

Apollo Hospitals Enterprise Ltd.

Accumulate

Sector: Healthcare

16th June, 2025

Key Changes		Target	Rating	Earnings		Target	Rs. 7,757
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 6,993
Mid Cap	APHS:IN	81,119	APOLLOHOSP	508869	12 Months	Return	+11%

Data as of: 13-June-2025

Company Data	
Market Cap (Rs.cr)	1,00,546
52 Week High — Low (Rs.)	7,545 - 6,002
Enterprise Value (Rs. cr)	1,04,237
Outstanding Shares (cr)	14.4
Free Float (%)	70.0
Dividend Yield (%)	0.4
6m average volume (lacs)	3.9
Beta	0.9
Face value (Rs.)	5.0

Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	29.3	29.3	29.3
FII's	45.4	45.3	42.7
MFs/Institutions	20.0	20.0	22.3
Public	4.4	4.4	4.6
Others	1.0	1.0	1.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	10.2%	-4.5%	16.3%
Absolute Sensex	10.5%	-0.1%	5.6%
Relative Return	-0.3%	-4.4%	10.7%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	21,994	25,855	31,661
Growth (%)	14.8	17.6	22.5
EBITDA	3,222	3,789	4,672
EBITDA Margin (%)	14.6	14.7	14.8
PAT Adjusted	1,446	1,830	2,395
Growth (%)	61.2	26.6	30.8
Adjusted EPS	100.6	127.3	166.5
Growth (%)	61.2	26.6	30.8
P/E	65.9	53.5	40.9
P/B	11.6	10.8	9.5
EV/EBITDA	30.8	26.9	21.8
ROE (%)	18.3	21.0	24.2
D/E	0.6	0.6	0.5

Capex cycle enters expansion phase

Apollo Hospitals Enterprise Ltd (Apollo) operates the largest network of hospitals in India. It has 73 hospitals and more than 6,600 pharmacies across the country.

- Apollo's consolidated revenue rose 13.7% YoY to Rs. 5,653cr in Q4FY25, due to strong performance in Healthcare Services and Diagnostics & Retail Health (AHLL).
- Healthcare services' revenue grew 10.1% YoY to Rs. 2,822cr on higher in-patient volumes. Average revenue per occupied bed (ARPOB) of Rs. 63,569 per day (up 6.8% YoY) and occupancy levels of 67% (vs. 65% a year ago) also helped.
- Diagnostics and retail health (AHLL) division grew 11.1% YoY to Rs. 394cr, led by mature network operations, corporate tie-ups and growing patient engagement.
- Under HealthCo, offline pharmacy revenue grew 16.6% YoY to Rs. 2,084cr as store count rose to 6,626 (vs 6,360 in Q3FY25) and strong private-label sales. Online pharmacy sales grew 22.3% YoY to Rs. 292cr. Apollo got a boost as daily active users rose to 820,574 and launch of 19-minute delivery service in 6 cities.
- EBITDA grew 24.3% to Rs. 831cr, while EBITDA margin expanded 130bps to 14.7%, due to effective cost management.
- PAT increased 60.4% to Rs. 415cr, driven by decrease in net finance cost, tax rate and higher top line performance.

Outlook & Valuation

Apollo delivered double-digit revenue growth, driven by strong traction in high-acuity specialties, deeper presence in non-metro clusters and increased engagement on its digital ecosystem. The Apollo platform's gross merchandise value (GMV) continues to rise, supported by expanded pharmacy reach, faster medicine delivery and artificial intelligence (AI)-led care journeys. Management remains focused on commissioning new hospitals in key cities, broadening diagnostic offering and enhancing omni-channel integration. The launch of in-app insurance, growth in private label and operational efficiency are expected to aid performance. Strategic investments in rural outreach and diagnostic are expected to strengthen last-mile healthcare delivery. Therefore, **we assign an Accumulate rating to the stock with a revised target price of Rs.7,757, based on the sum-of-the-parts (SOTP) valuation.**

Quarterly Finance Consol.

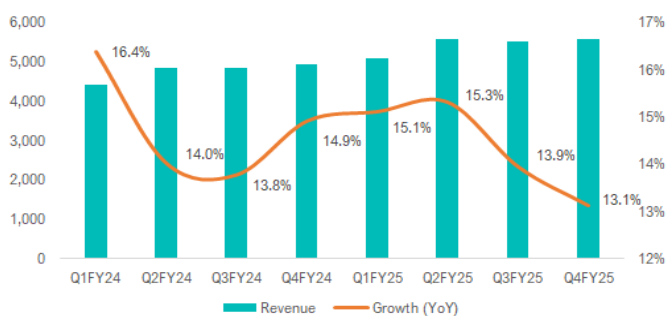
Rs.cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Sales	5,653	4,972	13.7	5,591	1.1	21,994	19,166	14.8
EBITDA	831	669	24.3	825	0.7	3,222	2,497	29.0
Margin (%)	14.7	13.4	130bps	14.8	-10bps	14.6	13.0	160bps
EBIT	620	479	29.4	641	-3.3	2,465	1,810	36.2
PBT	516	368	40.0	536	-3.9	2,039	1,381	47.7
Rep. PAT	415	258	60.4	379	9.3	1,505	935	61.0
Adj PAT	390	254	53.5	372	4.6	1,446	897	61.2
Adj. EPS (Rs)	27.1	17.7	53.5	25.9	4.6	100.6	62.4	61.2



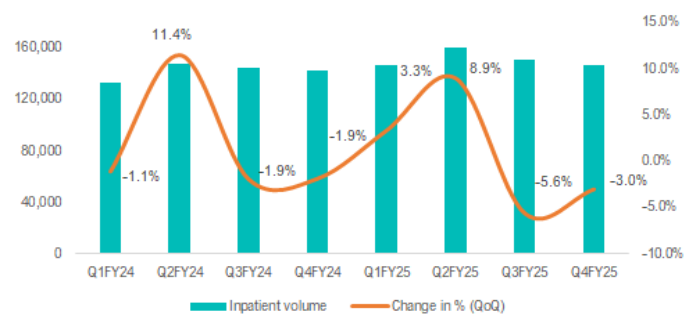
Key concall highlights

- Apollo is developing a greenfield project in OMR, Chennai, that will add 600 beds (500 census beds) by FY27-FY28. This will enhance its flagship offering in Tamil Nadu.
- It is increasing its managed hospital portfolio across Southeast Asia through an agreement with Mayapada Healthcare (Indonesia). This will drive clinical collaboration and enhance brand presence.
- Apollo has launched in-house health insurance product on the Apollo 24/7 platform, and plans to collaborate with 12 insurers by FY26 to offer bundled health and finance solutions.
- Apollo Dental partnered with Dabur in FY25 to expand its dental wellness offerings across high-traffic locations by leveraging brand synergies.
- In FY26, Apollo is planning a major expansion that will cover Pune, Kolkata, Hyderabad, NCR (Delhi), Sarjapur-1 and Mysuru. It wants to add 1,937 beds at a projected cost of Rs. 3,165cr, with Rs. 1,833cr remaining to be incurred.
- Over three-four years, Apollo plans to commission expansion in Chennai, Navi Mumbai, Lucknow, Sarjapur-2, Jubilee Hills and Secunderabad. This will add 2,435 beds (2,000 census beds) and is likely to cost Rs. 4,438cr, of which Rs. 3,688cr is yet to be incurred.
- Machine learning-driven marketing campaigns have been launched to improve outpatient and inpatient conversion rates.

Revenue



In-patient volume



Sum-of-the-part (SOTP) valuation.

Segments	Basis	Multiple	% holding	Value (Rs. cr.)	Value/share (Rs.)
a) Healthcare Services group (Hospitals)	FY27E EV/EBITDA	25.0x	100%	76,253	5,303
b) Diagnostics & Retail Health (Apollo Health and Lifestyle Ltd-AHLL)	FY27E EV/EBITDA	16.0x	69%	1,868	130
c) Digital Health & Pharmacy Distribution (Apollo Health Co Ltd)	FY27E EV/Sales	3.0x	100%	36,707	2,553
Total Segment Value				113,602	7,986
Less: Net Debt				-3,915	-272
Less: Minority Interest				-441	-31
Plus: Investments				833	58
Plus: Associates				224	16
Total Value				110,304	7,757

Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change -%	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	25,920	-	25,855	31,661	-0.3	-
EBITDA	3,857	-	3,789	4,672	-1.8	-
Margins (%)	14.9	-	14.7	14.8	-20bps	-
Adj. PAT	1,955	-	1,830	2,395	-6.4	-
EPS	136.0	-	127.3	166.5	-6.4	-



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	16,703	19,166	21,994	25,855	31,661
% change	13.3	14.7	14.8	17.6	22.5
EBITDA	2,140	2,497	3,222	3,789	4,672
% change	-5.5	16.7	29.0	17.6	23.3
Depreciation	615	687	758	820	901
EBIT	1,525	1,810	2,465	2,969	3,771
Interest	381	449	459	464	480
Other Income	-43	20	33	37	41
PBT	1,101	1,381	2,039	2,542	3,333
% change	-30.6	25.4	47.7	24.6	31.1
Tax	256	446	534	635	833
Tax Rate (%)	23.3	32.3	26.2	25.0	25.0
Reported PAT	844	935	1,505	1,906	2,499
PAT att. to common shareholders	819	899	1,446	1,830	2,395
Adj.*	-	-2	-	-	-
Adj. PAT	819	897	1,446	1,830	2,395
% change	7.6	9.5	61.2	26.6	30.8
No. of shares (cr)	14.4	14.4	14.4	14.4	14.4
Adj EPS (Rs.)	57.0	62.4	100.6	127.3	166.5
% change	7.6	9.5	61.2	26.6	30.8
DPS (Rs.)	9.0	10.0	19.0	19.5	20.0

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,460	1,622	2,263	2,726	3,400
Non-cash adj.	116	292	587	808	718
Other adjustments	-	-	-	-	-
Changes in W.C	-199	6	-713	-340	-300
C.F. Operation	1,377	1,920	2,136	3,195	3,819
Capital exp.	-2,096	-2,302	-4,200	-4,259	-4,305
Change in inv.	174	-343	-1,394	-879	-1,248
Other invest.CF	1,052	1,108	2,213	2,462	2,437
C.F - Investment	-871	-1,537	-3,381	-2,676	-3,116
Issue of equity	5	3	46	-	-
Issue/repay debt	69	454	2,109	174	47
Dividends paid	-258	-221	-278	-112	-115
Other finance.CF	-449	-546	-560	-464	-472
C.F - Finance	-633	-311	1,317	-402	-540
Chg. in cash	-127	72	73	117	163
Closing Cash	776	934	1,360	1,477	1,640

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	776	934	1,360	1,477	1,640
Accts. Receivable	2,234	2,515	3,016	3,534	4,303
Inventories	390	460	481	521	634
Other Cur. Assets	937	1,371	2,172	2,225	2,562
Investments	186	198	224	190	171
Gross Fixed Assets	11,173	12,819	17,019	21,277	25,582
Net Fixed Assets	7,432	8,541	9,816	10,751	11,378
CWIP	602	845	771	834	1,194
Intangible Assets	1,092	1,148	1,320	1,298	1,278
Def. Tax -Net	12	11	13	16	20
Other Assets	767	731	1,485	1,306	1,243
Total Assets	14,428	16,753	20,657	22,152	24,424
Current Liabilities	2,552	3,738	3,721	4,026	4,729
Provisions	113	143	179	197	207
Debt Funds	2,710	3,162	5,275	5,449	5,497
Other Liabilities	2,521	2,389	2,829	2,898	3,058
Equity Capital	72	72	72	72	72
Res. & Surplus	6,126	6,864	8,140	8,992	10,239
Shareholder Funds	6,197	6,935	8,212	9,064	10,311
Minority Interest	-	-	-	-	-
Total Liabilities	14,428	16,753	20,657	22,152	24,424
BVPS	431	482	571	630	717

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	12.8	13.0	14.6	14.7	14.8
EBIT margin (%)	9.1	9.4	11.2	11.5	11.9
Net profit mgn.(%)	4.9	4.7	6.6	7.1	7.6
ROE (%)	13.6	13.5	18.3	21.0	24.2
ROCE (%)	17.1	17.9	18.3	20.5	23.9
W.C & Liquidity					
Receivables (days)	48.8	47.9	50.1	49.9	49.6
Inventory (days)	16.6	17.1	15.5	15.4	15.2
Payables (days)	81.5	88.2	72.3	72.7	72.8
Current ratio (x)	1.3	1.1	1.5	1.6	1.6
Quick ratio (x)	1.0	0.9	1.3	1.3	1.3
Turnover & Leverage					
Gross asset T.O (x)	1.5	1.6	1.5	1.4	1.4
Total asset T.O (x)	1.2	1.2	1.2	1.2	1.4
Int. covge. ratio (x)	4.0	4.0	5.4	6.4	7.9
Adj. debt/equity (x)	0.4	0.4	0.6	0.6	0.5
Valuation					
EV/Sales (x)	4.7	4.9	4.5	3.9	3.2
EV/EBITDA (x)	36.5	37.5	30.8	26.9	21.8
P/E (x)	93.0	101.9	65.9	53.5	40.9
P/BV (x)	12.3	13.2	11.6	10.8	9.5



Recommendation Summary - (last 3 years)



Dates	Rating	Target
20-Aug-21	REDUCE	4,042
16-Feb-22	BUY	5,416
14-Dec-22	HOLD	5,115
5-Jun-23	HOLD	5,349
21-Nov-23	HOLD	5,880
14-Jun-24	BUY	7,059
22-Nov-24	BUY	7,764
16-Jun-25	ACCUMULATE	7,757

Investment Rating Criteria


Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%


Not rated/Neutral


Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

 Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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