PL Capital
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Apollo Hospitals Enterprise (APHS IN)

Rating: BUY | CMP: Rs7,809 | TP: Rs9,300

August 14, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	**BUY**		**BUY**	
Target Price	**9,300**		**8,350**	
Sales (Rs. m)	2,49,085	2,94,536	2,48,549	2,93,728
% Chng.	*0.2*	*0.3*		
EBITDA (Rs. m)	38,194	48,760	38,328	48,978
% Chng.	*(0.4)*	*(0.4)*		
EPS (Rs.)	135.3	185.3	136.0	186.4
% Chng.	*(0.5)*	*(0.6)*		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,90,592	2,17,940	2,49,085	2,94,536
EBITDA (Rs. m)	23,907	30,218	38,194	48,760
Margin (%)	*12.5*	*13.9*	*15.3*	*16.6*
PAT (Rs. m)	8,986	14,459	19,461	26,647
EPS (Rs.)	62.5	100.5	135.3	185.3
Gr. (%)	*9.7*	*60.9*	*34.6*	*36.9*
DPS (Rs.)	11.4	11.4	14.8	17.1
Yield (%)	*0.1*	*0.1*	*0.2*	*0.2*
RoE (%)	*13.7*	*19.1*	*21.5*	*24.0*
RoCE (%)	*17.9*	*19.2*	*21.4*	*25.6*
EV/Sales (x)	6.0	5.3	4.6	3.8
EV/EBITDA (x)	47.6	38.0	29.9	23.2
PE (x)	125.0	77.7	57.7	42.1
P/BV (x)	16.2	13.7	11.3	9.1

Key Data	APLH.BO | APHS IN
52-W High / Low	Rs.7,840 / Rs.6,001
Sensex / Nifty	80,540 / 24,619
Market Cap	Rs.1,123bn/ $ 12,840m
Shares Outstanding	144m
3M Avg. Daily Value	Rs.3209.11m

Shareholding Pattern (%)

Promoter's	29.34
Foreign	43.49
Domestic Institution	21.57
Public & Others	5.60
Promoter Pledge (Rs bn)	43.18

Stock Performance (%)

	1M	6M	12M
Absolute	8.6	22.5	18.5
Relative	11.3	15.8	16.2

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Strong beat across segments

Quick Pointers:

- Guided 25% OPM for existing hospital units & Rs 1.5bn losses from new units over 2 year.
- Reiterated EBITDA break-even in 24x7 and GMV to reach Rs32bn by FY26 end.

Apollo Hospitals Enterprise (APHS) reported consolidated EBITDA of Rs8.5bn (up 26% YoY), was 6% above our estimates. Adjusted for 24x7 losses and ESOPs cost (~Rs1.2bn), EBITDA was Rs9.7bn, up 18% YoY. The recent stake sale in HealthCo to Advent and merger with Keimed are a positive step and will lead to an integrated pharmacy distribution business complemented by the fast-growing omni-channel digital health business. Scale-up in Apollo HealthCo has been on track with likely breakeven in EBITDA of digital business over the next 3-4 quarters. The management guidance of Rs20bn EBITDA of the merged entity by FY28 provides comfort. Further, mgmt. has also announced the demerger of its Omnichannel Pharmacy business, 24*7, and telehealth business into a newly listed entity (NewCo) with an aim to unlock value by creating a focused, high-growth platform in the pharmacy and digital healthcare space, which is more consumer centric in nature. Overall, we estimate 27% EBITDA CAGR over FY25-27E. We maintain 'BUY' rating with revised TP of Rs9.300/share. We ascribe 30x EV/EBITDA multiple to hospital and offline pharmacy and assign 1x sales to the 24/7.

- **EBITDA beat across segments; 15% YoY growth in hospital:** Consolidated EBITDA at Rs8.5bn; up 26% YoY. 24x7 digital app expenses were at Rs963mn (decreased 16% QoQ) and lower ESOP related non-cash expenses of Rs 245mn in Q1 (Rs 455mn in Q4). Pharmacy OPM adjusted for 24x7 improved by 40bps YoY to 8.7%. Apollo HealthCo reported EBITDA of Rs 937mn vs Rs 364mn in Q4. Overall hospital EBITDA growth was at 15% YoY with OPM of 24.5% (up 90bps YoY). AHLL reported EBITDA of Rs 403mn (up 30% YoY) with 9.3% OPM.
- **Healthy growth in ARPP:** Overall occupancy stood at 65% vs 67% in Q4 impacted by lower international patient footfalls, especially from Bangladesh and reduction in ALOS. ARPP growth was up 9% YoY to ~Rs 172.3K; aided by higher surgical volumes and improved case-payor mix. Overall consol and hospital revenues grew by 15% and 11% YoY, while HealthCo registered 19% YoY growth in revenues. PAT came in at Rs 4.3bn; up 42% YoY. Net cash increased by Rs 3.3bn QoQ to the tune of Rs3.4bn.

Key Conference Call Takeaways:

- **Bed expansion**: Mgmt cited phase wise operationalization of ongoing projects on track; new facilities expected to ramp quickly given existing market presence and planned clinician additions. Expansion for FY26 – Mgmt plans to add 700 beds across new facilities such as Women's Oncology Centre (Delhi), multi-specialty hospitals in Pune & Kolkata, and acquired hospital in Bengaluru. Additional ~800 beds targeted in FY27; total 1,577 beds planned in current expansion cycle.

- **Hospitals**: Mgmt targets to increase existing network hospital EBITDA margin to 25% before factoring in new hospital's losses. New hospitals expected to incur cumulative EBITDA loss of Rs 1.5bn over two years, with potential breakeven in 12 months of commercialization and expected to ramp-up thereafter. ARPP (average revenue per patient) growth of 9% YoY driven from ~4–5% from tariff increases, rest from better case mix, primarily in Congo specialties (Cardiac, Oncology, Neuro, Gastro, Orthopedics). ALOS came down 6% YoY from increased robotic surgeries. International patients contributed 5% of hospital revenue; targeted to rise to 7% by FY26-end and 10% in FY27. Recovery in Bangladesh volumes expected; Iraq identified as a new growth market.

- **Apollo HealthCo (Pharmacy & Digital)**: Offline pharmacy EBITDA margins stable at ~7.7%, with scope for expansion via higher private label mix (currently 14.6%). Apollo 24/7's operating loss reduced to Rs 960mn from Rs 1.3bn in Q1FY25 due to improved unit economics, renegotiated vendor rates, and insurance monetization (~Rs 50mn in Q1). GMV at Rs 6.82bn (+23% YoY on restated basis); targeted Rs30–32bn GMV in FY26. Reiterated breakeven targeted by FY26-end; long-term growth expected at 20–25% annually.

- Mgmt guided **Apollo HealthCo** to be demerged and listed by Q4FY27; Keimed merger to complete before listing. Reiterated combined entity target of Rs250bn revenue with 7% EBITDA margin by FY27.

- **AHLL:** Diagnostics margins impacted by one-off costs from the April 2025 launch of a 45K sqft. fully automated central reference lab in Chennai; adjusted diagnostic margins at ~10.3%. Mgmt cited specialty clinics delivered margin expansion through primary care focused on revenue growth and expects margins to improve in coming quarters.

Exhibit 1: Q1FY26 Result Overview (Rs mn) –EBITDA beat across segments

Y/e March	1QFY26	1QFY25	YoY gr. (%)	Q1FY26E	% Var.	4QFY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	**58,421**	**50,856**	***14.9***	**56,816**	***2.8***	**55,922**	***4.5***	**2,49,085**	**2,17,940**	***14.3***
COGS	30,476	26,230	*16.2*	29,147	*4.6*	29,286	*4.1*	1,24,542	1,13,100	*10.1*
% of Net Sales	*52.2*	*51.6*		*51.3*		*52.4*		*50.0*	*51.9*	
Employee Expenses	7,126	6,581	*8.3*	7,670	*(7.1)*	7,246	*(1.7)*	32,400	27,692	*17.0*
% of Net Sales	*12.2*	*12.9*		*13.1*		*13.0*		*13.0*	*12.7*	
Other Expenses	12,300	11,294	*8.9*	11,978	*2.7*	11,693	*5.2*	53,949	46,930	*15.0*
% of Net Sales	*21.1*	*22.2*		*20.5*		*20.9*		*21.7*	*21.5*	
Total Expenses	49,902	44,105	*13.1*	48,795	*2.3*	48,225	*3.5*	**2,10,891**	**1,87,722**	*12.3*
EBITDA	**8,519**	**6,751**	***26.2***	**8,021**	***6.2***	**7,697**	***10.7***	**38,194**	**30,218**	***26.4***
Margins (%)	*14.6*	*13.3*		*14.1*		*13.8*		*15.3*	*13.9*	
Other Income	402	372	*8.1*	400	*0.5*	611	*(34.2)*	1,800	2,003	*(10.1)*
Interest	1,083	1,164	*(7.0)*	1,176	*(7.9)*	1,148	*(5.7)*	4,500	4,585	*(1.9)*
Depreciation	2,147	1,774	*21.0*	2,026	*6.0*	2,110	*1.8*	7,802	7,575	*3.0*
PBT	**5,691**	**4,185**	***36.0***	**5,220**	***9.0***	**5,050**	***12.7***	**27,692**	**20,061**	***38.0***
Total tax	1,417	1,145	*23.8*	1,514	*(6.4)*	1,010	*40.3*	8,031	5,340	*50.4*
Tax rate (%)	*24.9*	*27.4*		*29.0*		*20.0*		*29.0*	*26.6*	
Reported PAT	**4,274**	**3,040**	***40.6***	**3,706**	***15.3***	**4,040**	***5.8***	**19,661**	**14,721**	***33.6***
Share of profit from associates	136	115	*18.3*	75	*81.3*	105	*29.5*	300	330	*(9.1)*
Minority interest	82	103		125	*(34.4)*	249	*(67.1)*	500	592	*(15.5)*
Consol PAT	**4,328**	**3,052**	***41.8***	**3,656**	***18.4***	**3,896**	***11.1***	**19,461**	**14,459**	***34.6***
Extra-ordinary Items	-	-		-	*#DIV/0!*	-		-	-	
Adj. PAT	**4,328**	**3,052**	***41.8***	**3,656**	***18.4***	**3,896**	***11.1***	**19,461**	**14,459**	***34.6***

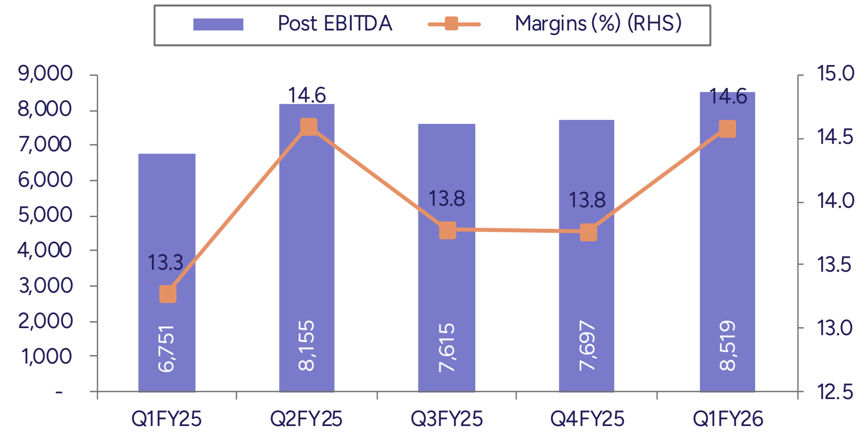
Source: Company, PL

Exhibit 2: Healthy YoY revenue growth across segments

Break up of revenues	1QFY26	1QFY25	YoY gr. (%)	4QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Healthcare	29,351	26,373	*11.3*	28,219	*4.0*	1,11,475	98,670	*13.0*
% of Net Sales	*50.2*	*51.9*		*50.5*		51.1	51.8	
SAP	24,718	20,821	*18.7*	23,763	*4.0*	90,930	78,269	*16.2*
% of Net Sales	*42.3*	*40.9*		*42.5*		41.7	41.1	
AHLL	4,351	3,661	*18.8*	3,940	*10.4*	15,535	13,653	*13.8*
% of Net Sales	*7.4*	*7.2*		*7.0*		7.1	7.2	
Total Sales	**58,420**	**50,855**	***14.9***	**55,922**	**4.5**	**2,17,940**	**1,90,592**	***14.3***

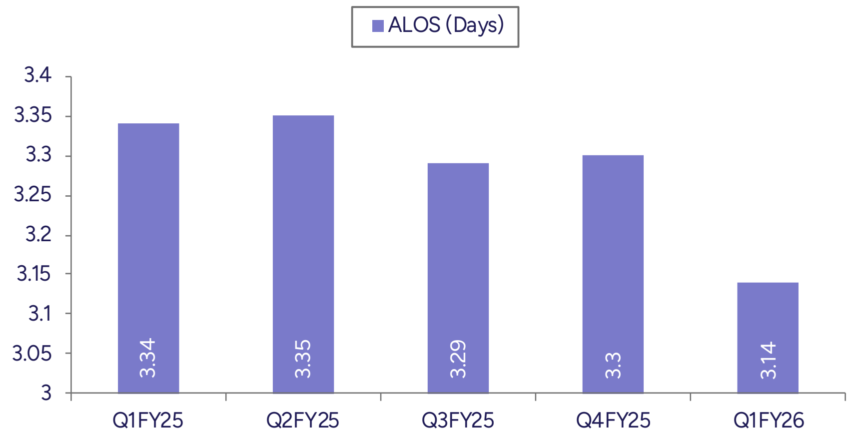
Source: Company, PLO

Exhibit 3: OPM improved YoY due to operational leverage & reduced 24*7 losses



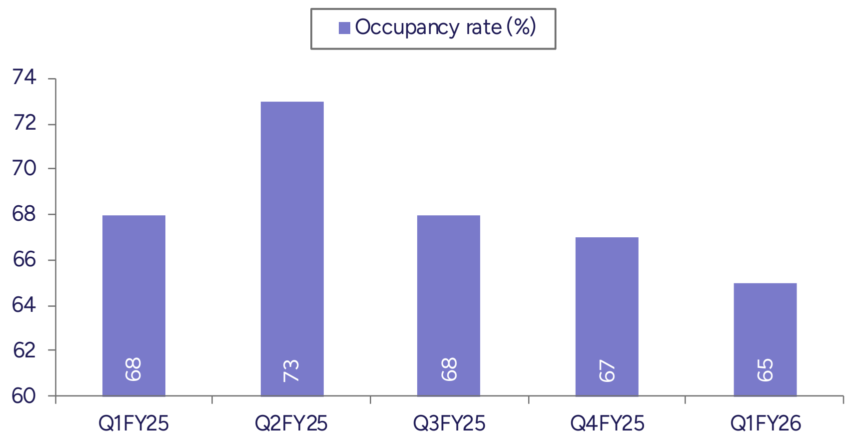
Source: Company, PL

Exhibit 4: ALOS de-growth of 6% YoY; led by increased surgical mix



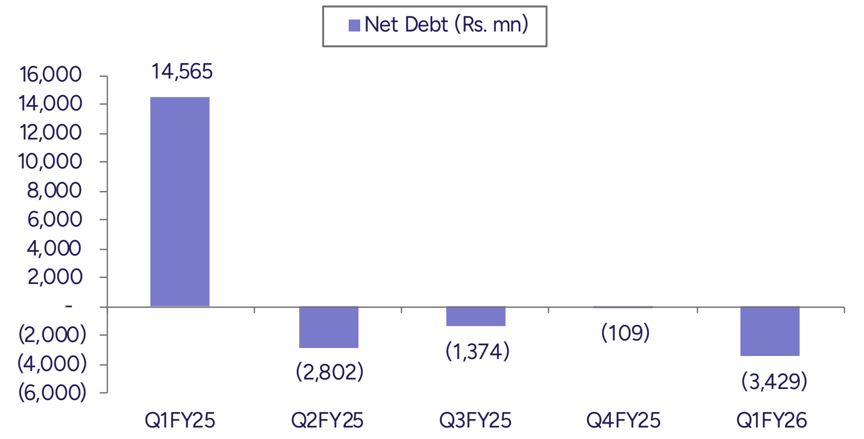
Source: Company, PL

Exhibit 5: QoQ occupancy was impacted by lower international patients



Source: Company, PL

Exhibit 6: Net cash increased QoQ



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	**1,90,592**	**2,17,940**	**2,49,085**	**2,94,536**
YoY gr. (%)	*14.7*	*14.3*	*14.3*	*18.2*
Cost of Goods Sold	98,055	1,13,100	1,24,542	1,47,268
Gross Profit	92,537	1,04,840	1,24,542	1,47,268
Margin (%)	*48.6*	*48.1*	*50.0*	*50.0*
Employee Cost	24,937	27,692	32,400	37,908
Other Expenses	43,693	46,930	53,949	60,600
EBITDA	**23,907**	**30,218**	**38,194**	**48,760**
YoY gr. (%)	*16.6*	*26.4*	*26.4*	*27.7*
Margin (%)	*12.5*	*13.9*	*15.3*	*16.6*
Depreciation and Amortization	6,870	7,575	7,802	8,036
EBIT	**17,037**	**22,643**	**30,392**	**40,724**
Margin (%)	*8.9*	*10.4*	*12.2*	*13.8*
Net Interest	4,494	4,585	4,500	4,300
Other Income	1,063	2,003	1,800	2,000
Profit Before Tax	**13,606**	**20,061**	**27,692**	**38,424**
Margin (%)	*7.1*	*9.2*	*11.1*	*13.0*
Total Tax	4,455	5,340	8,031	11,527
Effective tax rate (%)	*32.7*	*26.6*	*29.0*	*30.0*
Profit after tax	**9,151**	**14,721**	**19,661**	**26,897**
Minority interest	364	592	500	550
Share Profit from Associate	180	330	300	300
Adjusted PAT	**8,986**	**14,459**	**19,461**	**26,647**
YoY gr. (%)	*9.7*	*60.9*	*34.6*	*36.9*
Margin (%)	*4.7*	*6.6*	*7.8*	*9.0*
Extra Ord. Income / (Exp)	(19)	-	-	-
Reported PAT	**8,967**	**14,459**	**19,461**	**26,647**
YoY gr. (%)	*9.5*	*61.2*	*34.6*	*36.9*
Margin (%)	*4.7*	*6.6*	*7.8*	*9.0*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,967	14,459	19,461	26,647
Equity Shares O/s (m)	**144**	**144**	**144**	**144**
EPS (Rs)	**62.5**	**100.5**	**135.3**	**185.3**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	**1,13,955**	**1,29,687**	**1,44,687**	**1,59,687**
Tangibles	1,13,955	1,29,687	1,44,687	1,59,687
Intangibles	-	-	-	-
Acc: Dep / Amortization	**47,216**	**54,791**	**62,594**	**70,630**
Tangibles	47,216	54,791	62,594	70,630
Intangibles	-	-	-	-
Net fixed assets	**66,739**	**74,896**	**82,094**	**89,057**
Tangibles	66,739	74,896	82,094	89,057
Intangibles	-	-	-	-
Capital Work In Progress	8,728	9,210	9,210	9,210
Goodwill	10,123	10,305	10,305	10,305
Non-Current Investments	3,055	10,573	10,573	10,573
Net Deferred tax assets	(4,389)	(4,449)	(4,449)	(4,449)
Other Non-Current Assets	19,743	24,653	24,653	24,653
Current Assets				
Investments	6,840	14,323	14,323	14,323
Inventories	4,598	4,808	6,227	7,363
Trade receivables	25,149	30,161	33,626	39,762
Cash & Bank Balance	9,338	13,602	17,151	25,367
Other Current Assets	-	-	-	-
Total Assets	**1,67,422**	**2,06,443**	**2,23,465**	**2,47,448**
Equity				
Equity Share Capital	719	719	719	719
Other Equity	68,635	81,404	98,424	1,22,255
Total Networth	**69,354**	**82,123**	**99,143**	**1,22,974**
Non-Current Liabilities				
Long Term borrowings	22,356	44,170	41,170	38,170
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	9,263	8,582	8,582	8,582
Trade payables	23,686	22,405	24,908	29,454
Other current liabilities	34,523	40,308	40,806	39,413
Total Equity & Liabilities	**1,67,422**	**2,06,443**	**2,23,465**	**2,47,448**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	9,350	15,051	27,692	38,424
Add. Depreciation	6,870	7,575	7,802	8,036
Add. Interest	4,494	4,585	4,500	4,300
Less Financial Other Income	1,063	2,003	1,800	2,000
Add. Other	5,083	5,052	(200)	(250)
Op. profit before WC changes	25,797	32,263	39,794	50,510
Net Changes-WC	(1,928)	(5,769)	(3,274)	(5,651)
Direct tax	(4,667)	(4,860)	(8,031)	(11,527)
Net cash from Op. activities	**19,202**	**21,634**	**28,489**	**33,332**
Capital expenditures	(11,349)	(16,978)	(15,000)	(15,000)
Interest / Dividend Income	-	-	-	-
Others	3,403	(11,918)	-	-
Net Cash from Invt. activities	**(7,946)**	**(28,896)**	**(15,000)**	**(15,000)**
Issue of share cap. / premium	-	-	-	-
Debt changes	4,535	21,431	(3,000)	(3,000)
Dividend paid	(2,157)	(2,732)	(2,441)	(2,816)
Interest paid	(4,494)	(4,585)	(4,500)	(4,300)
Others	(134)	2,322	-	-
Net cash from Fin. activities	**(2,250)**	**16,436**	**(9,941)**	**(10,116)**
Net change in cash	**9,006**	**9,174**	**3,549**	**8,216**
Free Cash Flow	7,853	4,656	13,489	18,332

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	62.5	100.5	135.3	185.3
CEPS	110.3	153.2	189.6	241.2
BVPS	482.3	571.1	689.5	855.2
FCF	54.6	32.4	93.8	127.5
DPS	11.4	11.4	14.8	17.1
Return Ratio(%)				
RoCE	17.9	19.2	21.4	25.6
ROIC	11.3	12.7	15.8	19.6
RoE	13.7	19.1	21.5	24.0
Balance Sheet				
Net Debt : Equity (x)	0.2	0.3	0.2	0.1
Net Working Capital (Days)	12	21	22	22
Valuation(x)				
PER	125.0	77.7	57.7	42.1
P/B	16.2	13.7	11.3	9.1
P/CEPS	70.8	51.0	41.2	32.4
EV/EBITDA	47.6	38.0	29.9	23.2
EV/Sales	6.0	5.3	4.6	3.8
Dividend Yield (%)	0.1	0.1	0.2	0.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	**55,893**	**55,269**	**55,922**	**58,421**
YoY gr. (%)	*15.3*	*13.9*	*13.1*	*14.9*
Raw Material Expenses	28,577	29,007	29,286	30,476
Gross Profit	27,316	26,262	26,636	27,945
Margin (%)	*48.9*	*47.5*	*47.6*	*47.8*
EBITDA	**8,155**	**7,615**	**7,697**	**8,519**
YoY gr. (%)	*30.0*	*24.1*	*20.2*	*26.2*
Margin (%)	*14.6*	*13.8*	*13.8*	*14.6*
Depreciation / Depletion	1,845	1,846	2,110	2,147
EBIT	**6,310**	**5,769**	**5,587**	**6,372**
Margin (%)	*11.3*	*10.4*	*10.0*	*10.9*
Net Interest	1,175	1,098	1,148	1,083
Other Income	382	638	611	402
Profit before Tax	**5,517**	**5,309**	**5,050**	**5,691**
Margin (%)	*9.9*	*9.6*	*9.0*	*9.7*
Total Tax	1,617	1,568	1,010	1,417
Effective tax rate (%)	*29.3*	*29.5*	*20.0*	*24.9*
Profit after Tax	**3,900**	**3,741**	**4,040**	**4,274**
Minority interest	169	71	249	82
Share Profit from Associates	57	53	105	136
Adjusted PAT	**3,788**	**3,723**	**3,896**	**4,328**
YoY gr. (%)	*64.0*	*51.8*	*53.5*	*41.8*
Margin (%)	*6.8*	*6.7*	*7.0*	*7.4*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**3,788**	**3,723**	**3,896**	**4,328**
YoY gr. (%)	*64.0*	*51.8*	*53.5*	*41.8*
Margin (%)	*6.8*	*6.7*	*7.0*	*7.4*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**3,788**	**3,723**	**3,896**	**4,328**
Avg. Shares O/s (m)	-	-	-	-
EPS (Rs)	**26.3**	**25.9**	**27.1**	**30.1**

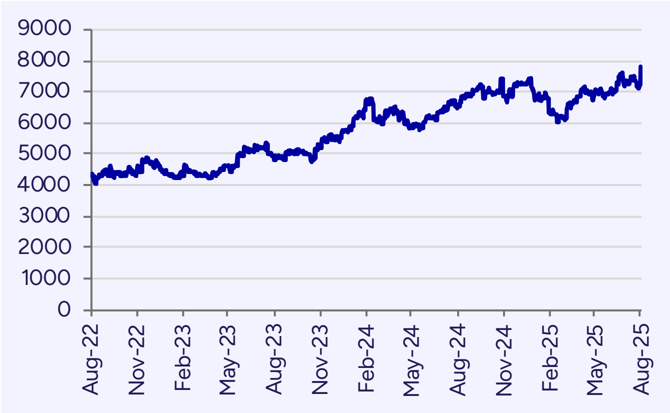
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Pharmacy	78,269	90,930	1,06,450	1,23,091
AHLL	13,653	15,535	17,710	20,012
Healthcare services	98,670	1,11,475	1,24,925	1,51,433

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-25	BUY	8,350	7,616
2	02-Jul-25	BUY	8,350	7,496
3	01-Jun-25	BUY	8,100	6,881
4	08-Apr-25	BUY	8,100	6,683
5	12-Feb-25	BUY	8,100	6,317
6	08-Jan-25	BUY	8,000	7,437
7	08-Nov-24	BUY	8,000	7,410
8	07-Oct-24	BUY	7,150	6,774
9	15-Aug-24	BUY	7,150	6,516

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	700	605
3	Aurobindo Pharma	BUY	1,300	1,079
4	Cipla	BUY	1,730	1,533
5	Divi's Laboratories	Accumulate	6,550	6,134
6	Dr. Reddy's Laboratories	Reduce	1,270	1,247
7	Eris Lifesciences	BUY	1,975	1,808
8	Fortis Healthcare	BUY	1,000	884
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	322
11	Ipca Laboratories	Accumulate	1,525	1,377
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,778
13	Jupiter Life Line Hospitals	BUY	1,720	1,451
14	Krishna Institute of Medical Sciences	BUY	815	745
15	Lupin	BUY	2,400	1,852
16	Max Healthcare Institute	BUY	1,300	1,300
17	Narayana Hrudayalaya	BUY	2,000	1,830
18	Rainbow Children's Medicare	BUY	1,725	1,541
19	Sun Pharmaceutical Industries	BUY	1,875	1,707
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

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