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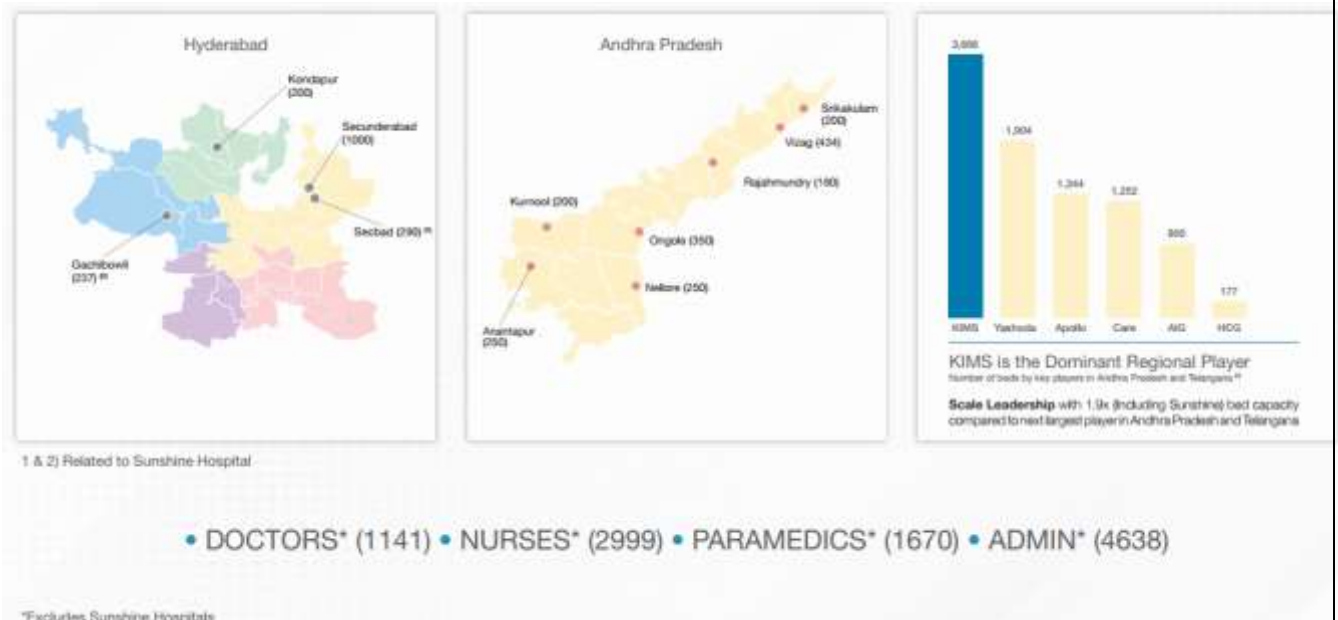
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Krishna Institute of Medical Science Ltd

CMP	1175	P/E	46.5
Market Cap (Cr)	9401	EV/EBITDA	24.4
Promotor Holding	38.8%	Div Yld	0%

About the Company:

Founded by Dr. Bhaskar Rao Bollineni, a renowned cardiothoracic surgeon, KIMS operates a chain of multispecialty hospitals in Andhra Pradesh and Telangana, with a focus on tertiary and quaternary healthcare. It began its journey in 2004 a hospital in Secunderabad. Today, KIMS is one of the India's leading multi-disciplinary integrated private healthcare service providers offering comprehensive healthcare services across specialties and super specialties.



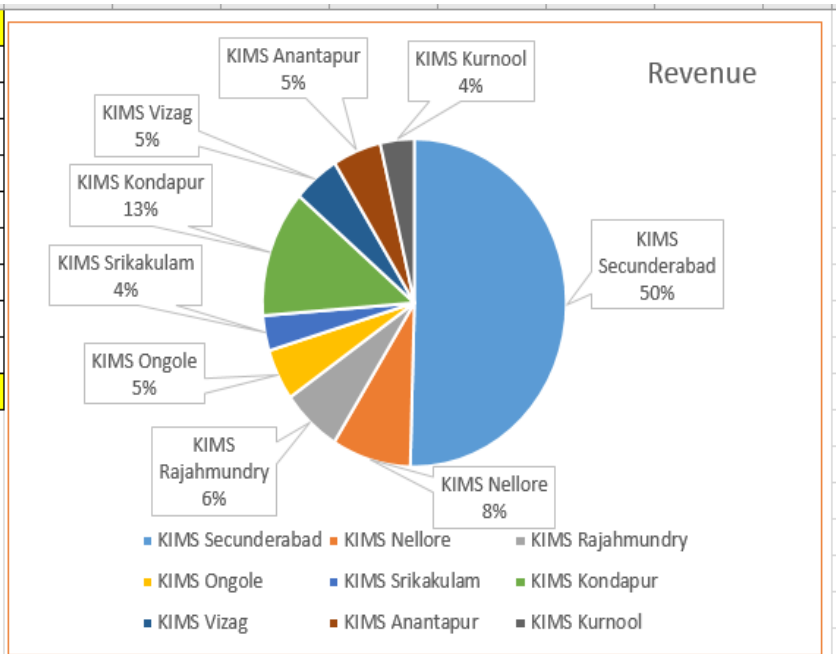
KIMS operates 9 multi-specialty hospitals under the “KIMS Hospitals” brand, with an aggregate bed capacity of 3666, which is 2.2 times more beds than the second largest provider in AP and Telangana, according to the CRISIL report.

KIMS offers a comprehensive range of healthcare services across over 25 specialties and super specialties, including cardiac sciences, oncology, neurosciences, gastric sciences, orthopedics, organ transplantation, renal sciences and mother & child care.

Segment wise Revenue:

Segment	Revenue
KIMS Secunderabad	5720
KIMS Nellore	955
KIMS Rajahmundry	724
KIMS Ongole	573
KIMS Srikakulam	394
KIMS Kondapur	1422
KIMS Vizag	559
KIMS Anantapur	585
KIMS Kurnool	410
TOTAL	11342

Rs. In Millions
(Fiscal Year 2020)



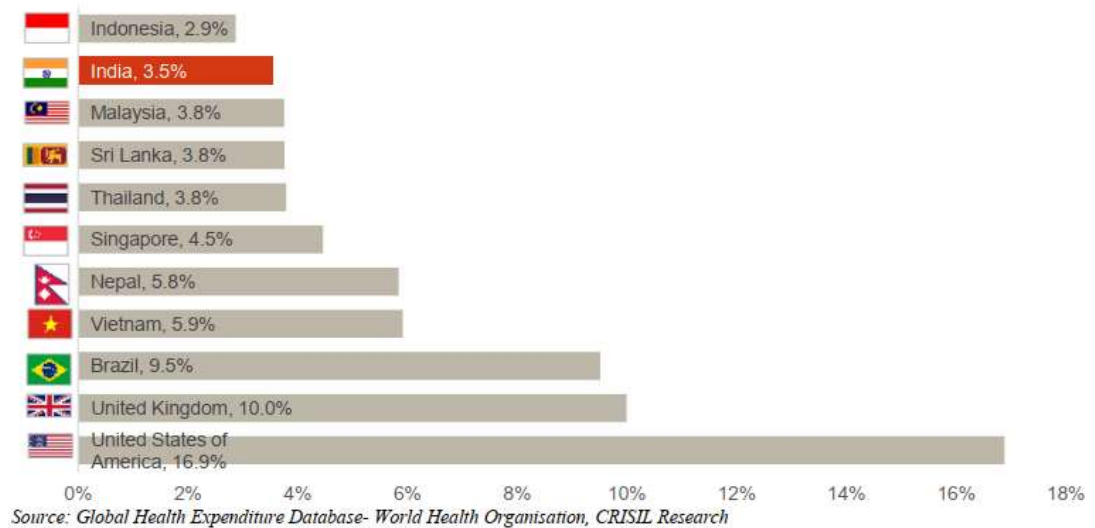
1. Is the market opportunity huge enough to provide long runway to growth?

- The Indian healthcare delivery market is valued at ₹ 4.3 trillion and accommodated ₹ 1.7 billion treatments (both in-patient and outpatient) in Fiscal 2021. With renewed impetus from the PMJAY, the healthcare delivery market is expected to log a CAGR of 17- 18% and reach ₹7.07 trillion in fiscal 2024. The share of IPD (in value terms) is expected to grow from 69% in the current fiscal to nearly 74% in Fiscal 2024, with OPD contributing the remaining. In terms of volumes, OPD is estimated to outweigh IPD volumes, with the latter contributing the bulk of the revenues to healthcare facilities.
- By 2030, India’s population is projected to touch 1.5 billion.
- Urbanization likely to reach 40% of Indian Population by 2030
- India’s per-capita income, a broad indicator of living standards, clocked a healthy ~5% CAGR, from ₹ 63,462 in fiscal 2012 to ₹ 94,954 in fiscal 2020. Growth in per-capita income has been led by better job opportunities, propping up overall GDP growth. Moreover, population growth has remained fairly stable at a ~1% CAGR.
- India is the most prominent destination as per the Medical Tourism Market due to highest quality treatment at the lowest cost.

- Comparison of health care expenditure with other Nations:

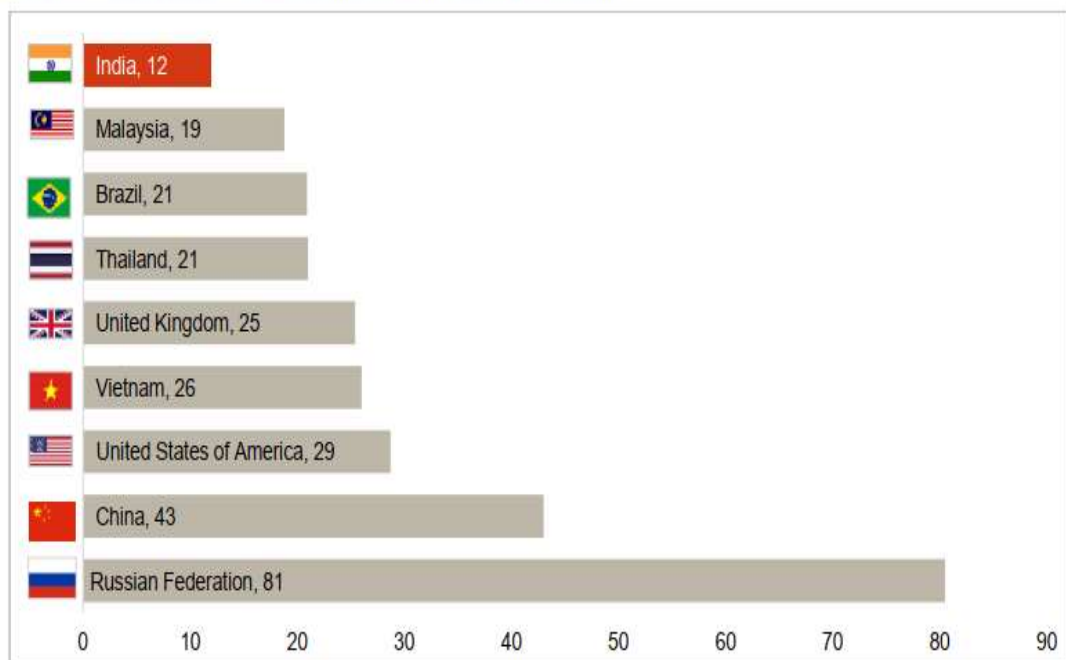
India lags peers in healthcare expenditure

Total healthcare expenditure as % of GDP (2018)



- Bed Density Comparison with other Nations:

Bed densities across countries - hospital beds (per 10,000 population)

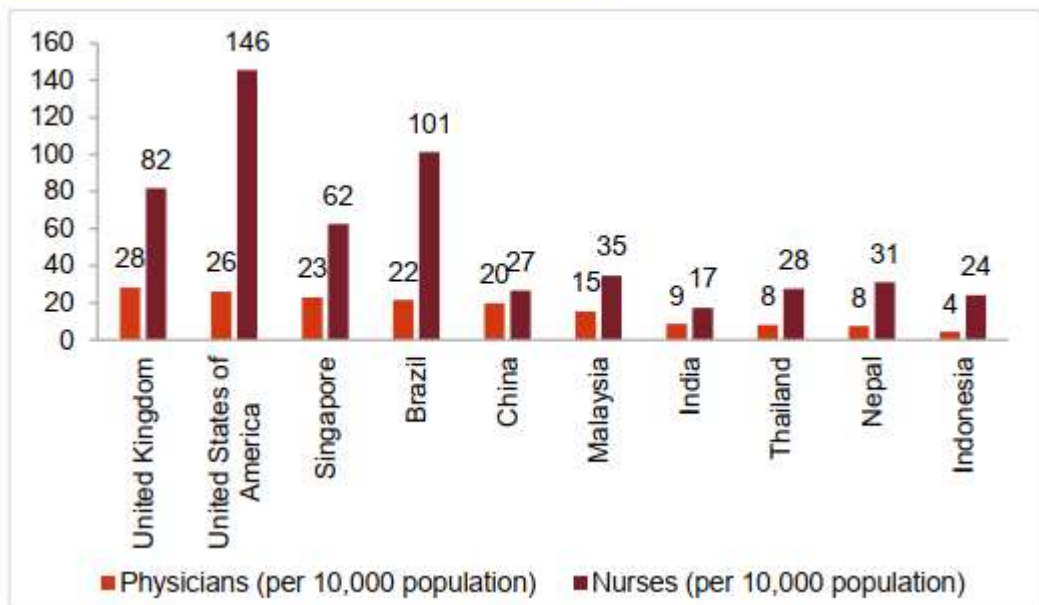


Note: India bed density is estimated by CRISIL Research

Source: Tracking Universal Health Coverage: 2017 Global Monitoring Report, World Bank Database, CRISIL Research

- Comparison of Healthcare Personnel with other Nations :

Healthcare personnel: India vs other countries



Physicians (per 10,000 population)

World average



16

India



9

Nurses (per 10,000 population)

World average



38

India



17

Source: WHO World Health Statistics 2020

- Key budget proposals : Budgetary allocation towards health and well-being increased to ₹ 2.23 lakh crore in fiscal 2022
- Key Growth Drivers :
 - Healthcare market in India is expected to reach US\$ 372 billion by 2022
 - Conducive Government Policies on Healthcare
 - Change in Demographics and rising income levels
 - Increasing health awareness
 - Change in disease profile
 - Health Insurance Coverage
 - Medical Tourism

2. Is KIMS capable to capture the market opportunity

- KIMS is one of the largest corporate healthcare groups in AP and Telangana in terms of number of patients treated and treatments offered, they have 3,064 beds across nine multi-specialty hospitals in AP and Telangana as of December 31, 2020, which is 2.2 times more beds than the second largest provider in AP and Telangana, they have over 20 years of expertise in AP and Telangana since opening of their first hospital in Nellore in 2000. They strategically focus on the southern India healthcare market where they have a strong understanding of regional nuances, customer culture and the mind-set of medical professionals and where there is significant and growing need for quality and affordable healthcare services. KIMS Ltd is one of the three hospitals in India rated 'AA' by CRISIL
- In Fiscal Year 2020, their nine hospitals recorded ARPOB of ₹ 18,307, a bed occupancy rate of 80.49%, and an ALOS of 4.34 days, on an aggregate basis. In Fiscal Year 2020, ARPOB for their hospitals situated in Tier 1 cities was ₹ 27,410 and ARPOB for our hospitals situated in Tier 2-3 cities was ₹ 11,758.
- Due to policy of providing equity partnership to its key doctors, they have retained 80% of their doctors since inception.
- Some of the key advantages of having regional presence which add value to KIMS are as follows:
 - Understanding the mentality of people (patients) in a particular region forms a crucial part of connecting and establishing long-term relationships for any hospital. Players with regional presence often have a strong grasp of the regional languages, food preferences, culture, and affordability, which helps them connect and bond with their patients from a long-term perspective.
 - Understanding the mentality of doctors is also an important aspect for a hospital. Having regional presence not only gives players' access to the key doctors in the region, but it also helps doctors tie up with a brand to enhance their portfolios.
 - Integrating talent from well-established allied workforce such as lab technicians and nurses also augers well for established players. There are additional benefits for employees associated with a regional chain, such as easy location transfers for any personal reasons. Hence, workforce in such hospitals sticks longer.
- Telangana, Andhra Pradesh and Karnataka the top three states in terms of average per-capita income growth between fiscals 2014 and 2020.
- Andhra Pradesh and Telangana among the states with higher (>50%) NCD burden in India According to reports, the proportion of NCDs in the country's disease burden has increased.
- Andhra Pradesh has highest percentage of population aged 15-59 years. So after clubbing all the data we can conclude that a growing middle-class, coupled with rising burden of new diseases, are boosting the demand for affordable and quality healthcare. Which can help KIMS to grow in coming years.
- They also intend to expand in these regions via different models, which include asset-light models or models involving no ownership of assets.
- Keeping future expansion in view KIMS Kondapur has entered into a lease agreement for a land and building. KIMS is already experiencing shortage of beds at KIMS Kondapur and

there is a lot of scope for serving the medical needs of people in that area. It is a good opportunity to strengthen KIMS Kondapur.

- The new Kondapur hospital will have total of 700 to 800 beds and this will be deployed over a period of time. In phase I, KIMS is looking to operationalize an incremental 150 beds so that is the current 200 to 250 beds will scale up and additional 200-250 beds and take it to 500 beds and this could be commissioned in the next like 30 to 36 months and based on ramp up and occupancy of these beds we will then commission the incremental 200 to 250 beds.
 - KIMS was fortunate to having found this land very close to the current hospital in Kondapur. KIMS will then slowly transition from the current facility into the new campus once the new campus is ready within the six month to nine month period.
 - In three years KIMS will have 500 beds built up. KIMS will then let go of the existing facility and move to the completely new facility where we will have 500 beds operational, so that will be an incremental of only 250 beds because we currently anyways occupying 250.
- In central India Maharashtra KIMS have been able to zero down one to two assets, but KIMS is yet to get final clearances and then will present to the board and send an official note.
 - KIMS is looking to add an incremental 1500 beds and this will happen over a period of 12 months to 36 months and the incremental cost to deliver these 1500 beds will be to the tune of around 0.90 – 1.1 Crores for bed
 - Recently (OCT-2021), KIMS Hospitals has entered into definitive agreements to acquire 51.07% stake (as a combination of fully and partly paid-up equity shares) in Sunshine Hospitals (M/s Sarvejana Healthcare private Limited).
 - Acquisition will help KIMS Hospitals to consolidate its position as a leading provider of tertiary care services in its key markets and adds a world renowned orthopedic surgical team led by Dr. A. V. Gurava Reddy.
 - Augments and complements KIMS Cardio, Neuro, Transplant and Renal sciences team
 - Combined entity will have 12 hospitals across 9 cities with 3666 beds and over 1200 doctors and 12,000 + employees
 - Particulars after acquisition of Sunshine in Hyderabad Market :

Particulars	KIMS	SUNSHINE	KIMS & SUNSHINE TOGETHER
No of Hospital	2	2	4
Beds	1200	525+	1725+
No of years in Hyd	17+	12+	17+
COE Cardiac	●	◐	●
COE Ortho	◐	●	●
COE Neuro	●	◐	●
COE Gastro	◐	◐	◐
COE Onco	◐	-	◐
COE Renal	●	◐	●

- Over the next 3-4 years, KIMS may undertake moderately aggressive capex of over Rs.1000 crores to expand into adjacent geographies in South India, and other states.

Capex requirement will be largely be managed by internal accruals and expects revenue contribution from 2025.

➤ **EXPANSION PLAN:**

Units	Current Beds	Incremental Beds	New Departments	Approx. Capex	Approx. Timeline (Starting April 2021)
Kondapur	200	500	All Specialities	300 Cr	36-42 months
Vizag	434	50	Cancer Centre	15-20 Cr	24 months
Anantapur	250	150	Cancer Centre / Mother & Child	50-60 Cr	36-48 months
Ongole	350	-	Cancer Centre	15-20 Cr	36-42 months
Bangalore	-	350-400	All Specialities	300-330 Cr	36 months
Chennai	-	350-400	All Specialities	400 Cr	36 months
Western / Central India	-	250-300	All Specialities	300 Cr	24-36 months

3. Is shareholder major beneficiary of the growth in business

- KIMS is well positioned to consolidate in India's large, unorganized yet rapidly growing and underserved affordable healthcare market.
- The revenue CAGR since last 5 years is 21%.
 - ROE 27.6%.
 - ROCE 29.6%.
 - Net Profit Margin CAGR since last 5 year is 49%
 - Debt to Equity Ratio is 0.37

KEY Growth Ratios:

	FY21	FY20
Operating Profit Margin (%)	28%	22%
Net Profit Margin (%)	15.00%	10.00%
Debtors Days	30	43
Inventory Days	30	44
Current Ratio	1.93	1.23

KEY Financials:

KIMS (Fig in Crs)	FY16	FY17	FY18	FY19	FY20	FY21	CAGR
Revenue	512	567	664	918	1123	1330	21%
PBT	41	53	-20	-15	141	279	47%
Tax	32%	37%	-126%	-223%	18%	26%	-4%
Divident Amount	0%	0%	0%	0%	0%	0%	#DIV/0!
Fixed Asset	515	518	755	863	916	931	13%
CWIP	2	64	0	0	2	9	35%
Working CAP							
Inventories	12	16	20	27	30	24	15%
Trade Receivable	66	92	108	123	132	110	11%
Cash Equivalent	7	8	11	10	46	284	110%
Loans & Advances	34	46	100	125	31	55	10%
PAT	27	33	-47	-48	119	201	49%
EPS	3.78	4.55	-6.61	-6.4	16	25.93	47%

Operating Performance:

Particulars	FY19	FY20	FY21	FY22 H1
Bed Capacity	2,804	3,004	3,064	3,064
Occupancy % ⁽¹⁾	48.7%	55.7%	57.6%	62.5%
IP Volume	1,11,382	1,40,676	1,16,592	67,914
ARPOB	18,334	18,307	20,609	25,460
Revenue (In Mn)	9,239	11,287	13,401	8,946
EBITDA ⁽²⁾	1,740	2,511	3,810	2,821

1) Occupancy %: Based on Beds Capacity

2) FY19 EBITDA is adjusted towards the loss on FV changes in Financial Instruments

Comparison between AP Matured Hospitals & Acquired Hospitals:

Particulars	Matured Assets ⁽¹⁾				Acquired Assets ⁽²⁾				Comments
	FY19	FY20	FY21	FY22 H1	FY19	FY20	FY21	FY22 H1	
Bed Capacity	570	570	630	630	1034	1234	1234	1234	
Occupancy % ⁽³⁾	66.6%	66.3%	65.6%	76.6%	32.5%	48.3%	62.1%	61.8%	Increase in Occupancy numbers for Acquired Hospitals is in line with that of Mature Hospitals in future
IP Volume	33,861	36,972	30,503	15,928	24,221	46,393	41,002	25,522	
ARPOB	13,558	14,961	13,608	13,326	8,705	9,727	9,881	12,931	
Revenue ⁽⁴⁾	1,890	2,072	2,060	1,173	1,073	2,127	2,781	1,805	
EBITDA ⁽⁴⁾	427	478	526	283	-31	116	468	373	
EBITDA Margin	22.6%	23.1%	25.5%	24.1%	-2.9%	5.5%	16.8%	20.7%	Margins of the acquired assets are in line to grow with mature assets. The margins in FY22H1 for Mature Hospitals were impacted because of one time non-recurring items. We are hopeful of reaching our set targets for FY22.

1) Matured assets: Nellore, Rajahmundry and Srikakulam 2) Acquired assets: Ongole, Vizag, Ananthpur and Kurnool

3) Occupancy %: Based on Beds Capacity 4) Revenue & EBITDA: Before inter company eliminations

Key financial ratios of major listed hospital players

Key financial ratios (9M FY21)	EBITDA margin	Net profit margin	Interest coverage (times)
AHEL	11% *	0%	2.1
Fortis	10%	-4%	2.2
HCGEL	14%	-13%	1.0
KMCHL	29%	10%	6.4
KIMS Ltd	28%	15%	11.0
MHIL	4%	-8%	0.8
NH	3%	-5%	1.0
Shalby	22%	12%	21.6

Key Financial Parameters of Major Hospital Players

Key Financials (FY20)	Operating income (Rs million)	3 – Year CAGR (Mar 17 to Mar 20)	Income from healthcare service. (Rs million)	Y-o-Y growth (%)	EBITDA (Rs million)	Y-o-Y growth (%)	3 – Year CAGR (Mar 17 to Mar 20)	PAT (Rs million)	Y-o-Y growth (%)	3 – Year CAGR (Mar 17 to Mar 20)
AHEL	112,530	16%	57,297	17%	9,987	17%	15%	4,320	116%	49%
Fortis	45,600	0%	36,341	3%	6,398	-8%	-12%	915	140%	-43%
HCGEL	10,960	16%	10,076	12%	1,791	35%	16%	-1250	NA	-276%
KMCHL	7,096	10%	5,174	13%	1,817	27%	12%	945	57%	16%
KIMS LTD	11,226	26%	11,226	22%	2,511	189%	61%	1151	128%	57%
MHEPL	21,609	16%	21,609	23%	4,588	59%	24%	557	141%	Nm
MHIL	40,236	NA	40,236	12%	5,897	66%	NA	NA	NA	NA
NH	31,314	19%	29,623	10%	4,464	45%	23%	1190	116%	15%
Shalby	4,836	12%	4,442	5%	948	3%	3%	253	-9%	22%

Cash Flow Statements:

Rs Cr	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Cash from Operating Activity (CFO)	95	82	106	134	202	356
% Growth YoY	-	-15%	30%	27%	50%	77%
Cash from Investing Activity	-41	-100	-64	-110	-125	-354
Cash from Financing Activity	-65	24	-39	-27	-44	10
Net Cash Flow	-11	5	3	-3	32	12
CFO/Sales	19%	14%	16%	15%	18%	27%
CFO/Net Profit	341%	244%	-229%	-276%	175%	173%
Capex**	2	64	-	-	2	9
FCF	93	18	106	134	200	347
FCF Growth YoY	-	-81%	503%	27%	49%	74%
FCF/Sales	18%	3%	16%	15%	18%	26%
FCF/Net Profit	351%	54%	-223%	-281%	167%	172%

Q2FY22 Financial Highlight:

Consolidated operating revenue saw an increase of 15% against Q4 of FY 21, standing at Rs. 4,117.40 million. Increased Patient flow, new doctor additions in existing specialties, consistent growth in Heart and Lung transplant programme & increasing normalization of business to pre-covid levels contributed to this growth. Against Q1 FY 22, it saw a decrease of 13%.

- Consolidated EBITDA for Q2 FY 22 stood at Rs. 1,341.85 million, a growth of 27.7% against Q4 FY 21. EBITDA margins expansion was driven by speciality mix change over Q4 FY 21 last year and operation leverage.
- EBITDA Margin grew to 32.2% in Q2 FY22 from 31.0% in Q1 FY 22 primarily led by tighter control on medical consumption cost.
- Consolidated PAT of Rs. 842.54 million in Q2 FY 22 at 20.2% PAT margin compare to Q4 of FY 21 was 16.2% and in Q1 of FY 22 was at 19.3%.
- EPS on diluted basis has increased to Rs. 10.34 in Q2 FY 22 from Rs. 7.59 in Q4 FY 21 and it has decreased against Q1 FY 22 of Rs. 11.48
- As on 30th Sept, 2021, on consolidated basis we are net debt free, out of IPO proceeds, group has repaid the term loans to the tune of Rs. 1,500 million

Operational Highlights:

- Q2 FY 22 occupancy stood at 59.8% against 60.1% in Q4 FY 21 and in Q1 FY 22 was 62.2% (based on beds capacity).
- IP discharged volume has increased to 36k+ in Q2 FY 22 against 32k+ in Q4 FY 21 translating to a growth of 11% and it has increased from 31K+ in Q1 FY 22 as volume of major speciality has increased on account of normalization.
- OP Consultation volume has increased to 2.80 Lakhs in Q2 FY 22 from 2.62 Lakhs in Q4 FY 21, and also increased from Q1 FY 22 from 1.82 Lakhs.
- ALOS has improved from 5.06 days in Q4 FY 21 and 5.47 days in Q1 FY 22 to 4.61 days in Q2 FY 22.
- ARPP has increased from Rs. 1.09 Lakhs in Q4 FY 21 to Rs. 1.15 Lakhs in Q2 FY 22, which is a growth of 5%, and decrease from Q1 FY 22 from Rs. 1.49 Lakhs.
- ARPOB for Q2 FY 22 has improved at Rs. 24,877 against Rs. 21,591 in Q4 FY 21, this is driven by better payor mix and increase in complex surgeries and procedures also ARPOB has decreased from Q1 FY 22 from Rs. 27,289.

Management Pedigree:

- **Dr. Bhaskara Rao Bollineni** is the Managing Director of the Company. He holds a bachelor's degree in medicine and surgery from Andhra University and a master's degree in general surgery from Madras Medical College, Chennai. He has also been admitted as a Diplomat of the National Board of Examinations, New Delhi for the practice of cardio-thoracic surgery. He has over 27 years of experience in cardiothoracic surgery and has in the past held various positions with Apollo Hospitals, Austin Hospital, University of Melbourne and Mahavir Hospital and Research Centre.
- **Anitha Dandamudi** is a Whole-time Director of the Company. She holds a diploma in business management from the ICFAI University and a certification for the six-sigma green belt. She also holds certifications for the auditing of quality systems as per ISO 9001-2000 and ISO 9004-2000, and has completed a training program on internal quality audit for the NABH. She has over 16 years of experience in the hospital industry, having held various positions with our Company, and has also served as vice president of administration at e-Talent Software Limited.

- **Dr. Abhinay Bollineni** is an Executive Director of the Company. He holds a bachelor's degree in medicine from the Deccan Medical College. He participated in the 'International Visitor Leadership Program on Oncology: Research, Prevention and Treatment' held by the U.S. Department of State where he undertook training in diagnosis, treatment methods, alternative therapies, support groups and follow-up care for cancer patients and their families. Additionally, he played a key role in establishing KIMS Kondapur in 2014.
- **Sandeep Naik** is a Non-executive Director of the Company. He holds a bachelor's degree in engineering from the University of Bombay, and has completed his master's degree in science from the Virginia Commonwealth University and a master's in business administration from Wharton School of Business at University of Pennsylvania. He is a Managing Director and head of General Atlantic's business in India and Asia-Pacific and a member of the management committee at General Atlantic. He was previously associated with Apax Partners LP, Apax Partners India Advisers Private Limited, Medtronic Inc. and McKinsey and Company. He was also selected as a Young Global Leader by the World Economic Forum in 2010.
- **Shantanu Rastogi** is a Non-executive Director of the Company. He holds a bachelor's degree in technology and a master's degree in technology from Indian Institute of Technology, Bombay and has completed his master's in business administration from Wharton School of Business at University of Pennsylvania. He is a Managing Director at General Atlantic. He was previously associated with Apax Partners India Advisers Private Limited and McKinsey and Company.
- **Pankaj Vaish** is an Independent Director of the Company. He holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology - Banaras Hindu University and a master's in business administration from the Carlson School of Management, University of Minnesota, Minneapolis. He has over 35 years of experience in various fields, including 28 years of experience with Accenture Services Private Limited (Accenture) where he was a senior founding member of Accenture's consulting practice in India. He was also a member of the global leadership team of the 'Communications, Media and Technology' (CMT) business of Accenture, where he held various roles, including the 'Asia-Pacific Operating Unit lead' for CMT and the 'Global Management Consulting Lead' for CMT. He also served as the managing director for Accenture's Delivery Centre Network for Business Process Outsourcing, helped formulate Accenture's Horizon 2012 strategy and served as co-sponsor of the culture work stream of the Accenture Human Capital Strategy initiative. He also holds advisory positions at Insource Operational Optimizers Private Limited and Unlax Consumer Solutions Private Limited and is a Professor of Practice of Management at the Amrut Mody School of Management, Ahmedabad University.
- **Rajeswara Rao Gandu**, is an Independent Director of the Company. He holds a bachelor's degree in science from Andhra University and a bachelor's degree in law from Osmania University. He has over 37 years of experience as a civil servant and has worked in the Department of Supply, GoI in the past. He joined the Indian Revenue Service thereafter, where he held various positions including that of the Under Secretary and Deputy Secretary, Central Board of Direct Taxes (New Delhi), Joint/Additional Director of Income-tax (Investigation), Commissioner of Income-tax, Director General of Income-tax (Investigation) and Chief Commissioner of Income-tax. He also held the position of Insurance Ombudsman for the states of Andhra Pradesh and Karnataka and the Union Territory of Yanam. He has also won the Finance Minister's Gold Medal for academic excellence and served on the editorial board of 'Let us Share' which is an annual publication of the Income-tax department of India.
- **Ratna Kishore Kaza** is an Independent Director of the Company. He holds a bachelor's degree in science and a master's degree in science in nuclear physics from Andhra University. He has

held the position of Principal Secretary (health, medical and family welfare) to the Government of Andhra Pradesh and has served as an Administrative Member on the Andhra Pradesh Administrative Tribunal. He has also in the past served on the board of Godavari Fertilizers and Chemicals Limited, as managing director.

- **Saumen Chakraborty** is an Independent Director of the Company. He holds a bachelor's degree in science from Visva Bharati University, Santiniketan and completed his post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. He is currently the managing director of Samarjita Management Consultancy Private Limited and is pursuing a PhD. equivalent executive fellow program in management from the Indian School of Business, Hyderabad. He has more than 36 years of experience across various strategic and operational aspects of management. He was previously employed with Dr. Reddy's Laboratories Limited for over 19 years, where he held, inter alia, the positions of 'Global Chief of Human Resources', 'Chief Financial Officer', 'Global Head of Information Technology and Business Process Excellence', 'President – Corporate and Global Generics Operations', 'President and Global Head of Quality, Human Resources and IT' and was also responsible for Dr. Reddy's Laboratories Limited's global legal and compliance and facility management functions. He currently continues to serve as an advisor to Dr. Reddy's Laboratories Limited. He was awarded CFO of the Year at the 10th India CFO Awards held by IMA, overall best CFO at the Yes Bank – Business Today Best CFO Awards, 2014, the best CFO at the Yes Bank - BW Business World Best CFO 199 Awards, 2016 for healthy balance sheet management (large enterprise) and the Best Performing CFO in Healthcare Sector by CNBC TV-18 at the CFO Awards, 2007. He was also previously associated with CMC Limited, Centre for Development of Telematics, Eicher Goodearth Limited and Tecumseh Products India Private Limited.
- **Venkata Ramudu Jasthi** is an Independent Director of the Company. He holds a bachelor's degree in arts and a master's degree in arts (economics) from Sri Venkateswara University and a master's degree in law from Osmania University. He also holds a postgraduate certificate in criminal justice and police management from the University of Leicester. He worked in the Indian Revenue Service (Income Tax) from 1979 to 1981 (1979 batch). He is a member of batch of 1981 of the Indian Police Service cadre of Andhra Pradesh and has held the position of the Director General of Police of Andhra Pradesh. After retirement, he has enrolled as an advocate with the Bar Council of India

4. KEY RISKS:

- KIMS is highly dependent on the healthcare professionals, and the business and financial results could be impacted if they are not able to attract and retain such healthcare professionals.
- Revenues are highly dependent on the hospitals in Hyderabad. KIMS is also significantly dependent on certain specialties for a majority of the revenues. Any impact on the revenues from these hospitals or earnings from our top specialties could materially affect the business, financial condition, results of operations and cash flows.
- KIMS may not be successful in expanding the operations to other parts of India which could have an adverse effect on the business, financial condition, results of operations and cash flows.
- Business depends on the strength of the brand and reputation. Failure to maintain and enhance the brand and reputation, and any negative publicity and allegations in the media against company, may materially and adversely affect the level of market recognition of, and

trust in services, which could result in a material adverse impact on the business, financial condition, results of operations and prospects.

- KIMS face intense competition from other healthcare service providers. If Company is unable to compete effectively, the business, results of operations and cash flows may be materially and adversely affected.
- KIMS operate in a highly regulated industry, and compliance with applicable safety, health, environmental and other governmental regulations and any violations of existing regulations may adversely affect the business, results of operations and cash flows.
- A majority of the doctors are not Company employees. The arrangements with such doctors are on a consultancy basis. If such doctors discontinue their association with company or are unable to provide their services at the hospitals for any reason or if KIMS is unable to attract or retain such consultants, and other healthcare professionals, the business, results of operations and cash flows may be materially and adversely affected.
- Reforms in the healthcare industry and the uncertainty associated with pharmaceutical pricing and other matters could adversely affect the business, results of operations and cash flows.
- KIMS is exposed to legal claims and regulatory actions arising from the provision of healthcare services and may be subject to liabilities arising from claims of malpractice and medical negligence which could materially and adversely affect the reputation and prospects.

CONCLUSION:

- KIMS operates with comparatively good financials in Healthcare Industry with experienced Management team.
- KIMS has done acquisition of Sunshine Hospitals at an Enterprise Value of approx. INR 7,300 mn, subject to working capital adjustments on the closing date. For Financial Year ended March'21 Sunshine Hospitals reported INR 4,118 mn in revenue and INR 752 mn in operating EBITDA. The acquisition deal is expected to be EPS accretive and provides an enhanced platform for KIMS to further strengthen its presence in the key home market of Hyderabad and Secunderabad.
- Going ahead if they can expand as per Plan to the other territory in India with cost effectiveness then it can be good value creation in coming years.

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