

Max Healthcare

Estimate change

TP change

Rating change



CMP: INR1,040

TP: INR1,270 (+22%)

Buy

Temporary margin pause, expansion story continues

Pune entry and brownfield additions to support volume growth ahead

- Max Healthcare (MAXH) reported a largely in-line financial performance in 3QFY26. After several quarters of strong YoY growth in EBITDA, MAXH posted a modest 2% YoY growth in 3Q.
- MAXH faced challenges on margins, such as a) lower seasonality and high base of past year, b) temporary dispute on cashless reimbursement with certain insurance companies, c) GST reduction on medicines, and d) certain pre-commissioning expenses related to new beds.
- The company has resolved insurance-related issues to avoid any further recurrence of such issues.
- MAXH is progressing well on its bed capacity expansion on a brownfield basis. As part of its plan to expand its presence in western India, the company has signed a share purchase agreement to develop a 450-bed hospital in Pune.
- In the lab business, there has been a steady rise in average realization per bill, along with the addition of collection centers, pickup points and test processing labs.
- We reduce our estimate for FY27 by 7%, factoring in pre-commissioning opex related to Gurgaon hospital and on-boarding of doctors and paramedical resources for new hospitals.
- 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 INR1,270.
- While its existing hospitals enjoy high occupancy, MAXH is making efforts to optimize case-mix/payor mix to drive growth in these hospitals. It is also in the process of adding beds through brownfield/greenfield routes to support volume growth over the next 5-7 years. Maintain BUY.

A brief pause in EBITDA growth in 3QFY26

- In 3Q, Max network revenue (including the trust business) grew 8.8% YoY to INR24.7b (our est. INR23.7b).
- EBITDA margin contracted by 160bp YoY to 25.6% (our est. 26.6%).
- EBITDA was stable YoY at INR6.3b (our est. INR 6.3b).
- 3Q included a one-time expense of INR550m related to the impact of the labor code and provisions for stamp duty payable on the amalgamation of CRL with JHL.
- Accordingly, adj. PAT would be INR4.0b (our est: INR3.9b).
- EBITDA per bed (annualized) stood at INR7.1m for the quarter.
- In 9MFY26, revenue/EBITDA/PAT grew 19%/15%/11% YoY to INR75b/INR19b/INR12b.

Bloomberg	MAXHEALT IN
Equity Shares (m)	972
M.Cap.(INRb)/(USDb)	1011.8 / 11.2
52-Week Range (INR)	1314 / 934
1, 6, 12 Rel. Per (%)	1/-23/-16
12M Avg Val (INR M)	3138

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	101.4	123.0	138.2
EBITDA	26.0	31.0	35.4
Adj. PAT	16.1	21.1	24.4
EBIT Margin (%)	20.9	21.1	21.8
Cons. Adj. EPS (INR)	16.7	21.7	25.2
EPS Gr. (%)	10.1	30.6	15.8
BV/Sh. (INR)	123.8	143.5	168.7

Ratios

Net D:E	0.1	0.0	(0.1)
RoE (%)	14.3	16.3	16.1
RoCE (%)	13.9	14.5	14.5
Payout (%)	11.7	9.2	0.0

Valuations

P/E (x)	62.4	47.8	41.3
EV/EBITDA (x)	39.3	32.7	28.2
Div. Yield (%)	0.2	0.2	0.0
FCF Yield (%)	0.3	1.1	1.7
EV/Sales (x)	10.1	8.3	7.2

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	23.7	23.7	23.7
DII	21.2	20.0	15.6
FII	50.6	51.8	56.9
Others	4.5	4.4	3.8

FII Includes depository receipts

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- Management highlighted that 3Q revenue and EBITDA were sequentially impacted by a temporary shift toward institutional patients following disruption in cashless services. Standalone health insurers and services were fully restored by 3Q end.
- Oncology revenue mix moderated due to the discontinuation of select high-value patented chemotherapy drugs for CGHS/institutional patients after revised pricing guidelines made supply unviable (sale below cost). Management continues discussions with CGHS.
- Jaypee Hospital clock over 30% YoY revenue growth in 3Q (post-acquisition). Adjusting for the initial revenue dip following the acquisition, when referral streams were rationalized, the underlying growth trajectory would be ~40%. EBITDA improved in line with revenue recovery, though margins remained ~3-4% below overall network margins.
- 63 brownfield beds were commissioned at Nanavati Max (45 currently occupied).
- At Mohali, 53 beds were commissioned in 2Q (46 currently occupied).
- Remaining beds at both locations will be commissioned in 4QFY26. Incremental capacity is EBITDA and margin accretive.
- Max-Smart infrastructure for ~400 beds (including OTs and OPDs) is ready; the commissioning is pending occupancy certificate, expected by Feb'26 end.
- The company has plans for expansion into Western India with a planned 450-bed greenfield hospital in Pune, targeted for completion by 2030.

Consolidated - Quarterly earnings model

Y/E March	FY25				FY26E				FY25	FY26E	FY26	% var
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
Net Sales	19,310	21,190	22,690	23,020	24,510	25,720	24,680	26,520	86,210	1,01,430	23,658	4.3
YoY Change (%)	19.1	23.3	34.9	28.5	26.9	21.4	8.8	15.2	26.5	17.7	4.3	
Total Expenditure	14,370	15,520	16,520	16,950	18,340	18,850	18,360	19,837	63,360	75,387	17,365	
EBITDA	4,940	5,670	6,170	6,070	6,170	6,870	6,320	6,683	22,850	26,043	6,293	0.4
Margins (%)	25.6	26.8	27.2	26.4	25.2	26.7	25.6	25.2	26.5	25.7	26.6	
Depreciation	900	970	1,060	1,140	1,170	1,220	1,230	1,265	4,070	4,885	1,141	
Interest	80	50	350	360	340	410	410	443	840	1,603	427	
Other Income	40	60	110	240	80	80	160	130	450	450	120	
PBT before EO expense	4,000	4,710	4,870	4,810	4,740	5,320	4,840	5,105	18,390	20,005	4,845	-0.1
Extra-Ord expense	190	270	1,000	180	330	180	700	0	1,640	1,210	0	
PBT	3,810	4,440	3,870	4,630	4,410	5,140	4,140	5,105	16,750	18,795	4,845	-14.6
Tax	870	950	710	870	960	-410	690	955	3,400	2,195	896	
Rate (%)	22.8	21.4	18.3	18.8	21.8	-8.0	16.7	18.7	20.3	11.7	18.5	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	2,940	3,490	3,160	3,760	3,450	5,550	3,450	4,151	13,350	16,601	3,949	
Adj PAT	3,087	3,702	3,977	3,906	3,708	4,254	4,033	4,151	14,672	16,146	3,949	2.1
YoY Change (%)	1.0	4.9	16.5	17.7	20.1	14.9	1.4	6.3	10.2	10.1	-0.7	
Margins (%)	16.0	17.5	17.5	17.0	15.1	16.5	16.3	15.7	17.0	15.9	16.7	
EPS	3.2	3.8	4.1	4.0	3.8	4.4	4.2	4.3	15.1	16.7	4.1	2.1

E: MOFSL Estimates



Key operating updates

- As of Dec'25 end, operational bed capacity stood at 4,853, following the addition of 387 beds over the LTM period, primarily at MSSH Dwarka, Nanavati-Max, MSSH Lucknow, and MSSH Mohali.
- For the hospitals business, ARPOB stood at INR77.9k in 3QFY26 (+2.6% YoY).
- Occupancy came in at 74% in 3QFY26 (vs. 75%/77% in 3QFY25/2QFY26), with occupied bed days (OBDs) up by +7% YoY.
- The payor mix changed as the cash segment's revenue share increased 110bp YoY to 34.5%, the institutional revenue share increased 280bp YoY to 22.7%, the international revenue share increased 40bp YoY to 9.4%, and the TPA and Corporate segment's revenue share declined 440bp YoY to 33.3%.
- Max Lab's revenue was INR470m for 3QFY26 (+13% YoY).
- Max Home's gross revenue was INR680m (+23% YoY).
- International patient revenue was INR2.3b in 3QFY26 (up by +14% YoY).
- Free cash from operations was INR2.8b vs. INR3.0b in 3QFY25 and INR2.9b in 2QFY26.
- Net debt at the end of 3QFY26 was INR21.7b vs. INR15.8b at the end of FY25.
- To date, the network has performed 4,209 liver transplants, 5,524 kidney transplants, and 2,204 bone marrow transplants.

Other conference call highlights

- Max Dwarka received board approval for addition of 260 beds, increasing total capacity to 560 beds.
- Max Lucknow: Current capacity stands at 413 beds and is expected to increase to ~500 beds by the end of FY26. Radiation bunker and nuclear medicine services have commenced operations, strengthening the oncology offering.
- Sector 56, Gurgaon (500 beds): Construction pace has accelerated after earlier disruptions. Phase 1 commissioning is now targeted by the end of 1HFY27.
- Nagpur (100 beds): Consent has been received and civil construction has begun. Project completion is targeted within 24 months.
- Zirakpur, Mohali (400 beds): Project execution remains on track, with commissioning scheduled for FY28.
- Max Vaishali (200 beds): Awaiting environmental clearance and building plan approvals before commencing construction. Completion is expected within 24 months post approvals.
- Patparganj (397 beds): All regulatory approvals have been secured and barricading work is complete. Revised D-wall design has been finalized, with project completion now targeted by FY29.
- Insurance negotiations concluded with four insurers; pricing increase secured and a formal annual revision mechanism agreed.
- INR4b was deployed during the quarter toward capacity expansion, facility upgrades, and new units.

Exhibit 1: ARPOB grew 3% YoY on an overall basis

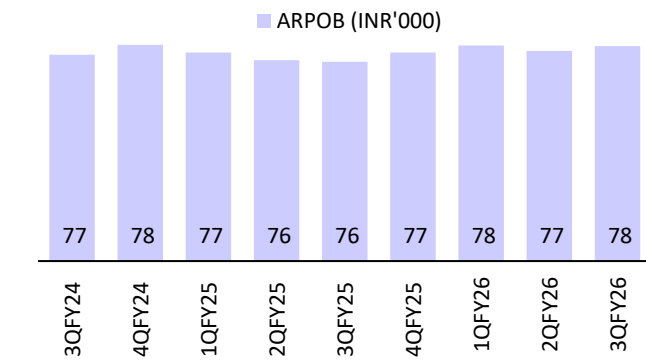


Exhibit 2: Occupancy declined to 74% in 3QFY26

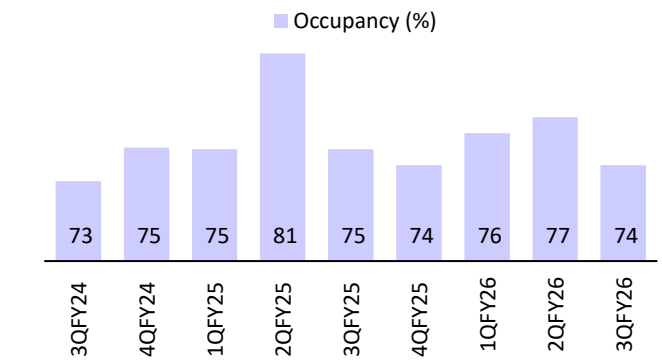
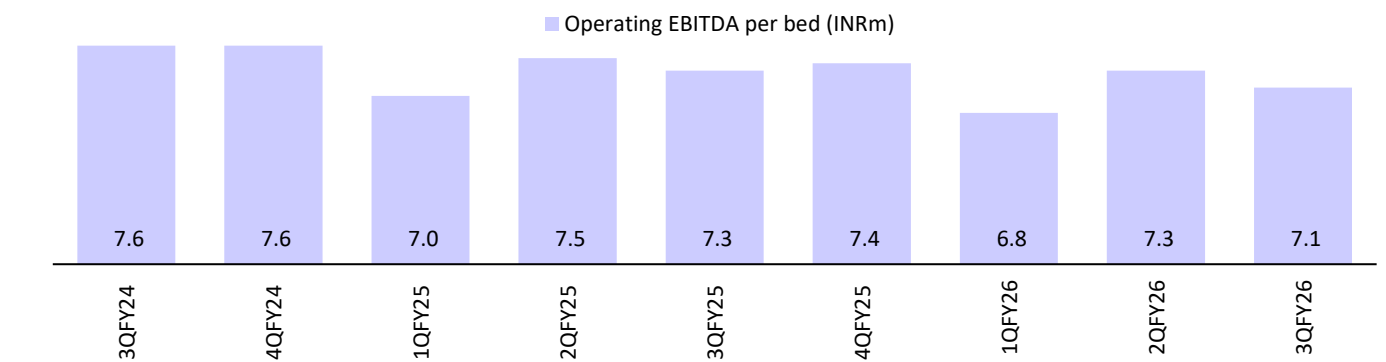


Exhibit 3: Operating EBITDA per bed down 2% YoY in 3QFY26



Source: MOFSL, Company

Capacity-led growth intact

Bed additions to drive earnings acceleration ahead

- MAXH increased operational bed capacity by 9% YoY to 4,853 beds at the end of 9MFY26, reflecting continued execution on its expansion strategy.
- Revenue grew 19% YoY in 9MFY26, driven primarily by volume growth and improved utilization, despite modest ARPOB growth of 1.7% YoY.
- Performance softness in 3Q was attributed to seasonal factors, a temporary shift toward lower-margin institutional patients following cashless insurer disruptions, CGHS oncology pricing changes, GST cuts on drugs and consumables, and pre-commissioning expenses.
- Brownfield expansions are ramping up efficiently, with 63 beds added at Nanavati, 53 beds at Mohali (already largely occupied), and ~200 beds at Max Smart ready for commissioning (expected to be margin accretive).
- International patient revenue increased 23% YoY in 9MFY26 and contributed ~9% of hospital revenue, supporting overall revenue quality.
- Institutional payor share increased 310bp YoY, while TPA and corporate share declined 360bp YoY in 9MFY26, temporarily impacting margins but expected to normalize.
- EBITDA per bed remained stable at INR7.1m in 9HFY26, indicating operational resilience despite mix shifts and expansion-related costs.
- The expansion pipeline remains strong, with capacity additions planned across Lucknow, Gurgaon, Nagpur, Zirakpur, Vaishali, Patparganj, Pune, and Dwarka over FY26/30.
- Management targets doubling bed capacity over the next 4-5 years through a mix of ~2,000 greenfield beds, ~3,000 brownfield additions, M&A opportunities, and built-to-suit lease models.
- Management expects performance recovery in the near term as cashless insurance services normalize, CGHS tariff revisions take effect from Apr'26, payer mix stabilizes, and newly commissioned capacity contributes incremental margins.
- We expect MAXH to deliver a 17% revenue CAGR over FY25-28, reaching INR138b, supported by steady capacity expansion and operating leverage.

Platforms gaining scale with sustainable profitability

- Max@Lab delivered healthy growth in 3QFY26 as gross billing value rose 16% YoY and revenue grew 13% YoY to ~INR470m, driven by 13% growth in test volumes and continued network expansion, partly offset by moderation in average realization per bill.
- EBITDA increased ~7% YoY to INR63m, with margins sustaining at ~13%.
- We expect Max@lab to deliver a 23% revenue CAGR over FY25-28 to INR3.2b.
- Max@Home delivered strong momentum, with 3Q revenue up 23% YoY to INR680m.
- Growth was supported by stable-to-improving realizations (INR401 per bill in 3Q) despite a largely steady bill volume base, indicating better pricing mix and higher-value service contribution.
- Revenue mix continues to diversify, with Assistance and Transactional services together contributing ~62% in 3QFY26, alongside Medical Rooms and Rehab,

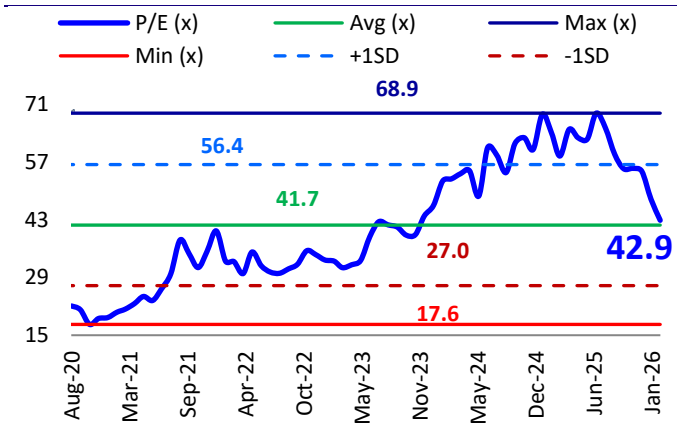
supported by 16 specialized service lines, ~130 medical rooms across 15 cities, and 56%+ repeat share in transactional patients, underscoring improving customer stickiness and brand strength.

- Max@Home is expected to post a 22% revenue CAGR over FY25-28 to INR3.9b.

Maintain BUY

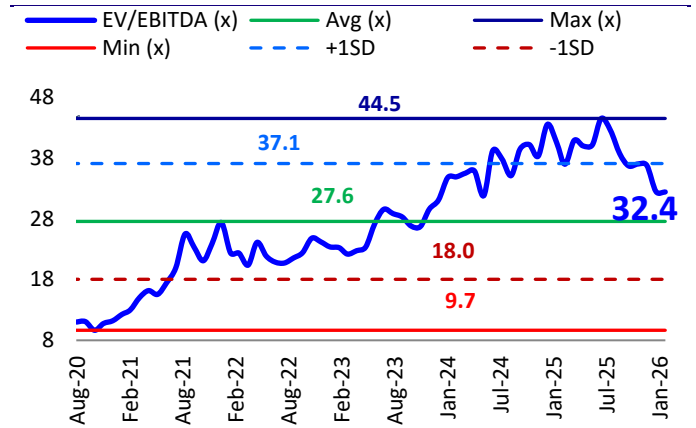
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- While its existing hospitals enjoy high occupancy, MAXH is implementing efforts to optimize case-mix/payor mix to drive growth in these hospitals. It is also in the process of adding beds through brownfield/greenfield route to support volume growth over next 5-7 years. Maintain BUY.

Exhibit 4: P/E Chart



Source: MOFSL, Company, Bloomberg

Exhibit 5: EV/EBITDA Chart



Source: MOFSL, Company, Bloomberg

Story in charts

Exhibit 6: Expect 2% CAGR in ARPOB over FY25-28

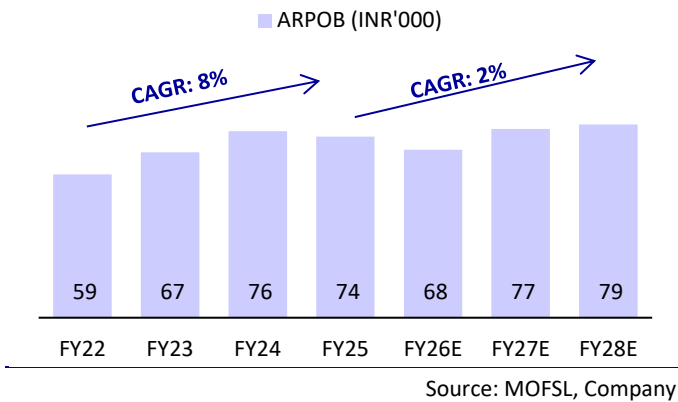


Exhibit 7: Occupancy may decline amid capacity expansion

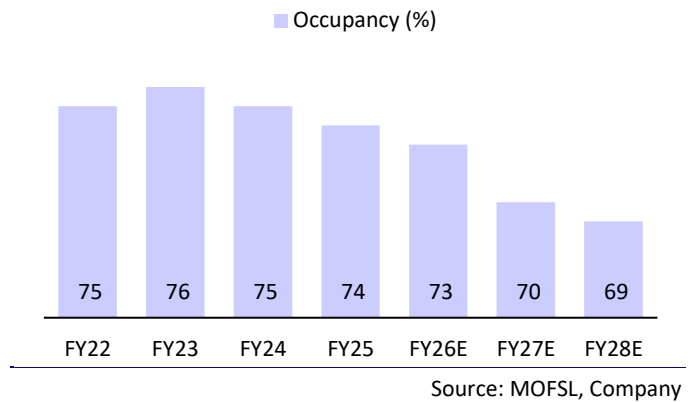


Exhibit 8: Network revenue to post 17% CAGR over FY25-28

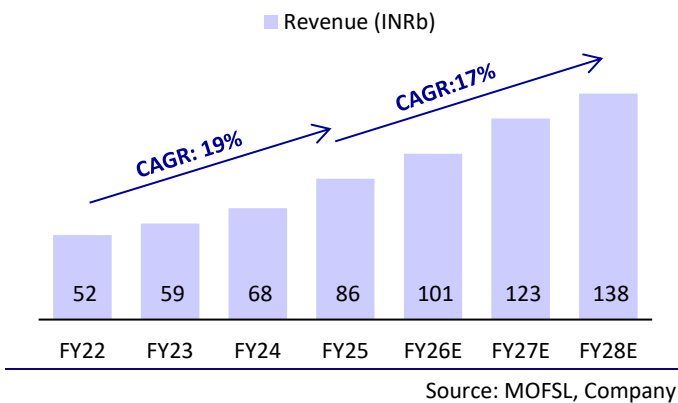


Exhibit 9: Expect EBITDA margin to decline ~90bp to 25.6%

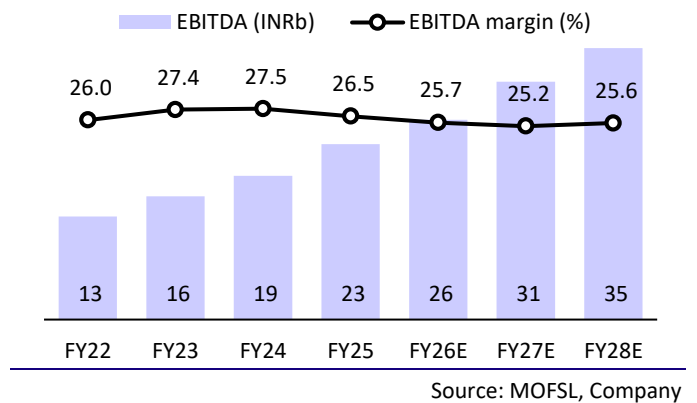


Exhibit 10: EPS to clock 18% CAGR over FY25-28

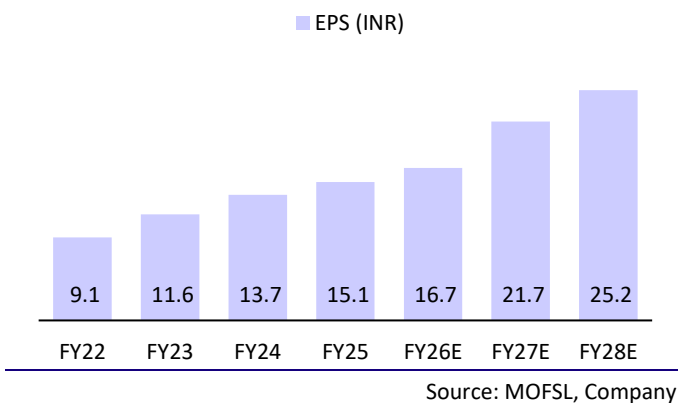
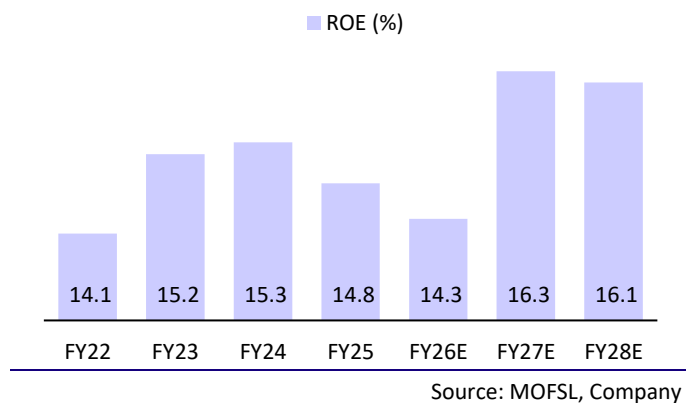


Exhibit 11: Expect RoE to be in range of 16-17%



Financials and valuations

Consolidated - Income Statement

(InR m)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	51,710	58,750	68,150	86,210	1,01,430	1,22,980	1,38,220
Change (%)	43.6	13.6	16.0	26.5	17.7	21.2	12.4
Total Expenditure	38,270	42,680	49,420	63,360	75,387	91,989	1,02,835
% of Sales	74.0	72.6	72.5	73.5	74.3	74.8	74.4
EBITDA	13,440	16,070	18,730	22,850	26,043	30,991	35,384
Margin (%)	26.0	27.4	27.5	26.5	25.7	25.2	25.6
Depreciation	2,480	2,600	2,840	4,070	4,885	5,068	5,298
EBIT	10,960	13,470	15,890	18,780	21,158	25,923	30,086
Int. and Finance Charges	1,120	390	-380	840	1,603	1,316	1,196
Other Income	470	290	350	450	450	492	691
PBT bef. EO Exp.	10,310	13,370	16,620	18,390	20,005	25,099	29,581
EO Items	-500	-390	-670	1,640	-1,210	0	0
PBT after EO Exp.	9,810	12,980	15,950	16,750	18,795	25,099	29,581
Total Tax	1,430	-300	3,160	3,400	2,195	4,016	5,177
Tax Rate (%)	14.6	-2.3	19.8	20.3	11.7	16.0	17.5
Minority Interest	0	0	0	0	0	0	0
Reported PAT	8,380	13,280	12,790	13,350	16,601	21,084	24,405
Adjusted PAT	8,807	11,226	13,316	14,672	16,146	21,084	24,405
Change (%)	401.8	27.5	18.6	10.2	10.1	30.6	15.8
Margin (%)	17.0	19.1	19.5	17.0	15.9	17.1	17.7

Consolidated - Balance Sheet

(InR m)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	9,696	9,696	9,696	9,696	9,696	9,696	9,696
Total Reserves	57,484	71,004	83,254	95,634	1,10,296	1,29,440	1,53,845
Net Worth	67,180	80,700	92,950	1,05,330	1,19,992	1,39,137	1,63,541
Minority Interest	0	0	0	0	0	0	0
Total Loans	9,180	6,820	11,770	24,920	23,920	23,920	23,920
Deferred Tax Liabilities	1,850	-500	370	1,510	1,510	1,510	1,510
Capital Employed	78,210	87,020	1,05,090	1,31,760	1,45,422	1,64,567	1,88,971
Gross Block	37,100	39,210	57,290	78,920	97,256	1,14,973	1,31,567
Less: Accum. Deprn.	2,480	2,600	5,440	9,510	14,395	19,463	24,761
Net Fixed Assets	34,620	36,610	51,850	69,410	82,861	95,510	1,06,806
Goodwill on Consolidation	37,730	37,730	42,670	47,950	47,950	47,950	47,950
Intangibles	6,880	6,810	7,370	6,980	6,980	6,980	6,980
Capital WIP	0	0	7,620	12,920	10,584	11,367	9,773
Total Investments	20	20	660	40	40	40	40
Curr. Assets, Loans&Adv.	17,192	22,997	20,776	25,870	26,867	39,012	58,128
Inventory	830	1,040	1,060	1,340	1,837	2,242	2,506
Account Receivables	4,533	4,340	6,000	8,570	8,893	10,782	12,118
Cash and Bank Balance	6,150	15,650	12,860	10,110	9,037	17,380	33,829
Loans and Advances	5,679	1,967	856	5,850	7,100	8,609	9,675
Curr. Liability & Prov.	18,233	17,147	25,856	31,410	29,860	36,292	40,706
Account Payables	5,667	6,438	10,170	14,350	11,372	13,877	15,513
Other Current Liabilities	8,369	5,940	10,155	10,660	10,255	12,434	13,975
Provisions	4,197	4,768	5,531	6,400	8,232	9,981	11,218
Net Current Assets	-1,040	5,850	-5,080	-5,540	-2,993	2,720	17,422
Appl. of Funds	78,210	87,020	1,05,090	1,31,760	1,45,422	1,64,567	1,88,971

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
Adj. EPS	9.1	11.6	13.7	15.1	16.7	21.7	25.2
Cash EPS	11.6	14.3	16.7	19.3	21.7	27.0	30.6
BV/Share	69.3	83.2	95.9	108.7	123.8	143.5	168.7
DPS	0.0	0.0	0.0	1.5	2.0	2.0	0.0
Payout (%)	0.0	0.0	0.0	10.9	11.7	9.2	0.0
Valuation (x)							
P/E	114.5	89.8	75.7	68.7	62.4	47.8	41.3
Cash P/E	89.3	72.9	62.4	53.8	47.9	38.5	33.9
P/BV	15.0	12.5	10.8	9.6	8.4	7.2	6.2
EV/Sales	19.6	17.0	14.8	11.9	10.1	8.3	7.2
EV/EBITDA	75.2	62.2	53.8	44.8	39.3	32.7	28.2
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.2	0.2	0.0
FCF per share	4.4	17.8	-3.3	-11.4	3.1	11.5	17.5
Return Ratios (%)							
RoE	14.1	15.2	15.3	14.8	14.3	16.3	16.1
RoCE	13.5	17.2	13.5	13.0	13.9	14.5	14.5
RoIC	13.8	19.2	16.4	15.5	15.9	16.7	17.7
Working Capital Ratios							
Fixed Asset Turnover (x)	1.4	1.5	1.2	1.1	1.0	1.1	1.1
Asset Turnover (x)	0.7	0.7	0.6	0.7	0.7	0.7	0.7
Inventory (Days)	6	6	6	6	7	7	7
Debtor (Days)	32	27	32	36	32	32	32
Creditor (Days)	40	40	54	61	41	41	41
Leverage Ratio (x)							
Current Ratio	0.9	1.3	0.8	0.8	0.9	1.1	1.4
Interest Cover Ratio	9.8	34.5	-41.8	22.4	13.2	19.7	25.2
Net Debt/Equity	0.0	-0.1	0.0	0.1	0.1	0.0	-0.1

Consolidated - Cash Flow Statement

(InR m)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	10,310	13,370	15,950	16,750	18,795	25,099	29,581
Depreciation	2,480	2,600	2,840	4,070	4,885	5,068	5,298
Interest & Finance Charges	1,120	390	-730	390	1,153	824	505
Direct Taxes Paid	-1,430	300	-3,160	-3,400	-2,195	-4,016	-5,177
(Inc)/Dec in WC	-1,300	2,609	8,141	-2,290	-3,620	2,630	1,747
CF from Operations	11,180	19,269	23,041	15,520	19,018	29,605	31,954
CF from Operating incl EO	11,180	19,269	23,041	15,520	19,018	29,605	31,954
(Inc)/Dec in FA	-6,880	-1,990	-26,260	-26,540	-16,000	-18,500	-15,000
Free Cash Flow	4,300	17,279	-3,219	-11,020	3,018	11,105	16,954
(Pur)/Sale of Investments	0	0	-640	620	0	0	0
Others	470	290	350	-4,830	450	492	691
CF from Investments	-6,410	-1,700	-26,550	-30,750	-15,550	-18,008	-14,309
Issue of Shares	37	0	0	0	0	0	0
Inc/(Dec) in Debt	-2,100	-2,360	4,950	13,150	-1,000	0	0
Interest Paid	-1,120	-390	380	-840	-1,603	-1,316	-1,196
Dividend Paid	0	0	0	0	-1,939	-1,939	0
Others	0	0	0	170	0	0	0
CF from Fin. Activity	-3,183	-2,750	5,330	12,480	-4,541	-3,254	-1,196
Inc/Dec of Cash	1,587	14,819	1,821	-2,750	-1,073	8,343	16,449
Opening Balance	6,660	6,150	15,650	12,860	10,110	9,037	17,380
Closing Balance	6,150	15,650	12,860	10,110	9,037	17,380	33,829

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NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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