

AFFORDABLE HEALTHCARE WITH HIGH GROWTH!

We initiate coverage on Krishna Institute of Medical Sciences Ltd (KIMS) with a **BUY** rating and a target price of Rs 1570 (EV/EBITDA 22x for FY24E EBITDA), implying an upside potential of 28% from the current levels. KIMS operates nine multi-speciality hospitals with an aggregate bed capacity of 3,064. Its current occupancy rate stands at 58% implying a significant growth potential over a period of time which will further contribute to the company's overall growth. KIM's focus on affordable health services has led to Average Revenue Per Occupied bed (ARPOB) of Rs 28,820, which is 35% lower than the industry average. KIMS has planned to add incremental bed capacity by 50% over the next 36-40 months. Furthermore, it has the highest return ratios with RoIC of 32% in the industry exhibiting low Capex per bed (Rs 36 Lc/bed) and high EBIT margins (22.7%).

Focus on affordable healthcare to propel growth

KIM's is focused on affordable health services across Tier II and Tier III cities with Average Revenue Per Occupied bed (ARPOB) standing at Rs 28,820, 35% lower than the industry average of Rs 38,400. This has led to high revenue growth. Operating leverage derived from higher volume delivered the highest EBITDA margins (+28%) as compared to average industry margins (+17.8%). The company has achieved this by controlling capital and operating expenditure along with a multi-disciplinary approach. KIMS treatment costs across medical procedures are on an average 20-30% lower than other private hospitals in India.

Disciplined Growth Strategy - Growth from existing assets and new markets

KIMS has planned to add an incremental bed capacity of 1,500 (50%) from the current bed capacity of 3,065 over the next 36-40 months. This could lead to a total bed capacity of 4,500. It is planning to add an incremental 500 capacity in current hospitals to meet growing demand. Furthermore, an incremental 1,000 bed capacity in adjacents markets such as Bangalore, Chennai, Bhubaneswar, Indore, Aurangabad, and Nagpur. KIMS is expected to incur a Capex of Rs 300 Cr per year over the next 3-4 years to create these capabilities.

High RoIC among peers due to low capital and operating costs

KIMS has the highest return ratios with RoIC of 32% due to 1.) Lowest Capex per bed (Rs 36 Lc/bed) and 2.) Highest EBIT margins 22.7%. Low Capex strategy is a mix of acquiring land in advance and constructs building on their own to reduce costs and another is acquiring land on a long-term lease with low-cost terms to avoid high rental costs. KIMS has achieved the highest EBIT margins in the industry by controlling doctors costs (doctor participation model) and no rental expenses. High RoIC (32%) led to generate a strong cash flow of ~ Rs 300 Cr every year enabling the company to achieve net debt-free status. We expect KIMS cashflow generation of Rs 300 Cr every year plus minimum debt required to fund incremental bed capacity in the next 36-40 months.

Key Financials (Consolidated)

(Rs Cr)	FY21	FY22E	FY23E	FY24E
Net Sales	1,330	1,540	1,811	2,095
EBITDA	371	431	511	595
Net Profit	202	255	310	365
EPS (Rs)	26	31	37	44
PER (x)	48.8	41.4	34.1	29.0
EV/EBITDA (x)	26.6	24.1	20.2	17.1
P/BV (x)	11.3	9.3	7.3	5.8
ROE (%)	23.1	22.4	21.4	20.1

Source: Company, Axis Research

(CMP as on 16th August, 2021)

CMP (Rs)	1,220
Upside /Downside (%)	28%
High/Low (Rs)	1,328/938
Market cap (Rs Cr)	10,150
Avg. daily vol. (6m) Shrs (Cr).	5,72,241
No. of shares (Cr)	8.3

Shareholding (%)

	Dec-20	Mar-21	New(Post Issue)
Promoter	46.81	46.81	46.81
FIs	-	-	-
MFs / UTI	-	-	-
Banks / Fls	-	-	-
Others	53.19	53.19	61.16

Financial & Valuations

Y/E Mar (Rs. bn)	FY22E	FY23E	FY24E
Net Sales	1,540	1,811	2,095
EBITDA	431	511	595
Net Profit	255	310	365
EPS (Rs.)	31	37	44
PER (x)	41.4	34.1	29.0
EV/EBITDA (x)	24.1	20.2	17.1
P/BV (x)	9.3	7.3	5.8
ROE (%)	22.4	21.4	20.1

Key Drivers (%) (Growth in %)

Y/E Mar	FY21E	FY22E	FY23E
Net Sales	1,540	1,811	2,095
EBITDA	431	511	595
Net Profit	255	310	365

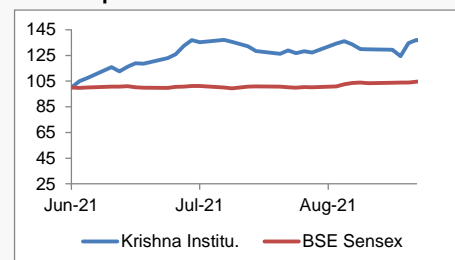
ESG Disclosure Score

Environmental Disclosure Score	N.A.
Social Disclosure Score	N.A.
Governance Disclosure Score	N.A.
Total ESG Disclosure Score	N.A.

Source: Bloomberg, Scale 0.1-100

**Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2020 disclosures

Relative performance

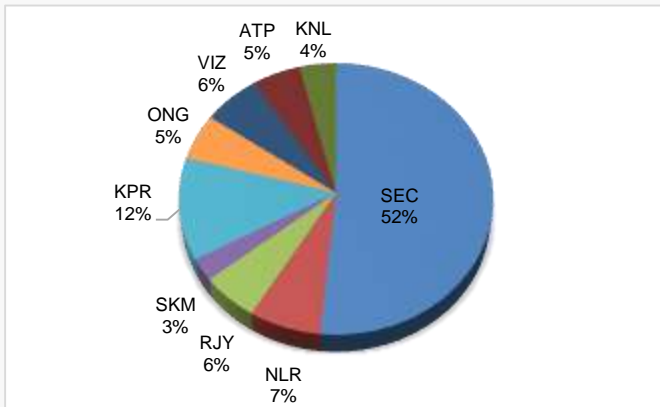


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Story In Chart

Exhibit 1: Hospital wise revenue breakup: Mature hospitals are expected to grow at 10%-12% with the improvement in occupancy rates. We expect a revenue CAGR of 16% over the period FY21-24E.



Source: RHP, Company, Axis Securities

Exhibit 2: Therapy wise revenue breakup: Diversified Revenues across Specialties such as cardiac sciences, neurosciences, gastric sciences, orthopaedics, renal sciences, interventional pulmonology, etc.

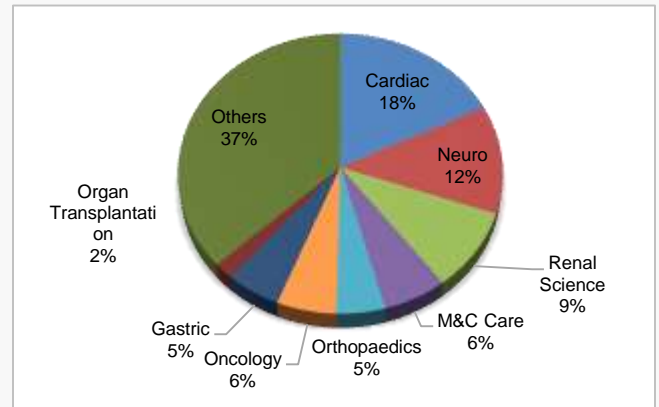
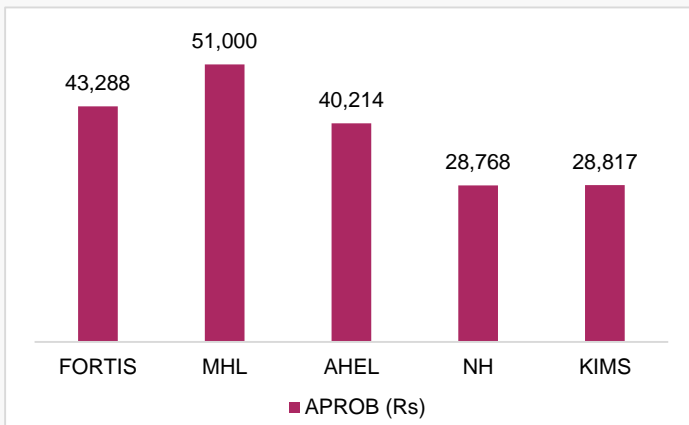


Exhibit 3: Average Revenue Per Occupied bed (ARPOB) stood at Rs 28,820, 35% lower than the industry average of Rs 38,400.



Source: RHP, Company, Axis Securities

Exhibit 4: Continuous endeavour by the company to reduce its ALOS, resulting into high churning of beds.

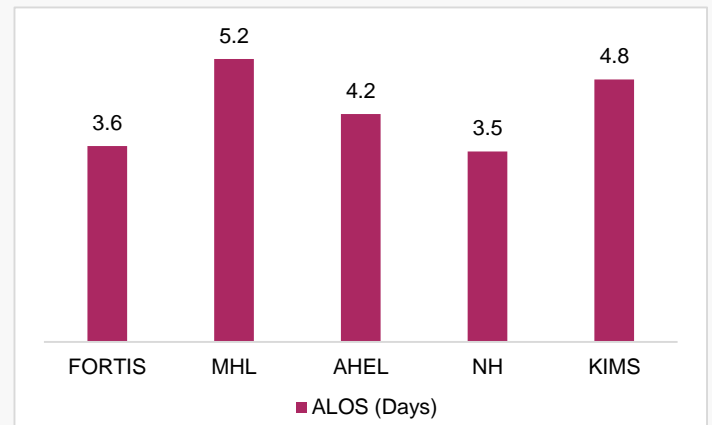
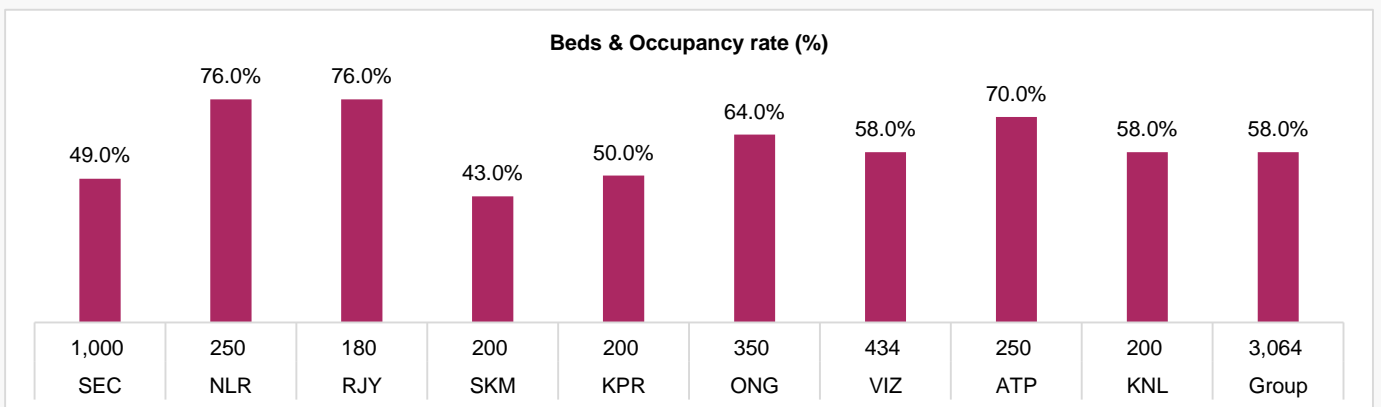


Exhibit 5: KIMS' overall occupancy in its 9 hospitals was at 58% in FY21. We expect the potential of occupancy to go up further at mature hospitals which will further contribute to growth.



Source: RHP, Axis Securities

Secunderabad (SEC) Nellore (NLR) Rajahmundry (RJY) Srikakulam (SKM) Kondapur (KPR) Ongole (ONG) Vizag (VIZ) Anantapur(ATP) Kurnool (KNL)

Exhibit 6: Lowest Capex per bed (Rs 36 Lc/bed): Two-pronged strategies of acquiring land in advance and construct a facility on their own to reduce costs and acquire land on a long-term lease and low-cost terms to avoid high rental costs.

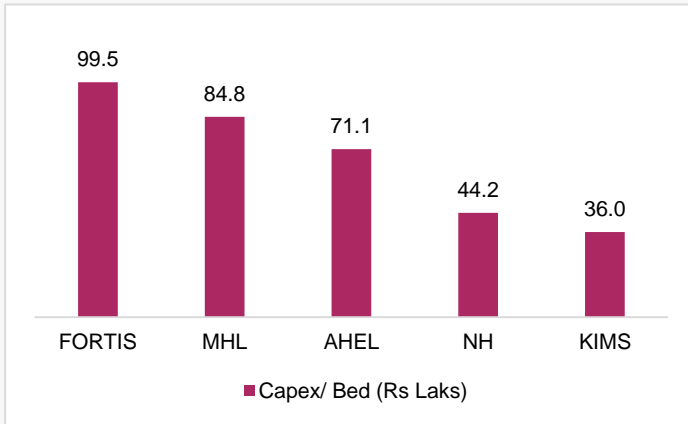
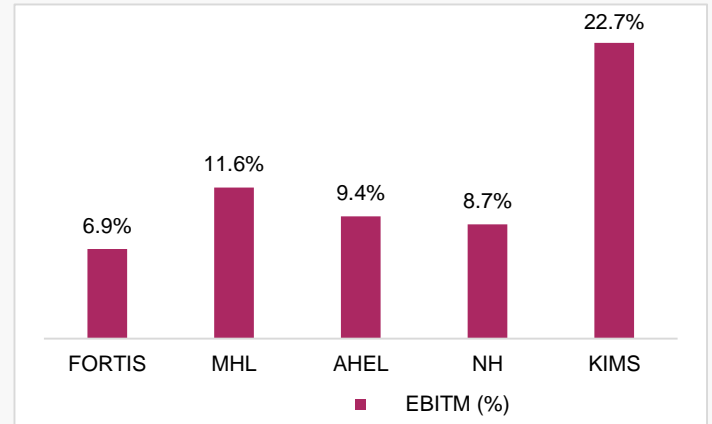


Exhibit 7: Highest EBIT margins of 22.7%: KIMS has achieved the highest EBIT margins in the industry by controlling doctors costs (doctor participation model) and no rental expenses.



Source: Company, Axis Research, FORTIS. MHL-Max Healthcare, AHEL-Apollo Hospitals Enterprise, NH-Narayana Hrudayala, KIMS

Exhibit 8: High Asset turns help KIMS improve its operating margins by gaining operative leverage. Assets turns are expected to increase with the increase in occupancies.

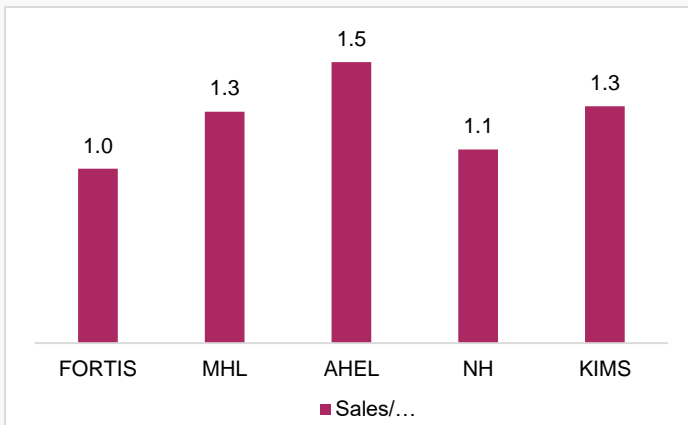
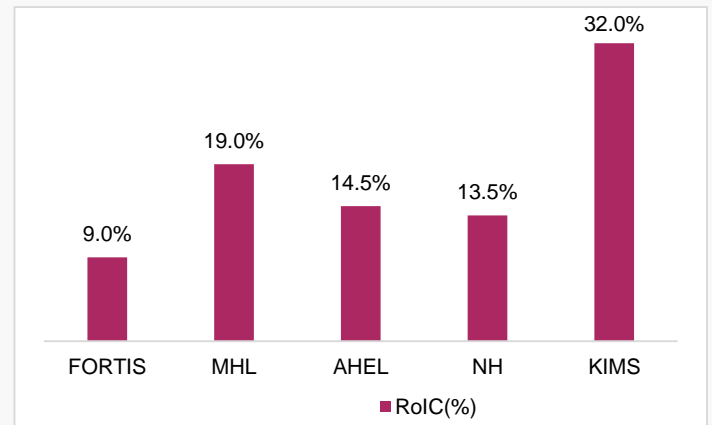
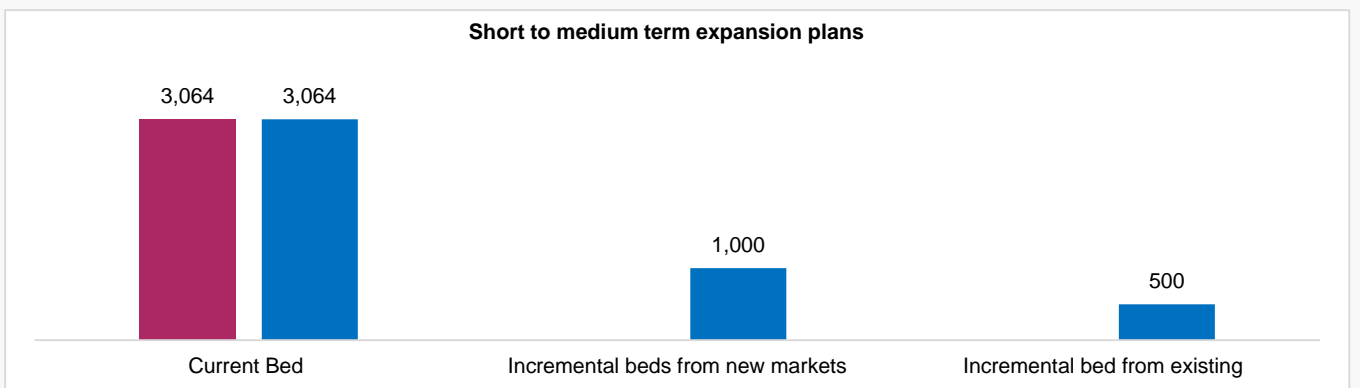


Exhibit 9: High RoIC (32%) resulting in strong cash flows of ~Rs 300 Cr every year, making KIMS a net debt-free company. Internal cash flow generation of Rs 300 Cr plus minimal debt enables the company to fund incremental bed capacity.



Source: Company, Axis Research, FORTIS. MHL-Max Healthcare, AHEL-Apollo Hospitals Enterprise, NH-Narayana Hrudayala, KIMS

Exhibit 10: KIMS has planned to add incremental bed capacity by 1,500 (50%) from the current bed capacity of 3,065 over the next 36-40 months. This could lead to a total bed capacity of 4,500. Incremental 500 and 1,000-bed capacity to be added in the existing assets and new geographies.

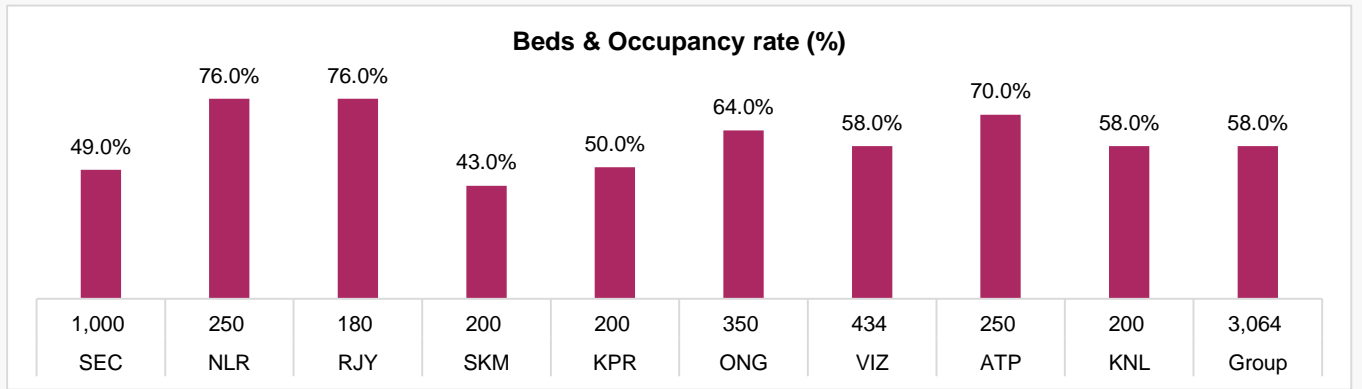


Source: RHP, Axis Securities

KIMS is the Largest Corporate Healthcare Group in Andhra Pradesh and Telangana

Krishna Institute of Medical Sciences Ltd (KIMS) is one of the largest corporate healthcare groups in AP and Telangana. It operates 9 multi-speciality hospitals under the 'KIMS Hospitals' brand with an aggregate bed capacity of 3,064. KIMS is strategically focused on the healthcare market in South India where it has a strong understanding of regional nuances, customer culture, and medical professionals. Moreover, a significant supply-demand gap in quality and affordable healthcare services in AP and Telangana provides KIMS with substantial growth opportunities in the region.

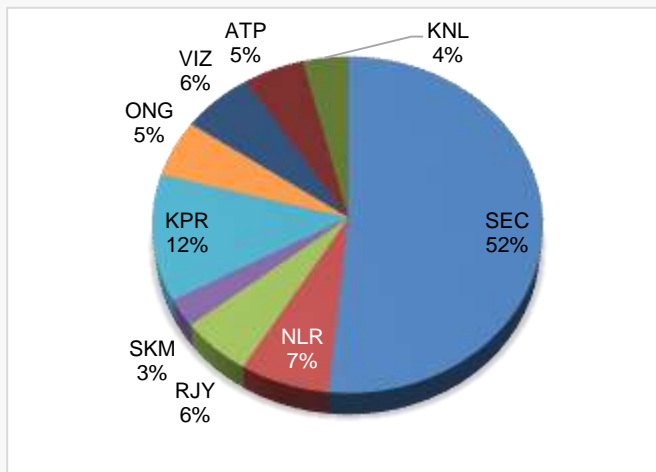
Exhibit 11: Overall occupancy of 9 hospitals was at 58% in FY 21. We expect occupancy to go up further at mature hospitals, which will further contribute to the growth of the company.



Source: RHP, Axis Securities

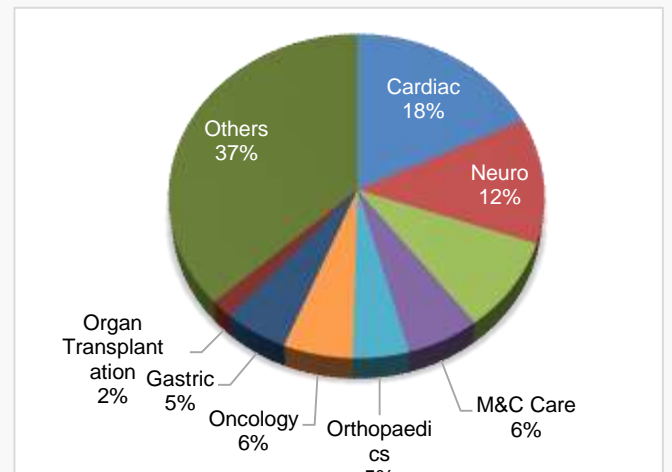
Secunderabad (SEC) Nellore (NLR) Rajahmundry (RJY) Srikakulam (SKM) Kondapur (KPR) Ongole (ONG) Vizag (VIZ) Anantapur(ATP) Kurnool (KNL)

Exhibit 12: **Hospital-wise revenue breakup:** Mature hospitals are expected to grow at 10%-12% with the improvement in occupancy rates. We expect a revenue CAGR of 16% over the period FY21-24E.



Source: RHP, Axis Securities

Exhibit 13: **Therapy wise revenue breakup:** Diversified Revenues across Specialties with cardiac sciences, neurosciences, gastric sciences, orthopaedics, renal sciences, interventional pulmonology, etc.



Key Competitive Strengths

Focus on Affordable Quality Care across Tier I and Tier II/III Cities

KIM's focus on affordable health services across Tier II and Tier III cities enables it to achieve high revenue growth by delivering a high increase in the volumes. In FY21, KIMS' Average Revenue Per Occupied bed (ARPOB) stood at Rs 28,820 which was 35% lower than the industry average of Rs 38,400. Low ARPOB enables lower section people who depend on Govt schemes such as Aarogyasri and Employee benefit schemes like EHS, CGHS, etc to pay for the healthcare facilities at affordable costs.

KIM could report the highest EBITDA margins (+28%) as compared to average industry margins (+17.8%) as it was able to derive operating leverage through an increase in the volumes. It achieved this by controlling capital and operating expenditures along with a multi-disciplinary approach. KIMS treatment costs across medical procedures are on an average 20-30% lower than other private hospitals in India.

Comprehensive Range of Services

The company has diversified its revenues streams across Specialties including cardiac sciences, neurosciences, gastric sciences, orthopaedics, renal sciences, and interventional pulmonology, among many others, which are identified as focus specialties for growth. At present, KIMS is running one of India's largest ECMO and Heart and Lung Transplant programs where revenue contribution has almost doubled. In Q1FY22, KIMS has contributed Rs 6-7 Cr per month based on the above programmes. Furthermore, it has witnessed higher occupancy of COVID patients and non-recurring revenue from vaccination, COVID home care, COVID hotel packages, and Antibody & Antigen tests.

KIMS focuses on diversification across various specialties. Its top-3 specialties – Cardiac Sciences (22%), Neuro Sciences (15%) and Renal Sciences (11%) – accounted for 48% of its total revenue in FY20, which in turn fetched higher ARPOB. Because of its diversified presence across major specialties, KIMS has managed to minimise revenue concentration risk.

Doctor Participation Model

KIMS' focus on teaching and research has helped it attract and retain high-quality doctors and healthcare professionals at an affordable cost. KIMS has created a culture of ownership – its doctors actively participate in the equity ownership of the company and its subsidiaries, and thus, are involved in the company's growth.

Optimization of Operating Costs and Capital Costs

KIMS has one of the lowest operating costs and highest EBITDA margins (28%) in the industry due to its unique business model. We have observed that two major factors behind this cost control are

- KIMS is successful to control doctor's costs by leveraging its strong brand name in Tier II and Tier III cities and encouraged doctors to partner with KIM' financial growth by providing equity to help them grow professionally.
- Successful Strategy of acquiring land in advance and construct a building on its own to reduce costs and acquire land on long term, low-cost terms to avoid high rental costs.

Industry Comparison: KIMS has the best Operating Margins in the industry

Exhibit 14: **KIMS majorly operates in South India** where it has the highest number of beds as compared to its peers. It operates 9 multi-speciality hospitals under the 'KIMS Hospitals' brand, with an aggregate bed capacity of 3,064.

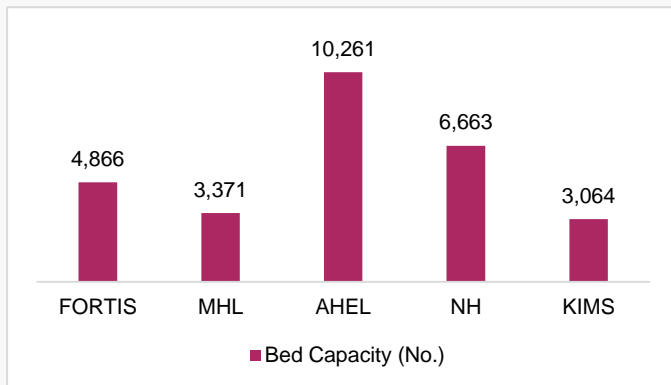
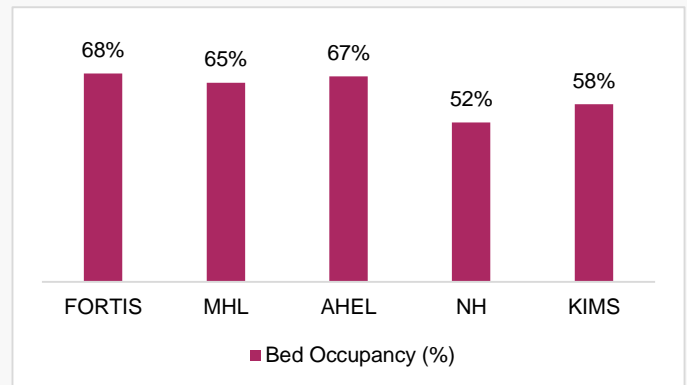


Exhibit 15: **Overall occupancy of its 9 hospitals** was at 58% in FY21. We expect the potential of occupancy to go up further at mature hospitals over a period of time which will further contribute to its growth.



Source: Company, Axis Research, FORTIS, MHL-Max Healthcare, AHEL-Apollo Hospitals Enterprise, NH-Narayana Hrudayala, KIMS

Exhibit 16: **KIMS' Average Revenue Per Occupied bed (ARPOB)** stood at Rs 28,820 which is 35% lower than the industry average of Rs 38,400.

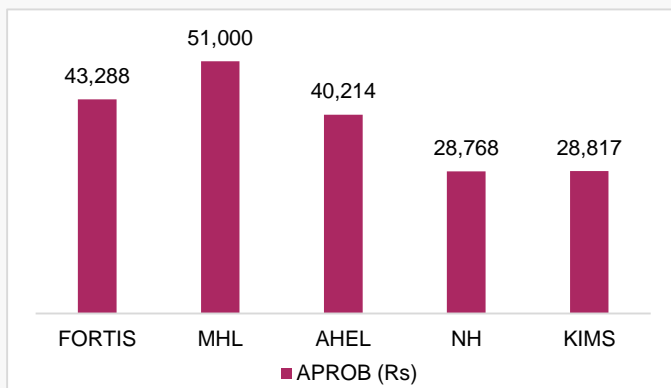
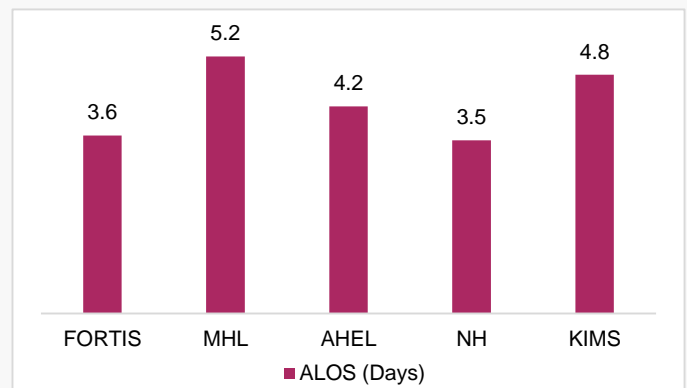


Exhibit 17: **Continuous endeavour** by the industry to reduce the ALOS. Low ALOS results in high churning of beds.



Source: Company, Axis Research, FORTIS, MHL-Max Healthcare, AHEL-Apollo Hospitals Enterprise, NH-Narayana Hrudayala, KIMS

Exhibit 18: **Revenue Comparison** between the industry peers. KIM's focus on affordable health services across Tier II and Tier III cities results in high revenue growth.

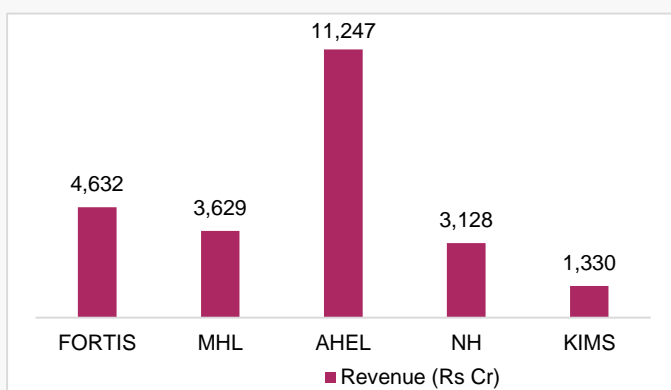
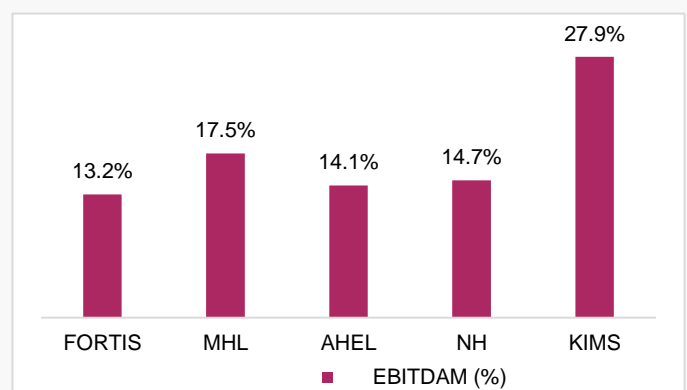


Exhibit 19: **Higher volumes** led to operating leverage as KIM' reports the highest EBITDA margins (+28%) as compare to average industry margins (+17.8%).



Source: Company, Axis Research, FORTIS, MHL-Max Healthcare, AHEL-Apollo Hospitals Enterprise, NH-Narayana Hrudayala, KIMS

Disciplined Growth Strategy - Growth from existing assets as well as new markets

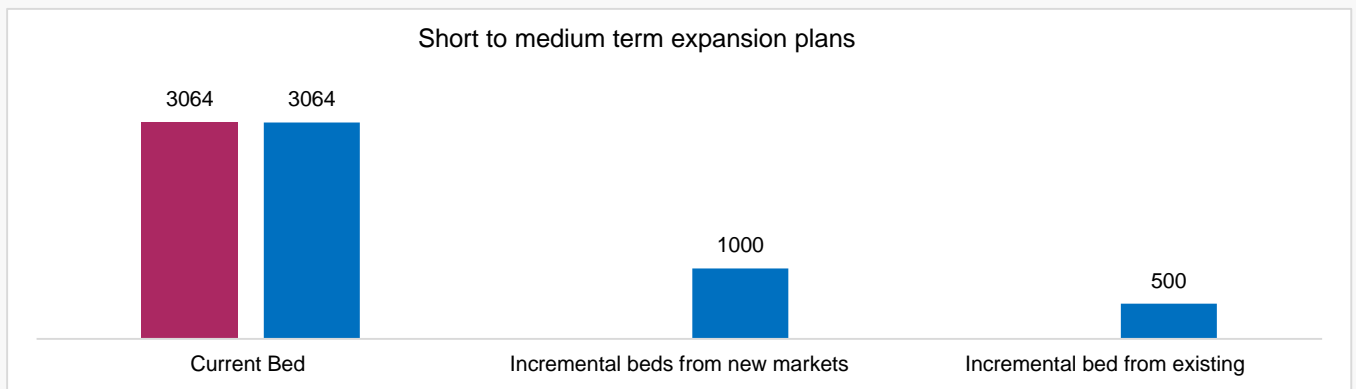
KIMS has planned to add an incremental bed capacity of 1,500 (50%) from the current bed capacity of 3,065 over the next 36-40 months. This could lead to a total bed capacity of 4,500. The company is planning to add an incremental 500 capacity in current hospitals to meet growing demand. Furthermore, it intends to add an incremental bed capacity of 1000 in the adjacent markets such as Bangalore, Chennai, Bhubaneswar, Indore, Aurangabad, and Nagpur. KIMS is expected to incur a Capex of Rs 300 Cr per year over the next 3-4 years to create these capabilities. We believe internal accruals are sufficient to fund this Capex.

Disciplined inorganic growth: Since FY17, KIMS has expanded its hospital network primarily through the acquisition of other hospitals. In FY17, KIMS acquired a hospital in Ongole (AP), a 350-bed multispecialty hospital founded by local doctors, through a slump sale by Ongole Arogya Hospitals Private Limited. In Apr'18, KIMS added KIMS Vizag – a 434-bed multispecialty hospital to its hospital network through a service agreement. Additionally, KIMS acquired a 250-bed hospital in Anantapur (AP) in Oct'18 and a 200-bed hospital in Kurnool (AP) in Apr'19 which solidified its presence in Southern AP and adjoining areas of Karnataka. Plans are afoot to acquire another hospital (capacity 300-350 beds) in FY22 at a total investment of ~Rs 200-225 Cr, which will be funded by debt and internal accruals. Furthermore, KIMS is planning to add 1,000 beds in the short term to the long term in the adjacent markets which is expected to accelerate its revenue growth.

Strategically increasing presence in the adjacent markets: KIMS is planning to expand its hospital network in markets that are adjacent to its core markets of AP and Telangana. Initially, the company will focus on:

- Karnataka (Bangalore and greater Karnataka) as the region has the potential to support new hospitals that offer quality and affordable healthcare.
- Bhubaneswar (Odisha), which will be an extension of its existing hospital.
- Chennai (Tamil Nadu), where KIMS has acquired a land parcel for construction of a new facility in the future, and
- Central India (Indore, Aurangabad, Nagpur, and Raipur) where KIMS' brand awareness is strong and can support smaller, KIMS-branded hospital units, which provides KIMS with substantial growth opportunities in the region.

Exhibit 20: KIMS has planned to add incremental bed capacity by 1,500 (50%) from the current bed capacity of 3,065 over the next 36-40 months. This could lead to a total bed capacity of 4,500. Incremental 500 & 1,000 bed capacity to be added in the existing assets and new geographies.



Source: RHP, Axis Securities

High RoIC among peers due to low capital and operating costs

KIMS has the highest return ratios in the industry due to a RoIC of 32%, driven by 1.) Lowest Capex per bed (Rs 36 Lc/bed) and 2.) Highest EBIT margins of 22.7%. The company's low Capex strategy is a mix of acquiring land in advance and construct a building on its own to reduce costs and acquiring land on a long-term lease with low-cost terms to avoid high rental costs. KIMS has achieved the highest EBIT margins in the industry by controlling doctors costs (doctor participation model) and no rental expenses.

High RoIC (32%) has led to a strong generation of cash flows of ~Rs 300 Cr making KIMS a net debt-free company. We expect KIMS cashflow generation at Rs 300 Cr for every year and it will be sufficient to fund incremental bed capacity in the next 36-40 months.

Exhibit 21: Lowest Capex per bed (Rs 36 Lc/bed). The company's low Capex strategy is a mix of acquiring land in advance and construct a building on its own to reduce costs and acquiring land on long-term lease with low-cost terms to avoid high rental costs.

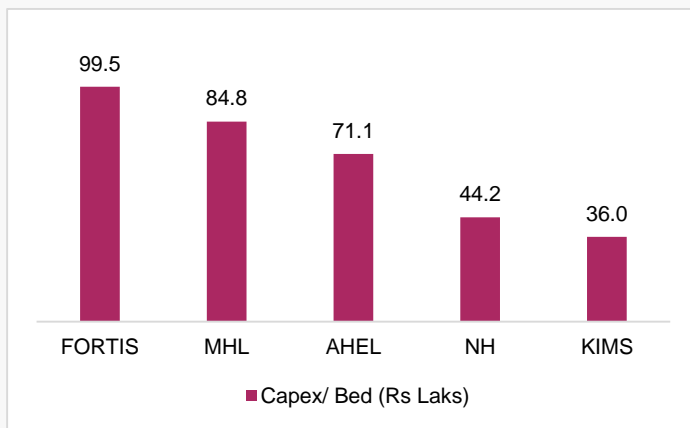
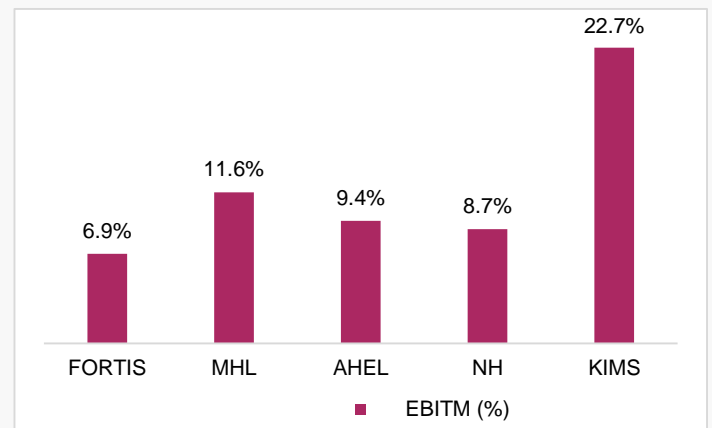


Exhibit 22: Highest EBIT margins of 22.7%. KIMS has achieved the highest EBIT margins in the industry by controlling doctors cost (doctor participation model) and no rental expenses.



Source: Company, Axis Research,

FORTIS, MHL-Max Healthcare, AHEL-Apollo Hospitals Enterprise, NH-Narayana Hrudayala, KIMS

Exhibit 23: High Asset turns help KIMS to improve its operating margins by gaining operative leverage. Assets turns are expected to increase with the increase in occupancies.

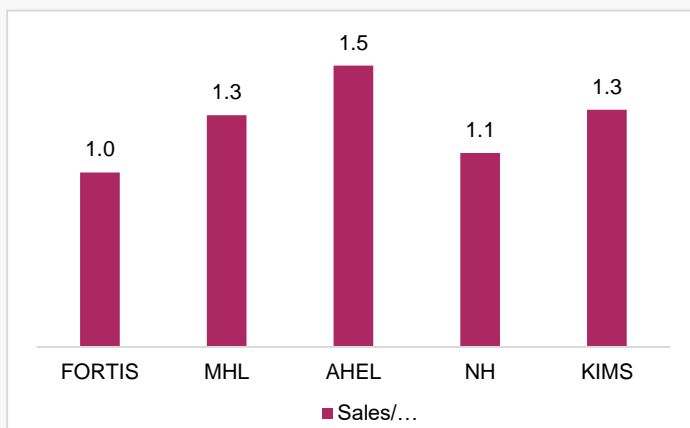
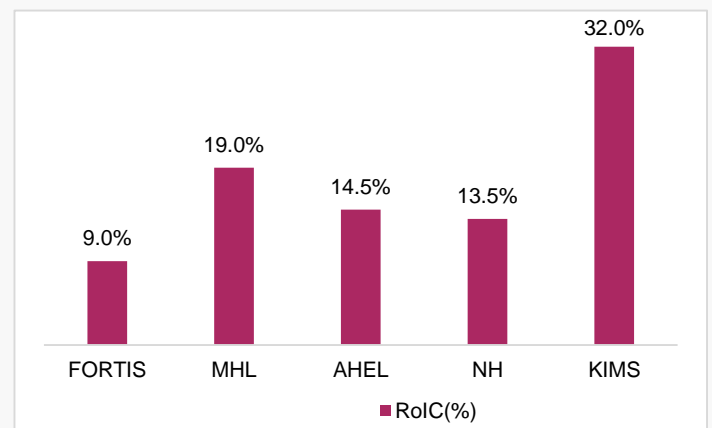


Exhibit 24: High RoIC (32%) led to generate strong cash flow ~Rs 300 Cr, enabling KIMS to become net debt-free. Internal cash flow generation of Rs 300 Cr every year is sufficient to fund incremental bed capacity.



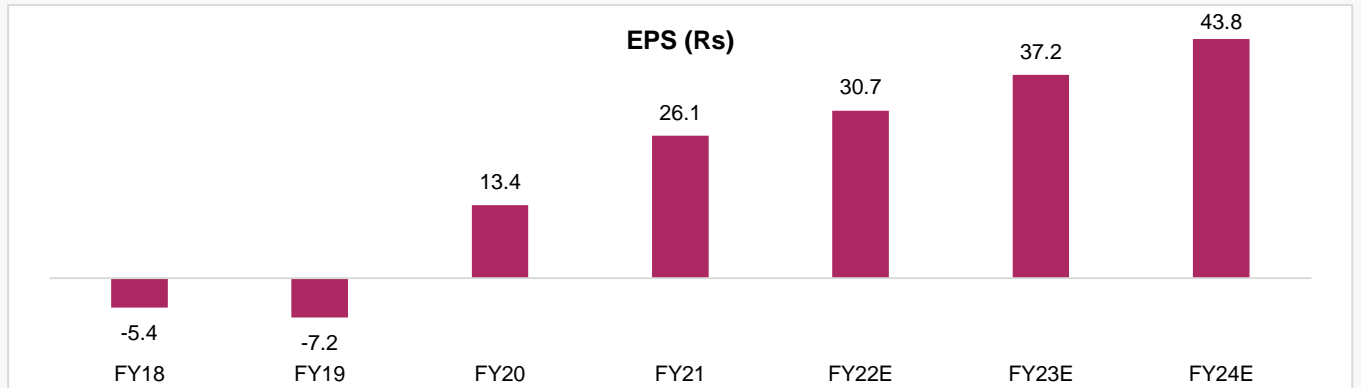
Source: Company, Axis Research,

FORTIS, MHL-Max Healthcare, AHEL-Apollo Hospitals Enterprise, NH-Narayana Hrudayala, KIMS

Valuations & Outlook

We initiate coverage on Krishna Institute of Medical Sciences Ltd (KIMS) with a 'BUY rating and a target price of Rs 1,570 (EV/EBITDA 22x for FY24E EBITDA), implying an upside potential of 28% from the current levels. KIM's focus on affordable health services across key specialities has enabled it to Average Revenue Per Occupied bed (ARPOB) Rs 28,820, which is 35% lower than the industry average. It plans to add incremental bed capacity by 50% over the next 36-40 months. Further, KIMS has the highest return ratios in the industry (RoIC 32%) based on low Capex per bed (Rs 36 Lc/bed) and high EBIT margins (22.7%).

Exhibit 25: EPS



Source: RHP, Axis Securities

Exhibit 26: Peers Comparison

	CMP (RS)	Mcap (RS Cr)	PE (X)				EV/EBITDA (x)				RoE (%)			
			FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E
FORTIS	236	17,900	NA	52.8	38.1	34	46.8	22.4	17.2	17	-1.7	5.5	6.9	10.3
MHL	320	30,800	NA	40.6	32.4	30	77.3	25.8	22.4	22	-4.2	17.1	16.9	18
AHEL	4,096	58,500	660.6	81.3	61.4	45.9	52.5	28	22.6	18.3	18.4	17.6	16.4	15.1
NH	498	10,180	NA	41.7	30.7	28	58.6	17.9	14.6	14	-1.3	19.6	20.7	21
KIMS	1,220	10,150	48.8	41.4	34.1	29	26.6	24.1	20.2	17.1	23.1	22.4	21.4	20.1
Average			354.7	51.6	39.3	33.4	52.4	23.6	19.4	17.7	6.9	16.4	16.5	16.9

Source: RHP, Company, Axis Securities

Robust Corporate Governance and Experienced Management Team

Key Management Personnel	Experience
Dr B. Bhaskara Rao <i>Managing Director</i>	<ul style="list-style-type: none">• Renowned cardiothoracic surgeon in India• with 27+ years of experience in cardiothoracic surgery.• Started KIMS in 2000 with a vision to provide• high-quality care at affordable prices.• Previously associated with several other leading medical institutions including Apollo Hospitals, Austin Hospital, and the University of Melbourne.
Dr B. Abhinay <i>Director and CEO</i>	<ul style="list-style-type: none">• CEO of KIMS since 2019. Played a key role• in growth initiatives including setting KIMS• Kondapur and acquisitions in Vizag, Anantapur,• Kurnool and Ongole.• Named Business world's "BW 40 Under 40" list• in 2019.• Holds a Bachelor's degree in medicine and• surgery from Deccan College of Medical• Sciences
Mr Vikas Maheshwari <i>Chief Financial Officer</i>	<ul style="list-style-type: none">• CFO of KIMS since 2017.• 24+ years of experience in finance, treasury and• accounting.• Previously worked in leading companies• across diversified sectors including Endurance• Technologies, Aurobindo Pharma, Gati, ABP and Limtex Limited.

Source: Company, Axis Securities

Key Risks

- **High reliance on single facility:** The company is exposed to facility and geographical concentration risks because of its high reliance on a single facility viz. KIMS Secunderabad (Telangana). It contributed 50.6% to KIMS operating income in FY20 (reduced from 55.5% in FY19) and 65% to OPBDIT in FY20.
- **Debt-funded Capex:** The company deferred acquisition plans in FY21 due to the prevailing Covid-19 induced uncertainties. However, plans are afoot to acquire a hospital (capacity 300-350 beds) in FY22 at a total investment of ~RS200-225 Cr which will be funded by minimum debt and internal accruals. Any higher-than-expected debt-funded Capex in FY22 will adversely impact coverage and leverage metrics.
- **Retention of doctors:** Retaining doctors is likely to remain a key challenge for the company, given the intense competition in the Healthcare industry. However, attrition of key consultants remains low for KIMS as some key doctors and consultants are also shareholders of the company.

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY21	FY22E	FY23E	FY24E
Net sales	1,330	1,540	1,811	2,095
Other operating income	0	0	0	0
Net Revenue	1,330	1,540	1,811	2,095
Cost of goods sold	289	336	395	461
Contribution (%)	21.73%	21.80%	21.80%	22.00%
Other operating costs	670	773	906	1,039
EBITDA	371	431	511	595
Other income	10	15	18	20
PBIDT	381	446	529	615
Depreciation	70	77	96	115
Interest & Fin Chg.	33	27	21	15
E/o income / (Expense)	0	0	0	0
Pre-tax profit	279	342	412	485
Tax provision	77	87	102	120
(-) Minority Interests	0	0	0	0
Associates	0	0	0	0
Adjusted PAT	202	255	310	365
Other Comprehensive Income	0	0	0	0
Reported PAT	202	255	310	365

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY21	FY22E	FY23E	FY24E
Share Capital	78	83	83	83
Reserves & Surplus	799	1,054	1,364	1,728
Net Worth	876	1,137	1,447	1,811
Total Loan funds	286	236	186	136
Deferred Tax Liability	36	36	36	36
Long Term Provisions	16	16	16	16
Other Long Term Liability	2	2	2	2
Capital Employed	1,436	1,663	1,949	2,290
Gross Block	1,103	1,218	1,518	1,818
Less: Depreciation	187	264	360	474
Net Block	916	954	1,159	1,344
Investments	0	0	0	0
Sundry Debtors	110	127	149	172
Cash & Bank Bal	284	441	435	553
Loans & Advances	2	2	2	2
Inventory	24	30	35	40
Other Current Assets	31	41	100	110
Total Current Assets	278	294	320	347
Curr Liab & Prov	451	639	721	877
Net Current Assets	173	345	401	530
Total Assets	1,436	1,663	1,949	2,291

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E March	FY21	FY22E	FY23E	FY24E
PBT	279	342	412	485
Add: depreciation	70	77	96	115
Add: Interest	33	27	21	15
Cash flow from operations	381	446	529	615
Change in working capital	(38)	16	61	12
Taxes	77	87	102	120
Miscellaneous expenses	0	0	0	0
Net cash from operations	343	343	366	483
Capital expenditure	(92)	(115)	(300)	(300)
Change in Investments	0	0	0	0
Net cash from investing	(92)	(115)	(300)	(300)
Increase/Decrease in debt	(41)	(50)	(50)	(50)
Dividends	0	0	0	0
Proceedings from equity	3	6	0	0
Interest	(33)	(27)	(21)	(15)
Others	58	0	0	0
Net cash from financing	(12)	(71)	(71)	(65)
Net Inc./(Dec.) in Cash	239	156	(5)	118
Opening cash balance	46	284	441	435
Closing cash balance	284	441	435	553

Source: Company, Axis Securities

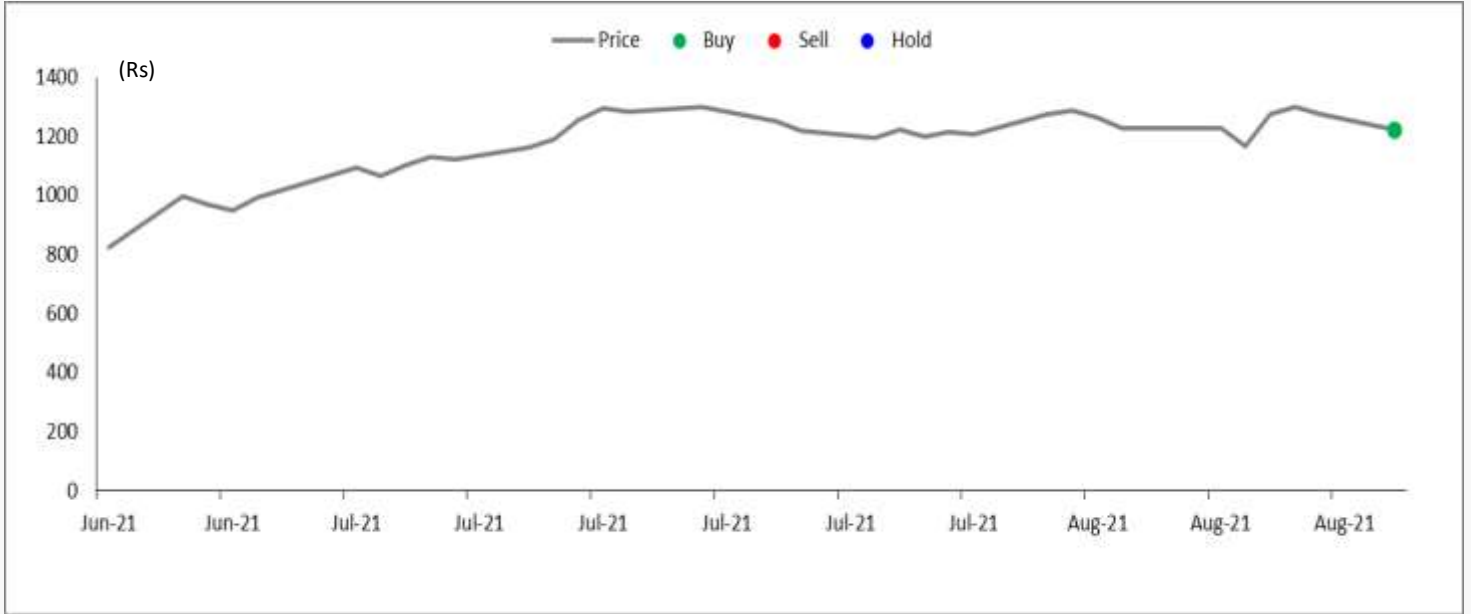
Ratio Analysis

(%)

Y/E March	FY21	FY22E	FY23E	FY24E
Sales growth	18.5	15.8	17.7	15.6
OPM	27.9	28.0	28.2	28.4
Oper. profit growth	51.4	16.2	18.5	16.4
COGS / Net sales	21.7	21.8	21.8	22.0
Overheads/Net sales	50.4	50.2	50.0	49.6
Depreciation / G. block	6.3	6.3	6.3	6.3
Effective interest rate	27.5	25.5	24.8	24.8
Net wkg.cap / Net sales	(0.0)	(0.0)	0.0	0.0
Net sales / Gr block (x)	1.2	1.3	1.2	1.2
RoCE	32.0	35.9	34.8	34.8
Debt / equity (x)	0.3	0.2	0.1	0.1
Effective tax rate	27.5	25.5	24.8	24.8
RoE	23.1	22.4	21.4	20.1
Payout ratio (Div/NP)	0.0	0.0	0.0	0.0
EPS (Rs.)	26.1	30.7	37.2	43.8
EPS Growth	103.0	26.2	21.4	17.7
CEPS (Rs.)	35.0	39.9	48.7	57.6
DPS (Rs.)	0.0	0.0	0.0	0.0

Source: Company, Axis Securities

KIMS Price Chart and Recommendation History



Date	Reco	TP	Research
17-Aug-21	Buy	1,570	Initiating Coverage

Source: Axis Securities

About the analyst**Analyst:** Ankush Mahajan**Contact Details:** ankush.mahajan@axissecurities.in**Sector:** Midcaps/ Pharma Sector**Analyst Bio:** Ankush Mahajan is MBA (Finance) from SMVDU with over 12 years of research experience in the Midcaps/ Pharma Sector**Disclosures:**

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