



KRISHNA INSTITUTE OF MEDICAL SCIENCES LTD.

IPO Analysis



IPO Details

Offer Size:

Offer of Equity Shares ⁽¹⁾⁽²⁾	Up to [●] Equity Shares aggregating up to ₹ [●] million
<i>of which:</i>	
(i) Fresh Issue ⁽¹⁾	Up to [●] Equity Shares aggregating up to ₹ 2,000.00 million
(ii) Offer for Sale ⁽²⁾	Up to 23,560,538 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders
Employee Reservation Portion ⁽³⁾	Up to [●] Equity Shares aggregating up to ₹ 200.00 million
Net Offer	Up to [●] Equity Shares aggregating up to ₹ [●] million

Price Band : Rs. 815 to 825
 Issue Period : 16-June-21
 to 18-June-21

Bid Lot : 18 Equity Shares and in multiples thereof
 Minimum Order Qty : 18 Equity

Book Running Lead Managers
 Kotak Mahindra Capital,
 Axis Capital Limited,
 Credit Suisse Securities,
 IIFL Securities Limited

Objects of the offer

Particulars	Amt (Rs CR.)
Repayment/pre-payment, in full or part, of certain borrowings availed by our Company and our Subsidiaries viz. KHKPL, SIMSPL and KHEPL	150.00
General Corporate Purpose	*

Promoters Shareholding pattern Before IPO

Name of Promoter	Number of Equity Shares held	Percentage of the pre-Offer paid-up Equity Share capital (%)
Dr. Bhaskara Rao Bollineni	21,407,895	27.59
BRMH	5,228,628	6.74
Rajyasri Bollineni	2,149,936	2.77
Dr. Abhinay Bollineni	47,299	0.06
Adwik Bollineni	8,128	0.01
Subtotal (A)	28,841,886	37.17
Name of member of Promoter Group		
Seenaiah Bollineni	4,582,517	5.91
Aishwarya Bollineni	2,683,272	3.46
Krishnaiah Bollineni	173,944	0.22
Sujatha Bollineni	34,386	0.04
Sweata Raavi	7,845	0.01
Subtotal (B)	7,481,964	9.64
Total (A+B)	36,323,850	46.81

Promoters selling shares in IPO

Name of Selling Shareholder	Number of Equity Shares held	Percentage of the pre-Offer paid-up Equity Share capital (%)
Investor Selling Shareholder		
General Atlantic	31,739,906	40.91
Subtotal (A)	31,739,906	40.91
Promoter Selling Shareholders		
Dr. Bhaskara Rao Bollineni	21,407,895	27.59
Rajyasri Bollineni	2,149,936	2.77
BRMH	5,228,628	6.74
Subtotal (B)	28,786,459	37.10
Persons listed in Annexure A	13,088,091	
Subtotal (C)	13,088,091	16.87
Total (A+B+C)	73,614,456	94.87

Business Profile

One of the largest corporate healthcare groups in AP and Telangana in terms of number of patients treated and treatments offered, according to the CRISIL Report. They provide 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. They operate 9 multi-specialty 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, according to the CRISIL Report. They offer a comprehensive range of healthcare services across over 25 specialties and super specialties, including cardiac sciences, oncology, neurosciences, gastric sciences, orthopaedics, organ transplantation, renal sciences and mother & child care

	As of and for the year ended March 31,			2019-2021 CAGR
	2021	2020	2019	
Bed Capacity	3,064	3,004	2,804	4.53%
Bed occupancy rate⁽¹⁾ (%)	78.60%	80.49%	71.83%	-
Inpatient Volume	116,592	140,676	111,382	2.31%
Outpatient Volume	830,211	1,137,560	900,043	(3.96)%
Total Income (₹ in millions)	13,401.02	11,287.28	9,238.69	20.44%
Profit/(loss) before tax expense (₹ in millions)	2,790.15	1,405.26	(153.81)	-
Adjusted Profit Before Tax Expense (₹ in millions) ⁽²⁾	2,790.15	1,405.26	837.47	82.53%
Profit/(loss) for the year (₹ in millions)	2,054.79	1,150.72	(488.07)	-
Adjusted EBITDA (₹ in millions) ⁽²⁾	3,810.48	2,510.79	1,739.51	48.00%
Adjusted EBITDA Margin⁽²⁾	28.43%	22.24%	18.83%	-

(1) Number of beds occupied divided by number of operational census beds (i.e. excluding day care beds like dialysis, endoscopy, emergency etc.) as of the last day of the relevant year.

(2) Adjusted EBITDA, Adjusted EBITDA Margin, adjusted profit before tax expense are non-GAAP measures. These non-GAAP measures are not meant to be considered in isolation or as a substitute for our profit before tax expense, profit after tax or any other financial measure prepared in accordance with Ind AS. The non-GAAP measures presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure. For information on how these non-GAAP measures are calculated and a reconciliation to our most directly comparable GAAP measures, see “Other Financial Information—Non-GAAP financial measures” on page 311. Please see, “Risk Factors - This Red Herring Prospectus contains certain Non-GAAP Measures financial and operational measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the industry.” on page 51.

(in ₹ million, unless otherwise stated)

Particulars^	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Equity Share capital	775.93	744.90	744.90
Net worth ⁽¹⁾	8,637.34	5,981.25	5,406.60
Total income	13,401.02	11,287.28	9,238.69
Profit/(loss) for the year	2,054.79	1,150.72	(488.07)
Earning per Equity Share (₹ / share) ⁽⁴⁾			
- Basic (in ₹)	26.87	16.00	(6.91)
- Diluted (in ₹)	26.42	15.87	(6.91)
Net Asset Value per Equity Share (in ₹) – Basic ^{(2) (3)}	115.36	80.30	78.18
Total Borrowings (short term borrowings and long term borrowings (including current maturity of long term debt))	2,704.68	3,207.79	2,880.97

Glimpse of Financials

Contingent Liabilities (not provided for in the financials)

(in ₹ million)

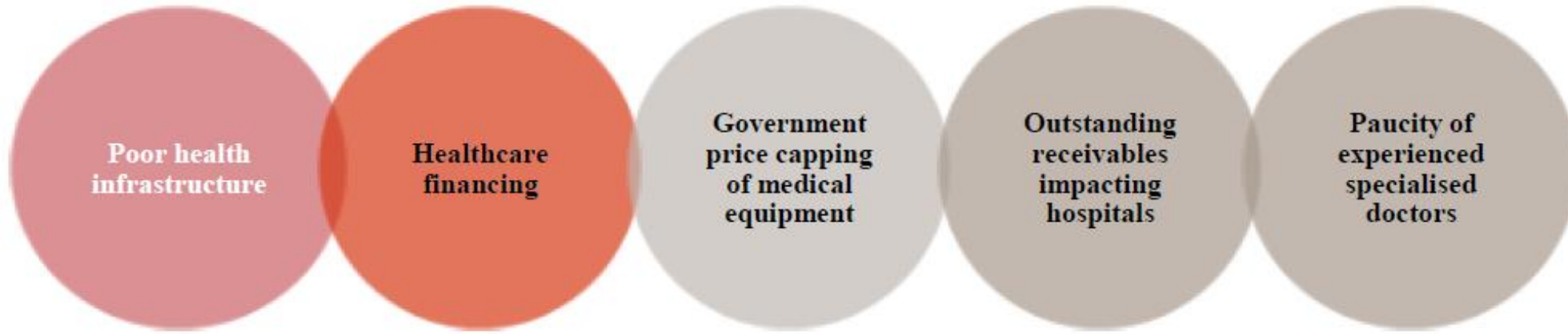
S. No.	Particulars	Contingent Liabilities as at March 31, 2021
1.	Luxury tax matters in dispute	82.27
2.	Service tax matters in dispute	0.09
3.	VAT matters in dispute	1.76
4.	Goods and service tax matters in dispute	6.59
5.	Medical claims (gross excluding interest/costs)	124.78
6.	Other claims	23.76

Nature of Cases	Number of outstanding cases	Amount involved (in ₹ million)*
Litigation involving our Company		
Criminal proceedings	4	14.00
Material civil litigation	3	257.19
Actions by statutory or regulatory authorities	-	-
Direct and indirect tax proceedings	10	90.62
Litigation involving our Promoters		
Criminal proceedings**	1	-
Material civil litigation	-	-
Actions by statutory or regulatory authorities	-	-
Direct and indirect tax proceedings	-	-
Outstanding disciplinary actions including penalty imposed by SEBI or Stock Exchanges against our Promoters in the last five financial years	2	-
Litigation involving our Subsidiaries		
Criminal proceedings	-	-
Material civil litigation	1	-
Actions by statutory or regulatory authorities	-	-
Direct and indirect tax proceedings	1	0.09
Litigation involving our Directors		
Criminal proceedings**	2	-
Material civil litigation	-	-
Actions by statutory or regulatory authorities	-	-
Direct and indirect tax proceedings	Nil	Nil
Litigation involving our Group Companies		
Outstanding litigation which may have a material impact on the Company	Nil	Nil

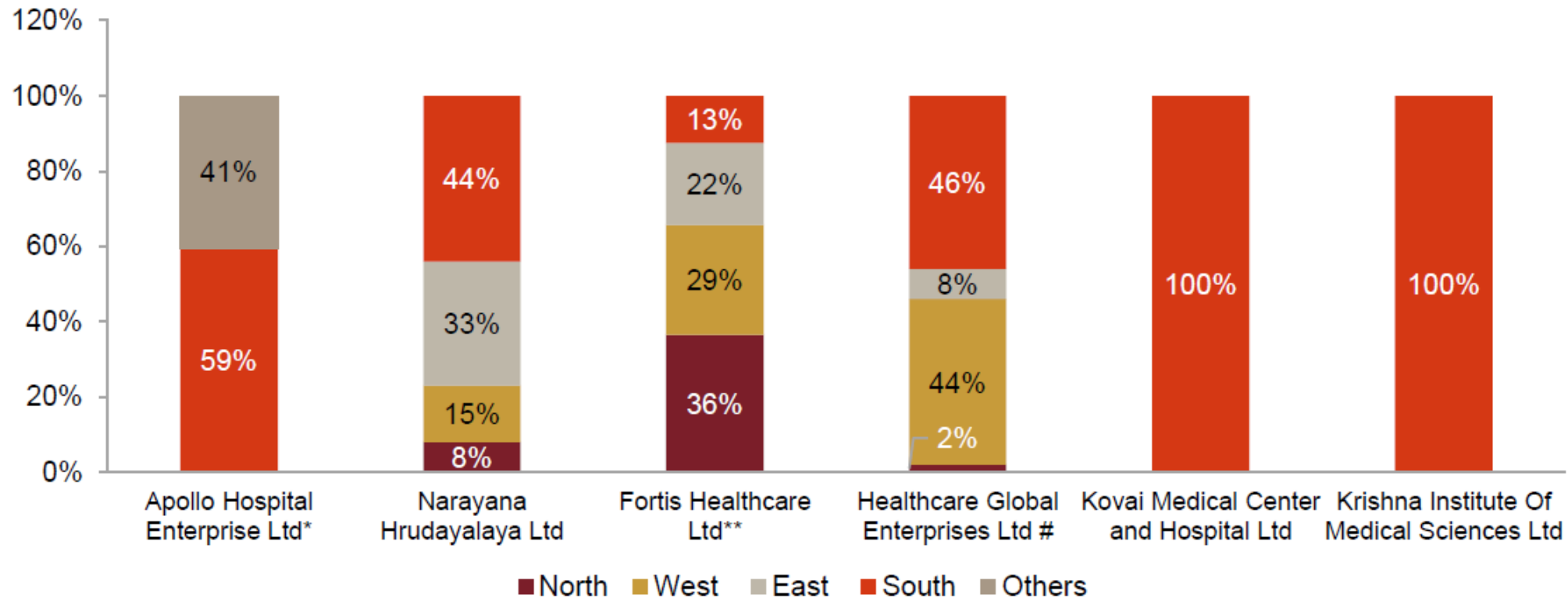
* To the extent quantifiable, excluding interest and penalty thereon.

Details of Litigation

Key Challenges



Regional Revenue Mix



Key Financial Ratio of major competitors

Key financial ratios (FY20)	EBITDA margin	Net profit margin	ROCE	Asset turnover (times)	Interest coverage (times)	Gearing (times)	EBITDA/b ed (Rs million)
AHEL	17.4%*	3.8%	12%*	1.4	3.4	1.2	1.0
Fortis	13.8%	2.0%	9%	0.8	3.6	0.4	1.7
HCGEL	16.2%	-11.4%	1%	0.5	1.2	5.2	0.9
KMCHL	25.2%	13.3%	15%	1.1	10.3	1.2	1.3
KIMS Ltd ^	22.2%	10.3%	22%	1.4	6.3	0.6	0.8
MHEPL	20.9%	2.6%	11%	0.6	2.2	1.8	1.7
MHIL	15.0%#	2.5%	n.a.	-	1.4	0.7	1.7
NH	14.2%	3.8%	16%	1.3	5.1	0.9	0.8
Shalby	19.1%	5.2%	7%	0.6	13.0	0.1	0.5

Name of the company	Consolidated	Face value (₹ per share)	Closing price on June 7, 2021	Total income for Fiscal 2021/2020 (in ₹ million) [#]	EPS (₹)		NAV ⁽²⁾ (₹ per share)	P/E ⁽³⁾	RoNW ⁽⁴⁾ (%)
					Basic	Diluted ⁽¹⁾			
Our Company ⁽⁵⁾	Consolidated	10	NA	13,401.02*	26.87*	26.42*	115.36	[●]	23.30%
PEER GROUP[#]									
Apollo Hospitals Enterprise Limited	Consolidated	5	3,315.30	112,468.00	32.70	32.70	240.10	101.39	12.91
Fortis Healthcare Limited	Consolidated	10	236.25	40,766.80	(1.45)	(1.45)	88.98	NA	1.37
Narayana Hrudayalaya Limited	Consolidated	10	481.15	26,105.22	(0.70)	(0.70)	54.85	NA	10.48
Max Healthcare Institute Limited	Consolidated	10	244.15	26,194.10	(1.59)	(1.59)	57.34	NA	9.66

Comparison with Listed Peers

For detailed discussion, may connect us on our social media platforms (Face Book, Twitter, LinkedIn, Instagram)



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