

# APOLLO HOSPITALS

## RESULT UPDATE

### KEY DATA

<b>Rating</b>	<b>BUY</b>
<b>Sector relative</b>	<b>Outperformer</b>
<b>Price (INR)</b>	<b>7,050</b>
<b>12 month price target (INR)</b>	<b>8,200</b>
<b>52 Week High/Low</b>	<b>7,545/5,691</b>
<b>Market cap (INR bn/USD bn)</b>	<b>1,014/11.9</b>
<b>Free float (%)</b>	<b>70.7</b>
<b>Avg. daily value traded (INR mn)</b>	<b>2,760.3</b>

### SHAREHOLDING PATTERN

	Mar-25	Dec-24	Sep-24
Promoter	29.34%	29.33%	29.33%
FII	42.74%	45.27%	45.37%
DII	22.29%	19.98%	20.18%
Pledge	13.47%	13.47%	13.99%

### FINANCIALS

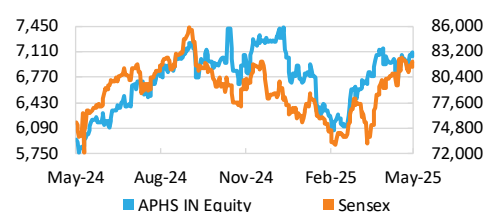
(INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	1,90,592	2,17,940	2,54,002	2,98,345
EBITDA	23,907	30,218	37,319	45,282
Adjusted profit	8,973	14,459	18,677	24,889
Diluted EPS (INR)	62.4	100.6	129.9	173.1
EPS growth (%)	25.0	61.1	29.2	33.3
RoAE (%)	13.7	19.1	20.4	22.0
P/E (x)	113.0	70.1	54.3	40.7
EV/EBITDA (x)	43.9	35.2	28.1	22.7
Dividend yield (%)	0.2	0	0	0

### CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	254,002	298,345	-0.6	0.4
EBITDA	37,319	45,282	-0.2	0.9
Adjusted profit	18,677	24,889	-3.5	-0.4
Diluted EPS (INR)	129.9	173.1	-3.5	-0.4

### PRICE PERFORMANCE



## Pulse steady; horizons expanding

Apollo Hospitals missed consensus Q4FY25E revenue/EBITDA by 1%/2%. Hospital revenue, affected by Bangladesh patient flow, grew 10% YoY. Occupancy: 67%; margin at 24.3%. HealthCo revenue rose 17% YoY; margin contracted 100bp QoQ due to a higher ESOP charge.

APHS is poised to deliver ~16% hospital sales growth (FY25–27E) driven by bed additions (~20% in FY26) and low teens growth in existing hospitals. While margins may compress in near term, management has identified cost control measures to minimise the impact. 24/7 breakeven in Q3/Q4 remains intact and insurance business uptick and Keimed merger stay on the cards. Our estimates are largely unchanged; retain 'BUY' with an unchanged TP of INR8,200.

### Q4FY25: Hospitals in-line with muted expectations; margin steady

Hospital revenue grew 10% YoY affected by Bangladesh patient flow. Occupancy at 67% moderated 100bp QoQ. ARPOB growth was at 7% YoY. Hospital margin is stable at 24.3%. HealthCo revenue grew 17% YoY with 24/7 GMV going up 17% YoY; however, margins contracted 100bp QoQ due to accelerated ESOP charge.

### Bed additions and existing hospitals' ramp-up to drive growth

Given the plan for 1,500-plus beds in FY26 (i.e. 20% addition) coupled with low-teens growth expectations from existing beds, we believe hospital revenue can expand at a ~16% CAGR over FY25–27E. In addition, incremental 2,400 beds are planned over the next three–four years, which should keep the growth engine running. While ~140bp margin impact is expected (largely in Q4FY26), management has plans in place to protect margin by undertaking cost control and improving payor and case mix. That said, execution would be key, and we have built in 80bp margin impact in FY27. Uncertainty around Bangladesh patients persists, but we appreciate APHS's pivot to other markets and focus on improved specialty mix to offset this.

### 24/7 guidance intact; insurance business plans optimistic

While Q4FY25 marked accelerated ESOP charges, management remains confident of the digital business segment breaking even by Q3FY26E/Q4FY26E, backed by 25–30% GMV growth and a markedly higher revenue conversion ratio of 45–47%. The nascent insurance business is also seeing a notable uptick with FY26 anticipated to touch the INR750mn revenue mark. With four large insurance players already operationalised and eight others signed up, INR80–100mn/month run-rate appears achievable, and FY26 itself could see a breakeven. The diagnostics business is gearing up for expansion and volume growth in FY26. We value APHS on an SotP basis assigning 26x FY27E hospital EBITDA and 22x pharmacy EBITDA ([exhibit 1](#)).

### Financials

Year to March	Q4FY25	Q4FY24	% Change	Q3FY25	% Change
Net Revenue	55,922	49,439	13.1	55,269	1.2
EBITDA	7,697	6,405	20.2	7,615	1.1
Adjusted Profit	3,896	2,618	48.8	3,723	4.6
Diluted EPS (INR)	27.1	18.2	48.8	25.9	4.6

## Financial Statements

### Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	1,90,592	2,17,940	2,54,002	2,98,345
Gross profit	92,537	1,04,840	1,23,191	1,44,698
Employee costs	24,937	27,692	31,430	35,768
Other expenses	43,693	46,930	54,441	63,647
EBITDA	23,907	30,218	37,319	45,282
Depreciation	6,870	7,575	8,230	8,443
Less: Interest expense	4,494	4,585	5,543	5,757
Add: Other income	1,063	2,003	2,487	3,469
Profit before tax	13,786	20,391	26,371	34,973
Prov for tax	4,455	5,340	6,930	9,197
Less: Other adj	19	0	0	0
Reported profit	8,986	14,459	18,677	24,889
Less: Excp.item (net)	13	0	0	0
Adjusted profit	8,973	14,459	18,677	24,889
Diluted shares o/s	144	144	144	144
Adjusted diluted EPS	62.4	100.6	129.9	173.1
DPS (INR)	15.0	0	0	0
Tax rate (%)	32.3	26.2	26.3	26.3

### Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Gross margin (%)	48.6	48.1	48.5	48.5
Net debt/EBITDA	0.6	0.8	0.3	(0.2)
Working cap (% of sales)	3.2	5.8	4.1	4.2
EBITDA margin (%)	12.5	13.9	14.7	15.2
Net profit margin (%)	4.7	6.6	7.4	8.3
Revenue growth (% YoY)	14.7	14.3	16.5	17.5
EBITDA growth (% YoY)	16.6	26.4	23.5	21.3
Adj. profit growth (%)	25.0	61.1	29.2	33.3

### Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	6.5	6.3	6.5	6.5
Repo rate (%)	6.5	5.3	5.3	5.3
USD/INR (average)	84.0	82.0	81.0	81.0
Hospitals Sales growth	13.7	13.0	15.1	17.9
ARPOB Growth	11.3	5.4	3.0	5.5
No. of operating beds	7,945	8,025	9,397	9,702
Occupancy rate	65.0	68.0	72.8	68.0
Offline Pharmacy gth.	15.5	15.7	16.6	16.6
AHLL sales growth	10.9	13.8	14.5	14.3

### Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	113.0	70.1	54.3	40.7
Price/BV (x)	14.6	12.3	10.1	8.1
EV/EBITDA (x)	43.9	35.2	28.1	22.7
Dividend yield (%)	0.2	0	0	0

Source: Company and Nuvama estimates

### Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	719	719	719	719
Reserves	68,635	81,404	1,00,081	1,24,970
Shareholders funds	69,354	82,123	1,00,800	1,25,689
Minority interest	3,851	4,406	5,170	6,058
Borrowings	31,619	52,752	52,752	52,752
Trade payables	23,686	22,405	27,596	32,413
Other liabs & prov	18,194	19,382	21,187	24,086
Total liabilities	1,67,531	2,06,574	2,33,011	2,66,504
Net block	65,662	73,504	80,774	87,831
Intangible assets	11,481	13,197	13,197	13,197
Capital WIP	8,447	7,710	7,710	7,710
Total fixed assets	85,590	94,411	1,01,681	1,08,738
Non current inv	3,087	10,817	10,817	10,817
Cash/cash equivalent	16,178	27,925	43,268	61,546
Sundry debtors	25,149	30,161	32,231	37,858
Loans & advances	1,708	1,873	1,873	1,873
Other assets	9,871	10,461	12,215	14,746
Total assets	1,67,531	2,06,574	2,33,011	2,66,504

### Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	8,986	14,459	18,677	24,889
Add: Depreciation	6,870	7,575	8,230	8,443
Interest (net of tax)	4,494	4,585	5,543	5,757
Others	5,447	(822)	7,694	10,085
Less: Changes in WC	(1,928)	427	3,171	(441)
Operating cash flow	19,202	21,364	36,385	39,536
Less: Capex	(11,368)	(17,127)	(15,500)	(15,500)
Free cash flow	7,834	4,237	20,885	24,036

### Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	13.7	19.1	20.4	22.0
RoCE (%)	18.4	20.2	21.2	23.5
Inventory days	16	15	15	15
Receivable days	45	46	45	43
Payable days	80	74	70	71
Working cap (% sales)	(0.4)	2.4	0.8	0.8
Gross debt/equity (x)	0.4	0.6	0.5	0.4
Net debt/equity (x)	0.2	0.3	0.1	(0.1)
Interest coverage (x)	3.8	4.9	5.2	6.4

### Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	25.0	61.1	29.2	33.3
RoE (%)	13.7	19.1	20.4	22.0
EBITDA growth (%)	16.6	26.4	23.5	21.3
Payout ratio (%)	24.0	0	0	0

## Q4FY25 conference call takeaways

### Hospitals

- On track in Pune, Hyderabad, Gurugram and Kolkata. 700 beds will be added in Sarjapur (stage 1—acquisition of an existing 200-bed hospital (leased facility); stage 2—500-bed greenfield hospital, for which land has been purchased already); 1,500 beds in Bengaluru post this.
- 160 beds to be added in Secunderabad and Jubilee Hills in FY26. Along with the upcoming facility in Gachibowli, total bed strength in Hyderabad will become 1,400–1,500 beds. Secunderabad expansion will cost ~INR545mn.
- The existing units will continue to generate strong margins and cash flows. 140bps margin hit (mainly in Q4FY26) would come from new hospitals, but will look to offset it by 80bp improvement via cost control (technology investments led workforce productivity improvement) and 60bp from improved revenues due to better payor and case mix, increasing ARPOBs and higher occupancy. Pune could see some losses as it is a new hospital. The target is to maintain the margin at the same level despite expansion.
- Q3FY26 will see operationalisation of Pune, Sarjapur stage-1, Defence Colony and Kolkata hospitals.
- Low-to-mid teen organic growth is targeted. INR10bn+ revenue is expected to be added in FY27E from new hospitals itself.
- 2% impact of flow of patients from Bangladesh in Q4FY25 (1.5% for FY25). Bangladesh business had INR1bn impact (revenue). The company has pivoted to other international markets as well as focused on CONGO-T specialties to mitigate this issue. There has also been an improvement in the local markets. Q1FY26 will also see impact of Bangladesh patients, but it should go away after that.
- **Gurugram** - Should be commissioned in Mar-26.
- **Worli hospital** – Getting approvals and expected to start to dig the ground after the rains.
- **Indraprastha Medical** – Capex is in progress. Submission of drawings will be done now. It is in process of getting approvals. FSI approval has been received. Capex will be done over two years from May-25.
- ARPOB growth key drivers – increased surgical volumes, higher complexity case mix and incremental improvement in payor mix in select geographies.
- Metro cities' occupancy was at 70%.
- Revenue from cash + TPA saw 11% YoY increase.
- CONGO specialties recorded 8% YoY volume growth despite Bangladesh setback.
- Northern cluster revenue growth in Q4FY25 is usually subdued due to winter. Lucknow is cyclically low in Q4FY25 and this time, there was an impact due to Kumbh as well in the Northern cluster.

## AHLL/AHL/others

- **Strategic priorities** – strengthening core healthcare services, building clinical differentiation, expanding digital retail footprint and enhancing patient outcomes.
- Apollo HealthCo has now delivered a third successive quarter of profitability after breakeven in Q2FY25.
- There was an accelerated ESOP charge in Q4FY25. For FY26, INR1bn overall ESOP cost is expected (in-line with FY25) but in FY27, it will become 1/3<sup>rd</sup>. Breakeven guidance remains Q3FY26/Q4FY26. INR4-4.25bn 24/7 expenses expected in FY26.
- After Q1FY26, ESOP plan will be announced for other verticals. The ESOP shares are of HealthCo.
- **24/7** – No plans to work with quick commerce players. There is an alliance with Amazon for the past two–three years, which will continue. 24/7 has also launched a 19-min proposition, and it contributes ~30% to the GMV already. This has been rolled out in top six cities. The health essentials (OTC products) did see a drop two quarters ago, but it is now getting back. The company is in a very good position w.r.t. regulations as well. Bangalore is seeing newer initiatives from quick commerce players, but Apollo's numbers are holding up.
- 80:20 or 75:25 is the ratio for Rx + OTC : FMCG products. Rx is growing ~24% and the slowdown happened due to FMCG products.
- **Digital business** – Insurance officially started from 01-Apr-2025. INR60-70mn revenue in Q1FY26 is expected and annualised basis INR750mn is expected. The business is driven by the number of insurance partners that can be added. Niva Bupa, Star Health, HDFC Ergo and ICICI Lombard are already operational for Apollo and eight others have also been signed. INR80-100mn revenue per month is expected going forward. Breakeven is likely in FY26 itself.
- **Margin improvement** – Cost of delivery (9% of total operational expenses currently) is coming down; AOV is stabilising; Discount structure is stabilising at 13–14%. Q1FY26 should see an upward trajectory due to these three things.
- 25–30% GMV increase is being targeted in FY26 on a digital side. INR10bn is when breakeven is expected. GMV to revenue conversion ratio should be 45–47% in FY26. Partnership with banks and financial institutions helps in keeping discounts under check while growing GMV.
- **Online pharmacies** remain a fragmented industry. Focus for Apollo is to move from 15% contribution to pharmacy revenue now to 30%.
- Online Pharmacy Distribution and Apollo 24/7 margin of 13.1% in FY25 should be in the 17-18% range in FY26 due to addition of insurance and other initiatives.
- **Keimed** saw slight margin dip because of one-time expenses for acquisition of various subsidiaries and legal fees. There was some mix change too. FY26 will see better margins aided by focus on different categories of products apart from no one-time expenses.
- FY27 should see INR250bn combined revenue [Keimed + HealthCo] (~24% CAGR). Q3/Q4FY27 should see the INR250bn run-rate. Pharmacy front-end business saw slight dip due to general elections delaying approvals and most stores came in at fag end of the year instead of uniformly over the year. In FY26, front-end should

grow 20%-plus. Digital business should grow 25–30%. Margin targeted at 7–8%. Currently it stands at 3.2%, but ESOP costs will taper down and digital business will also break even. This will already take it to 6.5–7% range. Also, businesses are improving their gross margins and cost control.

- Keimed merger will be over in 15 months from May/Jun 2025.
- **Offline pharmacy** is seeing consolidation happening. Apollo will continue to add 600 stores every year. Apollo is at 8% of the market and aim is to go to 20%.
- **Diagnostics business** has seen slowdown due to reset of franchisee business due to rejig of commission model. The new model is more sustainable for the future. High-teens growth is expected in FY26. Good volume growth has been seen in FY25. 20% plus margin is expected in couple of years. 200–300bp margin expansion is expected in FY26. Focus is on lab expansion and volume growth.
- **AHLL** – Doubling down on clinics and diagnostics is the focus. High-teens growth is expected.
- **Cradle business** – OBGY and women gynaecology is the main focus as of now and paediatrics mix is low as of now. Cradle Royale has been launched in Electronic City, Bangalore couple of weeks back and it has a PICU setup. Paediatric mix will go up in coming year. 28–30% is the doctor pay put in this segment on a weighted average basis.

## Exhibit 1: SotP valuation

Valuation	FY27	USD bn
Healthcare services business		
Multiple (EV/EBITDA)	26	
EBITDA post Ind AS 116	35,647	
EV	9,30,395	11.1
Apollo HealthCo business		
Multiple (EV/EBITDA)	22	
EBITDA post 24/7 (incl Keimed) (proforma)	13,331	
EV	2,95,954	3.4
60% stake	1,77,573	2.1
AHLL (67% stake) (30x EBITDA)	58,357	1
Other JVs and associates	6,000	0
Total EV	11,72,324	14
Less: net debt	(1,333)	
Market Cap	11,73,657	
No. of shares	144	
Value per share	8,200	

Source: Company, Nuvama Research

**Exhibit 2: Segmental details (INR mn)**

Segmental Revenues	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
Healthcare services	28,220	25,626	10.1	27,850	1.3
Offline pharmacy	20,844	17,880	16.6	20,786	0.3
Online 24/7 sales	2,919	2,387	22.3	2,738	6.6
GMV 24/7	7,954	6,806	16.9	7,599	4.7
Clinics	3,940	3,547	11.1	3,895	1.2
Segmental EBITDA (post Ind AS-116)	Q4FY25	Q4FY24	Y-o-Y (%)	Q3FY25	QoQ (%)
Healthcare services	6,863	5,931	15.7	6,706	2.3
Pharmacy	363	117	210.3	566	(35.9)
24/7 costs	1,603	1,508	6.3	1,405	14.1
Clinics	472	357	32.2	342	38.0
Segmental EBITDA margin	Q4FY25	Q4FY24		Q3FY25	
Healthcare services	24.3	23.1		24.1	
Pharmacy	1.7	0.7		2.7	
Clinics	12.0	10.1		8.8	

Source: Company, Nuvama Research

**Exhibit 3: Actuals versus estimates (INR mn)**

	Q4FY25	Q4FY24	Y-o-Y (%)	Q3FY25	QoQ (%)	Nuvama estimates	Deviation (%)	Consensus	Deviation (%)
Net Revenue	55,922	49,439	13.1	55,269	1.2	56,698	(1.4)	56,199	(0.5)
Raw material costs	29,286	25,457	15.0	29,007	1.0	29,153	0.5		
Gross profit	26,636	23,982	11.1	26,262	1.4	27,545	(3.3)		
Gross margin(%)	47.6	48.5	(87.8)	47.5	11.4	48.6			
Employee costs	7,246	6,449	12.4	6,864	5.6	7,159	1.2		
Administrative costs	11,693	11,128	5.1	11,783	(0.8)	12,607	(7.2)		
EBITDA	7,697	6,405	20.2	7,615	1.1	7,779	(1.1)	7,845	(1.9)
EBITDA margin (%)	13.8	13.0	81	13.8	(1)	13.7		14.0	
Net finance expense (Income)	1,148	1,193	(3.8)	1,098	4.6	1,065	7.8		
Depreciation	2,110	1,897	11.2	1,846	14.3	1,912	10.3		
Other income	611	281	117.4	638	(4.2)	279	119.2		
PBT	5,050	3,596	40.4	5,309	(4.9)	5,080	(0.6)		
Income tax expense	1,010	1,098	(8.0)	1,568	(35.6)	1,296	(22.0)		
PAT	3,896	2,538	53.5	3,723	4.6	3,667	6.3		
Extraordinaries (loss)/gain	0	0	-	0	-	0			
Adjusted PAT	3,896	2,618	48.8	3,723	4.6	3,667	6.3	3,742	4.1
Adjusted EPS	27.1	18.2	49	26	5	26	6.3		

Source: Company, Nuvama Research

Exhibit 4: Segmental breakdown (INR mn)

	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue breakup	1,12,468	1,06,581	1,39,609	1,66,125	1,90,592	2,17,940	2,54,002	2,98,345	3,45,210
Growth	17%	-5%	31%	19%	15%	14%	17%	17%	16%
Healthcare services	57,298	51,003	74,783	86,769	98,670	1,11,475	1,28,347	1,51,294	1,73,988
Growth	11%	-11%	47%	16%	14%	13%	15%	18%	15%
Apollo HealthCo	48,206	48,760	53,451	67,045	78,269	90,930	1,07,864	1,26,719	1,47,979
Pharmacy -offline	48,206	48,760	53,451	59,951	69,268	80,143	93,428	1,08,916	1,26,971
Growth	24%	1%	10%	12%	16%	16%	17%	17%	17%
Online pharma/24/7				7,094	9,001	10,787	14,435	17,803	21,008
AHLL	6,964	6,818	11,375	12,311	13,653	15,535	17,792	20,332	23,242
Vaccines			4,910						
	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EBITDA breakup	15,873	11,374	21,851	20,496	23,907	30,218	37,319	45,282	54,566
Growth	49%	-28%	92%	-6%	17%	26%	24%	21%	21%
Healthcare services	10,751	6,926	17,599	21,332	23,559	27,006	30,893	35,647	41,597
Apollo HealthCo	4,452	3,932	4,089	(1,954)	(815)	1,675	4,061	6,966	9,872
Offline pharmacy	4,452	3,932	4,089	4,742	5,231	6,124	7,415	8,793	10,111
Online pharma/24/7	-	-	-	(6,696)	(6,046)	(4,449)	(3,354)	(1,827)	(238)
AHLL	671	768	1,621	1,181	1,167	1,537	2,181	2,861	3,735
Vaccines			706						
EBITDA margin	14.1%	10.7%	15.7%	12.3%	12.5%	13.9%	14.7%	15.2%	15.8%
Healthcare services	18.8%	13.6%	23.5%	24.6%	23.9%	24.2%	24.1%	23.6%	23.9%
Apollo HealthCo				-2.9%	-1.0%	1.8%	3.8%	5.5%	6.7%
Offline pharmacy	9.2%	8.1%	7.6%	7.9%	7.6%	7.6%	7.9%	8.1%	8.0%
Online pharma/24/7	0.0%	0.0%	0.0%	-11.2%	-8.7%	-5.6%	-3.6%	-1.7%	-0.2%
AHLL	9.6%	11.3%	14.3%	9.6%	8.5%	9.9%	12.3%	14.1%	16.1%
	15,874	11,626	24,015	20,559	23,911	30,218	37,135	45,474	55,205
PAT	3,243	1,130	8,497	6,914	9,047	14,459	18,677	24,889	31,835
EPS	23	8	59	48	62.9	100.6	130	173	221

Source: Company, Nuvama Research

**Exhibit 5: Quarterly snapshot (INR mn)**

Year to March	Q4FY25	Q4FY24	% change	Q3FY25	% change	FY25	FY26E	FY27E
Net Revenue	55,922	49,439	13.1	55,269	1.2	2,17,940	2,54,002	2,98,345
Cost of revenue	29,286	25,457	15.0	29,007	1.0	1,13,100	1,30,811	1,53,648
Gross profit	26,636	23,982	11.1	26,262	1.4	1,04,840	1,23,191	1,44,698
Employee cost	7,246	6,449	12.4	6,864	5.6	27,692	31,430	35,768
Administrative cost	11,693	11,128	5.1	11,783	(0.8)			
EBITDA	7,697	6,405	20.2	7,615	1.1	30,218	37,319	45,282
EBITDA margin (%)	13.8	13.0		13.8	(1.4)	14	15	15
Depreciation	2,110	1,897	11.2	1,846	14.3	7,575	8,230	8,443
EBIT	5,587	4,508	23.9	5,769	(3.2)	22,643	29,089	36,839
Less: Interest Expense	1,148	1,193	(3.8)	1,098	4.6	4,585	5,543	5,757
Add: Other income	611	281	117.4	638	(4.2)	2,003	2,487	3,469
Add: Exceptional items	0	0		0		0	0	0
Profit before tax	5,050	3,596	40.4	5,309	(4.9)	20,061	26,034	34,551
Less: Provision for Tax	1,010	1,098	(8.0)	1,568	(35.6)	5,340	6,930	9,197
Reported Profit	3,896	2,538	53.5	3,723	4.6	14,459	18,677	24,889
Adjusted Profit	3,896	2,618	48.8	3,723	4.6	14,459	18,677	24,889
No. of Diluted shares outstanding	144	144		144		144	144	144
Adjusted Diluted EPS	27	18	48.8	26	4.6	101	130	173
<b>as % of revenues</b>								
Cost of revenue	52.4	51.5		52.5		51.9	51.5	51.5
Operating profit	10.0	9.1		10.4		10.4	11.5	12.3
Net profit	7.0	5.1		6.7		6.6	7.4	8.3
Tax rate	20.0	30.5		29.5		26.6	26.6	26.6

Source: Company, Nuvama Research



## Company Description

Apollo Hospitals is widely recognised as the pioneer of private healthcare in India, and was the country's first corporate hospital. The Apollo Hospitals Group, which started as a 150-bed hospital in Chennai in 1983 and today operates 7,000-plus beds across 70 hospitals. The Group has emerged as the foremost integrated healthcare provider in Asia with mature group companies that specialise in insurance, pharmacy, consultancy, clinics and many such key touch points of the ecosystem.

The group includes hospitals, pharmacies, primary care and diagnostic clinics, and telemedicine centres panning the length and breadth of India. As an integrated healthcare services provider—health insurance services, global projects consultancy capability, medical education centres and a research foundation—with focus on global clinical trials, epidemiological studies, stem cell & genetic research, Apollo has been at the forefront of medical breakthroughs. Its most recent investment went towards commissioning the first Proton Therapy Center in Chennai, India.

## Investment Theme

APHS hospital business is on a solid footing as it: i) focuses on high-end surgical work, optimises payor mix and reconfigures beds to drive ARPOB growth; ii) aims to sustain 70%-plus occupancy; and iii) has a detailed ~3,000 bed addition plan for the next five years, which offers visibility. This capex cycle is backed by a healthy balance sheet with a net cash position.

The pharmacy business should grow in double-digits given new stores and product mix. The equity-raise strengthens its balance sheet for bolt-ons and has resulted in a net cash position. APHS's focus on the 24x7 digital app not only puts it ahead of the competition, but also act as a feeder for existing businesses.

## Key Risks

- Not able to garner share in newer geographies; specialist physicians could disassociate or unable to attract talent.
- Upcoming capex cycle to dilute margin and RoCE
- Pharmacy business may underperform vis-à-vis expectations
- Regulatory intervention
- Subsidiaries may be unable to sustain profitability ahead

## Additional Data

### Management

Chairman	Dr. Prathap C Reddy
Vice Chairperson	Smt. Preetha Reddy
Vice Chairperson	Smt. Shobana Kamineni
Managing Director	Smt. Suneeta Reddy
Auditor	Deloitte Haskins & Sells LLP

### Holdings – Top 10\*

% Holding		% Holding	
Sands Capital	6.96	Mirae Asset	1.97
Schroders PLC	3.62	FundRock	1.88
Vanguard	2.95	Republic of Sin	1.76
Franklin	2.68	HDFC AMC	1.57
Blackrock	2.56	SBI Funds	1.53

\*Latest public data

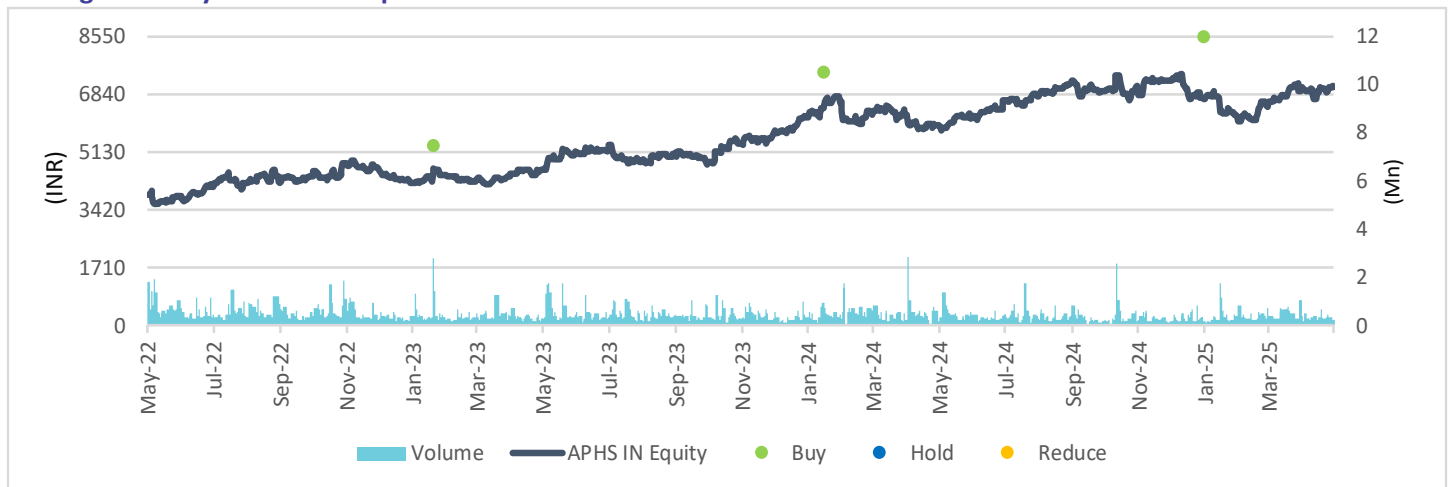
### Recent Company Research

Date	Title	Price	Reco
11-Feb-25	Hospitals steady; 24/7 yet to pick up pa; <i>Result Update</i>	6,317	Buy
27-Jan-25	Expansion regimen: Profitable growth; <i>Company Update</i>	6,728	Buy
08-Nov-24	Visible progress; expansion on track; <i>Result Update</i>	7,425	Buy

### Recent Sector Research

Date	Name of Co./Sector	Title
28-May-25	MedPlus Services	Health Profits firm; gearing up for growth; <i>Result Update</i>
27-May-25	Laxmi Dental	Short-term blip; in for long haul; <i>Result Update</i>
21-May-25	Fortis Healthcare	Positive quarter; navigating profitability; <i>Result Update</i>

### Rating and Daily Volume Interpretation



### Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	204
Hold	<15% and >-5%	63
Reduce	<-5%	34

## DISCLAIMER

Nuvama Wealth Management Limited (defined as “NWML” or “Research Entity”) a company duly incorporated under the Companies Act, 1956 (CIN No L67110MH1993PLC344634) having its Registered office situated at 801- 804, Wing A, Building No. 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, Investment Adviser, Research Analyst and other related activities. Name of Compliance/Grievance officer: Mr. Atul Bapna, E-mail address: [complianceofficer.nwm@nuvama.com](mailto:complianceofficer.nwm@nuvama.com) Contact details +91 (22) 6623 3478 Investor Grievance e-mail address- [grievance.nwm@nuvama.com](mailto:grievance.nwm@nuvama.com)

This Report has been prepared by NWML in the capacity of a Research Analyst having SEBI Registration No.INH000011316 and Enlistment no. 5723 with BSE and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NWML and associates, subsidiaries / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. NWML reserves the right to make modifications and alterations to this statement as may be required from time to time. NWML or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NWML is committed to providing independent and transparent recommendation to its clients. Neither NWML nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of NWML. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of NWML and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

NWML shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the NWML to present the data. In no event shall NWML be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the NWML through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

NWML and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. (c) NWML may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. (d) The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with NWML (e) Registration granted by SEBI and certification from NISM in no way guarantee performance of NWML or provide any assurance of returns to investors and clients.

NWML or its associates may have received compensation from the subject company in the past 12 months. NWML or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. NWML or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or NWML's associates may have financial interest in the subject company. NWML and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. NWML, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: ( i) exchange rates can be volatile and are subject to large fluctuations; ( ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

NWML has financial interest in the subject companies: No

NWML's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

NWML has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by NWML on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. A graph of daily closing prices of the securities is also available at [www.nseindia.com](http://www.nseindia.com)

**Analyst Certification:**

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

**Additional Disclaimers****Disclaimer for U.S. Persons**

This research report is a product of NWML, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by NWML only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, NWML has entered into an agreement with a U.S. registered broker-dealer, Nuvama Financial Services Inc. (formerly Edelweiss Financial Services Inc.) ("NFSI"). Transactions in securities discussed in this research report should be effected through NFSI.

**Disclaimer for U.K. Persons**

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

**Disclaimer for Canadian Persons**

This research report is a product of NWML, which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by NWML only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

NWML is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) NWML is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) NWML's head office or principal place of business is located in India; (iii) all or substantially all of NWML's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against NWML because of the above; and (v) the name and address of the NWML's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

**Disclaimer for Singapore Persons**

In Singapore, this report is being distributed by Nuvama Investment Advisors Private Limited (NIAPL) (Previously Edelweiss Investment Advisors Private Limited ("EIAPL")) (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to NIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR. Persons in Singapore should contact NIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

**Disclaimer for Hong Kong persons**

This report is distributed in Hong Kong by Nuvama Investment Advisors (Hong Kong) Private Limited (NIAHK) (Previously Edelweiss Securities (Hong Kong) Private Limited (ESHK)), a licensed corporation (BOM -874) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to Section 116(1) of the Securities and Futures Ordinance "SFO". This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of any individual recipients. The Indian Analyst(s) who compile this report is/are not located in Hong Kong and is/are not licensed to carry on regulated activities in Hong Kong and does not / do not hold themselves out as being able to do so.

INVESTMENT IN SECURITIES MARKET ARE SUBJECT TO MARKET RISKS. READ ALL THE RELATED DOCUMENTS CAREFULLY BEFORE INVESTING.

---

Abneesh Roy

Head of Research Committee

Abneesh.Roy@nuvama.com

---