

# BONANZA WEALTH MANAGEMENT

27<sup>th</sup> March 2025

## Apollo Hospitals – BUY

**CMP** : Rs.6,484.0

**Target Price** : Rs.7,851.0

**Upside** : 21%+

**Stop Loss** : Rs.5,706.0 (Closing basis)

### Investment Thesis

- Apollo Hospitals Enterprises Limited (Apollo) presents a compelling investment case with its extensive pan-India presence of 73 hospitals comprising 10,169 capacity beds across major cities. As Asia's foremost integrated healthcare provider established in 1983, the company has built a comprehensive ecosystem spanning hospitals, pharmacies, and diagnostic clinics. Operational metrics showcase strong momentum with group-wide occupancy improving to 68% in Q3 FY25 from 66% year-over-year. Average Revenue Per Occupied Bed grew by 8% to Rs.60,839 per day, while international patient revenue (excluding Bangladesh) increased impressively by 19%. The company's focus on high-end specialties like Cardiac and Oncology is particularly noteworthy, with these departments growing at more than double the overall volume rate.
- Apollo's expansion strategy demonstrates clear vision with three new facilities planned in FY25-FY26, including strategic locations in Gurgaon, Hyderabad, and Mumbai (Worli). The addition of 1,737 new beds (50% operational in FY26, remainder in FY27) will significantly enhance capacity and revenue potential, with quick breakeven expected due to strong brand recognition. The digital transformation through Apollo 24/7 platform shows promising growth, having added 2 million new users with GMV reaching Rs.760 crore (11% YoY growth). The integration of insurance offerings and focus on chronic care management create additional revenue streams while leveraging offline-online synergies.
- Financial performance is robust with Healthcare Services margins at 24.1% and an impressive 29% RoCE for Q3FY25, demonstrating efficient capital allocation. Despite temporary headwinds from Bangladesh, management is diversifying into new international markets while leveraging technological advancements through its Microsoft partnership. With Apollo HealthCo targeting breakeven by FY26, the company is strategically positioned to maintain healthcare leadership through operational excellence and integrated care offerings.

### Financials

- Revenue grew by 13.9% YoY (-1.1% QoQ) to Rs.55.3bn, driven by 5% volume growth and 8% ARPOB increase in hospitals, despite 1.5% impact from lower Bangladesh patient inflow.

Consol. (Rs. Bn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	146.6	166.1	190.6	222.4	259.4
EBITDA	21.9	20.5	23.9	30.4	36.9
EBITDA Margin (%)	14.9%	12.3%	12.5%	13.7%	14.2%
PAT	11.1	8.4	9.0	14.4	18.7
EPS (Rs.)	73.4	57.0	62.4	99.9	130.2
P/E (x)	88.3	113.7	103.9	64.9	49.8
RoE (%)	13.79%	12.93%	12.75%	17.70%	18.60%

### Stock Data

Market Cap (Rs. Mn)	9,32,300
Market Cap (\$ Mn)	10,869.76
Shares O/S (in Mn)	143.7
Avg. Volume (3 month)	3,77,100
52-Week Range (Rs.)	7,545.00 / 5,691.00

### Shareholding Pattern

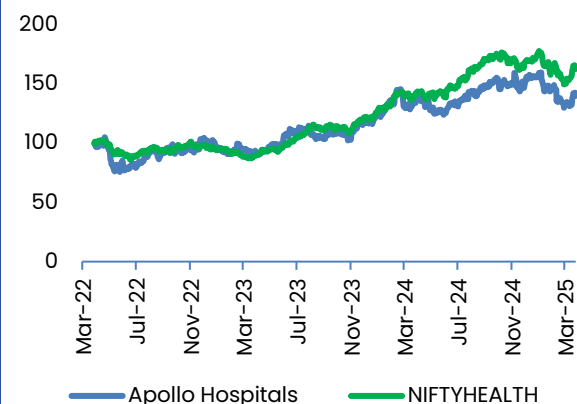
Promoters	29.33%
FII's	45.27%
Institutions	19.97%
Others (incl. body corporate)	5.43%

### Key Ratios

Div Yield	0.26%
TTM PE	71.2x
ROE	13.30%
TTM EPS (Rs.)	91.10/-

### Stock Performance

Performance (%)	1M	6M	1Yr
ABSOLUTE	4.3%	-9.0%	3.1%
NIFTY HEALTH	5.3%	-6.3%	15.8%



- EBITDA increased by 24.1% YoY (-6.6% QoQ) to Rs.7.6bn with margins expanding 113bps YoY to 13.8% (-81bps QoQ), supported by improved hospital operations and HealthCo performance. Adjusted PAT rose substantially by 51.8% YoY (-1.7% QoQ) to Rs.3.7bn, with the profit beat primarily driven by higher other income.
- Hospital segment margins expanded 30bps YoY to 24.1% (-80bps QoQ), while HealthCo margins improved to 2.4% from 2.3% in Q2FY25. Hospital occupancy reached 68% in Q3FY25 vs 66% in Q3FY24 (73% in Q2FY25), with cash and insurance patients contributing 83% of hospital revenue and growing at 15%.

## Key Business Highlights

- Apollo Hospitals, established in 1983 by Dr. Prathap C Reddy, pioneered private healthcare in India as the nation's first corporate hospital. Today, it stands as Asia's foremost integrated healthcare provider with 73 hospitals (10,103 beds) across metro and non-metro locations. The company operates India's largest pharmacy network with 5,790 stores nationwide and plans to expand to 6,500 stores by FY26.
- Apollo's operational snapshot reveals strong performance with 71% occupancy in metro facilities and 66% in non-metro areas. The company's digital transformation through Apollo 24|7 has attracted 31+ million registered users, bridging online and offline healthcare delivery through teleconsultations, doorstep diagnostics, and digital health records.
- Apollo's ambitious expansion plan includes new facilities in key locations like Bengaluru, Kolkata, and Mumbai, with projected investments of \$4.44 billion to add approximately 3,512 beds across greenfield developments and hospital asset acquisitions.

## Valuation

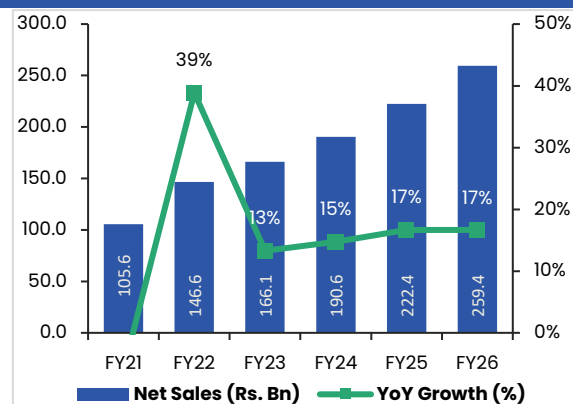
- Apollo Hospitals' operational performance demonstrates strong growth, with revenue from cash and insurance (83% of hospital revenue) growing 15%. IP volumes contributed 5% to hospital growth, while ARPOB increase drove an additional 8% growth. The RoCE of the hospital business stood impressively at 29% for 3QFY25, highlighting the company's operational efficiency.
- Apollo is currently trading at Rs. 6,484.45 which near 16.4% down from its 52-week high of Rs. 7,545.35. It currently commands a PE of 71.2x against a 5-Yr Median PE of 75.7x.
- With a robust expansion strategy including plans to add 50% of new beds in FY26 and the balance in FY27, coupled with the upcoming construction of a new hospital in Worli, Mumbai, we are assigning a BUY rating to Apollo Hospitals Enterprise. We maintain our price target of Rs. 7,851 (130x Mar'26E EPS), which provides an upside of 21.1% from the current market price, driven by strong execution, diagnostic business expansion, and a balanced growth approach through organic and M&A initiatives.

## Risk & Concern

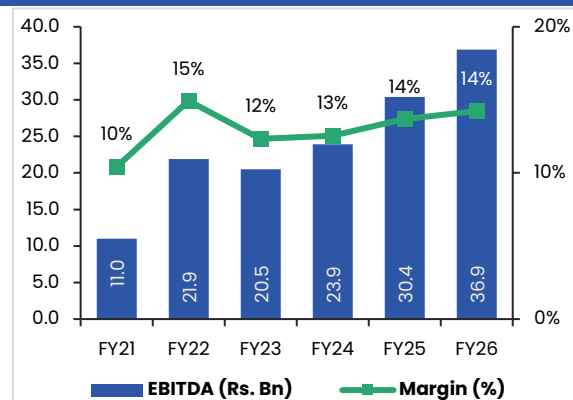
- Potential talent retention issues could disrupt the continuity of high-quality medical services and strategic expertise.
- Emerging regulatory pressures around price controls, margin limitations, and mandatory bed allocation could compress operational flexibility and profitability.
- Declining international patient volumes might adversely impact revenue streams and global market positioning.

## Graphs & Charts

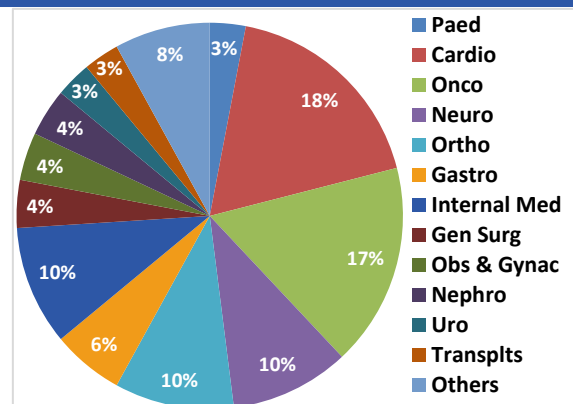
### Figure 1: Net Sales Trend



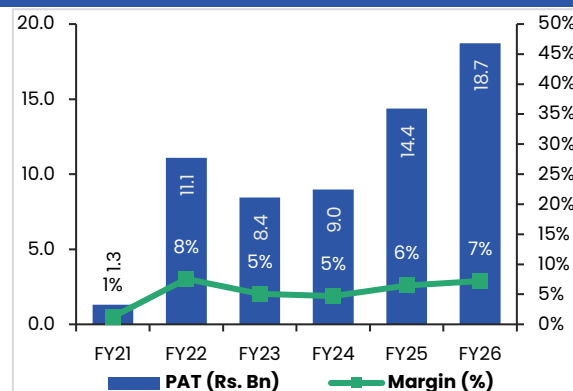
### Figure 2: EBITDA & EBITDA Margin Trend



### Figure 3: Therapeutic-wise Revenue



### Figure 4: PAT & PAT Margin Trend



---

Name	Designation
Jainam Doshi	Research Analyst

---

**Disclosure:** M/s. Bonanza Portfolio Ltd here by declares that views expressed in this report accurately reflect view point with subject to companies/securities. M/s. Bonanza Portfolio Ltd has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. The Analysts engaged in preparation of this Report or his/her relative: - (a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report. The Analysts engaged in preparation of this Report:- (a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

M/s. Bonanza Portfolio Ltd is a registered Research Analyst under the regulation of SEBI, the year 2014. The Regn No. INH100001666 and research analyst engaged in preparing reports is qualified as per the regulation's provision.

**Disclaimer:** This research report has been published by M/s. Bonanza portfolio Ltd and is meant solely for use by the recipient and is not for circulation. This document is for information purposes only and information / opinions / views are not meant to serve as a professional investment guide for the readers. Reasonable care has been taken to ensure that information given at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. If this report is inadvertently send or has reached to any individual, same may be ignored and brought to the attention of the sender. Preparation of this research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide for future performance. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by Bonanza portfolio Ltd to be reliable. This report should not be taken as the only base for any market transaction; however this data is representation of one of the support document among other market risk criterion. The market participant can have an idea of risk involved to use this information as the only source for any market related activity. The distribution of this report in definite jurisdictions may be restricted by law, and persons in whose custody this report comes, should observe, any such restrictions. The revelation of interest statements integrated in this analysis are provided exclusively to improve & enhance the transparency and should not be treated as endorsement of the views expressed in the analysis. The price and value of the investments referred to in this report and the income from them may go down as well as up. Bonanza portfolio Ltd or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of M/s. Bonanza portfolio Ltd shall be liable. Research report may differ between M/s. Bonanza portfolio Ltd RAs and other companies on account of differences in, personal judgment and difference in time horizons for which recommendations are made. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. Research analyst have not received any compensation/benefits from the Subject Company or third party in connection with the research report.

M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063

Web site: <https://www.bonanzaonline.com>

Research Analyst Regn No. INH100001666

SEBI Regn. No.: INZ000212137

BSE /NSE/MCX : |CASH| DERIVATIVE| CURRENCY DERIVATIVE | COMMODITY SEGMENT|

