

# Max Healthcare

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR1,142 TP: INR1,350 (+18%) Buy**

**In-line 4Q; ends FY25 with robust growth and network expansion**

**Gears to increase bed capacity by 32% YoY in FY26**

Bloomberg	MAXHEALT IN
Equity Shares (m)	972
M.Cap.(INRb)/(USDb)	1110.3 / 13
52-Week Range (INR)	1228 / 743
1, 6, 12 Rel. Per (%)	4/9/27
12M Avg Val (INR M)	2228

## Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	86.2	108.0	121.8
EBITDA	22.9	29.2	33.7
Adj. PAT	14.6	19.9	23.7
EBIT Margin (%)	21.8	22.7	23.7
Cons. Adj. EPS (INR)	15.1	20.5	24.5
EPS Gr. (%)	10.0	35.9	19.3
BV/Sh. (INR)	108.7	127.2	149.7

## Ratios

Net D:E	0.1	0.0	(0.0)
RoE (%)	14.8	17.4	17.7
RoCE (%)	13.0	15.3	16.3
Payout (%)	10.9	9.7	8.2

## Valuations

P/E (x)	75.7	55.7	46.7
EV/EBITDA (x)	49.2	38.2	32.7
Div. Yield (%)	0.1	0.2	0.2
FCF Yield (%)	(1.0)	1.2	1.0
EV/Sales (x)	13.0	10.3	9.1

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	49.1	49.1	45.7
DII	18.9	18.0	13.8
FII	6.5	6.5	8.7
Others	25.5	27.2	31.8

FII Includes depository receipts

- Max Healthcare's (MAXH) 4QFY25 financial performance was largely in line with our estimates. It delivered organic YoY growth of 14% in revenues for 4QFY25.
- MAXH significantly scaled the performance of its acquired units, generating revenue/EBITDA of INR2.7b/INR670m from these units in 4QFY25.
- The company has maintained its growth momentum in both Max@lab and Max@home businesses, with each achieving revenue size of INR1.8b/INR2b in FY25.
- We maintain our estimates for FY26/FY27. We value MAXH on an SoTP basis (premised on 35x 12M forward EV/EBITDA for the Hospital business, 30x 12M forward EV/EBITDA for Max@lab, and 11x EV/sales for Max@home) to arrive at our TP of INR1,350.
- MAXH posted strong 19% earnings CAGR over FY22-25, backed by efforts to improve EBITDA per bed and expand bed capacity in targeted micro markets. It has reasonably expanded its offerings while increasing its reach in both diagnostics and home service businesses. We expect MAXH to deliver a 27% earnings CAGR over FY25-27 as it continues to add beds (32% YoY increase in bed capacity expected in FY26) and augment performance at current sites through case mix/payor mix optimization. While land acquisition is in place and past executions provide good visibility for growth, the company still has a sufficient financial war chest, if required, for potential land acquisitions, O&M contracts, or inorganic opportunities. Reiterate BUY.

## Robust performance across network hospitals/Max@lab/Max@home

- In 4QFY25, MAXH's network revenue (including the trust business) grew 28.5% YoY to INR23b (our est. INR22.6b).
- EBITDA margin contracted 120bp YoY to 26.4% (our est. 27.5%), driven by higher other expenses (+475bp YoY as a % of revenue), but offset by lower employee expenses (-420bp YoY as a % of revenue).
- EBITDA grew 23% YoY to INR6.1b (our est. INR 6.2b).
- Adjusted PAT rose 17.7% YoY to INR3.9b (our est. INR4.1b).
- EBITDA per bed (annualized) stood at INR7.3m (-3% YoY and +1% QoQ).
- For FY25, revenue/EBITDA/PAT grew 27%/22%/10% to INR86.2b/INR22.85/INR14.7b.
- ARPOB stood at INR77.1k in 4QFY25 (-1% YoY). Excluding new hospitals, ARPOB grew 7.4% YoY for 4QFY25. Moreover, occupancy was 75% in 4QFY25.
- The institutional revenue share increased 310bp YoY to 20.8% for 4QFY25.
- Max@lab's revenue was INR420m for 4QFY25 (+20% YoY/10% QoQ).
- Max@home's revenue was INR560m (+22% YoY, +1.8% QoQ) for 4QFY25.
- Net debt stood at INR15.7b at the end of 4QFY25.

### Highlights from the management commentary

- MAXH is on track to add 1,500 beds in FY26, following the addition of ~856 beds in FY25.
- It continues its acquisition spree with ~1-acre land parcel adjacent to its fully occupied 400-bed Vaishali facility, which will add 140 beds over the next 30 months. The current Vaishali facility is operating at 83% occupancy.
- Therapy-wise, Oncology, Orthopedics, and Obstetrics/Gynecology witnessed robust YoY growth of 38%/37%/39% in revenue for 4QFY25.
- International patient revenue grew 28% YoY in 4QFY25, despite a lower patient flow from countries like Bangladesh.
- With newer hospitals serving scheme patients, the share of institutional patients increased in 4QFY25. The company maintains a strong focus on profitability.
- The company generated INR14.4b in cash flow from operations, deploying INR12b toward organic expansion and facility upgrades and spending INR17b on the acquisition of JP Healthcare facilities.

### Consolidated - Quarterly Earning Model

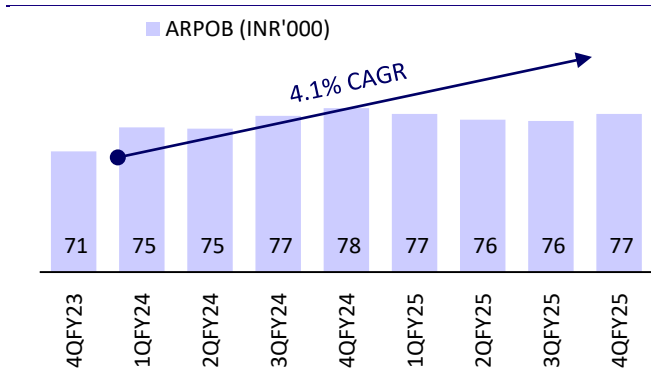
Y/E March	FY24				FY25				FY24	FY25	FY25E	% var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
<b>Gross Sales</b>	<b>16,220</b>	<b>17,190</b>	<b>16,820</b>	<b>17,910</b>	<b>19,310</b>	<b>21,190</b>	<b>22,690</b>	<b>23,020</b>	<b>68,150</b>	<b>86,210</b>	<b>22,642</b>	<b>1.7</b>
YoY Change (%)	16.7	16.8	14.9	15.6	19.1	23.3	34.9	28.5	16.0	26.5	26.4	
Total Expenditure	11,930	12,350	12,170	12,970	14,370	15,520	16,520	16,950	49,420	63,360	16,419	
<b>EBITDA</b>	<b>4,290</b>	<b>4,840</b>	<b>4,650</b>	<b>4,940</b>	<b>4,940</b>	<b>5,670</b>	<b>6,170</b>	<b>6,070</b>	<b>18,730</b>	<b>22,850</b>	<b>6,223</b>	<b>-2.5</b>
Margins (%)	26.4	28.2	27.6	27.6	25.6	26.8	27.2	26.4	27.5	26.5	27.5	
Depreciation	640	660	700	840	900	970	1,060	1,140	2,840	4,070	1,035	
Interest	-30	-170	-140	-40	80	50	350	360	-380	840	236	
Other Income	70	130	60	90	40	60	110	240	350	450	90	
<b>PBT before EO expense</b>	<b>3,750</b>	<b>4,480</b>	<b>4,150</b>	<b>4,230</b>	<b>4,000</b>	<b>4,710</b>	<b>4,870</b>	<b>4,810</b>	<b>16,620</b>	<b>18,390</b>	<b>5,042</b>	
Extra-Ord expense	190	190	40	250	190	270	1,000	180	670	1,640	0	
<b>PBT</b>	<b>3,560</b>	<b>4,290</b>	<b>4,110</b>	<b>3,980</b>	<b>3,810</b>	<b>4,440</b>	<b>3,870</b>	<b>4,630</b>	<b>15,950</b>	<b>16,750</b>	<b>5,042</b>	
Tax	660	910	730	870	870	950	710	870	3,160	3,400	902	
Rate (%)	18.5	21.2	17.8	21.9	22.8	21.4	18.3	18.8	19.8	20.3	17.9	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>2,900</b>	<b>3,380</b>	<b>3,380</b>	<b>3,110</b>	<b>2,940</b>	<b>3,490</b>	<b>3,160</b>	<b>3,760</b>	<b>12,790</b>	<b>13,350</b>	<b>4,140</b>	
<b>Adj PAT</b>	<b>3,055</b>	<b>3,530</b>	<b>3,413</b>	<b>3,319</b>	<b>3,087</b>	<b>3,702</b>	<b>3,977</b>	<b>3,906</b>	<b>13,316</b>	<b>14,648</b>	<b>4,140</b>	<b>-5.6</b>
YoY Change (%)	28.3	24.5	20.3	4.6	1.0	4.9	16.5	17.7	18.6	10.0	24.7	
Margins (%)	18.8	20.5	20.3	18.5	16.0	17.5	17.5	17.0	19.5	17.0	18.3	
<b>EPS</b>	<b>3.2</b>	<b>3.6</b>	<b>3.5</b>	<b>3.4</b>	<b>3.2</b>	<b>3.8</b>	<b>4.1</b>	<b>4.0</b>	<b>13.7</b>	<b>15.1</b>	<b>4.3</b>	



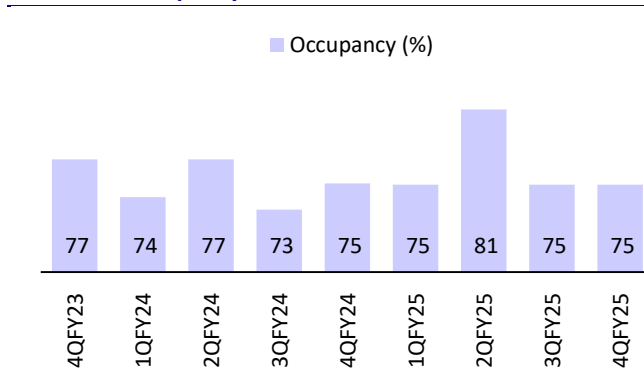
## Conference call highlights

- The 500-bed greenfield hospital in Gurugram is expected to be completed by end-FY26.
- The 400-bed expansion tower at Max Smart Super Speciality Hospital, Saket is currently undergoing interior and MEP fit-outs, with commissioning targeted in Q2FY26.
- The Phase 1 expansion at Nanavati Hospital, involving 268 beds, is advancing in line with the schedule, with commissioning expected within the next 90 days.
- At the Mohali facility (a 155-bed tower), MAXH plans to add 45 new beds.
- The newly operational asset-light hospital in Dwarka achieved EBITDA breakeven within six months. Additional 68 beds at the Dwarka facility are yet to be operationalized, while a 200-bed Phase 2 expansion is already in the planning stage.
- At MAXH Lucknow, the company has added 128 beds, with further 35 beds commissioned in May'25. Additional 39 beds are slated for rollout over the next 12 months, while the Oncology block is on track to become operational by Q2FY26, supporting the hospital's continued scale-up and service line expansion.
- The 550-bed Max Vikrant project at Saket is currently awaiting Forest Department clearance for tree transplantation, while all other statutory approvals are already in place. The project remains on track for completion by FY28.
- The 397-bed Patparganj project has secured environmental clearance, and tendering is underway.
- The acquired units had sales/EBITDA of INR2.8b/INR670m for 4QFY25. EBITDA per bed stood at INR4.6m.

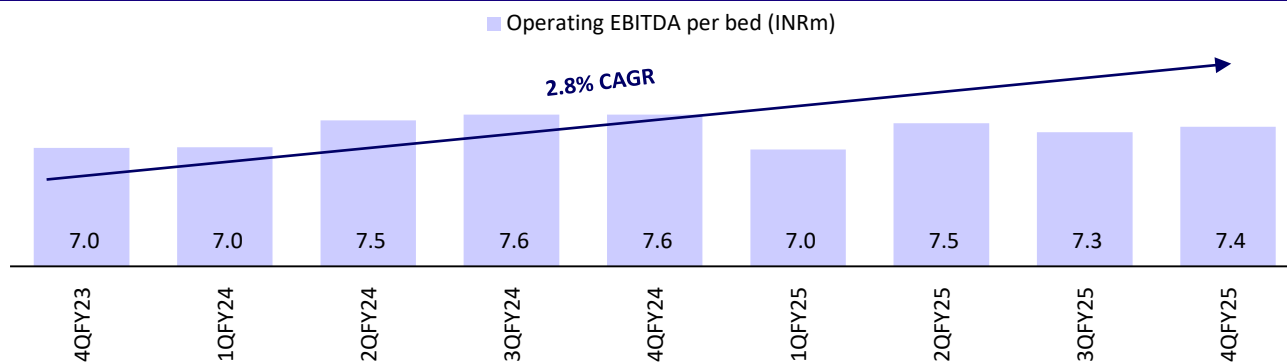
**Exhibit 1: ARPOB growth contracted to 1.3% YoY/ expanded to 1.6% QoQ**



**Exhibit 2: Occupancy rate stood at 75% in 4QFY25**



**Exhibit 3: Operating EBITDA per bed decreased 2.8% YoY in 4QFY25 due to the addition of less efficient new hospitals**



Source: MOFSL, Company

## Delivers robust FY25; gears up for major capacity expansion

### Superior execution drives 22% YoY growth in overall EBITDA for network hospitals

- MAXH's revenue grew 23% YoY to INR86b in FY25. This was supported by robust traction in existing hospitals as well as acquired units.
- Acquired/newer hospitals garnered revenue to the tune of INR7.8b in FY25. Following the takeover by MAXH, a significant scale-up in case-mix has supported improved occupancy, leading to a considerable improvement in profitability of acquired/new hospitals, which reported an EBITDA of INR670m for FY25.
- On overall basis, MAXH delivered 22% YoY growth in EBITDA to INR23b for FY25
- MAXH effectively added 856 beds in FY25, bringing the total bed capacity to 4,654. Despite the addition, overall occupancy remained strong at 75%, implying faster utilization of newer/acquired beds.
- Overall growth was broad-based across the payor mix. Revenue from self-patients grew 28% YoY to INR29.4b, while TPA-corporate and international patient revenues grew 21% YoY. Institutional patient revenue grew 35% YoY in FY25.
- In addition to improving operational efficiency at existing sites, MAXH is in the process of adding 1,500 beds in FY26, resulting in a 32% YoY increase in bed capacity.
- The company also has sufficient land parcels and ongoing projects to further expand bed capacity over the next 3-4 years.
- Overall, we expect the company to post a 16% revenue CAGR, reaching INR120b over FY25-27.

### Accelerates non-hospital segments with high growth in diagnostics and Max@home services

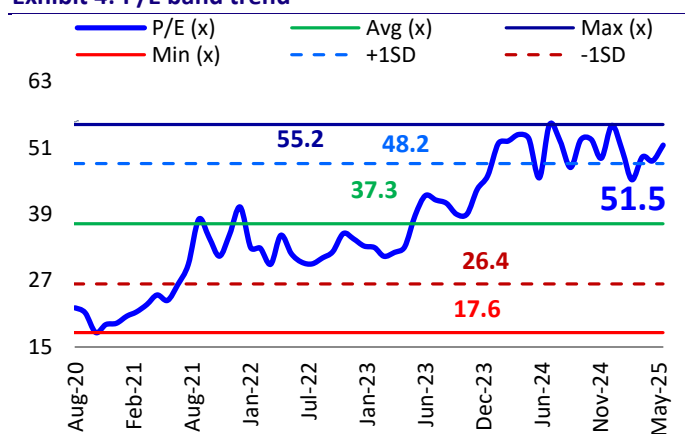
- In FY25, Max@lab's revenue/EBITDA grew 22.4%/82% YoY to INR1.8b/INR246m. This was supported by a 12% YoY growth in patient volumes and improved operating leverage.
- With enhanced offerings, MAXH has been able to increase the realization per bill by 9% YoY.

- With a network of 520+ collection centers, 570+ pick-up points, and 50+ labs spread across 50+ cities, MAXH is building a strong franchise in the diagnostic business.
- We expect a 24% revenue CAGR, reaching INR2.7b over FY25-27.
- MAXH posted 18% revenue CAGR to INR2b in the Max@home service business. The company has not only added more services but also expanded its reach in this business.
- Currently, the company operates in 15 cities, offering 15 specialized services. We build in a 25% revenue CAGR for this segment, driven by resource expansion and both the widening and deepening of its business reach.

### Reiterate BUY

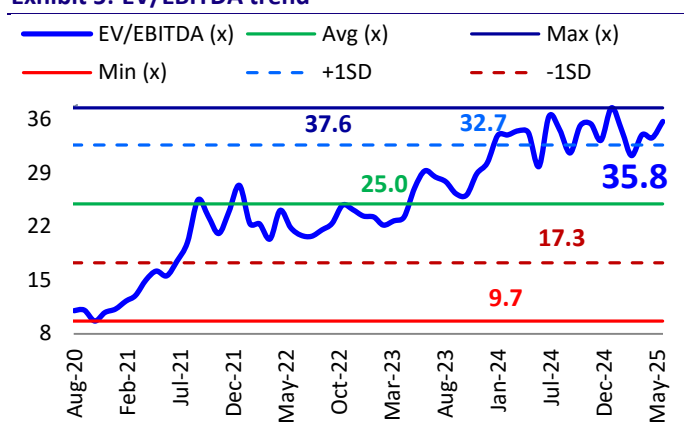
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**Exhibit 4: P/E band trend**



Source: MOFSL, Company, Bloomberg

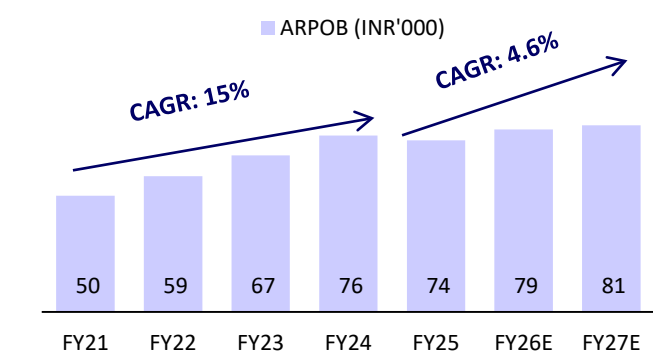
**Exhibit 5: EV/EBITDA trend**



Source: MOFSL, Company, Bloomberg

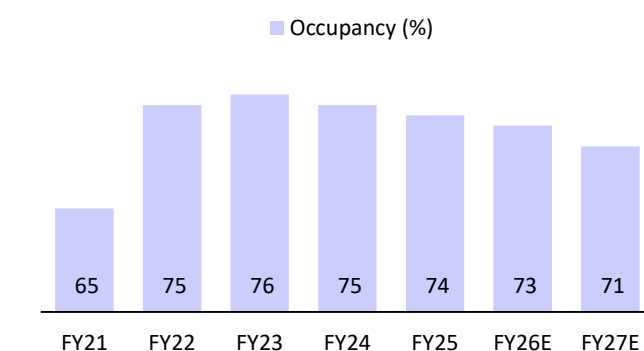
## Story in charts

**Exhibit 6: Expect 4.6% CAGR in ARPOB over FY25-27**



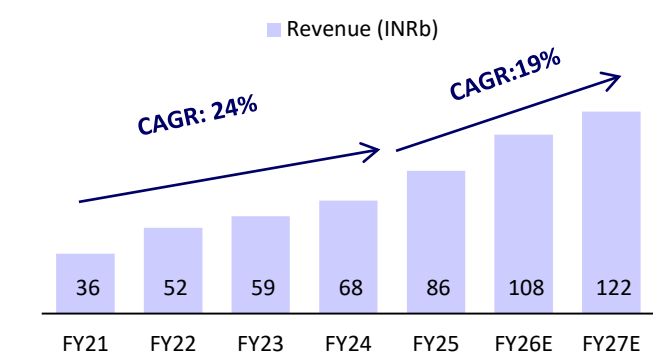
Source: MOFSL, Company

**Exhibit 7: Expect occupancy to decline due to bed additions**



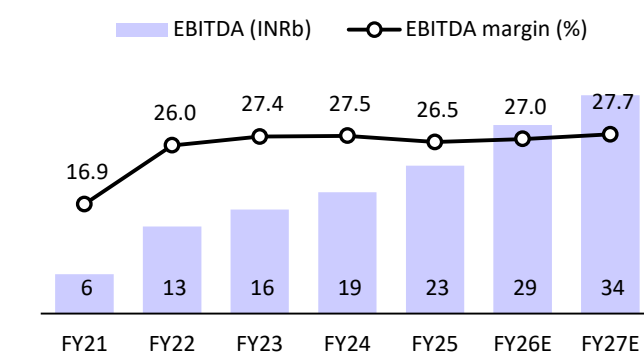
Source: MOFSL, Company

**Exhibit 8: Network revenue to post 19% CAGR over FY25-27**



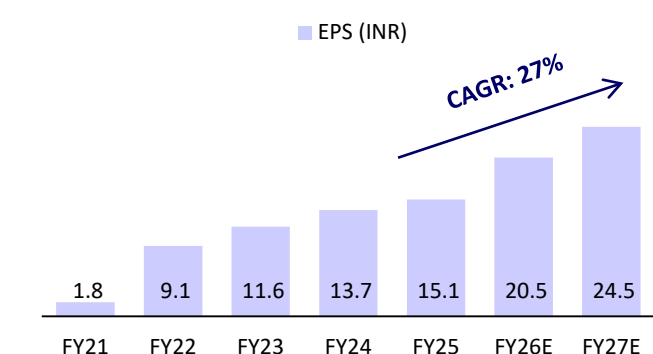
Source: MOFSL, Company

**Exhibit 9: Expect EBITDA margin to expand ~120bp to 27.7% over FY25-27**



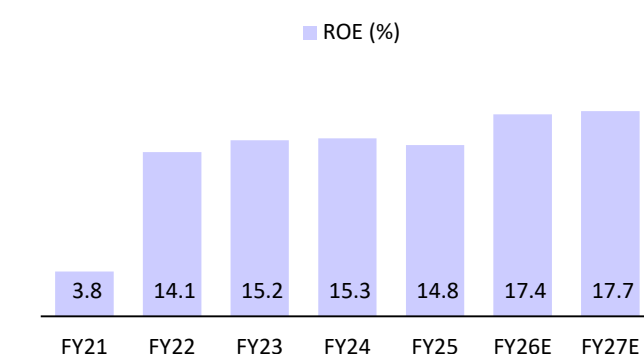
Source: MOFSL, Company

**Exhibit 10: EPS to clock 27% CAGR over FY25-27**



Source: MOFSL, Company

**Exhibit 11: Expect an RoE of ~17.7% by FY27**



Source: MOFSL, Company

## Financials and valuations

### Consolidated - Income Statement

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Total Income from Operations</b>	<b>51,710</b>	<b>58,750</b>	<b>68,150</b>	<b>86,210</b>	<b>1,08,013</b>	<b>1,21,836</b>
Change (%)	43.6	13.6	16.0	26.5	25.3	12.8
<b>Total Expenditure</b>	<b>38,270</b>	<b>42,680</b>	<b>49,420</b>	<b>63,360</b>	<b>78,860</b>	<b>88,087</b>
% of Sales	74.0	72.6	72.5	73.5	73.0	72.3
<b>EBITDA</b>	<b>13,440</b>	<b>16,070</b>	<b>18,730</b>	<b>22,850</b>	<b>29,153</b>	<b>33,749</b>
Margin (%)	26.0	27.4	27.5	26.5	27.0	27.7
Depreciation	2,480	2,600	2,840	4,070	4,634	4,907
<b>EBIT</b>	<b>10,960</b>	<b>13,470</b>	<b>15,890</b>	<b>18,780</b>	<b>24,518</b>	<b>28,842</b>
Int. and Finance Charges	1,120	390	-380	840	797	671
Other Income	470	290	350	450	702	792
<b>PBT bef. EO Exp.</b>	<b>10,310</b>	<b>13,370</b>	<b>16,620</b>	<b>18,390</b>	<b>24,424</b>	<b>28,962</b>
EO Items	-500	-390	-670	1,640	0	0
<b>PBT after EO Exp.</b>	<b>9,810</b>	<b>12,980</b>	<b>15,950</b>	<b>16,750</b>	<b>24,424</b>	<b>28,962</b>
Total Tax	1,430	-300	3,160	3,400	4,518	5,213
Tax Rate (%)	14.6	-2.3	19.8	20.3	18.5	18.0
Minority Interest	0	0	0	0	0	0
<b>Reported PAT</b>	<b>8,380</b>	<b>13,280</b>	<b>12,790</b>	<b>13,350</b>	<b>19,905</b>	<b>23,749</b>
<b>Adjusted PAT</b>	<b>8,807</b>	<b>11,226</b>	<b>13,316</b>	<b>14,648</b>	<b>19,905</b>	<b>23,749</b>
Change (%)	401.8	27.5	18.6	10.0	35.9	19.3
Margin (%)	17.0	19.1	19.5	17.0	18.4	19.5

### Consolidated - Balance Sheet

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	9,696	9,696	9,696	9,696	9,696	9,696
Total Reserves	57,484	71,004	83,254	95,634	1,13,600	1,35,411
<b>Net Worth</b>	<b>67,180</b>	<b>80,700</b>	<b>92,950</b>	<b>1,05,330</b>	<b>1,23,296</b>	<b>1,45,107</b>
Minority Interest	0	0	0	0	0	0
Total Loans	9,180	6,820	11,770	24,920	14,920	14,920
Deferred Tax Liabilities	1,850	-500	370	1,510	1,510	1,510
<b>Capital Employed</b>	<b>78,210</b>	<b>87,020</b>	<b>1,05,090</b>	<b>1,31,760</b>	<b>1,39,726</b>	<b>1,61,537</b>
Gross Block	37,100	39,210	57,290	78,920	93,506	1,08,223
Less: Accum. Deprn.	2,480	2,600	5,440	9,510	14,144	19,051
<b>Net Fixed Assets</b>	<b>34,620</b>	<b>36,610</b>	<b>51,850</b>	<b>69,410</b>	<b>79,362</b>	<b>89,172</b>
Goodwill on Consolidation	37,730	37,730	42,670	47,950	47,950	47,950
Intangibles	6,880	6,810	7,370	6,980	6,980	6,980
Capital WIP	0	0	7,620	12,920	6,834	10,617
<b>Total Investments</b>	<b>20</b>	<b>20</b>	<b>660</b>	<b>40</b>	<b>40</b>	<b>40</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>17,192</b>	<b>22,997</b>	<b>20,776</b>	<b>25,870</b>	<b>30,144</b>	<b>42,273</b>
Inventory	830	1,040	1,060	1,340	1,922	2,146
Account Receivables	4,533	4,340	6,000	8,570	9,470	10,682
Cash and Bank Balance	6,150	15,650	12,860	10,110	11,192	20,916
Loans and Advances	5,679	1,967	856	5,850	7,561	8,529
<b>Curr. Liability &amp; Prov.</b>	<b>18,233</b>	<b>17,147</b>	<b>25,856</b>	<b>31,410</b>	<b>31,583</b>	<b>35,495</b>
Account Payables	5,667	6,438	10,170	14,350	11,896	13,288
Other Current Liabilities	8,369	5,940	10,155	10,660	10,921	12,318
Provisions	4,197	4,768	5,531	6,400	8,766	9,888
<b>Net Current Assets</b>	<b>-1,040</b>	<b>5,850</b>	<b>-5,080</b>	<b>-5,540</b>	<b>-1,439</b>	<b>6,778</b>
<b>Appl. of Funds</b>	<b>78,210</b>	<b>87,020</b>	<b>1,05,090</b>	<b>1,31,760</b>	<b>1,39,726</b>	<b>1,61,537</b>



## Financials and valuations

### Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>						
<b>Adj. EPS</b>	<b>9.1</b>	<b>11.6</b>	<b>13.7</b>	<b>15.1</b>	<b>20.5</b>	<b>24.5</b>
Cash EPS	11.6	14.3	16.7	19.3	25.3	29.6
BV/Share	69.3	83.2	95.9	108.7	127.2	149.7
DPS	0.0	0.0	0.0	1.5	2.0	2.0
Payout (%)	0.0	0.0	0.0	10.9	9.7	8.2
<b>Valuation (x)</b>						
P/E	125.9	98.8	83.3	75.7	55.7	46.7
Cash P/E	98.3	80.2	68.6	59.2	45.2	38.7
P/BV	16.5	13.7	11.9	10.5	9.0	7.6
EV/Sales	21.5	18.7	16.3	13.0	10.3	9.1
EV/EBITDA	82.7	68.5	59.2	49.2	38.2	32.7
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.2	0.2
FCF per share	4.4	17.8	-3.3	-11.4	13.5	11.9
<b>Return Ratios (%)</b>						
RoE	14.1	15.2	15.3	14.8	17.4	17.7
RoCE	13.5	17.2	13.5	13.0	15.3	16.3
RoIC	13.8	19.2	16.4	15.5	17.3	18.8
<b>Working Capital Ratios</b>						
Fixed Asset Turnover (x)	1.4	1.5	1.2	1.1	1.2	1.1
Asset Turnover (x)	0.7	0.7	0.6	0.7	0.8	0.8
Inventory (Days)	6	6	6	6	6	6
Debtor (Days)	32	27	32	36	32	32
Creditor (Days)	40	40	54	61	40	40
<b>Leverage Ratio (x)</b>						
Interest Cover Ratio	9.8	34.5	-41.8	22.4	30.8	43.0
Net Debt/Equity	0.0	-0.1	0.0	0.1	0.0	0.0

### Consolidated - Cash Flow Statement

(InR m)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	10,310	13,370	15,950	16,750	24,424	28,962
Depreciation	2,480	2,600	2,840	4,070	4,634	4,907
Interest & Finance Charges	1,120	390	-730	390	95	-121
Direct Taxes Paid	-1,430	300	-3,160	-3,400	-4,518	-5,213
(Inc)/Dec in WC	-1,300	2,609	8,141	-2,290	-3,019	1,507
<b>CF from Operations</b>	<b>11,180</b>	<b>19,269</b>	<b>23,041</b>	<b>15,520</b>	<b>21,615</b>	<b>30,042</b>
<b>CF from Operating incl EO</b>	<b>11,180</b>	<b>19,269</b>	<b>23,041</b>	<b>15,520</b>	<b>21,615</b>	<b>30,042</b>
(Inc)/Dec in FA	-6,880	-1,990	-26,260	-26,540	-8,500	-18,500
<b>Free Cash Flow</b>	<b>4,300</b>	<b>17,279</b>	<b>-3,219</b>	<b>-11,020</b>	<b>13,115</b>	<b>11,542</b>
(Pur)/Sale of Investments	0	0	-640	620	0	0
Others	470	290	350	-4,830	702	792
<b>CF from Investments</b>	<b>-6,410</b>	<b>-1,700</b>	<b>-26,550</b>	<b>-30,750</b>	<b>-7,798</b>	<b>-17,708</b>
Issue of Shares	37	0	0	0	0	0
Inc/(Dec) in Debt	-2,100	-2,360	4,950	13,150	-10,000	0
Interest Paid	-1,120	-390	380	-840	-797	-671
Dividend Paid	0	0	0	0	-1,939	-1,939
Others	0	0	0	170	0	0
<b>CF from Fin. Activity</b>	<b>-3,183</b>	<b>-2,750</b>	<b>5,330</b>	<b>12,480</b>	<b>-12,736</b>	<b>-2,610</b>
<b>Inc/Dec of Cash</b>	<b>1,587</b>	<b>14,819</b>	<b>1,821</b>	<b>-2,750</b>	<b>1,082</b>	<b>9,724</b>
Opening Balance	6,660	6,150	15,650	12,860	10,110	11,192
<b>Closing Balance</b>	<b>6,150</b>	<b>15,650</b>	<b>12,860</b>	<b>10,110</b>	<b>11,192</b>	<b>20,916</b>

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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