trademark, and the name "KIMS" is used by multiple institutions, particularly in Kerala and Karnataka, leading to ongoing trademark disputes. Moreover, on April 24, 2025, SPANV Medisearch Lifesciences (a KIMS subsidiary) received a tax demand notice of ₹307 Cr for AY 2022–23. These developments may impact the company's brand equity and financial outlook if not resolved favorably.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Sales	633.80	688.40	777.30	772.40	796.90
Growth(%)	5%	9%	13%	-1%	3%
Expenses	474.90	509.00	559.20	585.20	598.90
Operating Profit	158.90	179.40	218.10	187.20	198.00
Growth(%)	8%	13%	22%	-14%	6%
Other Income	3.80	4.60	5.00	17.80	15.30
Depreciation	46.30	39.00	41.00	44.70	52.60
Interest	16.40	17.90	19.90	25.70	26.70
Profit before tax	100.00	127.10	162.20	134.60	134.00
Tax	28.50	31.90	41.50	42.10	27.90
Net profit	65.50	86.60	107.40	88.70	101.80
Growth(%)	-10%	24%	19%	-21%	13%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Sales	1,329.94	1,650.83	2,197.68	2,498.14	3,035.10
Growth(%)	18%	24%	33%	14%	21%
Expenses	953.15	1,126.48	1,586.78	1,850.44	2,252.20
Operating Profit	376.79	524.35	610.90	647.70	782.90
Growth(%)	50%	39%	17%	6%	21%
Other Income	9.09	27.05	40.55	13.06	42.70
Depreciation	69.54	72.67	129.26	146.55	177.20
Interest	37.33	21.87	37.28	54.57	90.30
Profit before tax	279.01	456.86	484.91	459.64	558.10
Tax	73.54	113.06	119.09	123.64	143.30
Net profit	201.22	332.69	336.32	310.15	384.50
Growth(%)	69%	65%	1%	-8%	24%

Balance Sheet

(Rs Cr)

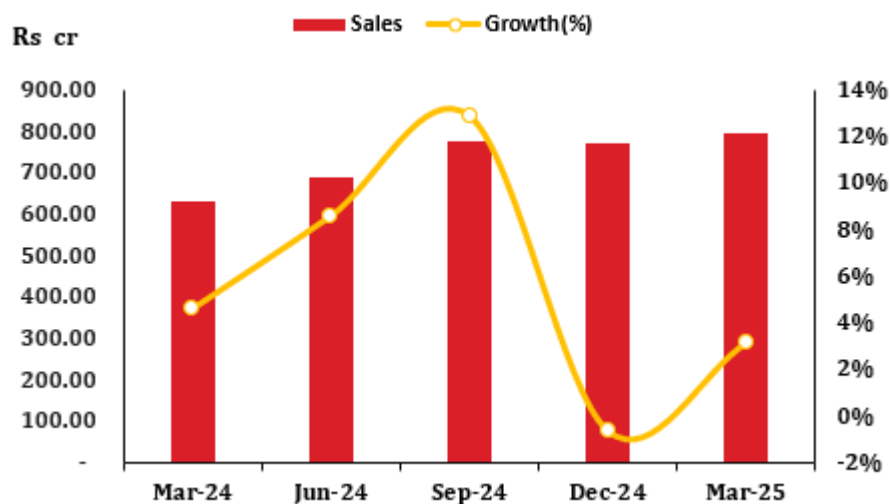
Report Date	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Equity Share Capital	77.59	80.03	80.03	80.03	80.00
Reserves	786.14	1,307.28	1,589.51	1,748.33	2,057.80
Borrowings	316.37	256.53	678.18	1,355.33	2,556.70
Other Liabilities	253.11	260.29	553.39	636.41	1,041.50
Total	1,433.21	1,904.13	2,901.11	3,820.10	5,736.00
Net Block	931.08	1,005.21	1,766.32	2,433.91	3,348.50
Capital Work in Progress	9.24	20.76	476.93	600.09	1,213.80
Investments	-	332.48	67.89	157.41	99.10
Other Assets	492.89	545.68	589.97	628.69	1,074.60
Total	1,433.21	1,904.13	2,901.11	3,820.10	5,736.00

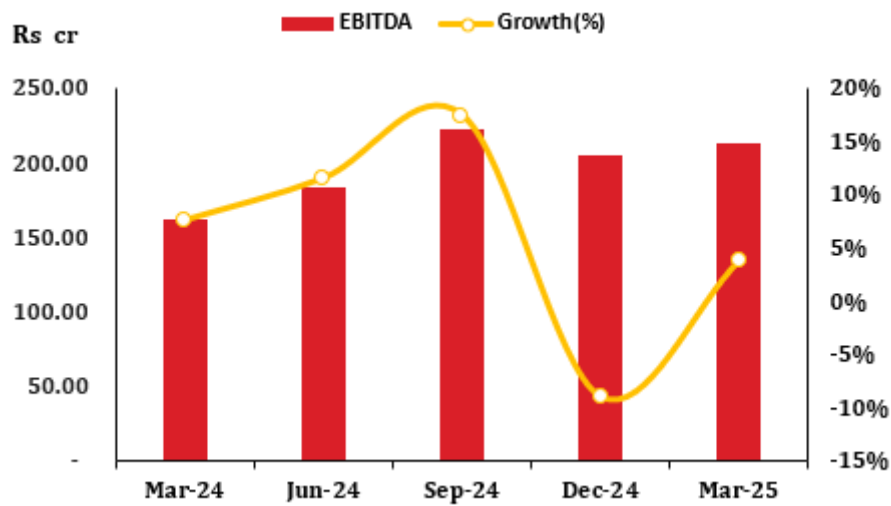
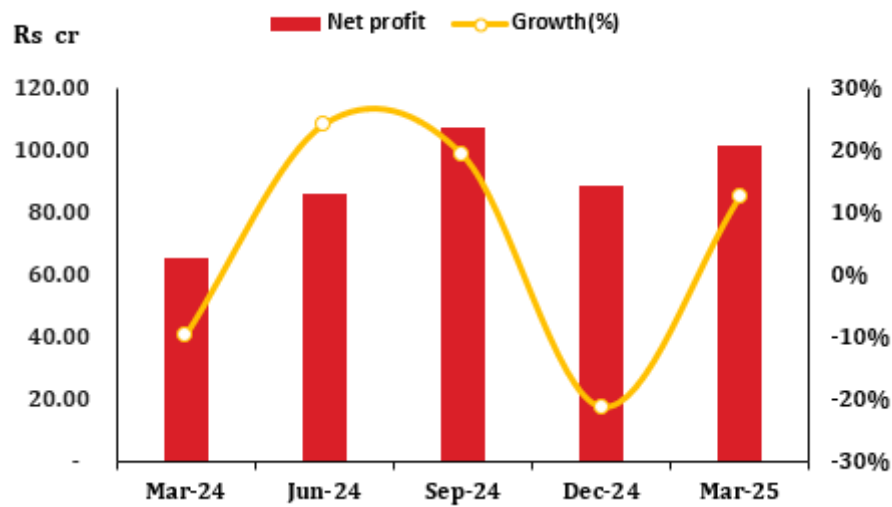
Cash Flow

(Rs Cr)

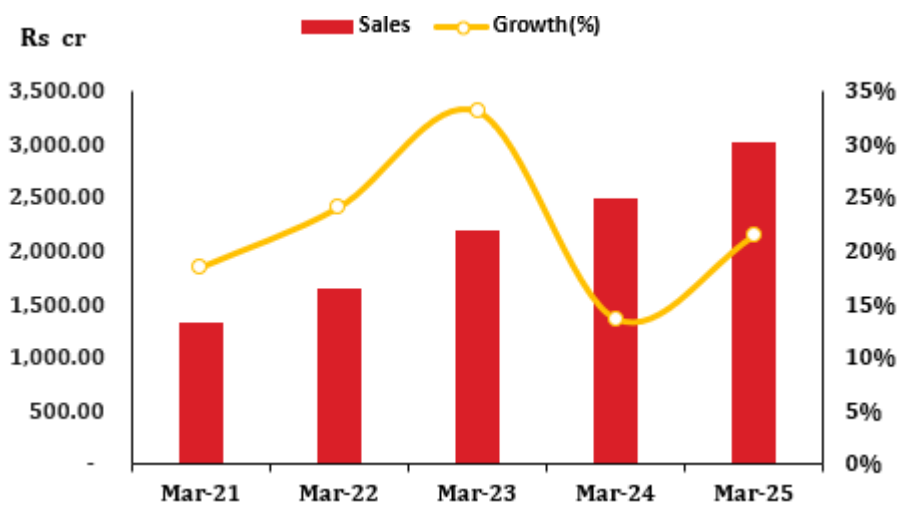
	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Cash from Operating Activity	355.97	324.03	432.09	521.09	581.8
Cash from Investing Activity	-354.18	-411.52	-415.75	-752.56	-1116.2
Cash from Financing Activity	9.82	61	19.64	216.76	543.1
Net Cash Flow	11.62	-26.5	35.98	-14.72	8.7

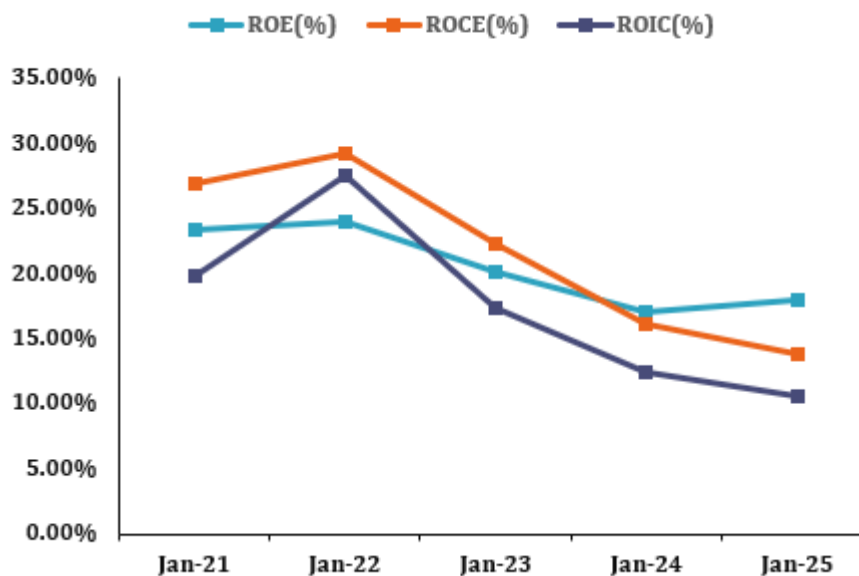
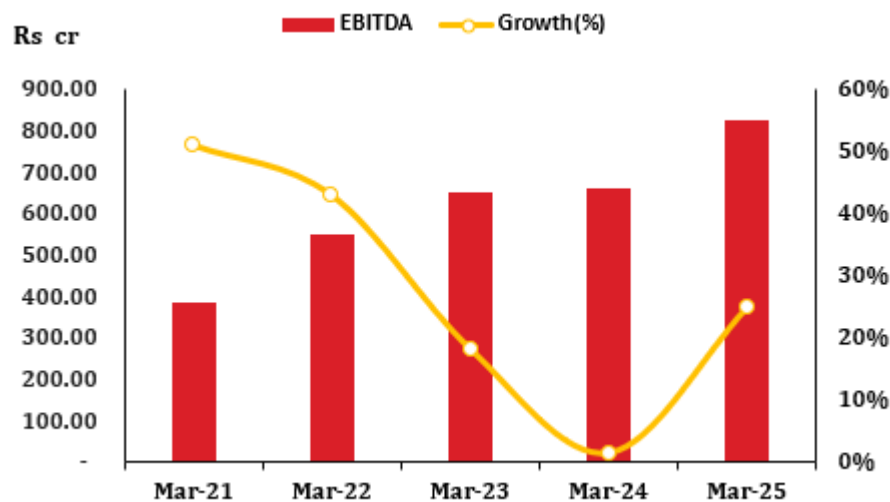
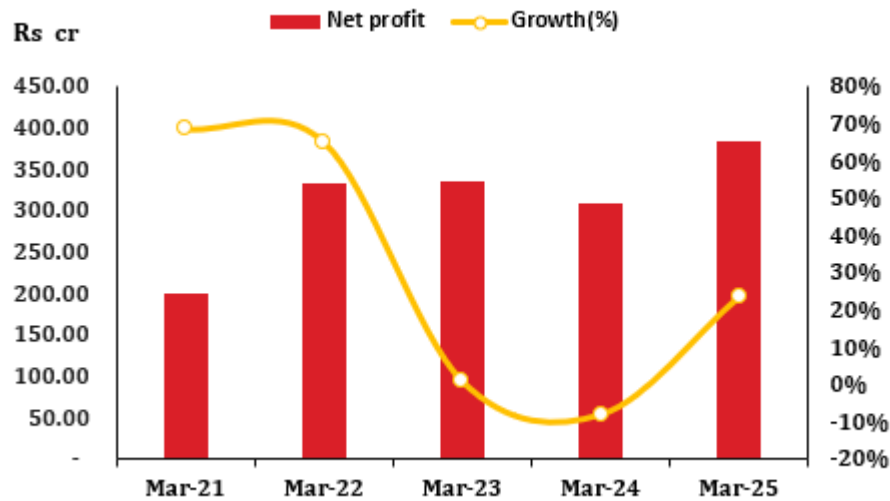
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
D/E	0.37	0.18	0.41	0.74	1.20
Debt/Assets	0.22	0.13	0.23	0.35	0.45
Debt/Ebitda	0.82	0.47	1.04	2.05	3.10
Debt/Capital Ratio	27%	16%	29%	43%	54%
Cash flow/Debt	1.13	1.26	0.64	0.38	0.23
Interest coverage ratio	8.47	21.89	14.01	9.42	7.18
Sales Change	18%	24%	33%	14%	21%
Ebit Change	71%	51%	9%	-2%	26%
Operating Leverage	2.72	1.62	0.50	0.44	0.97
Financial Leverage	1.66	1.37	1.74	2.09	2.68

Efficiency ratios

Receivable days	30	28	42	43	48
Receivable turnover	12.11	12.83	8.70	8.49	7.68
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	40	31	37	37	35
Net Fixed assets turnover	1.43	1.64	1.24	1.03	0.91
Sales/capital employed	1.13	1.00	0.94	0.78	0.65
Total Asset Turnover	0.93	0.87	0.76	0.65	0.53

Profitability ratios

Ebitda	385.88	551.4	651.45	660.76	825.6
Ebitda margin	29%	33%	30%	26%	27%
Gross Profit	641.55	839.9	1060.55	1178.86	2408.2
Gross Profit Margin	48%	51%	48%	47%	79%
EBIT	316.34	478.73	522.19	514.21	648.4
EBIT Margin	24%	29%	24%	21%	21%
ROE	23%	24%	20%	17%	18%
Net profit margin	15%	20%	15%	12%	13%
EPS	5.19	8.32	8.41	7.75	9.61
DU Pont ROE	23%	24%	20%	17%	18%
Net Profit Margin	15%	20%	15%	12%	13%
Sales/Total assets	0.93	0.87	0.76	0.65	0.53
Financial Leverage	1.66	1.37	1.74	2.09	2.68
DU PONT ROA	14%	17%	12%	8%	7%
Net Profit Margin	15%	20%	15%	12%	13%
Sales/Total assets	0.93	0.87	0.76	0.65	0.53

Capital Allocation Ratios	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
ROCE	20%	26%	20%	16%	14%
EBIT Margin	24%	29%	24%	21%	21%
Sales/cap employed	1.13	1.00	0.94	0.78	0.65
NOPAT	232.96	360.26	393.94	375.89	481.91
Capital employed	1180.1	1643.84	2347.72	3183.69	4694.5
ROIC	20%	22%	17%	12%	10%

Valuation Ratios					
Price/Earnings		33.27	33.34	53.13	66.55
Price/Book	-	7.98	6.72	9.01	11.97
Marketcap	-	11,068.37	11,214.40	16,478.12	25,590.40
Enterprise Value	31.93	11,134.83	11,826.21	17,784.44	28,067.40
EV/EBITDA	0.08	20.19	18.15	26.92	34.00

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