

November 10, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	775		700	
Sales (Rs. m)	54,677	64,977	56,717	67,086
% Chng.	(3.6)	(3.1)		
EBITDA (Rs. m)	11,735	14,669	11,932	14,885
% Chng.	(1.6)	(1.4)		
EPS (Rs.)	12.4	16.8	13.5	17.6
% Chng.	(7.7)	(4.4)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	41,380	46,357	54,677	64,977
EBITDA (Rs. m)	7,740	9,328	11,735	14,669
Margin (%)	18.7	20.1	21.5	22.6
PAT (Rs. m)	3,090	4,270	6,218	8,380
EPS (Rs.)	6.2	8.5	12.4	16.8
Gr. (%)	66.1	38.2	45.6	34.8
DPS (Rs.)	4.6	4.6	4.6	4.6
Yield (%)	0.7	0.7	0.7	0.7
RoE (%)	7.7	12.2	16.5	19.9
RoCE (%)	11.3	16.4	21.1	25.4
EV/Sales (x)	8.2	7.3	6.2	5.1
EV/EBITDA (x)	43.6	36.3	28.8	22.8
PE (x)	112.0	81.1	55.7	41.3
P/BV (x)	10.1	9.7	8.8	7.7

Key Data ATRD.BO | ASTERDM IN

52-W High / Low	Rs.732 / Rs.386
Sensex / Nifty	83,216 / 25,492
Market Cap	Rs.359bn/ \$ 4,049m
Shares Outstanding	518m
3M Avg. Daily Value	Rs.612.6m

Shareholding Pattern (%)

Promoter's	40.39
Foreign	18.72
Domestic Institution	26.33
Public & Others	14.56
Promoter Pledge (Rs bn)	58.96

Stock Performance (%)

	1M	6M	12M
Absolute	4.7	29.5	59.2
Relative	3.1	25.7	52.2

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Kerala cluster aided profitability

Quick Pointers:

- ASTERDM + QCIL 4,000+-bed expansion plan over the next 3 years
- ARPP growth guidance at 7-8% YoY over the next 2-3 years

ASTER DM Healthcare's (ASTERDM) Q2 consolidated EBITDA grew 13% YoY to Rs2.53bn, above our estimate; aided by better recovery in performance at Kerala cluster. EBITDA has been increasing sharply over the last 3 years (30% CAGR over FY22-25). ASTERDM's board has recently approved merger with Quality Care (QCIL), making it the third largest healthcare chain by revenue and bed capacity in India. We remain positive on ATSERDM given the rising visibility on post-merger synergies, occupancy improvement, margin expansion and upcoming bed additions. Our FY26-27E EBITDA estimate broadly remains unchanged. We estimate combined entity post Ind As EBITDA to grow at 24%+ CAGR over FY25-28E to Rs31bn+. The combined entity is trading at ~30x and 24x EV/EBITDA on FY27E and FY28E (adjusted for minority stake and rental) respectively. We maintain our 'BUY' rating with revised TP of Rs775/share, valuing 30x EV/EBITDA for the combined entity on Sept FY27E.

- **EBITDA beat led by recovery in Kerala cluster:** ASTERDM's EBITDA (post-Ind AS) grew 13% YoY (22% QoQ) to Rs2.53bn, vs our estimates of Rs2.2bn. OPM improved by 40bps YoY to 21.1% (180bps QoQ). Pre-Ind AS EBITDA was at Rs2.24bn (up 12% YoY) with OPM of 18.7%. Hospital EBITDA grew by 12% YoY to Rs2.83bn with OPM of 24.4%, up 40bps YoY. Cluster wise, Kerala, and Karnataka & Maharashtra cluster reported EBITDA growth of 19% and 5%, respectively, while AP & Telangana cluster's EBITDA declined by 5% YoY. Pharmacy business reported positive EBITDA at Rs 4mn with 1.4% margins (vs EBITDA of Rs10mn with 2% margins in Q1) driven by a strategic exit from certain loss-making unit in Q1. Labs reported EBITDA of Rs 70mn with margins at 18% vs EBITDA of Rs30mn with margins at 8% in Q1.
- **Strong 18% growth in ARPOB; improved occupancy by 500bps QoQ:** Consolidated revenue improved 10% YoY (11% QoQ) to Rs12bn. ARPOB continues to improve 18% YoY (1% QoQ) to Rs50.6k per day aided by improved ALOS and better case mix. Occupancy was improved 500 bps QoQ at 64% vs 72% in Q2FY25. IP volumes were down by 1% YoY. ALOS improved to 3.1 days vs 3.2 days in Q2FY25. Net cash stood at Rs6.4bn as of Q2FY26.

Key con-call takeaways:

- **Bed expansion and capex:** ASTERDM added 200 beds in the last 12 months, taking total capacity to 5,199 beds. It commissioned 100 beds out of a 264 beds capacity hospital in Kasargod (Kerala) in Oct'25. 75 brownfield beds at Aster Ramesh Ongole and 159 brownfield beds at Aster Whitefield Block D will be operationalised in 2HFY26. The company incurred a total capex of Rs 3bn, with around 50% allocated towards expansion projects. Overall, ASTERDM plans to add ~2,300 additional beds over next 3 years through greenfield and brownfield projects, taking total capacity beyond 7,800 beds.

- **QCIL expansion:** Plans to invest ~Rs 20bn to add 1,700 beds in 3–4 years (Indore, Bhuvaneshwar, Onco unit in Raipur etc), including 700 beds (of which 300 beds in Tier-2 markets) through greenfield and brownfield expansion.
- The management indicated that the recent GST rate revision had no impact on OP services, while for IP cases, it led to a ~1.1% reduction in topline and an EBITDA impact of 35–40 bps. However, this is expected to be offset by the recent increase in CGHS tariffs, which is estimated to provide a positive topline impact of Rs 20mn/month, with 70–80% of the benefit directly contributing to EBITDA.
- **Kerala Cluster:** Witnessed strong recovery driven by higher elective and complex procedures. IP volumes grew 13% QoQ; MVT business surged 49% YoY and 67% QoQ with strong inflows from Maldives, Oman, and Middle East. Kerala cluster growth was supported by stabilized leadership, high-end specialty mix (oncology, robotic surgeries), and cost optimization. Mgmt guided MVT and complex care continue to drive growth; Kerala reaffirmed as a key growth engine for the India business.
- **Karnataka and Maharashtra Cluster:** Revenue grew ~10% YoY, supported by strong ramp-up at Aster Whitefield, which posted ~27% growth in Q2. Oncology contributed ~17% to cluster revenue; high-value programs in neurosciences and complex surgical care continue to scale. EBITDA up 6% YoY, partly impacted by higher material costs due to immunotherapy and targeted oncology treatments. Other mature units (e.g., Aster CMI) delivered single-digit growth; continued improvement expected in H2FY26 with stabilization and patient traction in North Bengaluru.
- **AP & Telangana Cluster:** EBITDA margins recovered sharply to 13.3% (vs. 7.9% in Q1FY26). Management indicated ongoing strategic review of AP & Telangana cluster for margin enhancement; long-term improvement expected from cost efficiencies and leadership strengthening. It recently increased stake in Aster Ramesh Hospitals in AP to 70%.
- **QCIL performance and guidance:** QCIL reported revenues of Rs12bn (15% YoY) and EBITDA of Rs2.9bn (up 22% YoY) with margins expanding 130bps YoY to 24.1% in Q2. Efficiency initiatives such as procurement centralization and F&B insourcing added ~Rs 200mn+ to EBITDA, with management guiding margins to exceed 25% going forward.
- **QCIL Mature units (60% of QCIL revenue)** delivered 14% revenue and 27% EBITDA growth (33% margin); emerging units (6% of QCIL revenue) posted 85% YoY EBITDA growth. Focus units (20–25% of QCIL revenues), grew 9% YoY in Q2, with Hyderabad assets showing strong double-digit growth. QCIL improving clinical mix (CONGO-T share up 80 bps to 58.5%) and adding 100 new clinicians; focus on robotic, oncology, and cardiac programs. The Nagercoil unit in Tamil Nadu, launched in Oct'24, achieved breakeven within 3 quarters and is now operating at 20%+ EBITDA margins. ARPP grew 10% YoY, with ARPOB at Rs 44k in Q2. The company plans to add 5–7 LINAC systems to strengthen oncology capabilities and expand robotic programs in Hyderabad. Expansion plan includes 1,700 beds in cities like Indore, Bhuvaneshwar, Onco unit in Raipur etc, with continued operational synergies post-merger.

- **QCIL merger update:** Merger progressing smoothly; BSE/NSE issued no-objection letters post approvals from CCI and shareholders. Share swap completed and AsterDM acquired 5% stake in QCIL in exchange for 3.6% preferential allotment. Currently awaiting final regulatory clearance from the NCLT and the transaction is expected to be completed by Q1FY27. Post merger combined entity's margin guidance of 25%.
- Cost efficiency initiatives (renewable energy, centralized procurement) reduced overheads by 100 bps.

Exhibit 1: Q2FY26 Result Overview (Rs mn) –Strong EBITDA beat led by Kerala cluster performance

Y/e March	2QFY26	2QFY25	YoY gr. (%)	2QFY26E	% Var.	1QFY26	QoQ gr. (%)	1HFY26	1HFY25	YoY gr. (%)
Net Sales	11,972	10,864	10.2	10,959	9.2	10,779	11.1	22,751	20,883	8.9
COGS	2,710	2,375	14.1	2,521	7.5	2,471	9.7	5,182	4,661	11.2
<i>% of Net Sales</i>	<i>22.6</i>	<i>21.9</i>		<i>23.0</i>		<i>22.9</i>		<i>22.8</i>	<i>22.3</i>	
Employee Cost	2,119	1,934	9.6	2,027	4.5	1,948	8.8	4,067	3,868	5.2
<i>% of Net Sales</i>	<i>17.7</i>	<i>17.8</i>		<i>18.5</i>		<i>18.1</i>		<i>17.9</i>	<i>18.5</i>	
Other Expenses	4,612	4,309	7.0	4,219	9.3	4,278	7.8	8,890	8,448	5.2
<i>% of Net Sales</i>	<i>38.5</i>	<i>39.7</i>		<i>38.5</i>		<i>39.7</i>		<i>39.1</i>	<i>40.5</i>	
Total	9,441	8,617	9.6	8,767	7.7	8,698	8.5	18,138	16,977	6.8
EBITDA	2,531	2,247	12.6	2,192	15.5	2,081	21.6	4,613	3,906	18.1
<i>Margins (%)</i>	<i>21.1</i>	<i>20.7</i>		<i>20.0</i>		<i>19.3</i>		<i>20.3</i>	<i>18.7</i>	
Other Income	283	352	(19.8)	350	(19.3)	332	(14.9)	614	840	(26.8)
Interest	308	315	(2.2)	231	33.3	308	(0.0)	615	606	1.5
Depreciation	661	623	6.2	630	5.0	632	4.6	1,293	1,227	5.4
PBT	1,845	1,662	11.0	1,681	9.8	1,473	25.2	3,318	2,913	13.9
Tax	455	529	(13.9)	420	8.4	429	6.2	884	919	(3.8)
<i>Tax rate %</i>	<i>24.7</i>	<i>31.8</i>		<i>25.0</i>		<i>29.1</i>		<i>26.6</i>	<i>31.5</i>	
PAT	1,390	1,133	22.6	1,261	10.2	1,044	33.1	2,434	1,994	22.0
Share in (loss)/profit of associate	(140)	(26)		(55)	154.5	(57)		(197)	(53)	
Minority Interest	(113)	(89)		(130)	(12.8)	(80)		(194)	(159)	
Reported PAT	1,137	1,018	11.6	1,076	5.6	907	25.3	2,043	1,782	14.7

Source: Company, PL

Exhibit 2: Cluster-wise revenue break-up

Revenues (Rs. mn)	2QFY26	2QFY25	YoY gr. (%)	1QFY26	QoQ gr. (%)	1HFY26	1HFY25	YoY gr. (%)
Kerala	6,200	5,590	10.9	5,520	12.3	11,720	10,870	7.8
<i>% of Total Sales</i>	<i>53.4</i>	<i>53.2</i>		<i>53.0</i>		<i>53.2</i>	<i>53.8</i>	
Karnataka and Maharashtra	4,050	3,670	10.4	3,720	8.9	7,770	6,960	11.6
<i>% of Total Sales</i>	<i>34.9</i>	<i>34.9</i>		<i>35.7</i>		<i>35.3</i>	<i>34.5</i>	
AP and Telangana	1,350	1,250	8.0	1,180	14.4	2,530	2,360	7.2
<i>% of Total Sales</i>	<i>11.6</i>	<i>11.9</i>		<i>11.3</i>		<i>11.5</i>	<i>11.7</i>	
Total sales	11,600	10,510	10.4	10,420	11.3	22,020	20,190	9.1

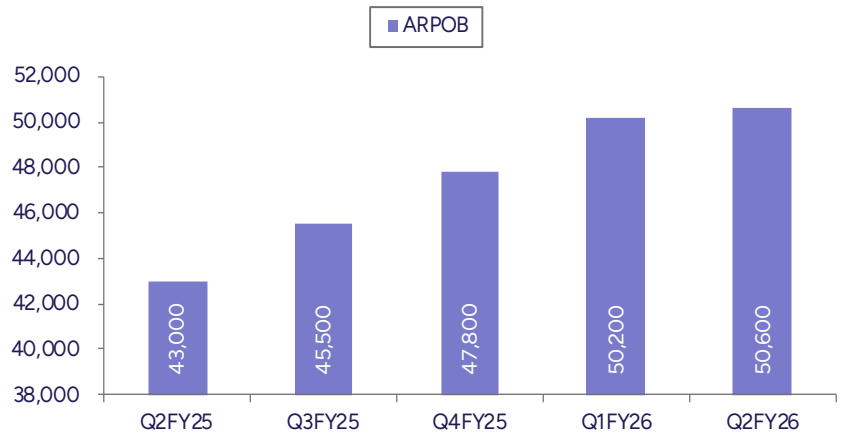
Source: Company, PL

Exhibit 3: Cluster-wise EBITDA break-up

Y/e March	2QFY26	2QFY25	YoY gr. (%)	1QFY26	QoQ gr. (%)	1HFY26	1HFY25	YoY gr. (%)
Kerala	1,660	1,400	18.6	1,400	18.6	3,060	2,600	17.7
Karnataka & Maharashtra	990	940	5.3	860	15.1	1,850	1,640	12.8
AP and Telangana	180	190	(5.3)	90	100.0	270	300	(10.0)
Total Hospital EBITDA	2,830	2,530	11.9	2,350	20.4	5,180	4,540	14.1

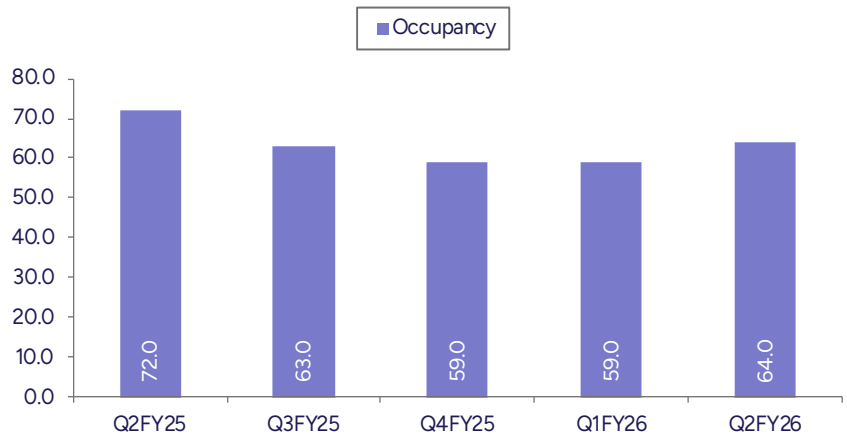
Source: Company, PL

Exhibit 4: ARPOB growth of 18% YoY led by improved ALOS and better case mix



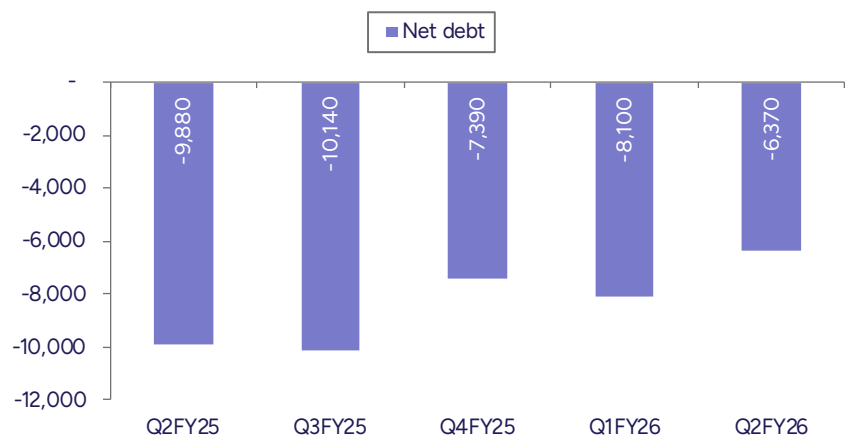
Source: Company, PL

Exhibit 5: Occupancy improved by 500 bps QoQ



Source: Company, PL

Exhibit 6: Net cash decreases by Rs1.7bn QoQ



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	41,380	46,357	54,677	64,977
YoY gr. (%)	11.9	12.0	17.9	18.8
Cost of Goods Sold	9,380	11,126	13,122	15,595
Gross Profit	32,000	35,232	41,555	49,383
Margin (%)	77.3	76.0	76.0	76.0
Employee Cost	7,600	8,588	9,704	10,966
Other Expenses	16,660	17,315	20,115	23,747
EBITDA	7,740	9,328	11,735	14,669
YoY gr. (%)	31.6	20.5	25.8	25.0
Margin (%)	18.7	20.1	21.5	22.6
Depreciation and Amortization	2,490	2,615	2,771	2,938
EBIT	5,250	6,714	8,964	11,731
Margin (%)	12.7	14.5	16.4	18.1
Net Interest	1,240	1,200	1,100	1,000
Other Income	1,480	1,300	1,500	1,800
Profit Before Tax	5,490	6,814	9,364	12,531
Margin (%)	13.3	14.7	17.1	19.3
Total Tax	1,340	1,703	2,341	3,133
Effective tax rate (%)	24.4	25.0	25.0	25.0
Profit after tax	4,150	5,110	7,023	9,399
Minority interest	300	400	505	719
Share Profit from Associate	(190)	(300)	(300)	(300)
Adjusted PAT	3,090	4,270	6,218	8,380
YoY gr. (%)	66.1	38.2	45.6	34.8
Margin (%)	7.5	9.2	11.4	12.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,090	4,270	6,218	8,380
YoY gr. (%)	66.1	38.2	45.6	34.8
Margin (%)	7.5	9.2	11.4	12.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,090	4,270	6,218	8,380
Equity Shares O/s (m)	500	500	500	500
EPS (Rs)	6.2	8.5	12.4	16.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	26,519	32,519	38,519	44,519
Tangibles	26,519	32,519	38,519	44,519
Intangibles	-	-	-	-
Acc: Dep / Amortization	2,490	5,105	7,876	10,814
Tangibles	2,490	5,105	7,876	10,814
Intangibles	-	-	-	-
Net fixed assets	24,029	27,414	30,643	33,705
Tangibles	24,029	27,414	30,643	33,705
Intangibles	-	-	-	-
Capital Work In Progress	2,907	2,907	2,907	2,907
Goodwill	2,641	2,641	2,641	2,641
Non-Current Investments	2,451	2,451	2,451	2,451
Net Deferred tax assets	-	-	-	-
Other Non-Current Assets	15,572	15,572	15,572	15,572
Current Assets				
Investments	-	-	-	-
Inventories	924	1,270	1,498	1,780
Trade receivables	2,578	3,048	3,595	4,272
Cash & Bank Balance	14,962	12,589	12,799	15,607
Other Current Assets	-	-	-	-
Total Assets	66,064	67,893	72,107	78,937
Equity				
Equity Share Capital	4,995	4,995	4,995	4,995
Other Equity	29,286	30,844	34,350	40,018
Total Network	34,281	35,839	39,345	45,013
Non-Current Liabilities				
Long Term borrowings	6,422	5,422	4,422	3,422
Provisions	-	-	-	-
Other non current liabilities	2,046	2,046	2,046	2,046
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	4,262	4,826	5,692	6,765
Other current liabilities	16,819	17,125	17,462	17,833
Total Equity & Liabilities	66,064	67,893	72,107	78,937

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	3,942	6,814	9,364	12,531
Add. Depreciation	2,490	2,615	2,771	2,938
Add. Interest	1,270	1,200	1,100	1,000
Less Financial Other Income	1,480	1,300	1,500	1,800
Add. Other	(902)	(300)	(300)	(300)
Op. profit before WC changes	6,800	10,328	12,935	16,169
Net Changes-WC	(1,405)	54	428	484
Direct tax	(1,145)	(1,703)	(2,341)	(3,133)
Net cash from Op. activities	4,250	8,679	11,022	13,520
Capital expenditures	72,171	(6,000)	(6,000)	(6,000)
Interest / Dividend Income	-	-	-	-
Others	(12,022)	(140)	-	-
Net Cash from Inv. activities	60,149	(6,140)	(6,000)	(6,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	(1,000)	(1,000)	(1,000)
Dividend paid	(61,732)	(2,712)	(2,712)	(2,712)
Interest paid	(567)	(1,200)	(1,100)	(1,000)
Others	11,334	-	-	-
Net cash from Fin. activities	(50,966)	(4,912)	(4,812)	(4,712)
Net change in cash	13,433	(2,373)	210	2,808
Free Cash Flow	790	2,679	5,022	7,520

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	6.2	8.5	12.4	16.8
CEPS	11.2	13.8	18.0	22.7
BVPS	68.6	71.7	78.8	90.1
FCF	1.6	5.4	10.1	15.1
DPS	4.6	4.6	4.6	4.6
Return Ratio(%)				
RoCE	11.3	16.4	21.1	25.4
ROIC	10.3	12.1	15.1	18.5
RoE	7.7	12.2	16.5	19.9
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.3)
Net Working Capital (Days)	(7)	(4)	(4)	(4)
Valuation(x)				
PER	112.0	81.1	55.7	41.3
P/B	10.1	9.7	8.8	7.7
P/CEPS	62.0	50.3	38.5	30.6
EV/EBITDA	43.6	36.3	28.8	22.8
EV/Sales	8.2	7.3	6.2	5.1
Dividend Yield (%)	0.7	0.7	0.7	0.7

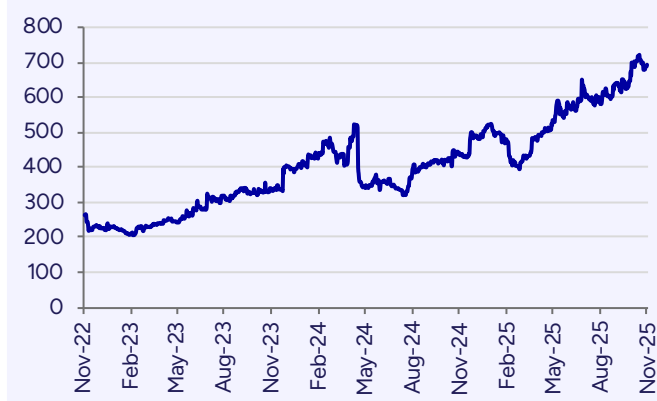
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	10,498	10,003	10,779	11,972
YoY gr. (%)	10.6	2.3	7.6	10.2
Raw Material Expenses	2,470	2,250	2,471	2,710
Gross Profit	8,028	7,753	8,307	9,262
Margin (%)	76.5	77.5	77.1	77.4
EBITDA	1,938	1,854	2,081	2,531
YoY gr. (%)	22.6	18.1	25.4	12.6
Margin (%)	18.5	18.5	19.3	21.1
Depreciation / Depletion	622	640	632	661
EBIT	1,316	1,215	1,449	1,870
Margin (%)	12.5	12.1	13.4	15.6
Net Interest	308	320	308	308
Other Income	330	310	332	283
Profit before Tax	1,338	1,205	1,473	1,845
Margin (%)	12.7	12.0	13.7	15.4
Total Tax	375	50	429	455
Effective tax rate (%)	28.0	4.2	29.1	24.7
Profit after Tax	963	1,155	1,044	1,390
Minority interest	76	70	80	113
Share Profit from Associates	(36)	(100)	(57)	(140)
Adjusted PAT	554	784	857	1,097
YoY gr. (%)	(14.4)	130.7	16.8	14.4
Margin (%)	5.3	7.8	7.9	9.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	554	784	857	1,097
YoY gr. (%)	(14.4)	130.7	16.8	14.4
Margin (%)	5.3	7.8	7.9	9.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	554	784	857	1,097
Avg. Shares O/s (m)	500	500	518	518
EPS (Rs)	1.1	1.6	1.7	2.1

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	BUY	700	662
2	10-Sep-25	BUY	700	641
3	31-Jul-25	BUY	700	605
4	08-Jul-25	BUY	620	622
5	22-May-25	BUY	620	551
6	08-Apr-25	BUY	620	476
7	04-Feb-25	BUY	620	469
8	08-Jan-25	BUY	620	524
9	02-Dec-24	BUY	620	500

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,539
2	Apollo Hospitals Enterprise	BUY	9,300	7,700
3	Aster DM Healthcare	BUY	700	662
4	Aurobindo Pharma	BUY	1,300	1,141
5	Cipla	Accumulate	1,675	1,541
6	Divi's Laboratories	Accumulate	6,550	6,105
7	Dr. Reddy's Laboratories	Reduce	1,270	1,284
8	Eris Lifesciences	BUY	1,975	1,590
9	Fortis Healthcare	BUY	1,000	1,042
10	HealthCare Global Enterprises	BUY	620	651
11	Indoco Remedies	Hold	325	290
12	Ipca Laboratories	Accumulate	1,525	1,360
13	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,657
14	Jupiter Life Line Hospitals	BUY	1,720	1,521
15	Krishna Institute of Medical Sciences	BUY	815	706
16	Lupin	BUY	2,400	1,925
17	Max Healthcare Institute	BUY	1,355	1,131
18	Narayana Hrudayalaya	BUY	2,000	1,783
19	Rainbow Children's Medicare	BUY	1,725	1,331
20	Sun Pharmaceutical Industries	BUY	1,875	1,703
21	Sunteck Realty	BUY	600	432
22	Torrent Pharmaceuticals	Accumulate	4,000	3,539
23	Zydus Lifesciences	Accumulate	1,020	937

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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