# Artemis Medicare (ARTMED)

CMP: ₹ 265 | Target: ₹ 340 (28%) | Target Period: 12 months | BUY

May 11, 2026



## Aspiration for multi-asset transformation...

**About the company**- Artemis Medicare Services Ltd (Artemis) is a healthcare venture launched by the promoters of the Apollo Tyres Group. It operates a 700-bed super speciality hospital in Gurugram (Delhi-NCR), a 300 bed multi-specialty hospital in Raipur, Chhattisgarh and further expanding to ~2,000 beds in the next few years.

- It also operates smaller units under the brand names of Artemis Cardiac Care, Daffodils (mother & child care) and Artemis Lite.
- FY26 Payor Mix – 32% International Patients; 30% Insured patients; 20% Domestic patients; and 18% Government schemes.

### Investment Rationale

- **De-risking from a narrow footprint hospital to multi-asset model-** As a de-risking move, Artemis is transitioning from a single-asset hospital/narrow footprint hospital to a multi-asset platform. Hospitals with multiple assets such as Apollo Hospitals, KIMS, Aster DM Healthcare, and Narayana Health, among other factors, tend to command better valuation multiples compared to single-asset or narrow footprint hospitals. We believe the former bears higher revenue concentration risk and therefore trade at a discount. Among the narrow footprint hospitals, Artemis trades at a premium (to Indraprastha and Kovai) reflecting its higher exposure to international patients and its ongoing transition to a multi-asset model. Artemis also has two potential brownfield assets on the radar for further expansion. As these developments unfold, we believe the company's valuation could improve further.
- **Aggressive Bed Capacity expansion** – Artemis is looking to almost triple the bed capacity from current levels of 700 beds to ~2000+ beds in the next 3-4 years by brownfield expansion and O&M agreements. 300 bedded hospital in Raipur via O&M agreement (required a capex of ~₹30-35 lakh per bed) is expected to be operational in Q1FY27 while in existing Gurugram facility 100 beds in Q3FY27 and 200 beds in FY28 requiring a cumulative capex of ~₹60-65 lakh per bed. This bed capacity expansion will significantly increase footfalls and gradually boost the overall revenues of the company.
- **Tailwinds from Medical Value Tourism** – Artemis commands an industry leading ARPOB of ₹82,435 per day FY26, as it derives ~32% revenues from international patients. International patient ARPOB ranges from 1.5x-2x that of Domestic patients due to the additional facilitation fees and long stay procedures. From 26% in FY23 the International patient revenues has improved ~500 bps to 31% in FY26 registering a CAGR of 20% during the period. The management intends keep the exposure to similar levels but in absolute terms this will improve due to increased footfall and capacity addition (300 beds) in Gurugram facility and new brownfield expansion in VIMHANS, South Delhi expected to start phase-1 in FY29.

### Rating and Target Price

- We value Artemis at **₹340** based on **18x** FY28E EBITDA of ₹ 304.3 crore.

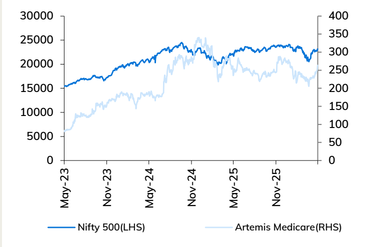
### Particulars

| Particular | Amount |
|---|---|
| Market Capitalisation | ₹ 4116 crore |
| Debt (FY26) | ₹ 262 crore |
| Cash (FY26) | ₹ 206 crore |
| EV | ₹ 4171 crore |
| 52 week H/L (₹) | 298/203 |
| Equity capital | ₹ 16 crore |
| Face value | ₹ 1 |

### Shareholding pattern (%)

| Particulars | Jun-25 | Sep-25 | Dec-25 | Mar-26 |
|---|---|---|---|---|
| Promoters | 66.5 | 66.5 | 58.4 | 58.4 |
| FIIs | 0.2 | 0.4 | 12.5 | 12.2 |
| DIIs | 4.8 | 4.3 | 2.9 | 2.9 |
| Others | 28.5 | 28.8 | 26.2 | 26.5 |

### Price Chart




### Key risks

- Increased competition in micro markets of Delhi NCR region.
- Slower than expected ramp-up in Raipur Hospital.

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### Key Financial Summary

| Particulars | FY23 | FY24 | FY25 | FY26 | CAGR FY23-26 (%) | FY27E | FY28E | CAGR FY26-28E (%) |
|---|---|---|---|---|---|---|---|---|
| Revenues | 737.4 | 878.6 | 936.9 | 1081.2 | 13.6 | 1365.2 | 1773.6 | 28.1 |
| EBITDA | 93.9 | 132.7 | 151.8 | 188.2 | 26.1 | 209.6 | 304.3 | 27.2 |
| EBITDA Margins (%) | 12.7 | 15.1 | 16.2 | 17.4 | | 15.4 | 17.2 | |
| Net Profit | 38.0 | 49.2 | 82.2 | 103.6 | 39.7 | 123.3 | 194.0 | 36.9 |
| EPS (Adjusted) | 2.4 | 3.1 | 5.2 | 6.7 | | 7.8 | 12.3 | |
| PE (x) | 108.3 | 83.7 | 50.1 | 39.7 | | 33.4 | 21.2 | |
| EV to EBITDA (x) | 46.3 | 33.0 | 26.4 | 22.2 | | 20.2 | 13.9 | |
| RoCE (%) | 9.6 | 12.1 | 11.8 | 13.5 | | 13.9 | 18.4 | |
| RoE (%) | 9.4 | 11.0 | 9.8 | 11.4 | | 11.8 | 15.8 | |

Source: Company, ICICI Direct Research

## Background

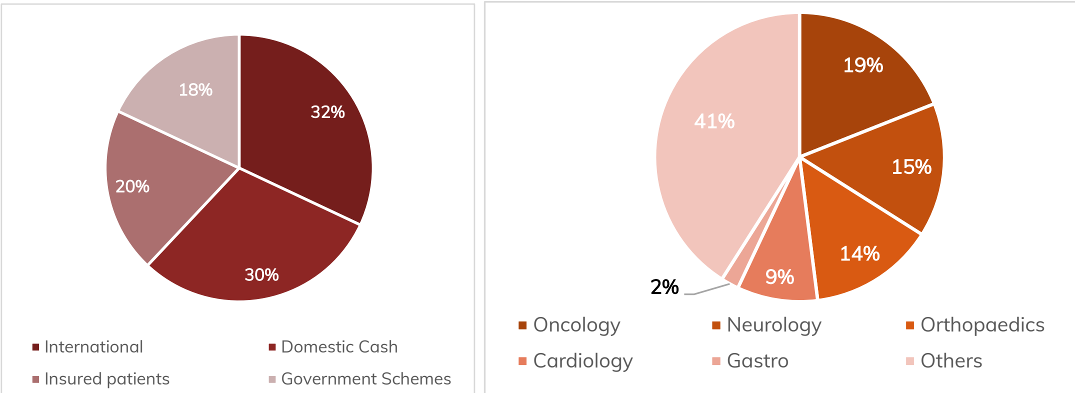
Established in 2007, Artemis Medicare Services Ltd (Artemis) is a healthcare services provider, primarily in the Delhi-NCR region. It was started by the promoters of Apollo Tyres Group. Artemis operates flagship 700-bed multi-specialty tertiary care hospital, situated in Gurugram. Over time, Artemis has diversified its services beyond the Gurugram hospital with the introduction of Artemis Lite, Daffodils and Artemis Cardiac Care models. Artemis also started operating hospital through O&M contract overseas in Mauritius from FY23. It was listed as an SME in October 2017 and later in January 2019 shifted from SME platform to the mainboard NSE.

It is the first hospital in Gurugram to be accredited by the Joint Commission International (JCI), USA, for five consecutive terms. It is also accredited by the National Accreditation Board for Hospitals & Healthcare Providers (NABH) and the National Accreditation Board for Testing and Calibration Laboratories (NABL) and the Green OT certification from Bureau Veritas. It is also the first hospital in North India to be certified by the National Marrow Donor Program (NMDP), USA and houses the region's first M6 Cyber Knife system. Artemis was the first to introduce Masimo's Clinical Surveillance System and launch a dedicated Robotic Knee Replacement Surgery Program. These innovations complement its current robotic infrastructure, including the state-of-the-art Da Vinci Surgical System.

Artemis derives ~32% of revenues from international patients, which is by far the largest among peers. In terms of case mix, **C**ardiology, **O**ncology, **N**eurology, **G**astro and **O**rthopaedics specialty accounts for ~59% of the revenues.

**Joint Commission International, JCI** is the world's premier healthcare quality improvement and patient safety certification, acting as a "Gold Seal of Approval" for hospitals and medical centres. It validates that institutions meet rigorous international standards for safety, care quality, infection control, and facility management, primarily aiming to reduce medical errors and improve patient outcomes.

Exhibit 1: Payor Mix (Left) and Specialty Mix (Right) - FY26




Source: Company, ICICI Direct Research

In April 2024, the company raised ₹ 330 crore from International Finance Corporation (IFC) by issuing Compulsorily Convertible Debentures for development of large-format hospitals in the quaternary and super speciality care segments, with a focus on brownfield and greenfield expansion across Delhi NCR and Tier 2 cities. As the debentures are converted, IFC currently holds a 11.98% stake in the company.

The company has a Mortality & Morbidity (M&M) Committee in place chaired by MD, Dr. Devlina Chakravarty, which oversees all fatalities occurring within the hospital. Each case is thoroughly reviewed to ascertain whether the death occurred due to natural causes or any form of negligence, ensuring that adequate standards of care were followed. Artemis also maintains ethical healthcare practices through peer reviews to identify any instances of overbilling, unnecessary procedures, or inappropriate treatment recommendations. As part of its governance framework, repeated ethical violations by doctors are dealt with strictly, with an unwritten rule that any doctor appearing before the committee for a third time may be asked to leave the organisation.

**Artemis Cardiac Care**

Artemis Cardiac Care is a joint venture between Artemis Hospitals (65%) and Philips Medical Systems Nederland BV (35%), focused on operating and managing cardiac centres offering interventional and diagnostic cardiology along with critical care services. This accounts for ~2% of the consolidated revenues with 14% EBITDA margins for FY26.

The venture primarily targets tier 2 and tier 3 cities, currently operating five centres in Panipat, Ranchi, Patna, Bikaner, and Ludhiana across India with a network of 20+ cardiac specialists. Its expansion strategy is built around an asset-light, “shop-in-shop” model, wherein centres are established within existing local healthcare facilities.

**Daffodils and Artemis Lite**

Daffodils is a luxury specialty healthcare brand focused on mother and childcare services. It currently operates one unit in East of Kailash, South Delhi, having beds equipped with operating theatres (OTs), labour and delivery rooms, diagnostics, and allied services. The centre offers a comprehensive range of specialties including Obstetrics, Gynaecology, Paediatrics, General Surgery, and Minimally Invasive Surgery.

Artemis Lite, launched in FY23, is a specialty clinic format designed for short-stay surgeries and outpatient care. It provides services across more than 10 specialties, emphasizing personalized care at competitive pricing. These centres are positioned to bridge the gap between family physicians and tertiary care hospitals, enhancing accessibility for local populations. These together account for ~3% of the consolidated revenues with FY26E negative EBITDA margins.

**O&M in Mauritius**

Artemis has international footprint through an O&M partnership in Mauritius with Falcon Healthcare Group, under which it operates Artemis Curepipe Hospital and Artemis Coromandel Hospital. Artemis Curepipe Hospital became operational in FY24 with a capacity of 80 beds while Artemis Coromandel has a bed capacity of 140 beds specialized in Oncology (cancer care) additionally offering other allied specialties. The arrangements with these hospitals are long-term and follow an asset-light model, where Artemis supports hospital setup and establishes SOPs. In return, it earns a fixed monthly fee based on bed capacity and operational scale, which directly flows to both revenue and EBITDA, accounting for ~1% of the total revenues.

In addition, cases requiring advanced or complex procedures that cannot be treated in Mauritius are referred to its Gurugram facility, creating an incremental revenue stream beyond the fixed O&M income. Going forward, Artemis has announced a new 110-bed facility, Artemis Cascavelle Hospital, expected to commence operations in FY26, further strengthening its regional presence. As per management, Artemis has exclusivity with the Ministry of Health of Mauritius for facilitating overseas treatment of patients.

## Investment Rationale

**De-risking from a single asset/narrow footprint hospital**

Having established a firm footing in one of the most lucrative Healthcare markets in India, i.e. NCR region, the company’s performances have been stood-out over the last few years vis-à-vis peers. Artemis enjoys strong brand loyalty in the region and also among international patients which is apparent from the fact that these patients account for ~32% of the revenues.

That said, the region’s lucrativeness has been attracting many pan-India hospital chains both from north and south. Larger players such Max, Fortis and Apollo are strengthening their presence and so are smaller players such as Global Health. These players are in a better position to compete due to their vast portfolio and with an ability absorb losses to grab market share. The NCR region is thus becoming saturated. The management has thus chalked out expansion plans.

In one of the major de-risking moves for Artemis, the company is transitioning from a single-asset hospital to a multi-asset platform.

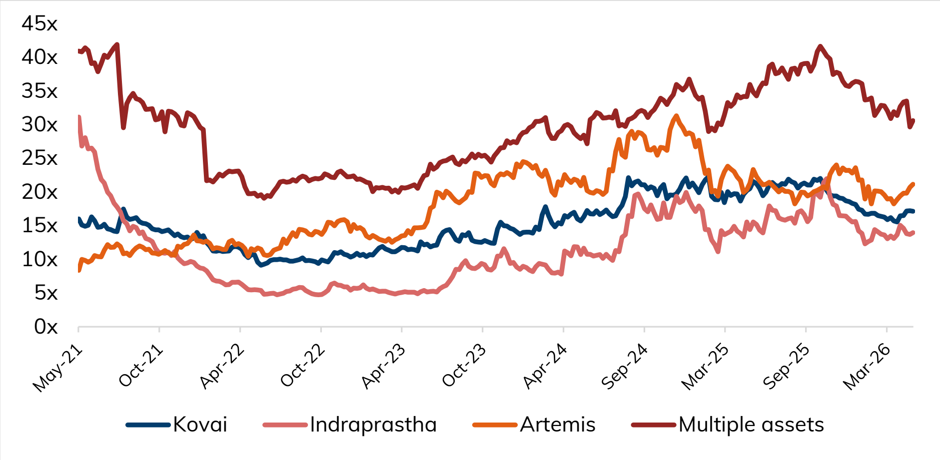
**Recently announced expansion plans**- Artemis has entered into a long-term Operations & Management and Medical Services Agreement for a 300+ bed super-speciality hospital in Raipur. The facility is expected to become operational in Q1FY27 and will represent the company’s presence in Central India, further diversifying its geographic footprint.

It has also announced an agreement to Operate & Manage 650+ bed VIMHANS hospital in South Delhi. This includes development of a 3.5-acre hospital-designated land parcel in South Delhi with an estimated total capex of ~₹510 crore. The facility's first phase of ~450 beds is expected to be commissioned by Q3FY29 with expansion to 650+ beds in the subsequent phase.

Hospitals with multiple assets such as Apollo Hospitals, Krishna Institute of Medical Sciences, Aster DM Healthcare, and Narayana Health, among other factors, tend to command better valuation multiples compared to single-asset or narrow footprint hospitals.

We believe narrow footprint hospitals bear higher revenue concentration risk and therefore trade at a discount. Among such hospitals, Indraprastha Medical Corporation, which operates one 700+ bedded hospital in the NCR and a 40+ bedded facility in Noida, trades at ~11x EV/EBITDA (TTM). Similarly, Kovai Medical Centre and Hospital, which operates an 850+ bedded multispecialty hospital in Coimbatore along with a few satellite centres in nearby regions, trades at ~14x EV/EBITDA (TTM).

Exhibit 2: Multi-assets Hospitals command higher multiple than a single asset...



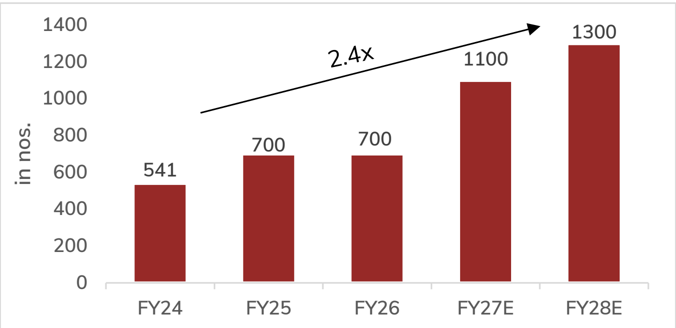

Source: ICICI Direct Research

Artemis currently trades at ~19x EV/EBITDA (TTM). We believe this premium (to Indraprastha and Kovai) reflects its higher exposure to international patients and its ongoing transition to a multi-asset model. Artemis also has two potential brownfield assets on the radar for further expansion; as these developments unfold, we believe the company's valuation could improve further.

**Bed capacity expansion**

As of FY26, the standalone facility in Gurugram has a bed capacity of 700 beds. Artemis is looking to triple its bed capacity from its current levels in the next 3-4 years by adding beds to the existing facility, asset-light greenfield and brownfield expansion.

Exhibit 3: Bed capacity is growing by 50%+ from FY26...

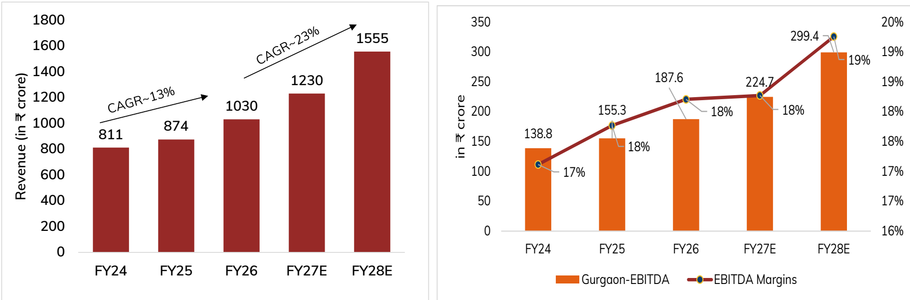



Source: Company, ICICI Direct Research

The Gurugram hospital has received a Platinum Green Building Certification helping it with a 15% increase in FAR (Floor Area Ratio), thereby enabling an addition of ~100 beds. The incremental 100 beds will incur a capex of just ~40-45 lakh per bed as the splints are already in place. Further, a Purchase of additional FAR to 2.15, would add another ~ 200 beds taking the capacity to 1,000 beds to support its long-term growth.

Broadly these incremental beds in Gurugram are expected to incur a capex of ₹60-65 lakh per bed.

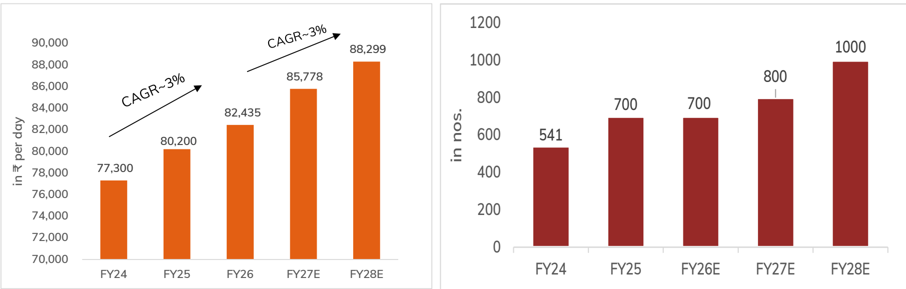
Exhibit 4: Gurugram Hospital Revenue (L) and EBITDA trend (R)…




Source: Company, ICICI Direct Research

Gurugram Hospital registered a CAGR of ~13% from FY24-FY26 with EBITDA margins of ~17%. Going ahead we expect 23% CAGR in the revenues aided by 3% ARPOB growth higher occupancies and increasing brownfield bed capacity in the Gurugram facility eventually increasing footfalls. EBITDA margins expected to improve 100 bps YoY as the fixed overheads are distributed across new hospitals and increased operating leverage in the increasing bed capacity.

Exhibit 5: Gurugram Hospital ARPOB (L) and Bed Capacity (R) trend…



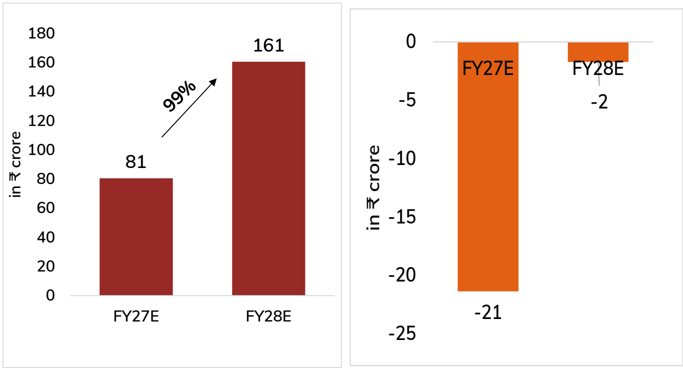

Source: Company, ICICI Direct Research

Artemis has entered into a long-term Operations & Management and Medical Services Agreement for a ~300-bed super-speciality hospital in Raipur, Chhattisgarh. The facility is expected to become operational in Q1FY27 and will mark the company's entry into Central India, further diversifying its geographic footprint. The estimated capex for this facility is ~₹100 crore, translating to ~₹30–35 lakh per bed.

A significant portion of healthcare demand from Chhattisgarh is concentrated in Raipur. The city consists a mix of government & private hospitals while the insurance penetration there is pretty high. Some of the notable hospitals in Raipur are AIIMS, Ramakrishna Care Hospital and MMI Narayana Hrudayalaya Hospital. Kokilaben Hospital and Medanta are on the lookout for a land parcel in Raipur while Manipal Hospital is expected to come-up with a hospital here in the short term.

Dr. Agarwal and Dr. Gupta who are very well-known local doctors are the partners of Artemis and their connections will help get the TPA, empanelment quickly. They own the land parcel and will receive a monthly rental linked to a percentage of revenues under the partnership agreement. Additionally, they are entitled to a revenue share from Gastro specialties. These combined costs are expected to account for ~4–4.5% of revenues at steady state.

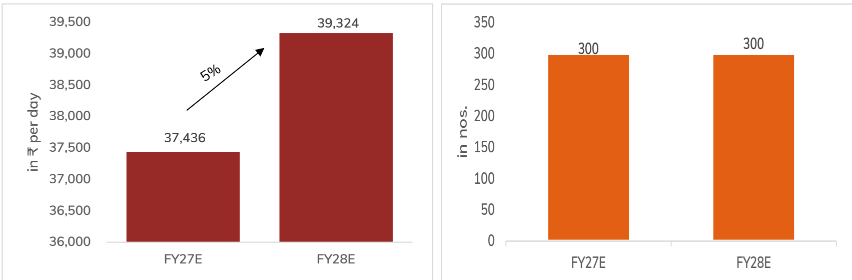
Exhibit 6: Raipur Hospital revenue (L) and EBITDA (R)




Source: Company, ICICI Direct Research

We expect Raipur revenues to double from FY27 to FY28 driven by ARPOB improvement of ~5% YoY (as the insurance empanelment comes through in 6-8 months from the start of operations) and increased footfalls to ramp-up operational beds and occupancies. Raipur will take ~2.5 years to reach margin levels of 18% from the start of the operations. Until then, we expect an EBITDA drag of ~₹23 crore due to higher initial fixed costs and expect the hospital to breakeven in ~17-18 months from the start of operations as operational leverage pans-out.

Exhibit 7: Raipur Hospital ARPOB (L) and Bed capacity (R)




Source: Company, ICICI Direct Research

Artemis has also announced an agreement to Operate & Manage 650+ bed VIMHANS hospital in South Delhi. This includes development of a 3.5-acre hospital-designated land parcel in South Delhi with an estimated total capex of ~₹510 crore. The facility's first phase of ~450 beds is expected to be commissioned by Q3FY29 with expansion to 650+ beds in the subsequent phase.

The hospital will be developed on trust-owned land, for which Artemis will extend an interest-free advance linked to the construction milestones of the facility. The advance will subsequently be adjusted against the revenue share payable to the trust, which is expected to stabilise at ~3–3.5% of revenues in the steady state. We will factor-in these developments while rolling forward our estimates to FY29.

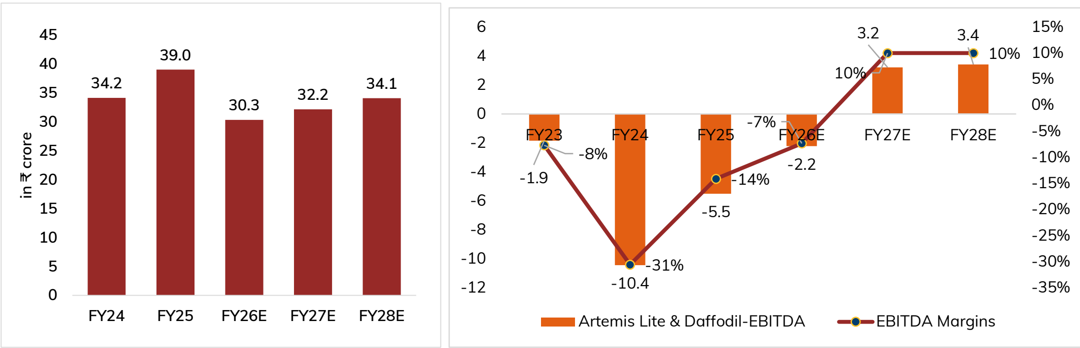
Artemis is further looking to raise up-to ~₹700 crore (a mix of debt and equity via QIP) for further brownfield expansion, we will factor them in our numbers as and when detailed specifics are provided by the management.

**Supportive growth from Daffodils & Artemis Lite and Artemis Cardiac Care,**

Between FY23 and FY25, **Daffodils and Artemis Lite** together recorded a revenue CAGR of 35%, reaching ₹39 crore, there is a sudden dip in the revenues in FY26E because of one of the Artemis Lite centres has been closed. Artemis plans to scale this asset-light model across North India, operating through a hub-and-spoke framework anchored by its flagship Gurugram facility. To improve patient accessibility—especially for the geriatric population hesitant to visit large hospitals—the company is also introducing additional specialties such as geriatric medicine at Artemis Lite centres.

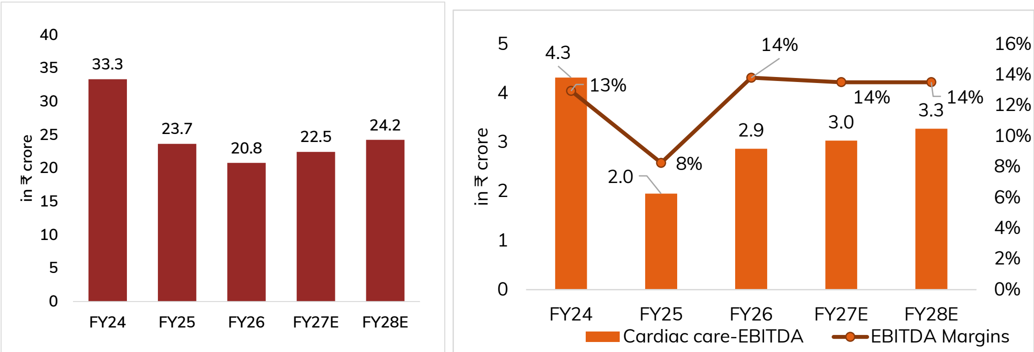
Currently, approximately 30% of patients from these centres are referred to the Gurugram hospital. Going forward, these centres are expected to gain traction, with cumulative revenues projected to grow at a CAGR of 6%, reaching ₹26 crore over FY26–28E.

Exhibit 8: Daffodils and Artemis Lite Revenues (Left) and EBITDA & EBITDA Margins (Right)




Source: Company, ICICI Direct Research

Exhibit 9: Cardiac Centre Revenues (Left) and EBITDA & EBITDA Margins (Right)




Source: Company, ICICI Direct Research

Over FY21–25, **Cardiac Care Centre** revenue grew ~4x to ~₹ 24 crore led by increased traction. There is a sudden dip in the revenues in FY26 because of one of the Artemis Cardiac centres has been closed to prioritise profitable business. This segment posted EBITDA margin of 14% in FY26. Going forward, Artemis plans to increase traction in existing centres and possibly buyout the remaining stake in the entity. It aims to increase realization though payor mix optimization by getting more cash/TPA patients and reduce dependence on empanelled/government-like business before adding centres. In Over FY26–28E, we expect Cardiac Care Centre to register ~7% revenue CAGR to ₹24.2 crore driven by increased footfalls in the centres along with 8% CAGR in the revenue per centre.

**Medical Value Tourism**

Having one of the highest contributions from international patients for Artemis warrants separate macro discussion on Medical Value Tourism.

India serves as an attractive destination for medical tourism due the presence of technologically advanced hospitals, with specialised doctors, low treatment costs, and facilities such as e-medical visa. Healthcare costs are higher in developed countries relative to India.

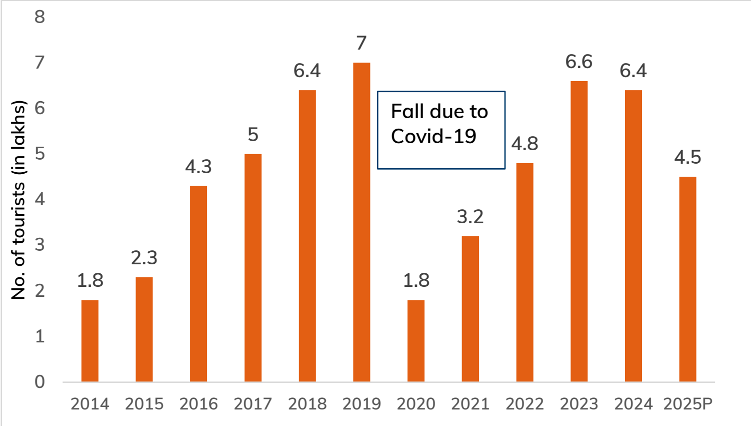
Exhibit 10: Region wise treatment cost comparisons (in times)

| Treatment | US | Malaysia | Singapore | Thailand | India |
|---|---|---|---|---|---|
| Hip replacement | 7.1x | 1.1x | 1.7x | 1.1x | 1.0x |
| Knee replacement | 8.1x | 1.1x | 2.1x | 2.0x | 1.0x |
| Heart bypass | 27.7x | 2.2x | 3.6x | 2.9x | 1.0x |
| Angioplasty | 17.3x | 1.6x | 3.9x | 1.1x | 1.0x |
| Heart valve replacement | 30.9x | 1.9x | 2.3x | 3.9x | 1.0x |
| Dental Implant | 2.8x | 1.7x | 1.5x | 3.6x | 1.0x |

Source: Various Industry reports, ICICI Direct Research

Delhi, Mumbai, Bengaluru, Chennai, Hyderabad, Kolkata, Kochi, Pune, and Ahmedabad are some of the major medical tourism hubs in India. These cities attract medical tourists from across the country and abroad for quality healthcare at affordable costs. Over the years, India has earned a strong reputation for offering world-class medical care. Its ability to provide advanced treatment at a much lower expense than developed countries has positioned the country as a global medical hub, drawing millions of international patients each year. India offers significant growth potential as a medical tourism destination by combining high-quality healthcare with affordability across a wide range of procedures, including cardiac surgeries, organ transplants, fertility treatments, and advanced oncology care. As per the Medical Tourism Index (MTI) 2020-21, India ranked 10th globally among the 46 countries assessed. The MTI is a performance-based measure used to evaluate how attractive a country is as a medical tourism destination.

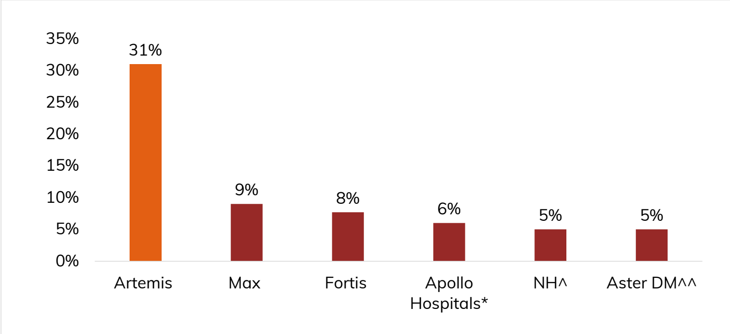
Exhibit 11: Trend of Medical Value tourists in India




Source: Various Industry reports, ICICI Direct Research

According to the Ministry of Tourism, medical tourism in India has shown a promising trend. In CY2019, 70 lakh medical tourists arrived in the country for treatment, accounting for 6.38% of total foreign tourist arrivals. This number declined to 1.8 lakh in CY2020, reflecting a sharp drop of around 74% due to Covid-19 travel restrictions. However, the sector rebounded in CY2021, recording 77% growth. Notably, the sector saw a 4.5% decline in total tourists in CY2024 and CY2025, due to a significant drop in medical visas issued to Bangladesh nationals amid political instability in the country and but now that political scenario is stabilising in the country we expect a gradual resumption in the growth.

Exhibit 12: Peer comparison as % contribution from International Patients (9MFY26)

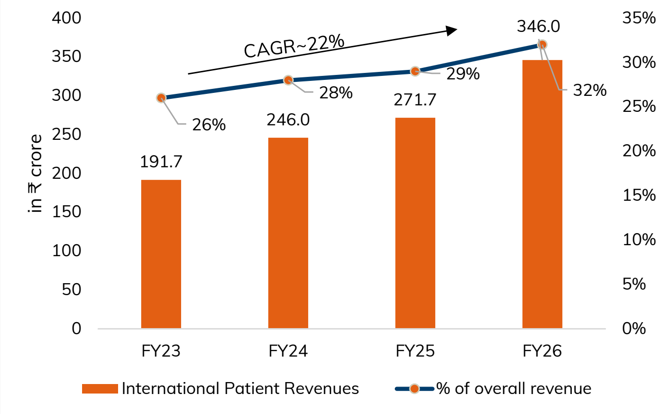



Source: Company, ICICI Direct Research; *-as a % Hospital Business; ^-as a % India Hospital Business; ^^-as a % standalone Aster DM Hospitals

Revenues from International patients accounts for 31% of Artemis' 9MFY26 top-line, one of the highest as compared to its' peers. Region-wise these patients belong to the UAE, Africa, CIS, Scandinavia, Canada, and multiple other small countries and these numbers are expected to increase, as they keep adding new countries to diversify from a country specific risk. Going ahead, the management is keen on keeping the international patient revenue share around the same range as it wants to cater to the domestic patients as well.

In terms of revenue recognition for Artemis, international patients are billed 1.5x the domestic patients therefore the ARPOB for international patients can range between 1.5-2x than that of the domestic patients depending on the specialty and complexity of the procedure. A patient facilitation fees of ~30% of the billed value is paid to the international patient facilitators and therefore international patient EBITDA margins are generally 100-150 bps higher than that of the domestic patients.

Exhibit 13: Artemis International patient revenue trend




Source: Company, ICICI Direct Research

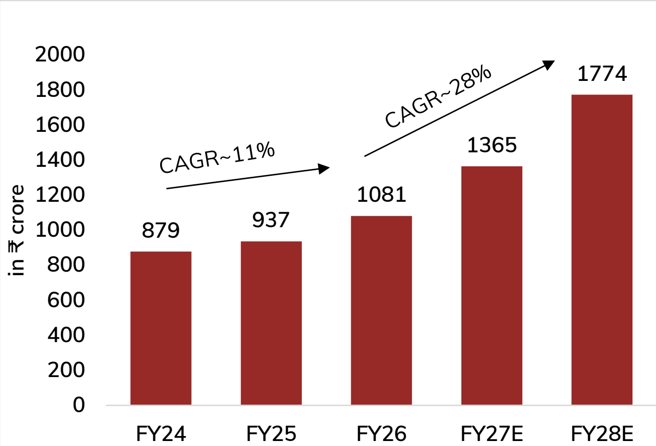
As the bed capacity in Gurugram facility increases (from 700 to 1000 beds) along with upcoming new 650 bed hospital in South Delhi (first phase to start by FY29) this is expected to increase the allocation to international patients and their corresponding revenues.

## Key Financial Summary

### Revenues CAGR of 28% for FY26-28E to be driven by increased patient volumes from bed capacity expansion…

Revenues have witnessed a CAGR of 11% during FY24-26 mainly driven by ARPOB growth in the Gurugram facility and growth in the international patient revenues. As the bed capacity increases in the existing Gurugram facility, increased traction in the Raipur facility and a supporting top-line growth in Artemis Cardiac Care Centre, Daffodils & Artemis Lite, we expect Artemis to deliver a revenue CAGR of ~28% during FY26-FY28E.

Exhibit 14: Revenues to grow at 28% CAGR during FY26-28E



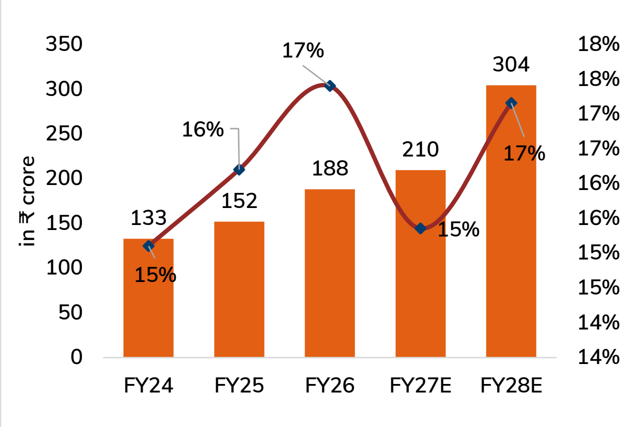

Source: Company, ICICI Direct Research

### EBITDA improvement to be driven by improving operating leverage…

Despite having 32% contribution from the international patients, Artemis delivers margins of 16-17% due to higher quantum of facilitation fees given to the international patient facilitators. We expect EBITDA margins to dip in the short term due to initial fixed costs from the Raipur Hospital. As the ramp-up in Raipur hospital takes place, the EBITDA margins will start to improve along with margin improvement in the Daffodils, Artemis Lite and Cardiac centre aiding the consolidated margins.

We expect EBITDA CAGR of 27% from FY26-FY28E with margins maintaining at ~17% in FY28E.

Exhibit 15: EBITDA margins profile

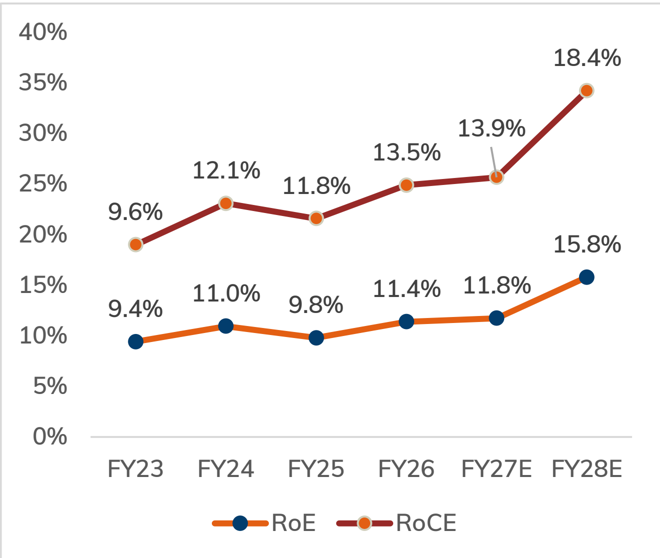



Source: Company, ICICI Direct Research

## Return ratios will continue the momentum in growth...

As of FY26, Artemis has a gross block of ~₹1044 crore that has incorporated majority of the recent capex of the Raipur Hospital. Going ahead, the capacity expansion in the Gurugram Hospital, along with the capacity expansion in VIMHANS, South Delhi Hospital, the gross block is expected to grow further. EBITDA drag from the Raipur hospital would arrest RoCE in the short term and in the long term will be aided by procurement synergies across the group. Artemis is further looking to raise up-to ~₹700 crore (a mix of debt and equity via QIP) for further expansion, we will factor them in our numbers as and when detailed specifics are provided by the management.

Exhibit 16: RoCE and RoE to significantly improve...




Source: Company, ICICI Direct Research

## Valuation

Aggressive bed capacity expansion to nearly 3x over the next 3–4 years, coupled with rising footfalls at the Gurugram facility and the upcoming ~300-bed Raipur hospital, is expected to significantly diversify Artemis' revenue base and reduce concentration risk associated with a single-asset model. From operating a single hospital in Gurugram currently, Artemis could potentially expand to a network of five hospitals over the medium term, assuming successful execution of its pipeline brownfield expansion in Delhi NCR. We believe Artemis is at an inflection point, with substantial value yet to be reflected in its valuation. The company's growth journey is further validated by the continued association of International Finance Corporation, which may maintain its stake even in the event of a potential QIP-led fund raise. Artemis also commands one of the highest ARPOB levels in the industry, supported by a favourable specialty mix and meaningful contribution from international patient revenues. We value Artemis Hospitals at **₹340** per share, based on 18x FY28E EBITDA of ₹304.3 crore.

Exhibit 17: Peer Comparison

| Particulars (FY25) | Indraprastha Medicare | Kovai | Artemis Medicare | Jupiter Lifeline | Medanta |
|---|---|---|---|---|---|
| Revenue | ₹ 1356 crore | ₹ 1371 crore | ₹ 937 crore | ₹ 1262 crore | ₹ 3692 crore |
| *YoY Growth* | *9%* | *12%* | *7%* | *18%* | *13%* |
| ARPOB per day | ₹ 66,064 | ₹ 22,581 | ₹ 80,200 | ₹ 60,600 | ₹ 62,722 |
| Bed capacity (in nos.) | ~750 | 2032* | 700 | 1061 | 3042 |
| EBITDA | ₹ 245 crore | ₹ 390 crore | ₹ 152 crore | ₹ 297 crore | ₹ 886 crore |
| EBITDA Margins | 18% | 28% | 16% | 24% | 24% |
| RoCE | 39% | 23% | 12% | 18% | 20% |
| PAT Margin | 12% | 15% | 9% | 15% | 13% |
| 2 year forward EV/EBITDA^ | 11x | N/A | 14x | 16x | 23x |

Source: Company, ICICI Direct Research; *this includes Satellite centres of Kovai; ^- except Artemis rest all are BBG estimates

## Key Risk and Concerns

**Slower than expected Ramp-up in Raipur Hospital** – As the new Raipur hospital comes online, it is expected to have a significant EBITDA drag in the initial year with breakeven expected in 14-15 months. Any lag in this could push the margin improvement further ahead.

**Increased competition in the Delhi-NCR region:** The Delhi-NCR micro-markets has established players like Max Healthcare, Fortis, Apollo Hospitals and Medanta etc. With some hospital chains expanding in this region, a large number of bed additions leading to intense competition can affect footfalls for Artemis.

**High exposure to international patients:** Artemis has one of the highest exposures to international patients at 31%. There is an inherent geopolitical country-specific risk for the revenues from these patients.

# Financial Summary

Exhibit 18: Profit and loss statement ₹ crore

| (Year-end March)/ (₹ crore) | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Total Operating Income** | **936.9** | **1,081.2** | **1,365.2** | **1,773.6** |
| Growth (%) | 6.6 | 15.4 | 26.3 | 29.9 |
| Raw Material Expenses | 565.2 | 651.6 | 795.8 | 1,033.9 |
| Gross Profit | 371.7 | 429.6 | 569.4 | 739.7 |
| Gross Profit Margins (%) | 39.7 | 39.7 | 41.7 | 41.7 |
| Employee Expenses | 148.4 | 166.1 | 209.7 | 272.4 |
| Other Expenditure | 71.5 | 75.4 | 150.1 | 163.0 |
| Total Operating Expenditure | 785.1 | 893.1 | 1,155.6 | 1,469.2 |
| **EBITDA** | **151.8** | **188.2** | **209.6** | **304.3** |
| Growth (%) | 14.4 | 24.0 | 11.4 | 45.2 |
| Interest | 31.9 | 27.7 | 25.5 | 25.5 |
| Depreciation | 45.2 | 48.1 | 56.1 | 67.1 |
| Other Income | 33.0 | 29.8 | 37.7 | 48.9 |
| PBT before Exceptional Items | 107.7 | 142.2 | 165.6 | 260.7 |
| Less: Exceptional Items | 0.0 | 3.1 | 0.0 | 0.0 |
| PBT after Exceptional Items | 107.7 | 139.2 | 165.6 | 260.7 |
| Total Tax | 25.5 | 35.6 | 42.4 | 66.7 |
| **PAT before MI** | **82.2** | **103.6** | **123.3** | **194.0** |
| PAT | 82.2 | 103.6 | 123.3 | 194.0 |
| Growth (%) | 67.2 | 26.0 | 19.0 | 57.4 |
| **EPS (Adjusted)** | **5.2** | **6.7** | **7.8** | **12.3** |
| Other income as % of (Cash+investm | 8% | 12% | 20% | 24% |

Source: Company, ICICI Direct Research

Exhibit 19: Cash flow statement ₹ crore

| (Year-end March)/ (₹ crore) | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Profit/(Loss) after taxation | 93.8 | 122.6 | 123.3 | 194.0 |
| Add: Depreciation & Amortizat | 45.2 | 48.1 | 56.1 | 67.1 |
| Net Increase in Current Assets | -9.5 | -24.2 | -29.6 | -50.7 |
| Net Increase in Current Liabiliti | 21.3 | -7.4 | 27.3 | 38.6 |
| Others | -5.1 | -7.2 | 25.5 | 25.5 |
| **CF from Operating activities** | **145.6** | **131.9** | **202.6** | **274.5** |
| | | | | |
| Investments | -307.0 | 119.7 | 0.0 | 0.0 |
| (Purchase)/Sale of Fixed Assets | -90.5 | -100.0 | -225.0 | -225.0 |
| Others | 12.2 | -109.7 | 0.8 | 0.8 |
| **CF from Investing activities** | **-385.4** | **-90.0** | **-224.2** | **-224.2** |
| | | | | |
| (inc)/Dec in Loan | -24.8 | -13.6 | 0.0 | 0.0 |
| Dividend & Dividend tax | -6.0 | -6.1 | -9.8 | -15.5 |
| Other | 297.5 | -30.4 | -25.5 | -25.4 |
| **CF from Financing activities** | **266.7** | **-50.1** | **-35.3** | **-40.9** |
| | | | | |
| Net Cash Flow | 27.0 | -8.2 | -56.9 | 9.5 |
| **Cash and Cash Equivalent** | **61.3** | **395.5** | **206.1** | **149.2** |
| Other bank balances adj. | **307.2** | **-181.2** | **-** | **-** |
| Cash | 395.5 | 206.1 | 149.2 | 158.7 |
| **Free Cash Flow** | **55.1** | **31.9** | **-22.4** | **49.5** |

Source: Company, ICICI Direct Research

Exhibit 20: Balance Sheet ₹ crore

| (Year-end March) | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| | | | | |
| Equity Capital | 13.8 | 15.8 | 15.8 | 15.8 |
| Reserve and Surplus | 823.9 | 918.9 | 1,032.3 | 1,210.9 |
| Total Shareholders funds | 837.7 | 934.7 | 1,048.1 | 1,226.7 |
| Total Debt | 290.3 | 261.6 | 261.6 | 261.6 |
| Deferred Tax Liability | 35.8 | 41.5 | 42.4 | 43.2 |
| Long-Term Provisions | 12.8 | 14.8 | 14.8 | 14.8 |
| Minority Interest | 5.9 | 6.0 | 6.0 | 6.0 |
| **Source of Funds** | **1,182.4** | **1,258.5** | **1,372.8** | **1,552.2** |
| | | | | |
| Gross Block - Fixed Assets | 936.8 | 1,044.4 | 1,269.4 | 1,494.4 |
| Accumulated Depreciation | 233.7 | 281.7 | 337.9 | 404.9 |
| Net Block | 703.1 | 762.7 | 931.5 | 1,089.5 |
| Capital WIP | 40.4 | 28.6 | 28.6 | 28.6 |
| Fixed Assets | 743.5 | 791.3 | 960.2 | 1,118.1 |
| Investments | 41.6 | 41.6 | 41.6 | 41.6 |
| Long Term Loans and Advances | 7.1 | 68.2 | 68.2 | 68.2 |
| Other non-Current Assets | 26.3 | 160.7 | 160.7 | 160.7 |
| Inventory | 10.0 | 13.4 | 16.9 | 22.0 |
| Debtors | 101.3 | 119.6 | 151.0 | 196.2 |
| Loans and Advances | 1.6 | 5.8 | 0.0 | 0.0 |
| Other Current Assets | 30.4 | 21.9 | 22.4 | 22.8 |
| Cash | 395.5 | 206.1 | 149.2 | 158.7 |
| Total Current Assets | 538.9 | 366.8 | 339.5 | 399.7 |
| Creditors | 101.1 | 98.5 | 124.3 | 161.5 |
| Provisions | 14.1 | 19.4 | 19.8 | 20.2 |
| Other Current Liabilities | 59.8 | 52.2 | 53.3 | 54.4 |
| Total Current Liabilities | 175.0 | 170.1 | 197.4 | 236.1 |
| Net Current Assets | 363.9 | 196.7 | 142.1 | 163.6 |
| **Application of Funds** | **1,182.4** | **1,258.5** | **1,372.8** | **1,552.2** |

Source: Company, ICICI Direct Research

Exhibit 21: Ratio Analysis ₹ crore

| (Year-end March)/ (₹ crore) | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Profit/(Loss) after taxation | 93.8 | 122.6 | 123.3 | 194.0 |
| Add: Depreciation & Amortizati | 45.2 | 48.1 | 56.1 | 67.1 |
| Net Increase in Current Assets | -9.5 | -24.2 | -29.6 | -50.7 |
| Net Increase in Current Liabiliti | 21.3 | -7.4 | 27.3 | 38.6 |
| Others | -5.1 | -7.2 | 25.5 | 25.5 |
| **CF from Operating activities** | **145.6** | **131.9** | **202.6** | **274.5** |
| | | | | |
| Investments | -307.0 | 119.7 | 0.0 | 0.0 |
| (Purchase)/Sale of Fixed Assets | -90.5 | -100.0 | -225.0 | -225.0 |
| Others | 12.2 | -109.7 | 0.8 | 0.8 |
| **CF from Investing activities** | **-385.4** | **-90.0** | **-224.2** | **-224.2** |
| | | | | |
| (inc)/Dec in Loan | -24.8 | -13.6 | 0.0 | 0.0 |
| Dividend & Dividend tax | -6.0 | -6.1 | -9.8 | -15.5 |
| Other | 297.5 | -30.4 | -25.5 | -25.4 |
| **CF from Financing activities** | **266.7** | **-50.1** | **-35.3** | **-40.9** |
| | | | | |
| Net Cash Flow | 27.0 | -8.2 | -56.9 | 9.5 |
| **Cash and Cash Equivalent** | **61.3** | **395.5** | **206.1** | **149.2** |
| Other bank balances adj. | 307.2 | -181.2 | - | - |
| Cash | 395.5 | 206.1 | 149.2 | 158.7 |
| **Free Cash Flow** | **55.1** | **31.9** | **-22.4** | **49.5** |

Source: Company, ICICI Direct Research

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