

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

Aster DM Healthcare (ASTERDM) - ADD

Current Market Price	Fair Value (FV)
Rs.649	Rs.725

Date: 17 March 2026

Previous Rating: NA Current Rating: **ADD** Change: **RE-INITIATING COVERAGE**

Ratings Rationale

- We reinstate coverage of Aster DM with ADD and an FV of Rs725.
- After its imminent merger with Quality Care, Aster DM is expected to report 19%/22% pro forma sales/EBITDA CAGRs over FY26-28E.
- Higher oncology mix, improved payor mix, lower ALOS for QCIL and MVT are expected to drive margin expansion.
- The company plans a calibrated expansion of 4,342 beds until FY30E.
- We believe Aster DM-QCIL combo has a multi-year profitable growth runway ahead.
- The performance of Aster DM and QCIL has been on the right track.
- There has been progress in growing the share of CONGO and medical value tourism and ALOS optimization.
- QCIL’s EBITDA margins have surged from 16.4% to 23.6%.
- We expect robust ~19% pro forma EBITDA CAGR over FY26-28E excluding merger synergies.
- Factoring in a 300 bps margin boost due to synergies, we expect a robust 22% pro forma EBITDA CAGR over FY26-28E.

Valuation

Assign a 27X EV/EBITDA multiple on March 2028E to derive an FV of Rs725

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.
- SUBSCRIBE** – We advise investor to subscribe to the IPO.
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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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