MIRAE ASSET Sharekhan

Viewpoint | Result Update

Artemis Medicare Services Ltd

Revenues grow; bed occupancies yet to pick up significantly

Healthcare	Sharekhan code: ARTEMISMED
Reco/View: Neutral ↔	CMP: Rs. 248 (as on Aug 06, 2025)
	PT. Rs. 266 ↓

3R MATRIX

	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)		✓	

+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		↔	
RQ		↔	
RV		↓	

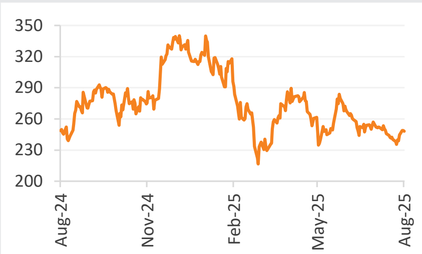
Company details

Market cap:	Rs. 3,445 cr
52-week high/low:	Rs. 348/208
NSE volume: (No of shares)	1.2 lakh
BSE code:	542919
NSE code:	ARTEMISMED
Free float: (No of shares)	4.6 cr

Shareholding (%)

Promoters	66.5
FII	0.2
DII	4.8
Others	28.5

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-1.1	-10.0	-22.0	0.1
Relative to Sensex	0.0	-12.8	-27.3	-2.6

Source: Mirae Asset Sharekhan Research, Bloomberg

Summary

- Q1FY2026 revenue rose 14.2% y-o-y, reaching Rs. 255 crore for the quarter. Overseas patients fetched 29% of revenue, with overseas revenues rising 31.4%
- Average revenue per occupied bed (ARPOB) surged to a record Rs. 83,900 from Rs. 79,200 a year ago, while bed occupancy rate remains largely muted since H2FY25. Total operational beds stand at 543.
- Revenue growth in H2FY26E and FY27E is expected to be a mix of ARPOB and increased bed occupancy rates.
- Current valuation factors in expected growth in earnings led by higher bed occupancy in the next 4-6 quarters. We lower our view to Neutral with a revised PT of Rs. 266. At CMP, the stock trades at 1 year forward PE of 46.8x, and 39.1x/32.4x to its FY2026/FY2027 earnings estimates.

Revenue growth was robust, coming in at Rs. 255 crore, up 14.2% y-o-y. Growth was primarily supported by an improvement in average revenue per occupied bed (ARPOB), which rose to Rs. 83,900, up from Rs. 79,200 a year ago. International business demonstrated significant momentum, with overseas patients contributing 29% of revenues. Revenue from overseas patients grew by 31.4% y-o-y, reaching Rs. 70.4 crore for the quarter. Operating expenses increased by 17.4% y-o-y to Rs. 157 crore. However, cost inflation was mitigated by a decline in employee-related and other expenses. As a result, the company was able to maintain healthy profitability margins. PAT stood at Rs. 21.2 crore.

Key positives

- Increased average revenue per occupied bed.
- Higher revenue from overseas patients
- Average length of stay (ALOS) is stable at 3.6 days

Key negatives

- Growth in bed occupancy for Gurgaon hospital remains flat ~ 61% in the last 3 quarters post the opening of tower 3.

Management Commentary

Looking ahead to FY26E, we expect revenue growth to be a mix of increase in ARPOB and that of bed occupancy rate. Given the incremental addition of beds in the recent quarter, the potential for occupancy-led growth remains significant. Accordingly, the majority of expected capital expenditure (capex) in FY26E is projected to be maintenance-oriented, supporting existing infrastructure. The management has a long term target to set up over ~2,000 beds in the next 3-5 years. Gross margins are at a five-year high (as of FY25) and we believe operational efficiencies will kick in over the next 4-6 quarters, resulting in a significant improvement in EBITDA margins from H2FY27E/FY28E. We await results for the next 2-3 quarters to evaluate the pace in ramping up of operations in Tower 3 of the Gurgaon facility.

Revision in earnings estimates – We have revised our estimates to factor Q1FY26 performance. Factoring in the recent quarterly performance, we have increased our revenue estimates but considering the overall cost and bed utilizations trend, have lowered the margins to 16.2% and 16.4% in FY26E and FY27E.

Our Call

Valuation – Assign Neutral with revised PT of Rs.266: As revenue is largely dependent on the hospital in Gurgaon, we expect a gradual increase in occupancy of operational bed over the next 4-6 quarters. In comparison with its peers, we believe the stock is fairly valued at 46.8x on 1-year forward EPS. We value the stock at 40x on FY27E EPS of Rs. 6.7 and lower our view to Neutral with a revised PT of Rs. 266.

Key Risks

A slow scale-up in new centres, and an increase in competition for top players would act as a key risk to our earnings estimates in the medium term.

Valuation (Consolidated) Rs cr

Particulars	FY23	FY24	FY25	FY26E	FY27E
Total Sales	737	879	937	1037	1171
Sales growth	33%	19%	7%	11%	13%
EBITDA	94	133	152	168	192
EBITDA (%)	12.7%	15.1%	16.2%	16.2%	16.4%
Reported PAT	38	49	82	87	105
EPS (Rs)	2.8	3.6	6.0	6.4	7.7
PER (x)	25.2	47.3	45.8	39.1	32.4
P/BV (x)	2.4	5.2	4.5	3.7	3.3
EV/EBITDA (x)	12.3	19.2	23.8	18.5	15.7
ROCE (%)	10%	14%	13%	12%	13%
RONW (%)	9%	11%	10%	9%	10%

Source: Company; Mirae Asset Sharekhan estimates

Results (Consolidated) Rs cr

Particulars	Q1FY26	Q1FY25	Y-o-Y %	Q4FY25	Q-o-Q %
Total Sales	255.0	223.2	14.2	239.9	6.3
Expenditure	213.6	187.0	14.2	204.0	4.7
EBITDA	**41.4**	**36.2**	**14.5**	**35.9**	**15.3**
Depreciation	11.2	10.8	3.2	11.7	-5.0
EBIT	**34.0**	**28.0**	**21.4**	**26.4**	**29.0**
Interest	7.4	8.1	-9.3	7.8	-5.7
Other income	6.9	4.4	57.3	12.3	-43.9
PBT	**29.8**	**21.6**	**37.7**	**28.7**	**3.9**
Taxes	8.6	5.1	67.9	5.7	49.5
PAT	**21.2**	**16.5**	**28.4**	**22.9**	**-7.5**
EPS	**1.3**	**1.0**	**28.4**	**1.4**	**-7.5**
Margins			**BPS**		**BPS**
GPM %	38.3	37.7	66	38.7	-38
EBITDA %	16.2%	16.2%	0	15.0%	127
NPM %	8.3%	7.4%	92	9.6%	-124

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Multi-specialty hospitals to grow faster among others

Public and private spending on healthcare infrastructure has improved in the wake of the pandemic but continues to be low as compared to global peers. The government continues to increase its focus on healthcare by targeting wider coverage under Universal Healthcare Coverage Programs and hiking healthcare spending to 3% of GDP. However, most hospital beds and infrastructure continue to be provided by the private sector. A lack of quality beds both in public and private sectors is a concern and at the same time an opportunity for growth. While the private sector has increased its focus on establishing secondary, tertiary, and quaternary care institutes in major Indian cities, there has been a systemic shift in the development of healthcare infrastructure. The government has stepped up its efforts in establishing institutes of eminence by setting up multiple AIIMS throughout the country. The private sector has also started exploring set-ups in Tier-2 and Tier-3 cities. The primary healthcare market, expected to be USD13 billion in size, continues to be highly fragmented apart from the public health centres.

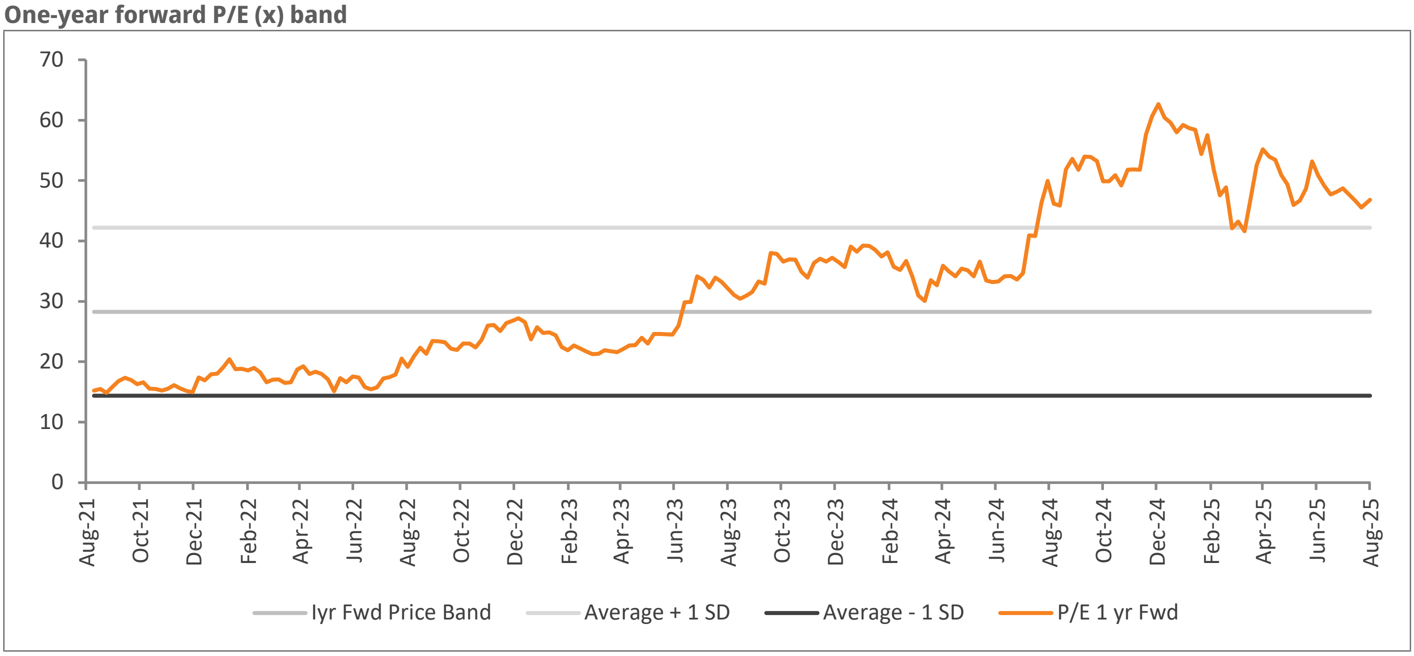
■ Company Outlook – Inorganic opportunities drives growth

We expect revenue to grow at a CAGR of 12% to Rs. 1,174 crore in FY2027, led by healthy improvement in key business fundamentals (occupancy rate, and ARPOB) on the back of recent CAPEX additions. Scale-up of operational bed count will help the company boost margins due to economies of scale. Considering the occupancy rate has remained stable at ~61% over the last 3 quarters, we factor in gradual increase in this metric, leading to gradual improvements in EBITDA margins. Significant operational improvements are expected in FY28E. PAT is expected to stand at Rs. 105 crore in FY2027E, as compared to Rs. 82.2 crore in FY2025.

■ Valuation – Awaiting triggers for next growth lever - Revise view to Neutral

The stock trades at a one-year forward P/E of ~47x, significantly above the average + 1sd for the last 5 years and hence the expectation of improvement in earnings is largely factored in the current valuation. We await further triggers in the forthcoming quarters to ascertain possible re rating of the stock. We factor in gradual improvement of bed occupancy rate over the next two fiscals. We value the stock at 40x on FY27E EPS of Rs.6.7 and lower our view to Neutral with a revised PT of Rs. 266.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

Artemis, established in 2007, is a healthcare venture launched by the promoters of the Apollo Tyres Group. The company runs a 541-bed multi-specialty Artemis Hospital in Gurgaon. It is the first Hospital in Gurgaon to get accredited by Joint Commission International (JCI) (in 2013). It is the first Hospital in Haryana to get NABH accreditation within three years of start-up. Backed by a strong corporate house, the Artemis Hospitals boast of a long list of healthcare partnerships with both the private corporates as well as PSUs.

Investment theme

The company currently operates 700+ bedded multi-specialty hospitals and has aggressive plans to expand total beds to ~2,000 by 3-5 years. Artemis has its flagship hospital in Gurgaon, which has two operational towers (the second tower has been recently opened in tranches) with 541 operational beds and is expected to increase to ~1,000 beds in 2-3 years from operation of three towers. Artemis' Gurgaon facility with two operational towers (the second tower is operational in tranches) reported an EBITDA margin of 17-18% and is expected to reach 20% EBITDA margins when all three towers are fully operational by FY2026E. With the operation of three towers, we expect PAT to register a CAGR of 50% to Rs. 133 crore from FY2024E-FY2026E

Key Risks

A slow scale-up in new centres, and an increase in competition for top players would act as a key risk to our earnings estimates in the medium term.

Additional Data

Key management personnel

Name	Designation
Devlina Chakravarty	MD
Sanjiv Kothari	CFO
Saras Malik	CPO
Poonam Makkar	Company Secretary

Source: Bloomberg

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Constructive Finance Pvt Ltd	66.54
2	GOVERNOR OF KERALA	4.86
3	Chakravarty Devlina	3.45
4	Kerala State Industrial Developmen	2.16
5	HSBC Asset Management India Pvt Lt	0.90
6	IDFC Mutual Fund/India	0.84
7	ICICI Prudential Life Insurance Co	0.70
8	IDBI Asset Management Ltd	0.39
9	HDFC Asset Management Co Ltd	0.08
10	Aditya Birla Sun Life Asset Manage	0.08

Source: Bloomberg

Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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