

Strong Topline, Margins in Transition as New Assets Ramp



KIMS Hospitals reported record Q3FY26 revenue of ₹10.0bn (+29.2% YoY / +3.9% QoQ), driven by strong ARPOB growth (+20.5% YoY / +10.3% QoQ to ₹46,341), healthy IP (+13.2% YoY) and OP (+24.5% YoY) volume momentum, and continued ramp-up of newly commissioned hospitals in Maharashtra and Bengaluru. EBITDA (excluding other income) stood at ₹2.0bn (+6% YoY / -3% QoQ), with margins moderating to 19.9% (vs 24.2% YoY / 21.2% QoQ) due to start-up losses from Thane, Nashik, Mahadevapura and Electronic City, alongside higher employee and operating costs during the scale-up phase, while PAT declined to ₹519mn on elevated depreciation and finance costs. Mature Telangana and Andhra Pradesh clusters continue to anchor profitability, supported by increasing tertiary care contribution, including transplants, while Nashik turned marginally EBITDA positive in Jan'26 and management targets EBITDA breakeven for Thane and Mahadevapura by Q1FY27 and Electronic City by Q3FY27, aided by completion of doctor onboarding (200 doctors onboarded in Bengaluru). KIMS now operates 25 hospitals across five states following seven additions in CY2025, with upcoming commissioning at Kondapur, Ongole, Anantapur, Rajahmundry and a newly announced Chennai project reinforcing its regional cluster strategy. Net debt stood at ₹2.85bn as of Dec'25, with management indicating leverage has largely peaked and is expected to moderate as new hospitals stabilize and operating cash flows improve, supporting the company's long-term growth trajectory.

Financial Summary

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26e	FY27e	FY28e
Net sales	21,977	24,982	30,351	38,859	50,746	63,591
EBIDTA	6,040	6,373	7,829	8,141	10,403	13,990
EBITDA Margins	27.5	25.5	25.8	21.0	20.5	22.0
PAT (adj)	3,260	3,100	3,845	2,364	3,965	6,710
Growth (%)	(1.9)	(4.9)	24.0	(38.5)	67.7	69.2
EPS	8.1	7.7	9.6	5.9	9.9	16.8
P/E (x)	78.2	82.2	66.3	107.9	64.3	38.0
P/B (x)	15.3	13.9	11.9	10.6	9.0	7.4
EV/EBITDA (x)	42.9	41.4	34.8	33.9	26.6	19.5
RoE (%)	20.1	17.0	18.0	9.8	14.0	19.4
ROCE (%)	22.7	17.6	15.8	12.2	14.8	19.3

Source: Company, Dalal & Broacha Research

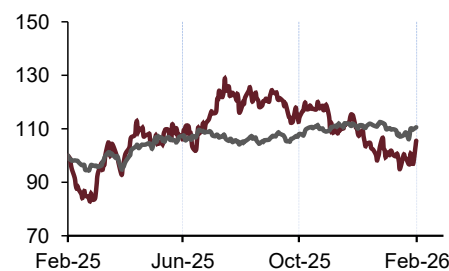
Rating	TP (Rs)	Up/Dn (%)
BUY	785	21

Market data

Current price	Rs	647
Market Cap (Rs.Bn)	(Rs Bn)	259
Market Cap (US\$ Mn)	(US\$ Mn)	2,854
Face Value	Rs	2
52 Weeks High/Low	Rs	798.4 / 474.05
Average Daily Volume	('000)	211
BSE Code		543308
Bloomberg		KIMS.IN

Source: Bloomberg

One Year Performance



— Krishna Institute of Medical Sciences Ltd
— Nifty Index

Source: Bloomberg

% Shareholding	Dec-25	Sep-25
Promoters	34.11	34.11
Public	65.89	65.89
Total	100.00	100.00

Source: Bloomberg

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Key financial highlights

- Revenues at Rs.9607Mn, 23.6%YoY/10.3%QoQ
- Revenues Rs.9,977Mn, 29% YoY / 4% QoQ
- EBITDA (Excl OI) at Rs.1,989Mn, 6% YoY / -3% QoQ
- PAT at Rs.519Mn, -44% YoY / -28% QoQ
- Gross Margin came in at 79.2% vs 79.1% YoY / 79.7% QoQ
- Gross Margin saw improvement of +19 bps on YoY basis
- EBITDA Margin (Excl OI) came in at 19.9% vs 24.2% YoY / 21.2% QoQ
- EBITDA Margin (Excl OI) saw decline of -430 bps on YoY basis

Valuation & Outlook

KIMS Hospitals delivered a record Q3FY26, with revenue crossing ₹10.0bn (+29% YoY / +4% QoQ), driven by strong ARPOB growth (+21% YoY), higher tertiary care contribution and continued ramp-up of new hospitals in Maharashtra and Bengaluru. However, consolidated EBITDA margin moderated to 19.9% (vs 24.2% YoY / 21.2% QoQ), impacted by operating losses from recently commissioned units (Thane, Nashik, Mahadevapura and Electronic City) and higher employee and operating expenses during the scale-up phase.

Management indicated that Thane and Mahadevapura are expected to turn EBITDA breakeven by Q1FY27, while Electronic City is targeted to breakeven by Q3FY27. Doctor onboarding across Bengaluru hospitals is largely complete (200 doctors onboarded), with revenue ramp-up expected to drive sequential loss reduction. Nashik turned marginally positive in Jan'26, supported by improving cash payer mix and upcoming insurance empanelment.

The company added seven hospitals during CY2025 and now operates 25 hospitals across five states. Key upcoming expansions include Kondapur (expected commissioning in coming months), Ongole, Anantapur, Rajahmundry and a newly announced Chennai project, reinforcing KIMS' strategy of building dense regional clusters across South India. Management indicated FY27 capex of ₹5–6bn, largely towards completing ongoing projects, with no major new hospital announcements beyond the current pipeline.

At the current CMP, KIMS trades at **19.5x FY28E EV/EBITDA**. We value the company at **24x FY28E EV/EBITDA**, factoring in improving visibility on new hospital breakeven, strong ARPOB momentum, and sustained cash generation from mature clusters. This implies a **target price of ₹785, offering 21% upside from current levels**. We initiate a **BUY** rating, backed by a multi-year growth runway, disciplined capital allocation, and strengthening regional leadership in Southern healthcare.

Conference Call KTAs

Cluster-wise Performance (Q3 FY26)

Telangana / Andhra Pradesh (AP)

- Mature cluster; volume growth constrained by renovation (200–250 beds offline)
- Actual operational occupancy 80–85% (reported 52% due to closed beds).
- Telangana sustainable growth guided at high-single digit; can move to double digit with new capacity (Kondapur coming in 3–4 months).
- AP Q3 volumes impacted by temporary govt scheme strike; Jan rebound seen.

Maharashtra

- Thane showing strong traction (high ARPOB market).
- Insurance empanelment's 2 of top 5 done; remaining by Q4FY26.
- Nashik slower due to payer mix but improving; CGHS/ECHS onboarding underway.

Bangalore:

- Very strong ARPOB (₹70–75k normalized).
- Initial ARPOB inflated due to transplant mix; some moderation expected.
- Pricing is currently 15% below competition; to be rationalized gradually.

New Hospitals Ramp-up:

- Thane + Bangalore Mahadevapura expected to turn EBITDA breakeven by **Q1FY27**
- Bangalore Electronic City breakeven targeted by Q3FY27 (only one month cost booked in Q3)
- Nashik achieved monthly breakeven on Jan'26 (13 months post launch)
- Kerala: Kottayam ramping well; Kollam (6–7 months old) expected to breakeven in next 1–2 quarters
- Doctor onboarding is largely completed across Bangalore (200 doctors onboard).

Expansion:

- **Chennai** hospital signed (26-year land agreement); construction 2 years. Entry aimed at completing South India footprint.
- **Mumbai:** actively evaluating opportunities; no immediate announcement.
- Preference remains asset-heavy (own land/building).
- No large M&A; only small deals are evaluated.

Capex and Debt:

- FY27 residual capex ₹5000–6000 million largely for ongoing projects.
- Net debt ₹28,500 million expects debt to start declining QoQ as hospitals mature.

Quarterly Financials

(Rs.Mn)	Q3FY26	Q3FY25	YoY Growth	Q2FY26	QoQ Growth
Revenue from Operations	9,977	7,724	29%	9,607	4%
Other Income	52	178	-71%	42	24%
Total RM Cost	1,969	1,618	22%	1,952	1%
Gross Profit	7,906	6,106	29%	7,655	3%
Employee Benefits Expense	1,763	1,275	38%	1,745	1%
Other Expenses	4,256	2,959	44%	3,870	10%
Total Expenses	7,988	5,852	37%	7,567	6%
EBITDA (Excluding Other Income)	1,989	1,872	6%	2,040	-3%
Depreciation and Amortisation Expenses	787	447	76%	661	19%
EBIT / PBIT	1,254	1,603	-22%	1,421	-12%
Finance Costs	568	257	121%	450	26%
EBT/ PBT	686	1,346	-49%	971	-29%
Tax Expense	167	421	-60%	248	-33%
Reported PAT	519	925	-44%	720	-28%
Reported Earning Per Share	1.33	2.22	-40%	1.67	-20%
Margins (%)			bps		bps
Gross Margins	79.2%	79.1%	19	79.7%	-44
EBITDA Margins (Excl Other Income)	19.9%	24.2%	-430	21.2%	-130
PAT Margins	5.4%	11.5%	-613	7.0%	-163
Tax rate	24.3%	31.3%	-693	25.5%	-120
As a % to sales			bps		bps
RM as a % to sales	19.7%	20.9%	-121	20.3%	-58
EE Cost as a % to sales	17.7%	16.5%	116	18.2%	-49
Other exps as a % to sales	42.7%	38.3%	435	40.3%	237
Key Operational Metrics					
IP Volumes	61,139	54,013	13.2%	64,288	-4.9%
OP Volumes	585,491	470,159	24.5%	592,725	-1.2%
ARPOB (Rs)	46,341	38,472	20.5%	42,016	10.3%
Occupancy (%) (On operational bed capacity)	49.0%	50.7%	-171	53.5%	-451

Source: Dalal & Broacha Research

Financials

P&L (Rs mn)	FY23	FY24	FY25	FY26e	FY27e	FY28e
Net Sales	21,977	24,982	30,351	38,859	50,746	63,591
Raw Material Cost	(4,806)	(5,303)	(6,269)	(7,849)	(10,910)	(13,672)
Employee Cost	(3,464)	(4,224)	(4,995)	(6,936)	(9,134)	(11,446)
Other Expenses	(7,666)	(9,082)	(11,258)	(15,932)	(20,298)	(24,483)
Operating Profit (EBITDA)	6,040	6,373	7,829	8,141	10,403	13,990
Depreciation	(1,293)	(1,465)	(1,772)	(2,795)	(2,997)	(3,125)
PBIT	4,748	4,908	6,057	5,345	7,405	10,865
Other income	259	161	319	220	176	141
Interest	(305)	(470)	(903)	(1,940)	(1,817)	(1,573)
PBT	4,701	4,598	5,473	3,625	5,765	9,432
Share of Profit from JV	-	(3)	108	-	-	-
Profit before tax (post exceptional)	4,849	4,595	5,581	3,625	5,765	9,432
Provision for tax	(1,191)	(1,236)	(1,433)	(912)	(1,451)	(2,374)
Reported PAT	3,658	3,359	4,148	2,713	4,314	7,058
MI	295	259	303	348	348	348
Net Profit	3,363	3,100	3,845	2,364	3,965	6,710
Adjusted Profit (excl Exceptionals)	3,260	3,100	3,845	2,364	3,965	6,710

Balance Sheet	FY23	FY24	FY25	FY26e	FY27e	FY28e
Equity capital	800	800	800	800	800	800
CCPS	-	-	-	-	-	-
Reserves	15,895	17,482	20,578	23,291	27,604	33,789
Net worth	16,695	18,282	21,378	24,091	28,405	34,590
MI	2,684	2,649	2,810	3,158	3,507	3,507
Non Current Liabilities	7,069	13,067	24,810	26,366	27,924	27,595
Current Liabilities	2,965	4,523	8,362	9,572	10,256	11,519
TOTAL Equity & LIABILITIES	29,413	38,521	57,360	63,187	70,092	77,210
Non Current Assets	24,637	33,046	50,381	56,193	61,131	63,051
Investments in JV	-	-	-	-	-	-
Fixed Assets	19,352	27,260	42,237	48,049	52,987	54,907
Goodwill	3,080	3,080	3,386	3,386	3,386	3,386
Non Current Investments	-	-	-	-	-	-
Deferred Tax Asset	402	319	599	599	599	599
Long Term Loans and Advances	567	-	-	-	-	-
Other Non Current Assets	1,235	2,387	4,159	4,159	4,159	4,159
Current Assets	4,776	5,475	6,979	6,994	8,961	14,160
Current investments	679	830	220	229	238	-
Inventories	429	494	640	852	1,112	1,394
Trade Receivables	2,527	2,944	3,954	4,578	5,839	7,317
Cash and Bank Balances	664	491	1,280	451	886	4,564
Short Term Loans and Advances	-	-	-	-	-	-
Other Current Assets	479	716	885	885	885	885
TOTAL ASSETS	29,413	38,521	57,360	63,187	70,092	77,210

Cash Flow St. (Rs. mn)	FY23	FY24	FY25	FY26e	FY27e	FY28e
Net Profit	3,260.4	3,100.5	3,845.0	2,364.2	3,965.4	6,709.8
Add: Dep. & Amort.	1,292.6	1,465.5	1,772.0	2,795.4	2,997.4	3,125.2
Cash profits	4,553.0	4,565.9	5,617.0	5,159.6	6,962.7	9,835.0
(Inc)/Dec in						
Sundry debtors	(1,240.2)	(417.5)	(1,010.0)	(623.9)	(1,261.4)	(1,478.1)
Inventories	(64.4)	(65.8)	(145.6)	(211.7)	(260.5)	(281.5)
Loans/advances	(171.4)	566.9	-	-	-	-
Other Current Assets	(140.9)	(1,171.4)	(1,958.4)	-	-	-
Current Liab and Provisions	309.5	599.6	2,917.5	161.0	153.9	220.2
Sundry Creditors	447.2	229.0	719.5	104.7	940.7	945.8
Change in working capital	(860.1)	(259.2)	523.0	(569.9)	(427.3)	(593.7)
CF from Oper. activities	3,692.8	4,306.8	6,140.0	4,589.7	6,535.4	9,241.3
CF from Inv. activities	(14,144.4)	(9,523.8)	(16,445.3)	(8,615.9)	(7,945.2)	(4,806.5)
CF from Fin. activities	5,414.9	3,417.7	7,751.7	3,196.9	1,845.0	(757.4)
Cash generated/(utilised)	(5,036.7)	(1,799.4)	(2,553.5)	(829.3)	435.2	3,677.5
Cash at start of the year	1,900.7	663.7	490.8	1,280.3	451.0	886.1
Cash at end of the year	(3,136.0)	(1,135.6)	(2,062.7)	451.0	886.1	4,563.6

Ratios	FY23	FY24	FY25	FY26e	FY27e	FY28e
OPM	27.5	25.5	25.8	21.0	20.5	22.0
NPM	14.66	12.33	12.54	6.05	7.79	10.53
Tax rate	(24.6)	(26.9)	(25.7)	(25.2)	(25.2)	(25.2)
Growth Ratios (%)						
Net Sales	33.1	13.7	21.5	28.0	30.6	25.3
Operating Profit	17.1	5.5	22.8	4.0	27.8	34.5
PBIT	7.2	3.4	23.4	(11.7)	38.5	46.7
PAT	(1.9)	(4.9)	24.0	(38.5)	67.7	69.2
Per Share (Rs.)						
Net Earnings (EPS)	8.15	7.75	9.61	5.91	9.91	16.77
Cash Earnings (CPS)	11.4	11.4	14.0	12.9	17.4	24.6
Dividend	0.0	0.0	0.0	-	-	-
Book Value	41.7	45.7	53.4	60.2	71.0	86.4
Free Cash Flow	10.7	14.4	22.0	17.5	18.7	26.3
Valuation Ratios						
P/E(x)	78.2	82.2	66.3	107.9	64.3	38.0
P/B(x)	15.3	13.9	11.9	10.6	9.0	7.4
EV/EBIDTA(x)	42.9	41.4	34.8	33.9	26.6	19.5
Div. Yield(%)	0.0	0.0	0.0	-	-	-
FCF Yield(%)	1.7	2.3	3.5	2.7	2.9	4.1
Return Ratios (%)						
ROE	20%	17%	18%	10%	14%	19%
ROCE	23%	18%	16%	12%	15%	19%
ROIC	18%	14%	13%	10%	12%	16%

Source: Dalal & Broacha Research

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