kotak Securities

Dated: 13 Jan 2026

KIMS (KIMS) - REDUCE

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.614	**Rs.650**

Rationale:

- Once heavily reliant on Hyderabad, pursuing expansion into multiple states, metros.
- This strategy might bear fruit over long run, a dent in profitability over medium term.
- Bengaluru is expected to be a vital cog in KIMS' quest to diversify beyond Hyderabad, which accounted for 72% of EBITDA in FY25.
- Our recent visit to the Mahadevapura facility in Bengaluru suggests encouraging initial signs supported by solid infra.
- A significant further volume uptick is critical at Mahadevapura as well as PES.
- Despite stock price correction, against backdrop of execution risks, retain REDUCE.

Positives:

- Mahadevapura hospital is more spacious with superior infrastructure compared to existing facilities and the new Thane facility.
- Ramp-up has been strong, with monthly revenues of ~Rs10/11 cr in Oct/Nov 2025.
- ARPOB stood at ~Rs85k/day in Nov 2025, supported by transplants, a higher cash mix and senior doctor hires.
- Mahadevapura is an attractive micro market with minimal new competition expected.

Negatives:

- We bake in an EBITDA loss of ~Rs64/32 cr in Bengaluru in FY26/27E.
- Similar to Mahadevapura, KIMS has hired almost all of its doctors in PES much beforehand, driving a higher initial drag.
- Execution risks remain, and we factor in a slightly slower ramp-up in newer beds and lower FY26-28E EBITDA by 2–5%.

(EBITDA = Earnings Before Interest, Tax, Depreciation and Amortisation; ARPOB = Average Revenue Per Occupied Bed; k = thousand)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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