

July 31, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	700		620	
Sales (Rs. m)	46,789	56,717	47,981	56,616
% Chng.	(2.5)	0.2		
EBITDA (Rs. m)	9,302	11,932	9,572	11,955
% Chng.	(2.8)	(0.2)		
EPS (Rs.)	9.5	13.5	9.9	13.5
% Chng.	(3.7)	(0.2)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	36,990	41,380	46,789	56,717
EBITDA (Rs. m)	5,880	7,740	9,302	11,932
Margin (%)	15.9	18.7	19.9	21.0
PAT (Rs. m)	1,860	3,090	4,746	6,734
EPS (Rs.)	3.7	6.2	9.5	13.5
Gr. (%)	26.7	66.1	53.6	41.9
DPS (Rs.)	2.3	4.6	4.6	4.6
Yield (%)	0.4	0.8	0.8	0.8
RoE (%)	6.0	7.7	13.4	17.6
RoCE (%)	9.8	11.3	16.0	21.0
EV/Sales (x)	8.3	7.1	6.3	5.1
EV/EBITDA (x)	52.3	38.0	31.5	24.3
PE (x)	162.6	97.9	63.7	44.9
P/BV (x)	6.6	8.8	8.3	7.5

Key Data ATRD.BO | ASTERDM IN

52-W High / Low	Rs.675 / Rs.344
Sensex / Nifty	81,186 / 24,768
Market Cap	Rs.314bn/ \$ 3,581m
Shares Outstanding	518m
3M Avg. Daily Value	Rs.869.23m

Shareholding Pattern (%)

Promoter's	40.39
Foreign	19.64
Domestic Institution	25.28
Public & Others	14.69
Promoter Pledge (Rs bn)	51.52

Stock Performance (%)

	1M	6M	12M
Absolute	1.6	23.2	74.5
Relative	4.6	17.6	75.7

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Scaling up well

Quick Pointers:

- ASTERDM + QCIL 3,800-bed expansion plan over the next 3 years
- ARPOB growth guidance at 7-8% YoY over the next 2-3 years

ASTER DM Healthcare's (ASTERDM) Q1 consolidated EBITDA grew 25% YoY to Rs2.1bn, 6% above our estimate. EBITDA beat was led by improved performance at Kerala cluster. EBITDA has been increasing sharply over the last 3 years (29% CAGR over FY22-25). Our FY26-27E EBITDA estimate broadly remains unchanged. We estimate 24% EBITDA CAGR over FY25-27E aided by scale-up in margins, healthy ARPOB and bed additions. 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. The combined entity is trading at ~26x EV/EBITDA on FY27E (adj for minority stake and rental). We maintain our BUY rating with a revised TP of Rs700/share, valuing 30x EV/EBITDA for combined entity.

- **Robust EBITDA across Kerala and Karnataka cluster:** ASTERDM's EBITDA (post-Ind AS) grew 25% YoY (12% QoQ) to Rs2.1bn, vs our estimates of Rs1.96bn. OPM improved by 270bps YoY to 19.3% (80bps QoQ). Pre-Ind AS EBITDA was at Rs1.81bn (up 25% YoY) with OPM of 16.8%. Hospital EBITDA grew by 17% YoY to Rs2.35bn with OPM of 22.6%, up ~180bps YoY. Cluster wise, Kerala, and Karnataka & Maharashtra cluster reported EBITDA growth of 17% and 23%, respectively, while AP & Telangana cluster's EBITDA declined by 18% YoY. Pharmacy business turned EBITDA positive at Rs10mn with 2% margins driven by a strategic exit from certain loss-making unit. Labs reported EBITDA of Rs30mn with margins at 8%.
- **Strong ARPOB; occupancy steady QoQ:** Consolidated revenue improved 8% YoY (8% QoQ) to Rs10.8bn. ARPOB continues to improve 14% YoY (5% QoQ) to Rs50.2k per day aided by improved ALOS and better case mix. Occupancy was flat QoQ at 59% vs 67% in Q1FY25. IP volumes were down by 1% YoY. ALOS improved to 3.1 days vs 3.2 days in Q1FY25. Net cash stood at Rs8.1bn as of Q1FY26.

Key con-call takeaways:

- **Bed expansion plan: ASTERDM expansion** - On track to add ~2,600 beds with total capex requirement at Rs25bn; of this, Rs4-5bn has already been incurred and balance will be deployed over the next 2-3 years. A 500-bed greenfield unit has been added at Yeshwanthpur in Q1. Whitefield (159 beds), Kasargod (264 beds) and Ongole (75 beds) are guided to be operational in the next 2-3 months.
- **QCIL expansion** - Plans to add 1,200 beds over the next 3 years with capex requirement of Rs11bn, of which Rs8-9bn is expected to be incurred in FY26.

- **Kerala cluster's** occupancy improved 200bps QoQ to 64% driven by 6% QoQ increased in IP volumes. Margin improved by ~270 bps YoY to 25.3% led by cost efficiencies and operating leverage in manpower cost and overheads. MVT business in Oman and Maldives saw a recovery, and the management has guided for significant improvement in performance in Q2 compared to Q1.
- **Karnataka and Maharashtra cluster's** occupancy declined by 300bps to 56% due to exit from a few low-priced scheme businesses at Aster Aadhar unit. ARPOB increased 17% YoY aided by improved case mix (Oncology and Neurosciences). The cluster reported 200bps YoY margin expansion to 23.2% driven by the ramp-up of Aster Whitefield, exit from low-margin businesses, and improved operational efficiencies. A greenfield, asset-light hospital (fifth unit) has been added at Yeshwanthpur with 500 bed capacity at a capex of Rs5.8bn; it is likely to be operationalized in 2HFY29.
- **QCIL performance and guidance:** QCIL reported revenues of Rs10.8bn (16% YoY) and EBITDA of Rs2.3bn (up 19% YoY) in Q1. At consol level, QCIL managed to report incremental Rs200mn of EBITDA through procurement synergies. Matured units contributed 60% to total revenue. Nagercoil unit, which commenced operations in Oct'24, achieved EBITDA breakeven within 3 quarters of its commencement. ARPOB grew 15% YoY to Rs 45k per day, aided by better case mix (improved Oncology cases), with contribution from the CONGO (specialties) segment rising by 210bps to 58.4%. ARPOB growth was also driven by the price hike of 2-3%. Payor mix improved with 170bps YoY reduction in scheme patients, which has been offset by a 150bps increase in cash, TPA, and corporate segments. 70+ doctors and 2 experienced professionals were onboarded in Q1. The management expects ongoing operational efficiency measures and manpower optimization initiatives, combined with merger-driven synergies from the integration of three entities, to support sustained margin improvement over the next 1–2 years. ALOS is expected to come down to 3.1 days from 3.9 days.
- **QCIL merger:** ATSERDM and QCIL merger transaction is waiting final regulatory approvals from NCLT; the merger is expected to be completed by Q4FY26.

Exhibit 1: Q1FY26 Result Overview (Rs mn) –EBITDA beat by 6% led by Kerala cluster performance

Y/e March	1QFY26	1QFY25	YoY gr. (%)	1QFY26E	% Var.	4QFY25	QoQ gr. (%)	FY26E	FY25	YoY (%)
Net Sales	10,779	10,019	7.6	10,559	2.1	10,003	7.8	46,789	41,380	13.1
COGS	2,471	2,286	8.1	2,534	(2.5)	2,250	9.8	11,229	9,380	19.7
<i>% of Net Sales</i>	<i>22.9</i>	<i>22.8</i>		<i>24.0</i>		<i>22.5</i>		<i>24.0</i>	<i>22.7</i>	
Employee Cost	1,948	1,934	0.7	2,186	(10.9)	1,830	6.5	8,588	7,600	13.0
<i>% of Net Sales</i>	<i>18.1</i>	<i>19.3</i>		<i>20.7</i>		<i>18.3</i>		<i>18.4</i>	<i>18.4</i>	
Other Expenses	4,278	4,139	3.4	3,876	10.4	4,070	5.1	17,669	16,660	6.1
<i>% of Net Sales</i>	<i>39.7</i>	<i>41.3</i>		<i>36.7</i>		<i>40.7</i>		<i>37.8</i>	<i>40.3</i>	
Total	8,698	8,360	4.0	8,596	1.2	8,149	6.7	37,487	33,640	11.4
EBITDA	2,081	1,659	25.4	1,963	6.0	1,854	12.3	9,302	7,740	20.2
<i>Margins (%)</i>	<i>19.3</i>	<i>16.6</i>		<i>18.6</i>		<i>18.5</i>		<i>19.9</i>	<i>18.7</i>	
Other Income	332	487	(31.9)	350	(5.2)	310	7.0	1,500	1,480	1.4
Interest	308	292	5.6	320	(3.8)	320	(3.8)	1,000	1,240	(19.4)
Depreciation	632	604	4.7	650	(2.7)	640	(1.1)	2,689	2,490	8.0
PBT	1,473	1,251	17.8	1,343	9.7	1,205	22.3	7,113	5,490	29.6
Tax	429	390	10.0	329	30.4	50	757.6	1,778	1,340	32.7
<i>Tax rate %</i>	<i>29.1</i>	<i>31.2</i>		<i>24.5</i>		<i>4.2</i>		<i>25.0</i>	<i>24.4</i>	
PAT	1,044	861	21.3	1,014	3.0	1,155	(9.5)	5,335	4,150	28.6
Share in (loss)/profit of associate	(57)	(27)		(40)	43.0	(100)		(120.0)	(190.0)	
Minority Interest	(80)	(70)		(75)	7.2	(70)		(469.3)	(300.0)	
Reported PAT	907	764	18.8	899	0.9	984	(7.9)	4,746	3,660	29.7

Source: Company, PL

Exhibit 2: Cluster-wise revenue break-up

Revenues (Rs. mn)	1QFY26	1QFY25	YoY gr. (%)	4QFY25	QoQ gr. (%)	FY25	FY24	YoY (%)
Kerala	5,520	5,280	4.5	4,990	10.6	21,080	20,070	5.0
<i>% of Total Sales</i>	<i>53.0</i>	<i>54.5</i>		<i>51.4</i>		<i>52.8</i>	<i>57.0</i>	
Karnataka and Maharashtra	3,720	3,290	13.1	3,550	4.8	14,080	11,000	28.0
<i>% of Total Sales</i>	<i>35.7</i>	<i>34.0</i>		<i>36.6</i>		<i>35.3</i>	<i>31.3</i>	
AP and Telangana	1,180	1,110	6.3	1,160	1.7	4,730	4,120	14.8
<i>% of Total Sales</i>	<i>11.3</i>	<i>11.5</i>		<i>12.0</i>		<i>11.9</i>	<i>11.7</i>	
Total sales	10,420	9,680	7.6	9,700	7.4	39,890	35,190	13.4

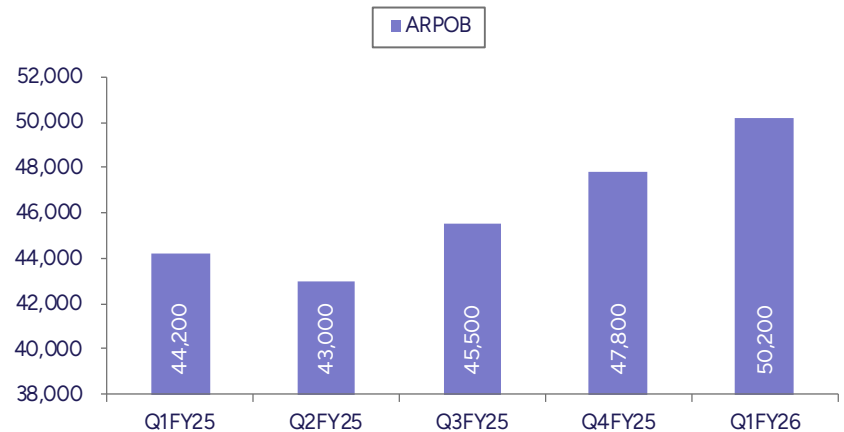
Source: Company, PL

Exhibit 3: cluster-wise EBITDA break-up

Y/e March	1QFY26	1QFY25	YoY gr. (%)	4QFY25	QoQ gr. (%)	FY25	FY24	YoY (%)
Kerala	1,400	1,200	16.7	1,110	26.1	4,930	4,300	1,110
Karnataka & Maharashtra	860	700	22.9	770	11.7	3,210	2,170	770
AP and Telangana	90	110	(18.2)	130	(30.8)	600	410	130
Total Hospital EBITDA	2,350	2,010	16.9	2,010	16.9	8,740	6,880	2,010

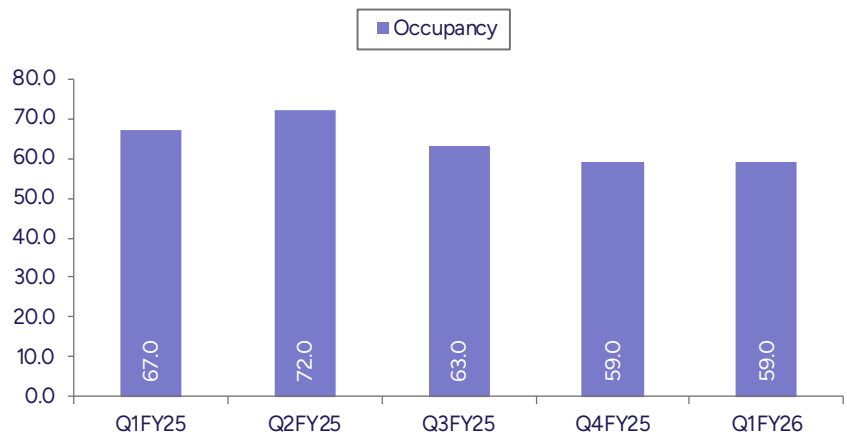
Source: Company, PL

Exhibit 4: ARPOB growth of 14% YoY led by improved ALOS and better case mix



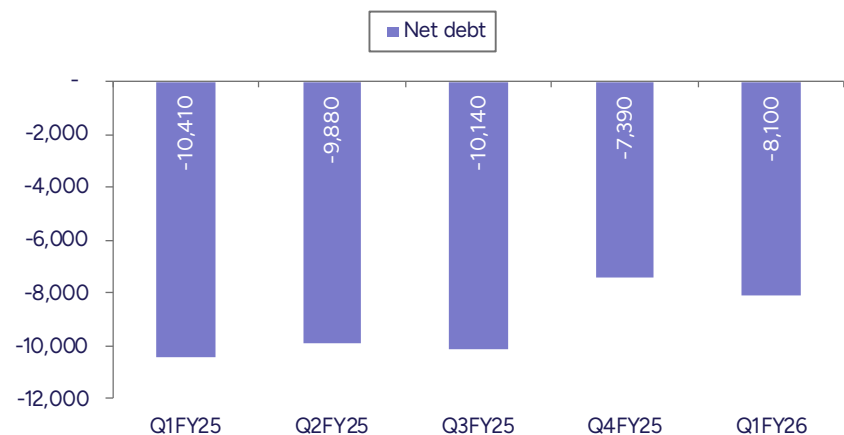
Source: Company, PL

Exhibit 5: Occupancy remain flat QoQ



Source: Company, PL

Exhibit 6: Net cash increases by Rs710mn QoQ



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	36,990	41,380	46,789	56,717
YoY gr. (%)	24.0	11.9	13.1	21.2
Cost of Goods Sold	9,160	9,380	11,229	13,612
Gross Profit	27,830	32,000	35,560	43,105
Margin (%)	75.2	77.3	76.0	76.0
Employee Cost	6,760	7,600	8,588	9,704
Other Expenses	15,190	16,660	17,669	21,469
EBITDA	5,880	7,740	9,302	11,932
YoY gr. (%)	29.8	31.6	20.2	28.3
Margin (%)	15.9	18.7	19.9	21.0
Depreciation and Amortization	2,220	2,490	2,689	2,851
EBIT	3,660	5,250	6,613	9,081
Margin (%)	9.9	12.7	14.1	16.0
Net Interest	1,110	1,240	1,000	900
Other Income	250	1,480	1,500	1,800
Profit Before Tax	2,800	5,490	7,113	9,981
Margin (%)	7.6	13.3	15.2	17.6
Total Tax	50	1,340	1,778	2,495
Effective tax rate (%)	1.8	24.4	25.0	25.0
Profit after tax	2,750	4,150	5,335	7,486
Minority interest	250	300	469	622
Share Profit from Associate	(110)	(190)	(120)	(130)
Adjusted PAT	1,860	3,090	4,746	6,734
YoY gr. (%)	26.5	66.1	53.6	41.9
Margin (%)	5.0	7.5	10.1	11.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,860	3,090	4,746	6,734
YoY gr. (%)	26.5	66.1	53.6	41.9
Margin (%)	5.0	7.5	10.1	11.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,860	3,090	4,746	6,734
Equity Shares O/s (m)	500	500	500	500
EPS (Rs)	3.7	6.2	9.5	13.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	25,255	26,519	31,019	35,519
Tangibles	25,255	26,519	31,019	35,519
Intangibles	-	-	-	-
Acc: Dep / Amortization	2,220	2,490	5,179	8,030
Tangibles	2,220	2,490	5,179	8,030
Intangibles	-	-	-	-
Net fixed assets	23,035	24,029	25,839	27,489
Tangibles	23,035	24,029	25,839	27,489
Intangibles	-	-	-	-
Capital Work In Progress	1,701	2,907	2,907	2,907
Goodwill	2,641	2,641	2,641	2,641
Non-Current Investments	170	2,451	2,451	2,451
Net Deferred tax assets	-	-	-	-
Other Non-Current Assets	11,401	15,572	15,572	15,572
Current Assets				
Investments	-	-	-	-
Inventories	1,105	924	1,282	1,554
Trade receivables	2,334	2,578	3,077	3,729
Cash & Bank Balance	1,526	14,962	14,713	17,153
Other Current Assets	1,36,001	-	-	-
Total Assets	1,79,913	66,064	68,482	73,497
Equity				
Equity Share Capital	4,995	4,995	4,995	4,995
Other Equity	40,603	29,286	31,319	35,341
Total Networth	45,598	34,281	36,314	40,336
Non-Current Liabilities				
Long Term borrowings	6,693	6,422	5,422	4,422
Provisions	-	-	-	-
Other non current liabilities	5,034	2,046	2,046	2,046
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	4,587	4,262	4,871	5,905
Other current liabilities	1,13,298	16,819	17,125	17,462
Total Equity & Liabilities	1,79,913	66,064	68,482	73,497

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	3,303	3,942	7,113	9,981
Add. Depreciation	9,878	2,490	2,689	2,851
Add. Interest	4,108	1,270	1,000	900
Less Financial Other Income	250	1,480	1,500	1,800
Add. Other	1,715	(902)	(120)	(130)
Op. profit before WC changes	19,003	6,800	10,682	13,602
Net Changes-WC	(16,713)	(1,405)	59	446
Direct tax	(713)	(1,145)	(1,778)	(2,495)
Net cash from Op. activities	1,578	4,250	8,963	11,552
Capital expenditures	(8,056)	72,171	(4,500)	(4,500)
Interest / Dividend Income	13	-	-	-
Others	(803)	(12,022)	-	-
Net Cash from Inv. activities	(8,846)	60,149	(4,500)	(4,500)
Issue of share cap. / premium	-	-	-	-
Debt changes	18,107	-	(1,000)	(1,000)
Dividend paid	(1,356)	(61,732)	(2,712)	(2,712)
Interest paid	(2,100)	(567)	(1,000)	(900)
Others	(6,792)	11,334	-	-
Net cash from Fin. activities	7,860	(50,966)	(4,712)	(4,612)
Net change in cash	592	13,433	(249)	2,440
Free Cash Flow	(6,391)	790	4,463	7,052

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	3.7	6.2	9.5	13.5
CEPS	8.2	11.2	14.9	19.2
BVPS	91.3	68.6	72.7	80.8
FCF	(12.8)	1.6	8.9	14.1
DPS	2.3	4.6	4.6	4.6
Return Ratio(%)				
RoCE	9.8	11.3	16.0	21.0
ROIC	2.1	10.3	12.3	16.1
RoE	6.0	7.7	13.4	17.6
Balance Sheet				
Net Debt : Equity (x)	0.1	(0.2)	(0.3)	(0.3)
Net Working Capital (Days)	(11)	(7)	(4)	(4)
Valuation(x)				
PER	162.6	97.9	63.7	44.9
P/B	6.6	8.8	8.3	7.5
P/CEPS	74.1	54.2	40.7	31.6
EV/EBITDA	52.3	38.0	31.5	24.3
EV/Sales	8.3	7.1	6.3	5.1
Dividend Yield (%)	0.4	0.8	0.8	0.8

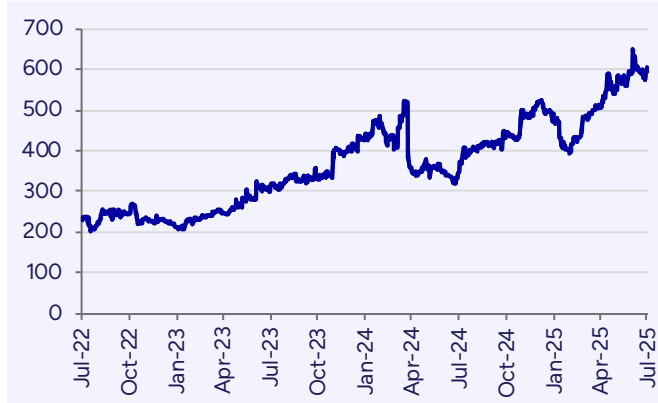
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	10,864	10,498	10,003	10,779
YoY gr. (%)	16.3	10.6	2.3	7.6
Raw Material Expenses	2,375	2,470	2,250	2,471
Gross Profit	8,490	8,028	7,753	8,307
Margin (%)	78.1	76.5	77.5	77.1
EBITDA	2,247	1,938	1,854	2,081
YoY gr. (%)	51.8	22.6	18.1	25.4
Margin (%)	20.7	18.5	18.5	19.3
Depreciation / Depletion	623	622	640	632
EBIT	1,625	1,316	1,215	1,449
Margin (%)	15.0	12.5	12.1	13.4
Net Interest	315	308	320	308
Other Income	352	330	310	332
Profit before Tax	1,662	1,338	1,205	1,473
Margin (%)	15.3	12.7	12.0	13.7
Total Tax	529	375	50	429
Effective tax rate (%)	31.8	28.0	4.2	29.1
Profit after Tax	1,133	963	1,155	1,044
Minority interest	89	76	70	80
Share Profit from Associates	(26)	(36)	(100)	(57)
Adjusted PAT	958	554	784	807
YoY gr. (%)	91.8	(14.4)	130.7	10.0
Margin (%)	8.8	5.3	7.8	7.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	958	554	784	807
YoY gr. (%)	91.8	(14.4)	130.7	10.0
Margin (%)	8.8	5.3	7.8	7.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	958	554	784	807
Avg. Shares O/s (m)	500	500	500	518
EPS (Rs)	1.9	1.1	1.6	1.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-25	BUY	620	622
2	22-May-25	BUY	620	551
3	08-Apr-25	BUY	620	476
4	04-Feb-25	BUY	620	469
5	08-Jan-25	BUY	620	524
6	02-Dec-24	BUY	620	500
7	24-Oct-24	BUY	500	443
8	07-Oct-24	BUY	400	412
9	01-Aug-24	BUY	400	368

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,350	7,616
2	Aster DM Healthcare	BUY	620	622
3	Aurobindo Pharma	BUY	1,440	1,185
4	Cipla	BUY	1,730	1,533
5	Divi's Laboratories	Accumulate	6,800	6,889
6	Dr. Reddy's Laboratories	Reduce	1,270	1,247
7	Eris Lifesciences	BUY	1,740	1,734
8	Fortis Healthcare	BUY	785	806
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	322
11	Ipca Laboratories	Accumulate	1,525	1,456
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,633
13	Jupiter Life Line Hospitals	BUY	1,720	1,531
14	Krishna Institute of Medical Sciences	BUY	725	695
15	Lupin	BUY	2,400	1,979
16	Max Healthcare Institute	BUY	1,300	1,300
17	Narayana Hrudayalaya	BUY	1,950	1,990
18	Rainbow Children's Medicare	BUY	1,725	1,541
19	Sun Pharmaceutical Industries	BUY	2,000	1,680
20	Sunteck Realty	BUY	650	427
21	Torrent Pharmaceuticals	Accumulate	4,000	3,623
22	Zydus Lifesciences	Accumulate	970	999

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

ANALYST CERTIFICATION

(Indian Clients)

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