

Expansion Accelerates; Profitability Strengthened

Est. Vs. Actual for Q4FY25: Revenue: **INLINE**; EBITDA Margin: **INLINE**; PAT: **INLINE**

Changes in Estimates post Q4FY25

FY26E/FY27E: Revenue: 1.4%/0.3%; EBITDA Abs: 3.6%/2.6%; PAT: 4.7%/4.4%

Recommendation Rationale

- **Strong Revenue Growth Driven by New Hospitals:** Max Healthcare reported revenue of Rs 2,326 Cr, in line with expectations, supported by steady ARPOB and contributions from new hospitals, despite a marginal drop in occupancy.
- **Stable ARPOB and Improved Occupancy:** ARPOB stood at Rs 77,100, remaining flat YoY (Existing units +7% Growth YoY), while occupancy improved to 75% (up 300 bps YoY on a like-to-like basis), driven by a 30% YoY growth in occupied bed days.
- **EBITDA Margins and Profitability:** EBITDA margins remained stable at 26.4% over the year, despite the addition of new assets. PAT was Rs 376 Cr, reflecting a 21% YoY growth driven by operational efficiencies and cost control.

Sector Outlook: Positive

Company Outlook & Guidance: Max Healthcare's revenue mix remains well-balanced, with continued growth in institutional and international patient segments. The recent increase in institutional business share is expected to stabilise as higher-value payer segments expand. The short-term margin impact from new hospital ramp-ups is expected to ease as these facilities scale their operations gradually. Lucknow, Noida, and Nagpur are expected to see further profitability expansion, supported by higher occupancy rates and the introduction of new clinical programs.

Current Valuation: EV/EBITDA 35x for FY27E EBITDA (Earlier Valuation: EV/EBITDA 35x)

Current TP: Rs 1,315/share (Earlier TP: Rs 1,315/share)

Recommendation: BUY

Financial Performance

Max Healthcare reported revenue of Rs 2,326 Cr, in line with expectations, supported by steady ARPOB and contributions from new hospitals despite a marginal drop in occupancy. ARPOB stood at Rs 77,100, remaining flat YoY, while occupancy improved to 75% (up 300 bps YoY on a like-to-like basis), driven by a 30% YoY growth in occupied bed days. EBITDA margins stood at 26.4%, stable over the year despite additions of new assets. PAT was Rs 376 Cr, reflecting a 21% YoY growth driven by operational efficiencies and cost control.

Developing hospitals demonstrated a robust ramp-up, with revenue growing 22%. Occupancy rates improved significantly, by 800 bps sequentially and 400 bps YoY, driving a 14.5% increase in occupied bed days. However, ARPOB remained subdued, primarily due to a shift in payer mix. Max Dwarka reached EBITDA breakeven within just six months of operations, reporting Q4 revenue of Rs 59 Cr and achieving 73% occupancy on 235 commissioned beds as of Mar'25. Max Lucknow and Max Nagpur continued to deliver strong performance, with EBITDA rising 102% and 86% YoY, respectively, on the back of 56% and 23% revenue growth. The integration of new units, including Max Noida and JP Hospital, is progressing well, with management confident of further occupancy ramp-up and margin expansion as these hospitals mature and operational synergies are realised.

Key Financials (Consolidated)

(Rs Cr)	Q4FY25	QoQ (%)	YoY (%)	Axis Est.	Variance %
Net Sales	2,326	2.0%	29.2%	2,292	1.5%
EBITDA	613	2.0%	28.2%	591	3.7%
EBITDA Margin	26.4%	1	-20	25.8%	-
Net Profit	376	19.4%	20.9%	376	0.0%
EPS (Rs)	3.9	19.4%	20.9%	3.9	0.0%

Source: Company, Axis Securities Research

(CMP as of 21st May, 2025)

CMP (Rs)	1,144
Upside /Downside (%)	15%
High/Low (Rs)	1,228/743
Market cap (Cr)	1,11,080
Avg. daily vol. (6m) Shrs.	20,09,035
No. of shares (Cr)	97.09

Shareholding (%)

	Sep-24	Dec-24	Mar-25
Promoter	23.7	23.7	23.7
FII's	57.3	56.9	54.7
MFs / UTI	11.6	11.7	13.4
Banks	0.0	0.0	0.0
Others	7.4	7.6	8.1

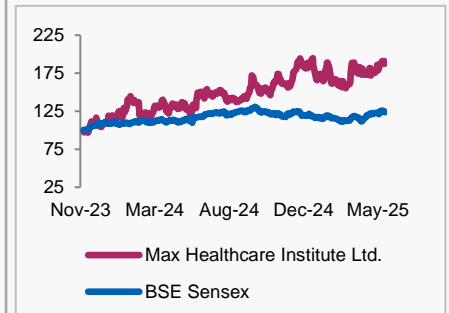
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	8,621	11,103	13,100
EBITDA	2,193	3,053	3,707
Net Profit	1,335	2,005	2,496
EPS (Rs)	14	21	26
PER (x)	83	55	45
P/BV (x)	52	37	30
EV/EBITDA (x)	11	9	7
ROE (%)	13	16	17

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	1.4%	0.3%
EBITDA	3.6%	2.6%
PAT	4.7%	4.4%

Relative Performance



Source: Ace Equity

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Financial Performance (Cont'd)

Mature hospitals maintained their strong momentum, achieving 16% YoY revenue growth. Occupancy rates improved by 200 bps QoQ and 400 bps YoY, while ARPOB increased by 7% YoY, reflecting higher realisations and an enhanced therapy mix. This robust growth was underpinned by strong performance from existing hospitals and a continued focus on optimising service offerings. As a result, EBITDA margins for mature hospitals expanded by 70 bps YoY to 28.6%, benefiting from greater operating leverage and scale efficiencies.

Max Healthcare is set to add around 1,500 beds over the next year through major projects. The first phase of Nanavati (268 beds) and Mohali (155 beds) are both expected to be operational within 90 days. The 400-bed Max Mart facility in Saket is scheduled for commissioning by Q2FY26, while the Greenfield Gurgaon hospital (500 beds) is targeted for completion by the end of 2025. In Lucknow, 128 beds have already been added, with further additions and the onco block expected by Q2FY26. At Max Dwarka, the onco block will be ready by Q3FY26, with a further 200-bed expansion planned. Other projects—such as Patparganj (397 beds), Vikrant Saket (550 beds), Zirakpur Mohali (400 beds), and Vaishali (140 beds)—are progressing on schedule, with expected completion timelines ranging from 24 to 30 months. These expansions will significantly strengthen Max Healthcare's capacity and presence across key regions.

Outlook

Max Healthcare's revenue mix remains well-balanced, with continued growth in institutional and international patient segments. The recent increase in the institutional business share is expected to stabilise as higher-value payer segments expand. The short-term margin impact from new hospital ramp-ups is expected to ease as these facilities scale their operations gradually. Lucknow, Noida, and Nagpur are expected to witness further profitability expansion, driven by higher occupancy rates and the introduction of new clinical programs.

Valuation & Recommendation

As one of India's leading hospital chains, Max Healthcare is well-positioned to capitalise on rising healthcare demand, driven by an improving payer mix and strategic capacity expansion. Under an asset-light model, the Thane Hospital project is expected to generate a strong ROCE with minimal upfront investment. Additionally, expanding existing facilities in Mohali, Gurgaon, and Saket is expected to drive incremental revenue growth in the coming years. We maintain a **BUY** rating on MAXHEALTH with a target price of Rs 1,315/share, representing an upside potential of 15% from the CMP. This valuation is based on a 35x EV/EBITDA multiple for FY27E.

Key Risks to Our Estimates and TP

- The company's overall revenue growth could be affected by the economic slowdown.
- A high attrition rate of doctors might hinder the company's revenue growth.
- Unplanned Capex has the potential to weaken the company's balance sheet.

Change in Estimates

(Rs Cr)	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	11103	13100	10951	13067	1.4%	0.3%
EBITDA	3053	3707	2946	3613	3.6%	2.6%
PAT	2005	2496	1914	2390	4.7%	4.4%

Source: Company, Axis Securities Research

Results Review

Particulars (Rs Cr)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Net Sales	1,800	1,935	2,125	2,281	2,326	29.2%	2.0%
Growth (YoY%)	16.1%	18.8%	22.7%	35.1%	29.2%		
Total Expenditure	1,322	1,455	1,579	1,680	1,713	29.6%	2.0%
Raw Material Consumed	707	773	843	883	917		
Purchase of stock in trade	0	0	0	0	0		
Stock Adjustment	0	0	0	0	0		
Gross Profits	1,093	1,162	1,282	1,398	1,409	28.9%	0.8%
% of sales	39.3%	39.9%	39.7%	38.7%	39.4%		
Gross margins (%)	60.7%	60.1%	60.3%	61.3%	60.6%	-15	-71
Indirect	590	663	716	776	777	31.7%	0.1%
Less: ESOP	14	12	13	14	15		
Less: Fair Value Adjustments	11	7	7	7	4		
% of sales	34.2%	35.2%	34.6%	34.9%	34.2%		
EBITDA	478	480	546	601	613	28.2%	2.0%
EBITDAM (%)	26.6%	24.8%	25.7%	26.3%	26.4%	-20	1
Interest	-4	8	5	35	36		
Depreciation	84	90	97	106	114		
Exceptional items	0	0	0	74	0		
PBT	398	382	444	386	463	16.3%	19.9%
Tax	87	87	95	71	87		
Tax (%)	21.9%	22.8%	21.4%	18.4%	18.8%		
Reported PAT	311	295	349	315	376	20.9%	19.4%

Source: Company, Axis Securities Research

Revenue Breakup

Particulars (Rs Cr)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
ARPOB (Rs)	77,000	77,000	76,000	75,900	77,100
Occupancy %	75.0%	75.0%	81.0%	75.0%	75.0%

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar, Rs. Cr	FY24	FY25	FY26E	FY27E
Net sales	6,815	8,621	11,103	13,100
Growth	16%	27%	29%	18%
Total Expenditure	5,009	6,428	8,049	9,393
Raw Material Consumed	1,635	2,115	2,831	3,301
Gross Margins(%)	76.0%	75.5%	74.5%	74.8%
EBITDA	1,806	2,193	3,053	3,707
EBITDA(%)	26.5%	25.4%	27.5%	28.3%
Depreciation	284	406	448	498
% of GB	6%	6%	5%	5%
Interest & Fin Chg.	(38)	84	137	129
EBIT	1,844	2,109	2,916	3,578
EBIT(%)	0	0	0	0
Other Income	35	45	50	55
Exceptional Items	-	(74)	-	-
Share of P/L of Associates	-	-	-	-
PBT	1,595	1,674	2,518	3,135
Tax Rate (%)	20%	20%	20%	20%
Tax	316	339	514	640
Reported PAT	1,279	1,335	2,005	2,496

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar, Rs. Cr	FY24	FY25	FY26E	FY27E
Share Capital	971	972	971	971
Reserves & Surplus	8324	9561	11565	14061
Shareholders Fund	9295	10533	12536	15032
- Long Term Borrowings	1177	3029	3429	3229
- Deferred Tax Liabilities(Net)	37	151	37	37
- Other Long-Term Liabilities	87	95	95	95
- Long Term Provisions	461	489	608	718
Total Non-Current Liabilities	1762	3764	4169	4079
- Short Term Borrowings	173	0	0	0
- Trade Payables	814	0	0	0
Total Current Liabilities	987	0	0	0
TOTAL EQUITY & LIABILITIES	12044	14297	16706	19111
Gross Block	4435	7109	8956	9956
Acc Dep	1106	1512	1960	2458
% of GB	25%	21%	22%	25%
Net Block	3329	5597	6996	7498
CWIP	445	1292	445	445
Goodwill	4267	4795	4795	4795
Other intangible assets	1459	698	1459	1459
Right-of-use asset	689	1344	1344	1344
- Fixed Assets(incl. Capital Work in Progress)	10189	13726	15039	15541
Total Non-Current Assets	10189	13726	15039	15541
- Current Investments	66	4	66	66
- Inventories	106	134	183	215
- Trade Receivables	600	857	1004	1184
- Cash & Cash Equivalents	1286	1011	1849	3539
- Other Current Assets	-203	-1435	-1435	-1435
Total Current Assets	1855	571	1667	3570
TOTAL ASSETS	12044	14297	16706	19111

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E Mar, Rs. Cr	FY24	FY25	FY26E	FY27E
PBT	1,595	1,674	2,518	3,135
Add: depreciation	284	406	448	498
Add: Interest	-38	84	137	129
Cash flow from operations	1,841	2,164	3,103	3,762
Change in working capital	-18	-169	76	104
Taxes	316	339	514	640
Miscellaneous expenses	0	0	0	0
Net cash from operations	1,543	1,994	2,514	3,019
Capital expenditure	-2,358	-3,943	-1,761	-1,000
Change in Investments	-64	62	-62	0
Net cash from investing	-2,422	-3,881	-1,823	-1,000
Increase/Decrease in debt	529	1,679	400	-200
Dividends	-97	0	0	0
Proceedings from equity	0	1	-1	0
Interest	38	-84	-137	-129
Others	130	16	-114	0
Net cash from financing	600	1,612	148	-329
Net Inc./(Dec.) in Cash	-279	-275	838	1,690
Opening cash balance	1,565	1,286	1,011	1,849
Closing cash balance	1,286	1,011	1,849	3,539

Source: Company, Axis Securities Research

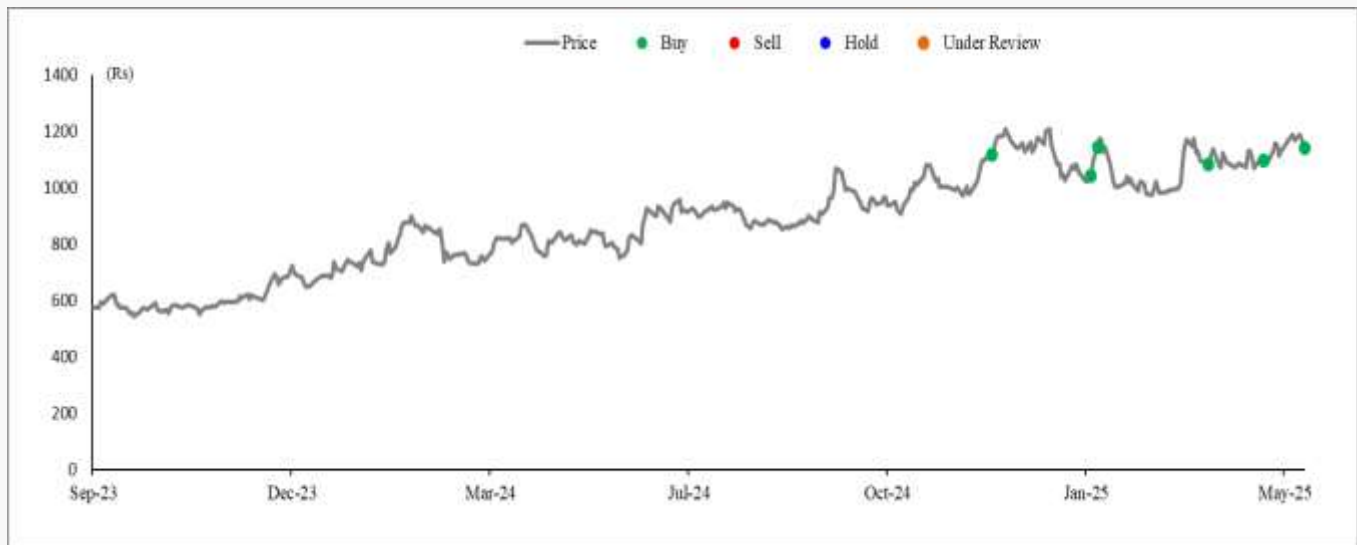
Ratio Analysis

(%)

Particulars (Rs Cr)	FY24	FY25	FY26E	FY27E
Sales growth	16	27	29	18
OPM	27	25	28	28
Oper. profit growth	15%	21%	39%	21%
COGS / Net sales	24%	25%	26%	25%
Depreciation / G. block	6%	6%	5%	5%
Effective interest rate	-3%	3%	4%	4%
Net wkg.cap / Net sales	-13%	-12%	-9%	-6%
Net sales / Gr block (x)	1.5	1.2	1.2	1.3
ROCE	15	12	16	19
Debt/equity (x)	0.1	0.3	0.3	0.2
Effective tax rate	20%	20%	20%	20%
RoE	14	13	16	17
Payout ratio (Div/NP)	10%	0%	0%	0%
EPS (Rs.)	13	14	21	26
EPS Growth	-4%	4%	50%	25%
CEPS (Rs.)	16	18	25	31
DPS (Rs.)	1	0	0	0

Source: Company, Axis Securities Research

Max Healthcare Institute Price Chart and Recommendation History



Date	Reco	TP	Research
11-Dec-24	BUY	1,315	Initiating Coverage
31-Jan-25	BUY	1,315	Result Update
01-Mar-25	BUY	1,315	Top Picks
01-Apr-25	BUY	1,315	Top Picks
02-May-25	BUY	1,315	Top Picks
22-May-25	BUY	1,315	Result Update

Source: Axis Securities Research

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NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

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