

May 14, 2025

## Q4FY25 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>BUY</b>		<b>BUY</b>	
<b>Target Price</b>	<b>725</b>		<b>725</b>	
Sales (Rs. m)	38,723	48,376	38,420	48,329
% Chng.	0.8	0.1		
EBITDA (Rs. m)	9,470	12,340	9,484	12,318
% Chng.	(0.2)	0.2		
EPS (Rs.)	10.6	14.7	10.6	14.8
% Chng.	0.2	(0.7)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	24,981	30,351	38,723	48,376
EBITDA (Rs. m)	6,373	7,829	9,470	12,340
Margin (%)	25.5	25.8	24.5	25.5
PAT (Rs. m)	3,101	3,737	4,250	5,874
EPS (Rs.)	7.7	9.3	10.6	14.7
Gr. (%)	(3.6)	20.5	13.7	38.2
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	17.7	18.8	18.1	20.6
RoCE (%)	19.3	17.5	17.0	20.5
EV/Sales (x)	10.9	9.3	7.3	5.8
EV/EBITDA (x)	42.8	35.9	29.7	22.7
PE (x)	84.7	70.2	61.8	44.7
P/BV (x)	14.4	12.3	10.2	8.3

### Key Data

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52-W High / Low	Rs.708 / Rs.350
Sensex / Nifty	81,148 / 24,578
Market Cap	Rs.262bn/ \$ 3,076m
Shares Outstanding	400m
3M Avg. Daily Value	Rs.470.5m

### Shareholding Pattern (%)

Promoter's	38.82
Foreign	15.45
Domestic Institution	31.95
Public & Others	13.78
Promoter Pledge (Rs bn)	1.23

### Stock Performance (%)

	1M	6M	12M
Absolute	6.4	18.4	66.5
Relative	(1.5)	13.3	49.3

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## In-line EBITDA; faster ramp up across Thane and Bangalore units will be key

### Quick Pointers:

- Consol ARPOB guided to reach to Rs. 50-55k in the next 2-3 years.
- 2,370 beds expansion plan across clusters over FY25-27E.

**Krishna Institute of Medical Sciences (KIMS) reported EBITDA growth of 29% YoY, adj for one offs; was in line with our estimates. Our FY26E/FY27E EBITDA broadly remain unchanged. The company is on track to commercialize greenfield expansions across Thane and Bengaluru markets by H1FY26. 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 FY25-27E with healthy return ratios of ~20%. Maintain 'Buy' rating with TP of Rs725/share based on 27x FY27E EV/EBITDA. Delay in breakeven of new units will be a key risk to our call.**

- In line adj EBITDA; Rs67mn one-time acquisition related cost:** KIMS reported EBITDA of Rs1.98bn. Adjusted for one-time acquisition cost towards Kerala cluster of Rs. 67.5mn, EBITDA was up by 29% YoY; in line with our estimates. Sunshine units consolidated in Telangana cluster and adjusted for other income reported 29% YoY growth in EBITDA, whereas AP units which now includes Vizag unit grew by 23% YoY. Nagpur reported Rs 560mn of revenues and Rs. 120mn of EBITDA with OPM at 21%. Nashik unit reported a loss of Rs. 100mn in Q4 and Rs 150mn for FY25; primarily due to lack of insurance empanelment. Consol margin adjusted for one off was at 26%.
- Higher ARPOB; subdued occupancy led by new bed addition:** KIMS consol level occupancy was impacted QoQ at 55% vs 58.4% in Q3 due to consolidation of 320 beds at Kollam. Overall, KIMS consolidated ~1,200 beds across Vizag, Kannur, Kollam and Nashik in FY25; of which Kannur turned EBITDA positive within 3 months of its operations and other 3 new units reported negative EBITDA of Rs. 180mn in FY25. Consolidated ARBOB came in at Rs41,469/day (up 21% YoY) aided by price revisions resulted in improved payer mix, reduction in ALOS (3.6 days vs 4.01 days in Q4FY24), and increased complex case mix. IP/OP volumes grew by 16%/14% YoY.
- Key con-call takeaways: Telangana:** Margins improvement by 430bps YoY driven by higher ARPOB, improvement in Sunshine profitability and better specialty mix. Overall, guided 20%+ revenue CAGR for next 2-3 years aided by higher occupancy across Sunshine units, new bed addition and steady ARPOB growth. **Sunshine:** reported revenues and EBITDA of Rs. 1.55 bn and Rs. 470mn for Q4FY25. Mgmt plans to commence Oncology services at Begumpeth unit soon. **Kondapur-** Plans to add 500 beds of which 200-250 beds (phase 1) will be added in Q1FY27

- **AP:** Growth of 15-20% will be led by ARPOB that guided to scale to Rs 30k in 3–4 years through increased transplant and oncology cases.
- **Maharashtra Cluster: Thane unit:** 300 beds operationalized in Q1 with 50 doctors onboarding between Jun–Jul’25. IPD to start end-May; full ramp up expected by FY26 end. **Sangli unit** Included under O&M; contributes to “Other Operating Income”; expected to breakeven in 1-2 months. Nagpur’s revenue and EBITDA stand at Rs. 560mn and 120mn for Q4FY25 whereas Nashik unit has revenue run rate of Rs. 80mn monthly and expected to break even within 2–3 months post- insurance empanelment.
- **Bangalore:** Both hospitals to be commissioned in Q2FY26 (Jul & Aug). Ramp-up expected over the next 12 months. Mgmt plans to onboard 40–50 doctors at each unit.
- **Kerala:** Kannur hospital breakeven whereas newly consolidated **Kollam** expected to break even in 2 quarters. Kerala cluster will continue to be cash-heavy (80%). **Thrissur unit** to be commissioned in FY27.
- **Capex –** Guided at Rs6-7bn on annual basis and debt-to-EBITDA guided to stay below 1.2x. Net debt was at Rs.18bn as of Q4 and expected to peak at ~Rs21bn by FY26 end, after finalizing capex for Thane and Bangalore units. Minority interest was at 12% for Q4FY25.
- **O&M Model:** Currently three units re under O&M such as Sangli (350 beds), Guntur (150 beds), Splendid (Hyderabad, 150 beds) and total ~800 beds under O&M by FY27.

**Exhibit 1: Q4FY25 Result Overview (Rs mn) –Adjusted EBITDA was in line with our estimate**

Y/e March	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
<b>Net Sales</b>	<b>7,969</b>	<b>6,338</b>	<b>25.7</b>	<b>7,724</b>	<b>3.2</b>	<b>30,351</b>	<b>24,981</b>	<b>21.5</b>
COGS	1,671	1,343	24.4	1,618	3.3	6,269	5,303	18.2
<i>% of Net Sales</i>	<i>21.0</i>	<i>21.2</i>		<i>20.9</i>		<i>20.7</i>	<i>21.2</i>	
Staff Cost	1,341	1,085	23.6	1,275	5.2	4,995	4,224	18.3
<i>% of Net Sales</i>	<i>16.8</i>	<i>17.1</i>		<i>16.5</i>		<i>16.5</i>	<i>16.9</i>	
Other Expenses	2,977	2,320	28.3	2,959	0.6	11,258	9,051	24.4
<i>% of Net Sales</i>	<i>37.4</i>	<i>36.6</i>		<i>38.3</i>		<i>37.1</i>	<i>36.2</i>	
<b>Total</b>	<b>5,989</b>	<b>4,748</b>	<b>26.1</b>	<b>5,852</b>	<b>2.3</b>	<b>22,522</b>	<b>18,577</b>	<b>21.2</b>
<b>EBITDA</b>	<b>1,980</b>	<b>1,590</b>	<b>24.6</b>	<b>1,872</b>	<b>5.8</b>	<b>7,829</b>	<b>6,404</b>	<b>22.2</b>
<i>Margins (%)</i>	<i>24.8</i>	<i>25.1</i>		<i>24.2</i>		<i>25.8</i>	<i>25.6</i>	
Other Income	45	38	18.2	178	(74.7)	319	131	144.3
Interest	267	164	63.2	257	3.9	903	470	92.0
Depreciation	526	463	13.6	447	17.7	1,772	1,465	20.9
<b>PBT</b>	<b>1,232</b>	<b>1,001</b>	<b>23.1</b>	<b>1,346</b>	<b>(8.5)</b>	<b>5,473</b>	<b>4,599</b>	<b>19.0</b>
Provision for Taxation	279	285	(2.1)	421	(33.7)	1,433	1,236	15.9
<i>Tax rate %</i>	<i>22.6</i>	<i>28.5</i>		<i>31.3</i>		<i>26.2</i>	<i>26.9</i>	
<b>PAT</b>	<b>953</b>	<b>716</b>	<b>33.1</b>	<b>925</b>	<b>3.0</b>	<b>4,040</b>	<b>3,363</b>	<b>20.1</b>
Minority Interest	43	61	(30.0)	38	13.2	303	261	16.0
<b>Reported PAT</b>	<b>910</b>	<b>655</b>	<b>39.0</b>	<b>887</b>	<b>2.6</b>	<b>3,737</b>	<b>3,101</b>	<b>20.5</b>

Source: Company, PL

**Exhibit 2: Revenue growth across clusters led by healthy ARPOB**

Cluster wise revenues – Rs mn	FY24	FY25	Q4FY25
Telangana (incl. Sunshine)	16,441	19,392	4,919
% total	65.7	63.9	61.7
AP	6,775	8,108	2,109
% total	27.1	26.7	26.5
Maharashtra	1,796	2,365	680
% total	7.2	7.8	8.5
Kerala	NA	486	261
% total	NA	1.6	3.3
<b>Total</b>	<b>25,012</b>	<b>30,351</b>	<b>7,969</b>

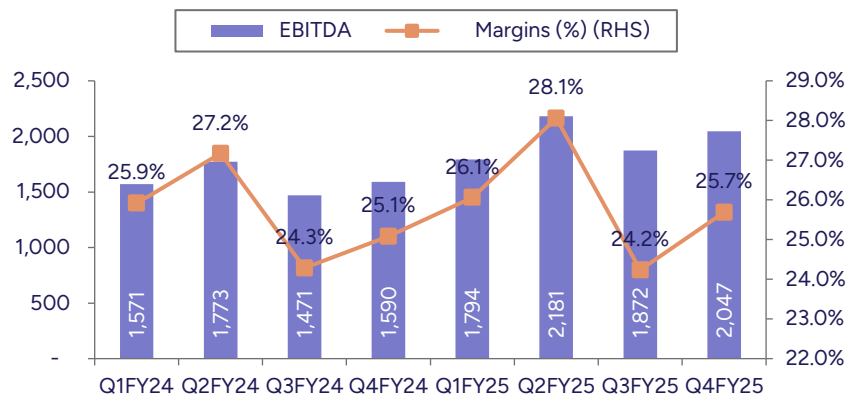
Source: Company, PL

**Exhibit 3: Margin declined QoQ due to one offs and new bed addition**

Cluster wise EBITDA- Rs mn	FY24	FY25	Q4FY25
Telangana (incl. Sunshine)	4,647	5,743	1,561
OPM (%)	28.3	29.6	31.7
AP	1,506	1,962	496
OPM (%)	22.2	24.2	23.5
Maharashtra	250	221	22
OPM (%)	13.9	9.3	3.2
Kerala		-97	-98
OPM (%)		-20.0	-37.6
<b>Total</b>	<b>6,403</b>	<b>7,829</b>	<b>1,980</b>
OPM (%)	25.6	25.8	24.8

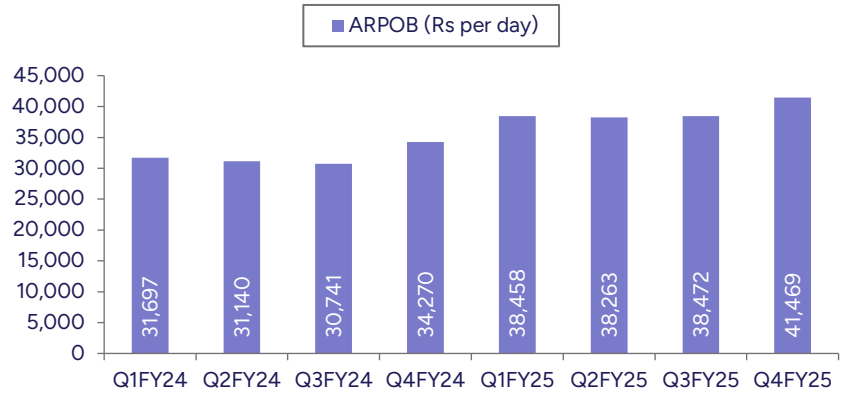
Source: Company, PL

**Exhibit 4: Ex of one-time; margins were at 25.7%**



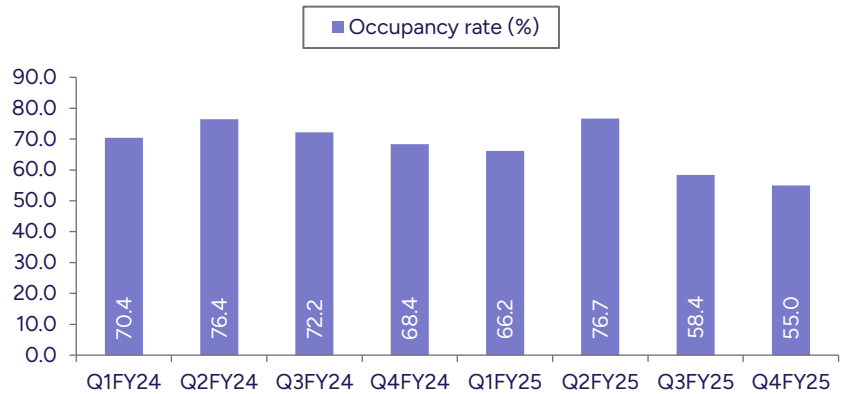
Source: Company, PL

**Exhibit 5: ARPOB grew by 21%YoY on improved case, payor mix and lower ALOS**



Source: Company, PL

**Exhibit 6: Occupancy declined on consolidation of Kollam unit with 320 beds**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>24,981</b>	<b>30,351</b>	<b>38,723</b>	<b>48,376</b>
YoY gr. (%)	13.7	21.5	27.6	24.9
Cost of Goods Sold	5,303	6,269	7,938	9,917
Gross Profit	19,679	24,082	30,785	38,459
Margin (%)	78.8	79.3	79.5	79.5
Employee Cost	4,224	4,995	5,594	6,266
Other Expenses	9,082	11,258	15,721	19,853
<b>EBITDA</b>	<b>6,373</b>	<b>7,829</b>	<b>9,470</b>	<b>12,340</b>
YoY gr. (%)	5.5	22.8	21.0	30.3
Margin (%)	25.5	25.8	24.5	25.5
Depreciation and Amortization	1,465	1,772	2,249	2,669
<b>EBIT</b>	<b>4,907</b>	<b>6,057</b>	<b>7,220</b>	<b>9,671</b>
Margin (%)	19.6	20.0	18.6	20.0
Net Interest	470	903	1,200	1,350
Other Income	161	319	180	250
<b>Profit Before Tax</b>	<b>4,598</b>	<b>5,473</b>	<b>6,200</b>	<b>8,571</b>
Margin (%)	18.4	18.0	16.0	17.7
Total Tax	1,236	1,433	1,581	2,186
Effective tax rate (%)	26.9	26.2	25.5	25.5
<b>Profit after tax</b>	<b>3,362</b>	<b>4,040</b>	<b>4,619</b>	<b>6,385</b>
Minority interest	259	303	370	511
Share Profit from Associate	(3)	-	-	-
<b>Adjusted PAT</b>	<b>3,101</b>	<b>3,737</b>	<b>4,250</b>	<b>5,874</b>
YoY gr. (%)	(3.6)	20.5	13.7	38.2
Margin (%)	12.4	12.3	11.0	12.1
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>3,101</b>	<b>3,737</b>	<b>4,250</b>	<b>5,874</b>
YoY gr. (%)	(3.6)	20.5	13.7	38.2
Margin (%)	12.4	12.3	11.0	12.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,101	3,737	4,250	5,874
<b>Equity Shares O/s (m)</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>EPS (Rs)</b>	<b>7.7</b>	<b>9.3</b>	<b>10.6</b>	<b>14.7</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>23,998</b>	<b>30,488</b>	<b>37,488</b>	<b>44,488</b>
Tangibles	23,998	30,488	37,488	44,488
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>6,051</b>	<b>7,823</b>	<b>10,073</b>	<b>12,742</b>
Tangibles	6,051	7,823	10,073	12,742
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>17,947</b>	<b>22,665</b>	<b>27,416</b>	<b>31,746</b>
Tangibles	17,947	22,665	27,416	31,746
Intangibles	-	-	-	-
Capital Work In Progress	9,313	19,572	19,572	19,572
Goodwill	3,080	3,386	3,386	3,386
Non-Current Investments	1,574	991	991	991
Net Deferred tax assets	(144)	131	131	131
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	494	640	849	1,060
Trade receivables	2,944	3,954	4,774	5,964
Cash & Bank Balance	490	797	141	602
Other Current Assets	1,740	3,716	4,088	4,496
<b>Total Assets</b>	<b>38,520</b>	<b>57,360</b>	<b>62,856</b>	<b>69,458</b>
<b>Equity</b>				
Equity Share Capital	800	800	800	800
Other Equity	17,483	20,578	24,828	30,702
<b>Total Network</b>	<b>18,284</b>	<b>21,378</b>	<b>25,628</b>	<b>31,502</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	9,276	16,541	16,541	15,541
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1,186	2,519	2,519	2,519
Trade payables	1,972	2,691	3,183	3,976
Other current liabilities	1,600	4,446	4,831	5,254
<b>Total Equity &amp; Liabilities</b>	<b>38,520</b>	<b>57,360</b>	<b>62,856</b>	<b>69,458</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	4,598	5,473	6,200	8,571
Add. Depreciation	1,465	1,772	2,249	2,669
Add. Interest	470	903	1,200	1,350
Less Financial Other Income	161	319	180	250
Add. Other	(174)	(909)	-	-
Op. profit before WC changes	6,360	7,239	9,650	12,590
Net Changes-WC	251	12	(524)	(594)
Direct tax	(1,402)	(1,433)	(1,581)	(2,186)
<b>Net cash from Op. activities</b>	<b>5,210</b>	<b>5,818</b>	<b>7,545</b>	<b>9,811</b>
Capital expenditures	(9,011)	(12,343)	(7,000)	(7,000)
Interest / Dividend Income	-	-	-	-
Others	-	239	-	-
<b>Net Cash from Inv. activities</b>	<b>(9,011)</b>	<b>(12,104)</b>	<b>(7,000)</b>	<b>(7,000)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	5,130	7,938	-	(1,000)
Dividend paid	-	-	-	-
Interest paid	(470)	(903)	(1,200)	(1,350)
Others	(1,006)	(658)	-	-
<b>Net cash from Fin. activities</b>	<b>3,654</b>	<b>6,377</b>	<b>(1,200)</b>	<b>(2,350)</b>
<b>Net change in cash</b>	<b>(147)</b>	<b>91</b>	<b>(655)</b>	<b>461</b>
Free Cash Flow	(3,801)	(6,525)	545	2,811

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	7.7	9.3	10.6	14.7
CEPS	11.4	13.8	16.2	21.4
BVPS	45.7	53.4	64.0	78.7
FCF	(9.5)	(16.3)	1.4	7.0
DPS	-	-	-	-
<b>Return Ratio(%)</b>				
RoCE	19.3	17.5	17.0	20.5
ROIC	12.9	10.7	11.5	14.0
RoE	17.7	18.8	18.1	20.6
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.5	0.9	0.7	0.6
Net Working Capital (Days)	21	23	23	23
<b>Valuation(x)</b>				
PER	84.7	70.2	61.8	44.7
P/B	14.4	12.3	10.2	8.3
P/CEPS	57.5	47.6	40.4	30.7
EV/EBITDA	42.8	35.9	29.7	22.7
EV/Sales	10.9	9.3	7.3	5.8
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

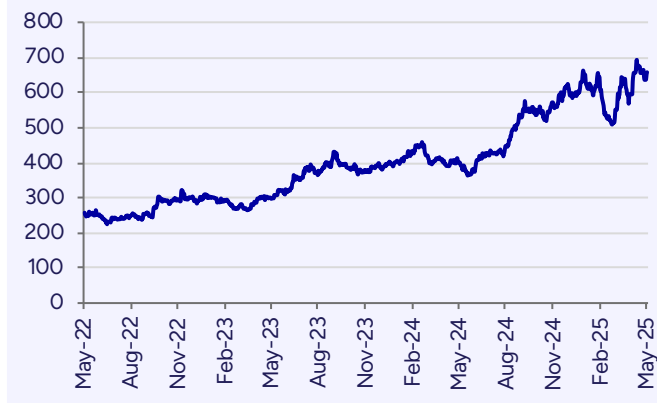
**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Net Revenue</b>	<b>6,884</b>	<b>7,773</b>	<b>7,724</b>	<b>7,969</b>
YoY gr. (%)	13.6	19.1	27.5	25.7
Raw Material Expenses	1,426	1,555	1,618	1,671
Gross Profit	5,458	6,218	6,106	6,298
Margin (%)	79.3	80.0	79.1	79.0
<b>EBITDA</b>	<b>1,794</b>	<b>2,181</b>	<b>1,872</b>	<b>1,980</b>
YoY gr. (%)	14.2	23.0	27.2	24.6
Margin (%)	26.1	28.1	24.2	24.8
Depreciation / Depletion	390	410	447	526
<b>EBIT</b>	<b>1,404</b>	<b>1,771</b>	<b>1,425</b>	<b>1,454</b>
Margin (%)	20.4	22.8	18.4	18.2
Net Interest	179	199	257	267
Other Income	46	50	178	45
<b>Profit before Tax</b>	<b>1,271</b>	<b>1,622</b>	<b>1,346</b>	<b>1,232</b>
Margin (%)	18.5	20.9	17.4	15.5
Total Tax	319	415	421	279
Effective tax rate (%)	25.1	25.6	31.3	22.6
<b>Profit after Tax</b>	<b>952</b>	<b>1,207</b>	<b>925</b>	<b>953</b>
Minority interest	86	133	38	43
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>866</b>	<b>1,074</b>	<b>887</b>	<b>910</b>
YoY gr. (%)	7.2	16.7	23.5	39.0
Margin (%)	12.6	13.8	11.5	11.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>866</b>	<b>1,074</b>	<b>887</b>	<b>910</b>
YoY gr. (%)	7.2	16.7	23.5	39.0
Margin (%)	12.6	13.8	11.5	11.4
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>866</b>	<b>1,074</b>	<b>887</b>	<b>910</b>
Avg. Shares O/s (m)	400	400	400	400
<b>EPS (Rs)</b>	<b>2.2</b>	<b>2.8</b>	<b>2.3</b>	<b>2.7</b>

Source: Company Data, PL Research



**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	725	567
2	10-Feb-25	BUY	725	642
3	08-Jan-25	BUY	675	649
4	12-Nov-24	BUY	675	563
5	07-Oct-24	BUY	480	550
6	08-Aug-24	BUY	480	438
7	08-Jul-24	BUY	440	427
8	18-Jun-24	BUY	440	405
9	18-May-24	BUY	420	390

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,100	6,683
2	Aster DM Healthcare	BUY	620	476
3	Aurobindo Pharma	BUY	1,510	1,097
4	Cipla	BUY	1,730	1,416
5	Divi's Laboratories	Accumulate	6,250	5,309
6	Dr. Reddy's Laboratories	Reduce	1,335	1,088
7	Eris Lifesciences	BUY	1,450	1,275
8	Fortis Healthcare	BUY	760	636
9	HealthCare Global Enterprises	BUY	555	523
10	Indoco Remedies	Hold	325	233
11	Ipca Laboratories	Accumulate	1,700	1,316
12	J.B. Chemicals & Pharmaceuticals	BUY	2,075	1,518
13	Jupiter Life Line Hospitals	BUY	1,750	1,480
14	Krishna Institute of Medical Sciences	BUY	725	567
15	Lupin	BUY	2,420	1,923
16	Max Healthcare Institute	BUY	1,300	1,084
17	Narayana Hrudayalaya	BUY	1,560	1,644
18	Rainbow Children's Medicare	BUY	1,785	1,406
19	Sun Pharmaceutical Industries	BUY	2,275	1,677
20	Suntek Realty	BUY	650	401
21	Torrent Pharmaceuticals	Accumulate	3,750	3,234
22	Zydus Lifesciences	Accumulate	1,050	841

**PL's Recommendation Nomenclature (Absolute Performance)**

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

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