

February 12, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	9,000		8,600	
Sales (Rs. m)	2,90,029	3,32,450	2,90,504	3,33,416
% Chng.	(0.2)	(0.3)		
EBITDA (Rs. m)	47,396	58,014	47,161	57,933
% Chng.	0.5	0.1		
EPS (Rs.)	178.2	226.0	175.2	223.3
% Chng.	1.8	1.2		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	2,17,940	2,50,663	2,90,029	3,32,450
EBITDA (Rs. m)	30,218	37,443	47,396	58,014
Margin (%)	13.9	14.9	16.3	17.5
PAT (Rs. m)	14,459	19,362	25,630	32,503
EPS (Rs.)	100.5	134.6	178.2	226.0
Gr. (%)	60.9	33.9	32.4	26.8
DPS (Rs.)	11.4	14.8	17.1	20.5
Yield (%)	0.2	0.2	0.2	0.3
RoE (%)	19.1	21.4	23.2	23.8
RoCE (%)	19.2	20.0	22.9	24.8
EV/Sales (x)	5.1	4.4	3.8	3.3
EV/EBITDA (x)	36.5	29.8	23.4	19.0
PE (x)	74.7	55.8	42.1	33.2
P/BV (x)	13.1	10.9	8.9	7.1

Key Data

APLH.BO | APHS IN

52-W High / Low	Rs.8,100 / Rs.6,001
Sensex / Nifty	84,234 / 25,954
Market Cap	Rs.1,079bn / \$ 11,900m
Shares Outstanding	144m
3M Avg. Daily Value	Rs.2714.03m

Shareholding Pattern (%)

Promoter's	28.02
Foreign	43.54
Domestic Institution	21.73
Public & Others	6.71
Promoter Pledge (Rs bn)	7.53

Stock Performance (%)

	1M	6M	12M
Absolute	3.5	3.4	18.8
Relative	2.6	(1.0)	7.6

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Strong show in hospital segment

Quick Pointers:

- Estimated listing of HealthCo by Q4FY27 end post all approvals
- Plans to add ~1,500 incremental beds in a phased manner, with ~40–50% expected to be operationalized in FY27

Apollo Hospitals Enterprise (APHS) reported consolidated EBITDA of Rs9.7bn (up 27% YoY), which was 3% above our estimates. Adjusted for 24x7 losses and ESOPs cost (~Rs1.24bn), EBITDA was Rs11bn, up 21% YoY. The stake sale in HealthCo to Advent and merger with Keimed are positive moves toward an integrated pharmacy and digital health platform, with Apollo HealthCo scaling up well and its digital business on track for EBITDA breakeven in the next 2 quarters. The management guidance of Rs17.5bn EBITDA of the merged entity by Q4FY27 (exit run-rate) provides comfort. Further, mgmt. has also announced the demerger of its Omnichannel Pharmacy business, 24*7, and telehealth business into a newly listed entity 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 25% EBITDA CAGR over FY26-28E. We maintain 'BUY' rating with revised TP of Rs9.000/share as we roll forward. We ascribe 25x EV/EBITDA multiple to hospital and offline pharmacy and 20x to AHLL.

Strong growth across segments; 18% YoY growth in hospital: Consolidated EBITDA at Rs9.7bn; up 27% YoY. 24x7 digital app expenses were reduced by Rs ~76mn QoQ to Rs 859mn while ESOP related non-cash expenses increased to Rs 383mn (Rs 324mn in Q2). Pharmacy OPM adjusted for 24x7 improved by further 50bps YoY to 8.9%. Apollo HealthCo reported EBITDA of Rs 1.3bn vs Rs 1.1bn in Q2. Keimed delivered strong Pre Ind As EBITDA growth of 26% YoY. Overall hospital EBITDA growth was strong at 18% YoY with OPM of 24.8%, up 70bps YoY primarily aided by price hike of 3% and improved case mix. AHLL reported EBITDA of Rs 476mn (up 39% YoY) with 10.2% OPM.

Healthy ARPP growth: Overall occupancy stood at 67% vs 69% in Q2 impacted by seasonality. ARPP growth was up 11% YoY to ~Rs 180.9K; aided by improved clinical mix and tariff hikes. Overall hospital revenues grew by 14% YoY, while HealthCo registered 20% YoY growth in revenues. PAT came in at Rs 5.2bn; up 39% YoY. Net cash was flat QoQ to Rs3bn.

Key Conference Call Takeaways:

- Bed expansion plan:** Management remains on track to commission four new hospitals in Hyderabad, Kolkata, Bengaluru and Gurugram over FY27. At Pune, 75 beds have already been operationalized, with a further ~100 beds expected to operationalize by Q1FY27. The Hyderabad unit (300 beds), Kolkata hospital (220 beds) and Bengaluru–Sarjapur facility (150 beds) are slated for phased commissioning, with ~50% of beds at Hyderabad and Kolkata and ~100 beds at Bengaluru expected to be operational by Q1FY27. The Gurugram facility

(~200–250 beds) is likely to see a quarter delay, with commissioning now expected in Q2FY27 due to environmental clearance-related issues.

- Management plans to add ~1,500 incremental beds in a phased manner, with ~40–50% expected to be operationalized in FY27 and the remaining capacity slated for commissioning by early FY28.
- **New units' losses:** The management reiterated that EBITDA losses from these new hospitals are expected to be at Rs1.5bn in FY27, with breakeven expected within 12–15 months of commissioning. Insurance negotiations for new hospitals are initiated well ahead of operationalization, mitigating payer onboarding risks.
- **Hospitals:** During the quarter, APHS booked Rs150mn losses from newly commissioned Apollo Athena (Delhi – dedicated women's oncology centre) and the Pune unit and guided to be in a ramp-up phase for the next 2-3 quarters. ARPP witnessed ~11% YoY growth, primarily led by improved case mix, higher share of complex tertiary/quaternary procedures (including transplants and oncology), and calibrated pricing revisions across insurance contracts. Management reiterated its focus on quality of revenue and specialty-led growth rather than volume-led expansion.
- Hospital margins expected to be sustained despite ramp-up, supported by calibrated hiring and occupancy-led leverage.
- **Apollo HealthCo (Pharmacy & Digital):** Digital revenue moderation in Q3 largely attributable to GST rate reduction impact (~Rs350mn GMV impact) and exit from Amazon channel (~Rs750mn impact for comparability). Online pharmacy GMV grew ~32% YoY (adjusted for GST changes and Amazon channel discontinuation). Digital cash losses stood at Rs1.2bn for 9MFY26; down 55% YoY. Cash break-even for 24X7 is now expected in Q1FY27, primarily due to insurance revenue changes. Private labels and generics contributed 15.5% of pharmacy sales. Management reiterated a ~30% GMV growth trajectory for the digital platform.
- **AHLL:** Expansion in diagnostics included new labs, company-owned outlets and two new clinics (Chennai & Hyderabad). Mgmt focus remains on scaling diagnostics infrastructure within existing geographies for operating leverage.
- **HealthCo:** Reiterated medium-term target to reach ~Rs 250bn revenue run-rate (combined entity) with ~7% EBITDA margin at HealthCo level post restructuring by Q4FY27.
- Management indicated that insurance empanelment for upcoming greenfield hospitals is initiated well in advance of commissioning, with negotiations largely aligned to prevailing group-level tariff structures.
- Employee cost normalization in Q3 was aided by absence of Q2 one-offs (leave encashment and performance-linked pay provisions).
- Keimed merger/demerger process has received competition approval and is progressing at NCLT.

Exhibit 1: Q3FY26 Result Overview (Rs mn) – Strong growth across segment

Y/e March	3QFY26	3QFY25	YoY gr. (%)	Q3FY26E	% Var.	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	64,774	55,269	17.2	63,225	2.4	63,035	2.8	1,86,230	1,62,018	14.9
COGS	33,824	29,007	16.6	31,613	7.0	32,436	4.3	96,736	83,814	15.4
<i>% of Net Sales</i>	<i>52.2</i>	<i>52.5</i>		<i>50.0</i>		<i>51.5</i>		<i>51.9</i>	<i>51.7</i>	
Employee Expenses	7,490	6,864	9.1	8,535	(12.2)	7,667	(2.3)	22,283	20,446	9.0
<i>% of Net Sales</i>	<i>11.6</i>	<i>12.4</i>		<i>13.2</i>		<i>12.2</i>		<i>12.0</i>	<i>12.6</i>	
Other Expenses	13,807	11,783	17.2	13,697	0.8	13,521	2.1	39,628	35,237	12.5
<i>% of Net Sales</i>	<i>21.3</i>	<i>21.3</i>		<i>21.1</i>		<i>21.4</i>		<i>21.3</i>	<i>21.7</i>	
Total Expenses	55,121	47,654	15.7	53,845	2.4	53,624	2.8	1,58,647	1,39,497	13.7
EBITDA	9,653	7,615	26.8	9,380	2.9	9,411	2.6	27,583	22,521	22.5
<i>Margins (%)</i>	<i>14.9</i>	<i>13.8</i>		<i>14.8</i>		<i>14.9</i>		<i>14.8</i>	<i>13.9</i>	
Other Income	528	638	(17.2)	450	17.3	547	(3.5)	1,477	1,392	6.1
Interest	1,126	1,098	2.6	1,100	2.4	1,096	2.7	3,305	3,437	(3.8)
Depreciation	2,192	1,846	18.7	2,200	(0.4)	2,178	0.6	6,517	5,465	19.2
PBT	6,863	5,309	29.3	6,530	5.1	6,684	2.7	19,238	15,011	28.2
Total tax	1,657	1,568	5.7	1,828	(9.4)	1,807	(8.3)	4,881	4,330	12.7
<i>Tax rate (%)</i>	<i>24.1</i>	<i>29.5</i>		<i>28.0</i>		<i>27.0</i>		<i>25.4</i>	<i>28.8</i>	
Reported PAT	5,206	3,741	39.2	4,702	10.7	4,877	6.7	14,357	10,681	34.4
Share of profit from associates	149	53	181.1	100	49.0	63	136.5	348	225	54.7
Minority interest	140	71		125	12.0	168	(16.7)	390	343	13.7
Consol PAT	5,023	3,723	34.9	4,677	7.4	4,772	5.3	14,123	10,563	33.7
Extra-ordinary Items	(192)	-		-	#DIV/0!	-		(192)	-	
Adj. PAT	5,215	3,723	40.1	4,677	11.5	4,772	9.3	14,315	10,563	35.5

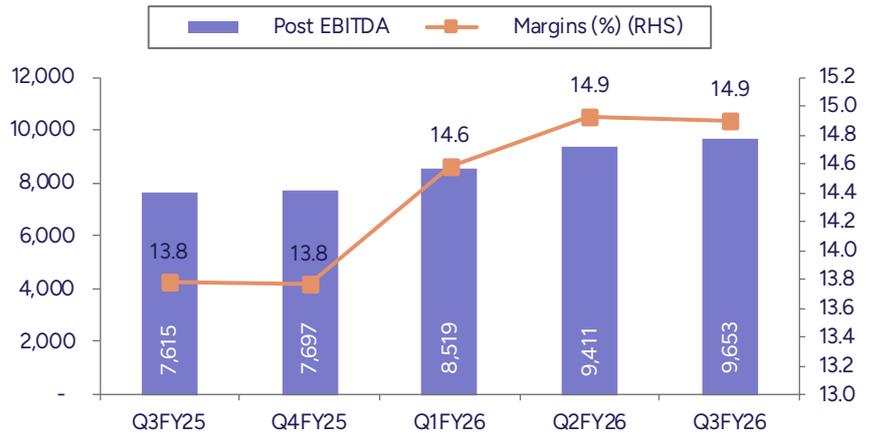
Source: Company, PL

Exhibit 2: Strong double digit YoY revenue growth across businesses

Break up of revenues	3QFY26	3QFY25	YoY gr. (%)	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Healthcare	31,832	27,850	14.3	31,690	0.4	92,873	83,255	11.6
<i>% of Net Sales</i>	<i>49.1</i>	<i>50.4</i>		<i>50.3</i>		<i>49.9</i>	<i>51.4</i>	
SAP	28,274	23,524	20.2	26,606	6.3	79,598	67,167	18.5
<i>% of Net Sales</i>	<i>43.7</i>	<i>42.6</i>		<i>42.2</i>		<i>42.7</i>	<i>41.5</i>	
AHLL	4,668	3,895	19.8	4,739	(1.5)	13,758	11,595	18.7
<i>% of Net Sales</i>	<i>7.2</i>	<i>7.0</i>		<i>7.5</i>		<i>7.4</i>	<i>7.2</i>	
Total Sales	64,774	55,269	17.2	63,035	2.8	1,86,229	1,62,017	14.9

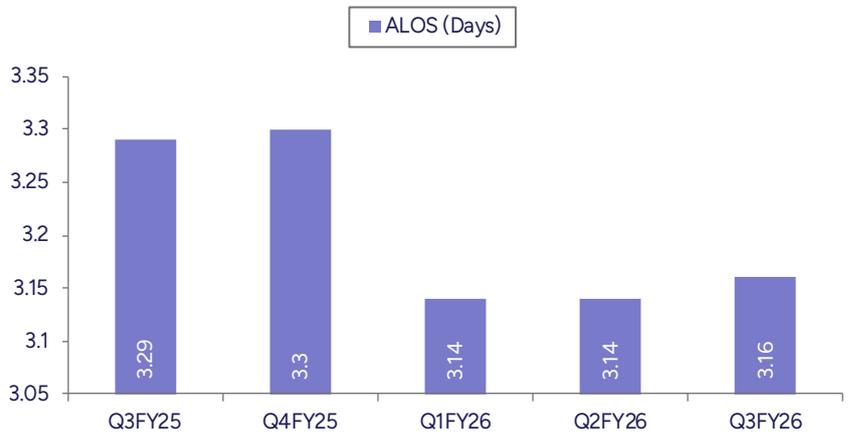
Source: Company, PLO

Exhibit 3: OPM improved YoY due to operational leverage



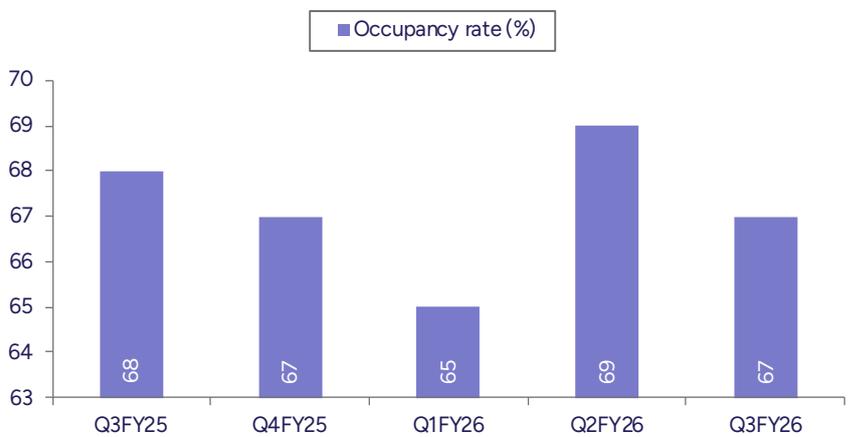
Source: Company, PL

Exhibit 4: ALOS declined by ~4% YoY; largely driven by digital efficiency



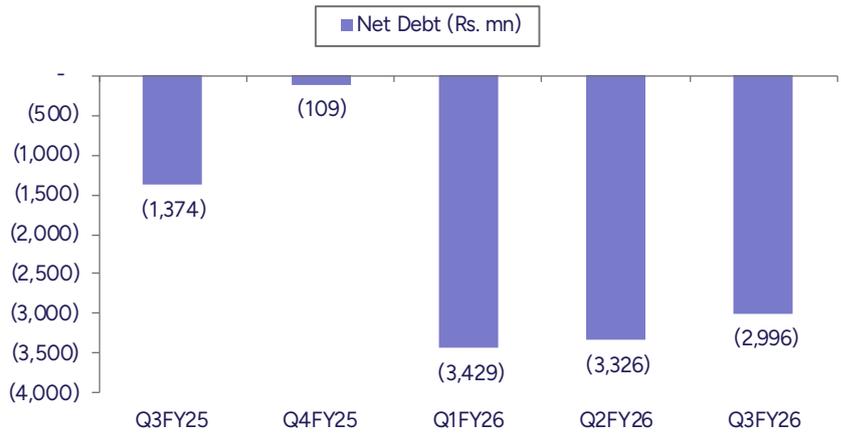
Source: Company, PL

Exhibit 5: QoQ occupancy declined due to seasonality



Source: Company, PL

Exhibit 6: Net cash largely flat QoQ



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	2,17,940	2,50,663	2,90,029	3,32,450
YoY gr. (%)	14.3	15.0	15.7	14.6
Cost of Goods Sold	1,13,100	1,25,332	1,45,015	1,66,225
Gross Profit	1,04,840	1,25,332	1,45,015	1,66,225
Margin (%)	48.1	50.0	50.0	50.0
Employee Cost	27,692	32,400	37,908	44,352
Other Expenses	46,930	55,489	59,711	63,859
EBITDA	30,218	37,443	47,396	58,014
YoY gr. (%)	26.4	23.9	26.6	22.4
Margin (%)	13.9	14.9	16.3	17.5
Depreciation and Amortization	7,575	8,711	10,018	11,521
EBIT	22,643	28,732	37,378	46,493
Margin (%)	10.4	11.5	12.9	14.0
Net Interest	4,585	4,500	4,400	4,200
Other Income	2,003	2,000	2,200	2,300
Profit Before Tax	20,061	26,232	35,178	44,593
Margin (%)	9.2	10.5	12.1	13.4
Total Tax	5,340	6,820	9,498	12,040
Effective tax rate (%)	26.6	26.0	27.0	27.0
Profit after tax	14,721	19,412	25,680	32,553
Minority interest	592	525	550	550
Share Profit from Associate	330	475	500	500
Adjusted PAT	14,459	19,362	25,630	32,503
YoY gr. (%)	60.9	33.9	32.4	26.8
Margin (%)	6.6	7.7	8.8	9.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	14,459	19,362	25,630	32,503
YoY gr. (%)	61.2	33.9	32.4	26.8
Margin (%)	6.6	7.7	8.8	9.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	14,459	19,362	25,630	32,503
Equity Shares O/s (m)	144	144	144	144
EPS (Rs)	100.5	134.6	178.2	226.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	1,29,687	1,62,687	1,87,687	2,12,687
Tangibles	1,29,687	1,62,687	1,87,687	2,12,687
Intangibles	-	-	-	-
Acc: Dep / Amortization	54,791	63,503	73,520	85,041
Tangibles	54,791	63,503	73,520	85,041
Intangibles	-	-	-	-
Net fixed assets	74,896	99,185	1,14,167	1,27,646
Tangibles	74,896	99,185	1,14,167	1,27,646
Intangibles	-	-	-	-
Capital Work In Progress	9,210	9,210	9,210	9,210
Goodwill	10,305	10,305	10,305	10,305
Non-Current Investments	10,573	10,573	10,573	10,573
Net Deferred tax assets	(4,449)	(4,449)	(4,449)	(4,449)
Other Non-Current Assets	24,653	24,653	24,653	24,653
Current Assets				
Investments	14,323	14,323	14,323	14,323
Inventories	4,808	6,267	7,251	8,311
Trade receivables	30,161	33,840	39,154	44,881
Cash & Bank Balance	13,602	3,403	6,627	14,187
Other Current Assets	-	-	-	-
Total Assets	2,06,443	2,26,366	2,52,331	2,81,764
Equity				
Equity Share Capital	719	719	719	719
Other Equity	81,404	98,325	1,21,139	1,50,263
Total Network	82,123	99,044	1,21,858	1,50,982
Non-Current Liabilities				
Long Term borrowings	44,170	44,170	44,170	41,170
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	8,582	8,582	8,582	8,582
Trade payables	22,405	25,066	29,003	33,245
Other current liabilities	40,308	40,648	39,864	38,931
Total Equity & Liabilities	2,06,443	2,26,366	2,52,331	2,81,764

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	15,051	26,232	35,178	44,593
Add. Depreciation	7,575	8,711	10,018	11,521
Add. Interest	4,585	4,500	4,400	4,200
Less Financial Other Income	2,003	2,000	2,200	2,300
Add. Other	5,052	(50)	(50)	(50)
Op. profit before WC changes	32,263	39,393	49,546	60,264
Net Changes-WC	(5,769)	(2,831)	(4,608)	(5,085)
Direct tax	(4,860)	(6,820)	(9,498)	(12,040)
Net cash from Op. activities	21,634	29,742	35,440	43,139
Capital expenditures	(16,978)	(20,000)	(25,000)	(25,000)
Interest / Dividend Income	-	-	-	-
Others	(11,918)	-	-	-
Net Cash from Inv. activities	(28,896)	(20,000)	(25,000)	(25,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	21,431	-	-	(3,000)
Dividend paid	(2,732)	(2,441)	(2,816)	(3,379)
Interest paid	(4,585)	(4,500)	(4,400)	(4,200)
Others	2,322	-	-	-
Net cash from Fin. activities	16,436	(6,941)	(7,216)	(10,579)
Net change in cash	9,174	2,801	3,224	7,560
Free Cash Flow	4,656	9,742	10,440	18,139

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	55,922	58,421	63,035	64,774
YoY gr. (%)	13.1	14.9	12.8	17.2
Raw Material Expenses	29,286	30,476	32,436	33,824
Gross Profit	26,636	27,945	30,599	30,950
Margin (%)	47.6	47.8	48.5	47.8
EBITDA	7,697	8,519	9,411	9,653
YoY gr. (%)	20.2	26.2	15.4	26.8
Margin (%)	13.8	14.6	14.9	14.9
Depreciation / Depletion	2,110	2,147	2,178	2,192
EBIT	5,587	6,372	7,233	7,461
Margin (%)	10.0	10.9	11.5	11.5
Net Interest	1,148	1,083	1,096	1,126
Other Income	611	402	547	528
Profit before Tax	5,050	5,691	6,684	6,863
Margin (%)	9.0	9.7	10.6	10.6
Total Tax	1,010	1,417	1,807	1,657
Effective tax rate (%)	20.0	24.9	27.0	24.1
Profit after Tax	4,040	4,274	4,877	5,206
Minority interest	249	82	168	140
Share Profit from Associates	105	136	63	149
Adjusted PAT	3,896	4,328	4,772	5,215
YoY gr. (%)	53.5	41.8	26.0	40.1
Margin (%)	7.0	7.4	7.6	8.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,896	4,328	4,772	5,215
YoY gr. (%)	53.5	41.8	26.0	40.1
Margin (%)	7.0	7.4	7.6	8.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,896	4,328	4,772	5,215
Avg. Shares O/s (m)	-	-	-	-
EPS (Rs)	27.1	30.1	33.2	34.9

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	100.5	134.6	178.2	226.0
CEPS	153.2	195.2	247.9	306.1
BVPS	571.1	688.8	847.4	1,049.9
FCF	32.4	67.7	72.6	126.1
DPS	11.4	14.8	17.1	20.5
Return Ratio(%)				
RoCE	19.2	20.0	22.9	24.8
ROIC	12.7	13.8	16.2	18.4
RoE	19.1	21.4	23.2	23.8
Balance Sheet				
Net Debt : Equity (x)	0.3	0.4	0.3	0.1
Net Working Capital (Days)	21	22	22	22
Valuation(x)				
PER	74.7	55.8	42.1	33.2
P/B	13.1	10.9	8.9	7.1
P/CEPS	49.0	38.5	30.3	24.5
EV/EBITDA	36.5	29.8	23.4	19.0
EV/Sales	5.1	4.4	3.8	3.3
Dividend Yield (%)	0.2	0.2	0.2	0.3

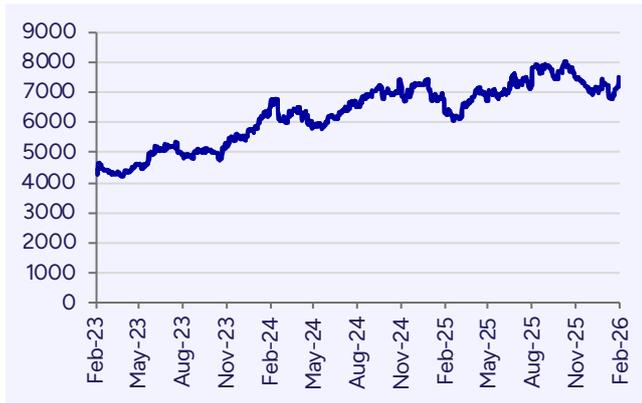
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Pharmacy	90,930	1,07,513	1,25,233	1,44,795
AHLL	15,535	18,409	21,170	23,922
Healthcare services	1,11,475	1,24,741	1,43,626	1,63,733

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jan-26	BUY	8,600	7,087
2	19-Dec-25	BUY	8,600	7,022
3	10-Nov-25	BUY	9,300	7,642
4	08-Oct-25	BUY	9,300	7,700
5	03-Sep-25	BUY	9,300	7,673
6	14-Aug-25	BUY	9,300	7,809
7	08-Jul-25	BUY	8,350	7,616
8	02-Jul-25	BUY	8,350	7,496
9	01-Jun-25	BUY	8,100	6,881
10	08-Apr-25	BUY	8,100	6,683

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,768
2	Apollo Hospitals Enterprise	BUY	8,600	7,087
3	Aster DM Healthcare	BUY	715	558
4	Aurobindo Pharma	BUY	1,300	1,124
5	Brigade Enterprises	BUY	1,045	843
6	Cipla	Accumulate	1,440	1,315
7	Divi's Laboratories	Accumulate	7,050	6,643
8	Dr. Reddy's Laboratories	Reduce	1,300	1,157
9	Eris Lifesciences	BUY	1,900	1,553
10	Fortis Healthcare	BUY	1,120	915
11	Global Health	BUY	1,375	1,108
12	HealthCare Global Enterprises	BUY	850	586
13	Indoco Remedies	Hold	325	225
14	Ipca Laboratories	BUY	1,600	1,514
15	J.B. Chemicals & Pharmaceuticals	BUY	2,300	1,927
16	Jupiter Life Line Hospitals	BUY	1,600	1,251
17	Krishna Institute of Medical Sciences	BUY	810	647
18	Lupin	BUY	2,400	2,214
19	Max Healthcare Institute	BUY	1,300	1,040
20	Narayana Hrudayalaya	BUY	2,100	1,901
21	Oberoi Realty	Accumulate	1,820	1,647
22	Prestige Estates Projects	BUY	1,880	1,500
23	Rainbow Children's Medicare	BUY	1,550	1,179
24	Sun Pharmaceutical Industries	BUY	1,900	1,595
25	Sunteck Realty	BUY	550	374
26	Torrent Pharmaceuticals	Accumulate	4,200	4,092
27	Zydus Lifesciences	Accumulate	1,020	928

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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