

Krishna Institute of Medical Sciences Ltd : Good Issue : IPO Note: Posting Top and bottom lines growth : Margins improved: Fully Priced : Ranking***



Issue details

Price band (Rs)	Rs.815-825
IPO Opening Date	16/06/21
IPO Closing Date	18/06/21
Issue Size	Rs.2143.74 Cr.

Recommendation

On the financial performance front, for the last three fiscals, KIMS has posted turnover/net profit (loss) of Rs. 923.87 cr. / Rs. - (48.81) cr. (FY19), Rs. 1128.73 cr. / Rs. 115.07 cr. (FY20) and Rs. 1340.10 cr. / Rs. 205.48 cr. (FY21). Thus it has posted a growing pattern in its top as well as bottom lines for all these years. The issue is fully priced. Listed peers that are trading at a negative P/E. As per the RHP data, KIMS has shown Apollo Hospital, Fortis Healthcare, Narayan Hrudayalaya and Max Healthcare as its listed peers. They all are currently trading at a P/E of 00. All these listed peers have posted negative earnings, they are indicating 00 P/E but still finds fancy from investors across the board. Health care segment following global pandemic witnessed fancy. This company has ultra-modern equipment and has been posting growth in its top and bottom lines. **If we attribute FY21 earnings on post-issue fully diluted equity, then the asking price is at a P/E of around 32.13. One with higher risk appetite can apply considering higher valuation**

Highlights

- Krishna Institute of Medical Sciences Ltd. (KIMS) is one of the largest corporate healthcare groups in AP and Telangana in terms of the number of patients treated and treatments offered
- KIMS provides multi-disciplinary integrated healthcare services, with a focus on primary secondary & tertiary care in Tier 2-3 cities and primary, secondary, tertiary and quaternary healthcare in Tier 1 cities.
- The company operates 9 multi-speciality hospitals under the "KIMS Hospitals" brand, with an aggregate bed capacity of 3,064, including over 2,500 operational beds as of March 31, 2021, which is 2.2 times more beds than the second-largest provider in AP and Telangana,

Company Introduction

Incorporated in 1973, Krishna Institute of Medical Sciences Limited (KIMS) is one of the largest healthcare groups in AP and Telangana. KIMS provides multi-disciplinary healthcare services with a key focus on primary, secondary, & tertiary care in tier 2-3 cities. The company offers a comprehensive range of healthcare services including oncology, cardiac sciences, neurosciences, gastric sciences, orthopaedics, renal sciences, organ transplantation, and mother & child care.

As of March 31, 2021, it operates through 9 multi-speciality hospitals under the brand name of "KIMS Hospitals" with an aggregate bed capacity of 3,064 under the "KIMS Hospitals" brand, with an aggregate bed capacity of 3,064 including over 2,500 operational beds.

It strategically focuses on the southern Indian healthcare market where it has a strong understanding of regional nuances, customer culture and the mindset of medical professionals and where there is a significant and growing need for quality and affordable healthcare services. Each of its hospitals also has integrated diagnostic services and pharmacies that cater to



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Financial Summary (Rs. In Crore)

Particulars	FY2021	FY2020	FY2019
Total Income	1340.10	1128.72	923.86
Net Profit	205.47	115.07	-48.80
EPS (Rs)	25.67	14.38	-

*EPS not annualized

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

patients.

Company Promoters:

Dr. Bhaskara Rao Bollineni, Rajyasri Bollineni, Dr. Abhinay Bollineni, Adwik Bollineni, and Bollineni Ramanaiah Memorial Hospitals Private Limited are the company promoters.

Objects of the Issue:

- To make repayment/prepayment of borrowings availed by the firm and subsidiaries i.e. KHKPL, SIMSPL, and KHEPL.
- To meet general corporate purposes.

IPO Issue Proceed

To part finance its plans for repayment-pre-payment of certain borrowing in full or part (Rs. 150.00 cr.) and general corpus fund, KIMS is coming out with a maiden book built IPO having fresh equity issue worth Rs. 200 cr. (approx. 2424240 equity shares) and an offer for sale of 23560538 equity shares (Rs. 1943.74 cr.) of Rs. 10 each to mobilize Rs. 2143.74 cr. (at the upper price band). It has fixed the price band of Rs. 815 - Rs. 825 /825 and minimum application is to be made for 18 shares and in multiples thereon, thereafter. The issue opens for subscription on June 16, 2021, and will close on June 18, 2021. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 32.47% of the post issue paid-up capital of the company. The company has allocated 75% for QIBs, 15% for HNIs and 10% for retail investors. Post issue, KIMS's current paid-up equity capital of Rs. 77.59 cr. will stand enhanced to Rs. 80.02 cr. Based on the upper cap of the issue price, the company is looking for a market cap of Rs. 6601.45 cr.

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