

Reco/View: **HOLD**

CMP: **Rs. 238**

Price Target: **Rs. 250**



STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Pharmaceuticals

COMPANY DETAILS

Market cap:	Rs. 4,055 cr
52-week high/low:	Rs. 306/207
NSE volume: (No of shares)	2.7 lakh
BSE code:	542919
NSE code:	ARTEMISMED
Free float: (No of shares)	6.6 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	58.4
FII	12.5
DII	2.9
Others	26.2

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-7.9	-15.4	-0.3	-8.3
Relative to Sensex	-8.1	-14.3	-2.4	-18.5

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- Revenue improved 17% y-o-y but was flat sequentially, while EBITDA margins declined q-o-q on account of cost headwinds.
- Bed occupancy at flagship hospital stood at 62%.
- Huge capex plans to be a near-term stress; impact bottomline too.
- We value the stock near its five-year average 1-yr forward P/E of 26x and retain a Hold rating with PT of Rs. 250.

Result overview

- Q3FY26 numbers were a mixed bag, with consolidated revenue rising 17.2% y-o-y to Rs. 272 crore, driven by strong core specialties, a better payer mix and a 34.9% growth in international patient revenue that contributed 34% to total revenue. The company reported an EBITDA of Rs. 44.6 crore with a 16.4% margin and PAT came in at Rs. 25.3 crore (net profit margin of 9.3%).
- **Margins fall on lower bed utilisation:** Post the Tower 3 ramp-up at the flagship facility, utilisation is picking up gradually from FY25. Additionally, the commencement of 300-bed Raipur hospital has been delayed to April-May 2026 from the earlier planned March 2026. Overall, we believe the bed utilisation will continue to improve over time, on account of planned capex till FY29, however, the margins will remain below peak levels for the next 4-6 quarters.
- **Expansion plans:** Artemis plans to expand from 700-800 beds to 2,000-2,300 by 2029. This includes the 300-bed super-specialty hospital in Raipur (now slated for April-May 2026, delayed from March) and a 650-bed facility in South Delhi. The board approved a Rs. 700 crore in fundraising through QIPs and other methods to support these initiatives. Platinum green certification will also allow adding 100-125 extra beds in Gurugram without additional expense.

Our Call

Capex additions take 6-8 quarters before peak metrics are reached. With Artemis being in the expansion phase and significant capex additions expected over the next 2 fiscals, we believe the valuations will continue to be higher. We factor in revenue growth of 25% over the period FY25-28E on account of ramp up in the new hospitals/ capex additions but expect margins to improve only by 16% CAGR over the same period on account of cost headwinds. Valuations have run up, leaving little room for upside. We retain our Hold rating with a target price of Rs. 250.

Valuation

Particulars	Rs cr				
	FY24	FY25	FY26E	FY27E	FY28E
Revenue	879	937	1173	1435	1843
Sales growth	19%	7%	25%	22%	28%
EBITDA	133	152	188	129	236
EBITDA Margin (%)	15.1%	16.2%	16.0%	9.0%	12.8%
PAT	49	82	102	56	132
EPS	3.6	6.0	7.4	4.1	9.6
PE	48.3	45.5	32.3	59.1	24.9
P/BV	5.3	4.5	3.5	3.3	2.9
EV/ EBITDA	19.6	23.7	15.8	23.0	12.0
RoCE (%)	14%	13%	13%	8%	14%
RoE (%)	11%	10%	11%	6%	12%

Source: Company; Mirae Asset Sharekhan estimates

Management commentary:

- Gurugram flagship occupancy stood at 62% (below 70% target), expected to hit 68-70% by FY26 end via better patient mix.
- International patients drove 34.9% revenue growth, comprising 34% of total, boosting medical tourism.
- Employee costs rose due to new departments but should stabilize with higher occupancy
- Cardiac care and Daffodils segments underperformed, with focus on realizations.
- Reduced import duties on equipment/drugs noted as a positive for capex and costs.

Results

Particulars	Rs cr				
	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Total Sales	272.4	232.4	17%	274.7	-1%
Expenditure	227.8	194.9	17%	224.1	2%
EBITDA	44.6	37.5	19%	50.6	-12%
Depreciation	12.4	11.5	9%	11.7	6%
EBIT	32.1	26.0	24%	38.9	-17%
Interest	6.7	8.0	-16%	7.2	-6%
Other income	7.5	8.8	-15%	7.7	-2%
PBT	32.9	26.8	23%	39.4	-17%
Taxes	7.5	6.2	21%	9.4	-20%
PAT	25.3	20.6	23%	30.0	-16%
EPS	1.8	1.5	23%	2.2	-16%
EBITDA %	16.4%	16.1%	0.2	18.4%	-2.1
NPM %	9.3%	8.9%	0.4	10.9%	-1.6

Source: Company; Mirae Asset Sharekhan Research

Additional Data
Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Constructive Finance Pvt Ltd	58.4
2	International Finance Corp	11.98
3	GOVERNOR OF KERALA	4.26
4	Chakravarty Devlina	2.98
5	Kerala State Industrial Developmen	1.9
6	Artemis Medicare Services Ltd	1.48
7	HSBC Asset Management India Pvt Lt	0.79
8	IDBI Asset Management Ltd	0.39
9	Bandhan Mutual Fund	0.39
10	Dimensional Fund Advisors LP	0.08

Source: Bloomberg

Key management personnel

Name	Designation
Devlina Chakravarty	MD
Sanjiv Kothari	CFO
Saras Malik	CPO
Poonam Makkar	Company Secretary

Source: Bloomberg

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