ANANDRATHI

India I Equities

Hospitals

Result Update

Change in Estimates ☑ Target ☑ Reco ☐

17 August 2026

Max Healthcare

Price cap, team exits hurt oncology; bed ramp-up aided growth; maintain BUY

Rating: **BUY**

Target Price (12-mth): Rs.1,220

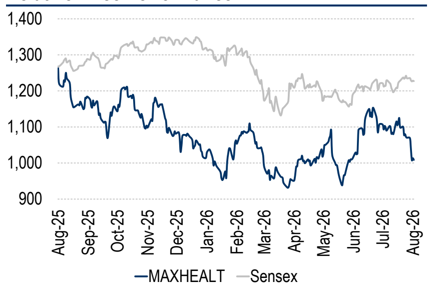
Share Price: Rs.997

Key Data	MAXHEALT IN / MAXE.BO
52-week high / low	Rs1302 / 903
Sensex / Nifty	77864 / 24344
Market cap	Rs982bn
Shares outstanding	973m

Shareholding Pattern (%)	Jun'26	Mar'26	Dec'25
Promoters	23.7	23.7	23.7
- of which, Pledged	-	-	-
Free float	76.3	76.3	76.3
- Foreign institutions	41.8	50.6	51.8
- Domestic institutions	30.0	21.2	20.0
- Public	4.6	4.5	4.4

Estimates Revision (%)	FY27e	FY28e
Sales	0.2	0.3
EBITDA	0.2	0.7
PAT	0.8	2.0

Relative Price Performance



Source: Bloomberg

Max Healthcare posted a stable performance in Q1FY27, with revenue/EBITDA/PAT rising by 15/15/4% y/y. Consolidated revenue grew 15% y/y to Rs28.3bn (ex-Onco up 20% y/y), while Max Labs/Max@Home revenue came in at Rs580/780m (up 20/32% y/y). Overall occupancy remained flat y/y at 75%, while ARPOB rose 5% y/y to Rs81,900. Other highlights: (a) The board of directors approved foray into medical education and set-up of medical colleges, in view of proposed regulatory changes by National Medical Commission; (b) approved Rs4.25bn capex for brownfield tower at MSSH, Vaishali (to add 202 beds to the existing 387 beds); and (c) The company acquired all outstanding shares of Yerawada Properties Pvt. Ltd. (YPPL) representing ~50.22% of economic interest. We maintain BUY rating on the stock with an unchanged TP of Rs1,220, valuing its hospital/laboratory business at 32/26x FY28e EV/EBITDA.

Operating Performance: Consolidated EBITDA grew 15% y/y to Rs.7.1bn, while revenue rose 15% y/y to Rs28.4bn, mainly led by 10% y/y rise in OBDs. EBITDA margin stood at 24.9% (flat on y/y basis), due to recent commissioning of new brownfield capacity and KHL acquisition. The share of oncology in IPD revenue dropped to 22% from 26% in Q1FY26, owing to discontinuation of select chemotherapy drugs for institutional patients. Overall RoCE (ex-CWIP) stood at 29.2% in Q1FY27.

Brownfield and Greenfield Expansion to Drive Growth: The company acquired 58.28% stake in Kalinga Hospital (250-beds) on 18th of May-26 for ~Rs2.98bn. On 30th of Jun-26, it acquired 100% voting rights (~50.22% economic interest) in YPPL, with preliminary municipal approval received for a proposed 450-bed Pune hospital. At Max Smart, 202 beds are operational with the remaining 198 beds are likely to commission in Q2FY27. The board of directors has approved Rs4.25bn for a 202-bed brownfield tower at MSSH, Vaishali (over 387 existing), which is likely to be commissioned in Q4FY30.

Foraying into Medical Education: National Medical Commission now allows for-profit hospitals to open medical colleges. The management expects an RoCE of >25% from this venture with initial plan is to start a college at the 27-acre Lucknow campus with ~Rs3bn capex to set up a 150-seat medical college.

Outlook and Valuation: Despite pressure on oncology business, the company delivered strong results in Q1FY27. Looking ahead, we expect growth prospects to remain intact, led by: **(a)** ramping up of Max Smart, Max Vaishali; **(b)** brownfield additions; and **(c)** ~2,000+ beds expansion plans for long-term. We maintain our EBITDA estimate for FY27/28e. Expecting revenue and EBITDA to clock 18% CAGR each over FY26-28e, we maintain BUY rating on the stock with an unchanged TP of Rs1,220, valuing its hospital/laboratory business at 32/26x FY28e EV/EBITDA. **Key Risks:** (a) Delay in project execution leading to slower rate of bed addition; (b) regulatory risks; and (c) lower international business.

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Research Analyst

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Quick Glance – Financial and Valuations (Consolidated)

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Revenues	68,490	86,670	1,00,650	1,16,684	1,39,151
Growth (%)	16.0	26.5	16.1	15.9	19.3
Raw material	16,350	21,150	25,040	29,754	36,875
Employee & other expen	33,070	42,330	49,230	55,519	65,189
EBITDA	**19,070**	**23,190**	**26,380**	**31,411**	**37,087**
EBITDA margins (%)	27.8	26.8	26.2	26.9	26.7
- Depreciation	2,840	4,060	4,990	5,589	6,259
Other income	-	-	-	-	-
Interest expense	-380	840	1,620	1,000	1,100
PBT	17,280	19,830	20,700	24,822	29,727
Effective tax rates (%)	19	19	13	20	20
+ Associates/(Minorities)					
Adj. income	13,450	14,900	17,250	19,858	23,782
Extraord. items (loss)/profit	670	1,540	930	-	-
Reported PAT	12,780	13,360	16,320	19,858	23,782
WANS	972	972	973	973	973
FDEPS (Rs)	13.8	15.3	17.7	20.4	24.4

Fig 2 – Balance Sheet (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Share capital	9,719	9,721	9,731	9,731	9,731
Net worth	92,950	1,05,330	1,20,880	1,38,013	1,58,525
Debt	11,770	24,920	29,240	27,740	26,240
Minority interest					
Deferred tax liability/(asset)	370	1,510	1,910	1,910	1,910
Capital employed	**1,05,090**	**1,31,760**	**1,52,030**	**1,67,663**	**1,86,675**
Net tangible assets	59,850	89,310	1,06,170	1,20,581	1,35,322
CWIP (tang. and intang.)	42,670	47,950	48,030	48,036	48,042
Investments (strategic)	30	40	60	60	60
Investments (financial)					
Current assets (excl. C&CE)	6,835	8,145	9,900	16,075	19,056
Cash	12,860	10,110	11,210	9,346	12,484
Current liabilities	17,155	23,795	23,340	26,435	28,288
Working capital	-10,320	-15,650	-13,440	-10,360	-9,233
Capital deployed	**1,05,090**	**1,31,760**	**1,52,030**	**1,67,663**	**1,86,675**
Contingent Liabilities	4,610	4,890	4,840	4,840	4,840

Fig 3 – Cashflow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
PBT	16,610	18,290	19,770	24,822	29,727
+ Non-cash items	2,460	4,900	6,610	6,589	7,359
Oper. profit before WC changes	19,070	23,190	26,380	31,411	37,087
- Incr./(decr.) in WC	4,078	2,920	-945	4,222	2,727
Others incl. taxes	3,160	3,390	2,520	4,964	5,945
Operating cash-flow	11,832	16,880	24,805	22,224	28,414
- Capex (tangible + intangible)	(16,000)	(28,580)	(21,540)	(20,000)	(21,000)
Free cash-flow	-4,168	-11,700	3,265	2,224	7,414
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)					
+ Equity raised	-	-	-	-	-
+ Debt raised	4,950	13,150	-2,000	-1,500	-1,500
- Fin. investments					
- Misc. items (CFI and CFF)	1,514	3,091	524	1,040	1,686
Net cash-flow	-732	-1,641	741	-316	4,228

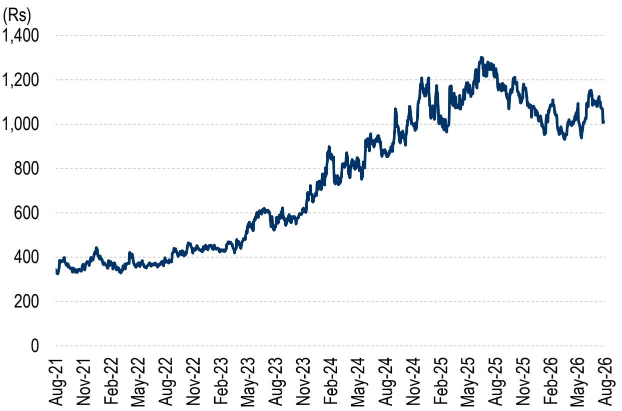
Source: Company, Anand Rathi Research

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
P/E (x)	72.0	65.0	56.2	48.9	40.8
EV/EBITDA (x)	50.7	42.4	37.4	31.4	26.5
EV/ Sales (x)	14.1	11.3	9.8	8.5	7.1
P/B (x)	10.4	9.2	8.0	7.0	6.1
RoE (%)	16.6	14.9	15.8	16.6	17.2
RoCE (%) - after tax	15.7	15.0	13.9	15.0	16.3
RoIC (%) - after tax	13.5	11.1	11.6	12.7	13.6
DPS (Rs)	1.0	1.5	2.0	2.5	3.0
Dividend yield (%)	0.1	0.2	0.2	0.3	0.3
Dividend payout (%)					
Net debt/equity (x)	-0.0	0.1	0.1	0.1	0.1
Receivables (days)	53	53	42	46	43
Inventory (days)	6	6	8	8	9
Payables (days)	43	43	43	43	43
CFO:PAT (%)	88	113	144	112	119

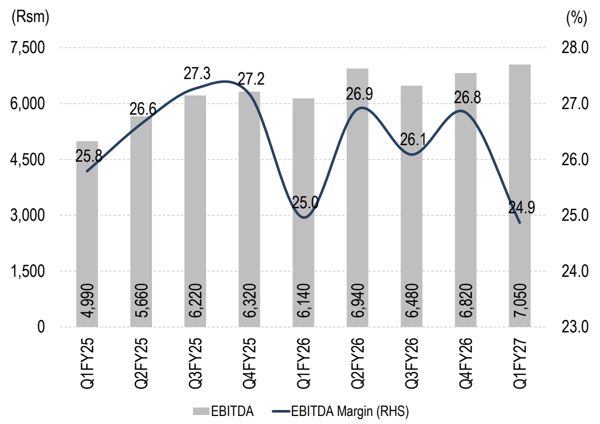
Source: Company, Anand Rathi Research

Fig 5 – Price Movement



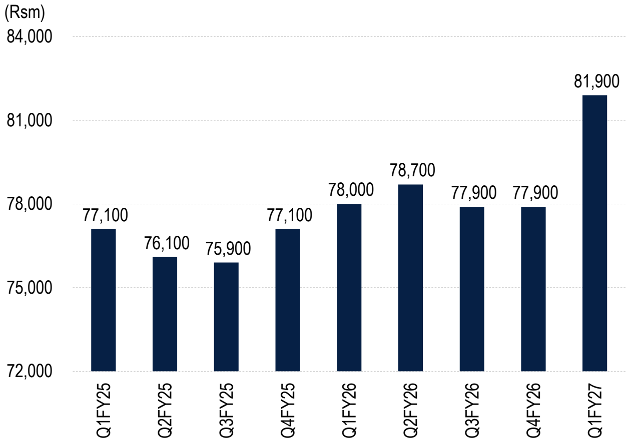
Source: Bloomberg

Fig 6 – Margins dipped due to brownfield commissioning



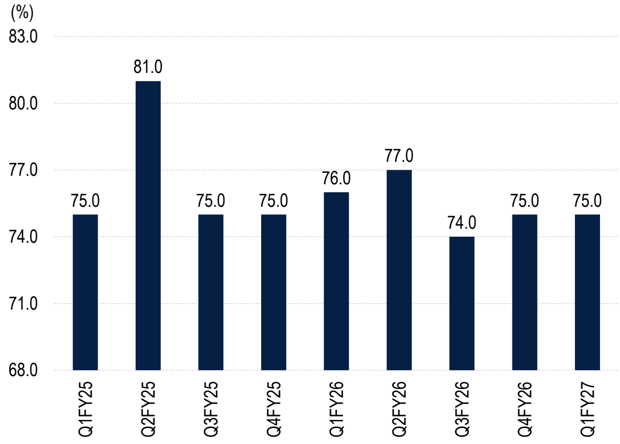
Source: Company

Fig 7 – ARPOB up 5% y/y



Source: Company, Anand Rathi Research

Fig 8 – Occupancy dip marginally due to bed additions



Source: Company, Anand Rathi Research

Fig 9 – Quarterly Trend

Y/E: Mar (Rs m)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	FY27E	FY26	YoY (%)
Revenue	28,350	24,600	15.2	25,410	11.6	116,684	100,650	15.9
Raw material	11,790	10,150	16.2	10,450	12.8	29,754	25,040	18.8
Others	9,510	8,310	14.4	8,140	16.8	32,182	33,750	(4.6)
Total expenditure	**21,300**	**18,460**	**15.4**	**18,590**	**14.6**	**75,626**	**74,270**	**1.8**
EBITDA	**7,050**	**6,140**	**14.8**	**6,820**	**3.4**	**31,411**	**26,380**	**19.1**
Interest	610	340	79.4	470	29.8	1,000	1,620	(38.3)
Depreciation	1,500	1,170	28.2	1,360	10.3	5,589	4,990	15.0
Other income	0	0	-	0	-	0	0	-
PBT	**4,940**	**4,630**	**6.7**	**4,990**	**(1.0)**	**24,822**	**19,770**	**24.8**
Tax	1,150	960	19.8	1,280	(10.2)	4,964	2,520	95.8
Adjusted net profit	**3,790**	**3,670**	**3.3**	**3,710**	**2.2**	**19,858**	**17,250**	**14.4**
Extraordinary items	220	220	0.0	-160	(237.5)	-	930.00	(100.0)
Net profit	3,570	3,450	3.5	3,870	(7.8)	19,858	16,320	20.9
Minority interest	0	0		0		0	0	
Net profit after minority interest	3,570	3,450	3.5	3,870	(7.8)	19,858	16,320	20.9
Equity capital (FV Rs 10)	972	972		972		973	973	
No. of shares (m)	972	972		972		973	973	
Adj. EPS (Rs)	**3.9**	**3.8**	**3.3**	**3.8**	**2.2**	**20.4**	**17.7**	**14.4**
As % of net revenues								
Raw material	41.6	41.3		41.1		25.5	24.9	
Staff expenses	0.0	0.0		0.0		11.7	15.4	
Other expenses	33.5	33.8		32.0		27.6	33.5	
EBITDA	24.9	25.0		26.8		26.9	26.2	
Net profit	13.4	14.9		14.6		17.0	17.1	

Source: Company

Outlook and Valuation

Despite pressure on the oncology business, the company delivered strong performance in Q1FY27. Looking ahead, the company's growth prospects remain intact, led by (**a)** ramping up of Max Smart, Max Vaishali; **(b)** brownfield additions; and **(c)** ~2,000+ beds expansion plans for long-term.

We maintain our EBITDA estimate for FY27/28e. Looking ahead, we expect the company's revenue and EBITDA to clock 18% CAGR each over FY26-28e. Accordingly, we maintain BUY rating on the stock with an unchanged TP of Rs1,220, valuing its hospital/laboratory business at 32/26x FY28e EV/EBITDA.

Fig 10 – Change in Estimates

(Rs m)	FY27e			FY28e		
	Old Estimates	New Estimates	Change (%)	Old Estimates	New Estimates	Change (%)
Revenue	1,16,493	1,16,684	0.2	1,38,765	1,39,151	0.3
EBITDA	31,360	31,411	0.2	36,844	37,087	0.7
EBITDA Margin (%)	26.9%	26.9%	(0.1)	26.6%	26.7%	10.1
PAT	19,697	19,858	0.8	23,316	23,782	2.0
EPS	20.2	20.4	0.8	24.0	24.4	2.0

Source: Anand Rathi Research

Fig 11 – Valuation

	FY28e
Hospitals EBITDA - Pre IND-AS 116 (Rs m)	36,055
Target EV/EBDITA multiple (x)	32
Hospital EV (Rs m)	**11,71,443**
Diagnostic EBIDTA (Rs m)	1,031
Target EV/EBDITA multiple (x)	26
Diagnostic EV (Rs m)	27,314
Total EV (Rs m)	**11,98,757**
Less: Net debt (Rs m)	14,816
Market Cap (Rs m)	11,83,941
No. Of shares (m)	973
Target price (Rs/share)	1,220
Current Market Price (Rs/share)	997
Upside/(Downside)	22

Source: Bloomberg, Anand Rathi Research

Key Risks

- Delay in project execution leading to slower rate of bed addition.
- Regulatory risks i.e., price control, margin cap, mandatory bed allocation.
- Decline in international business.

Appendix

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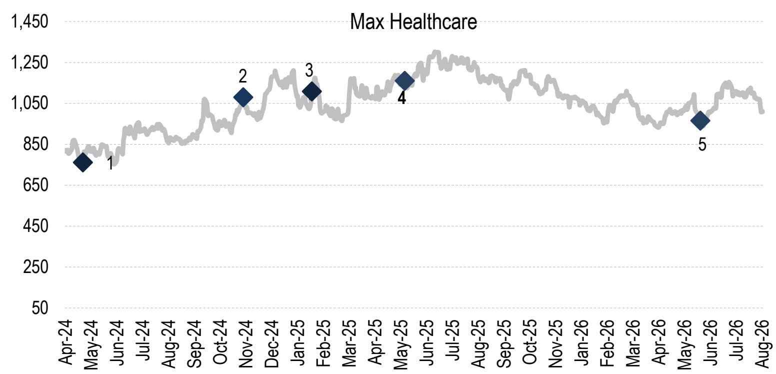

	Date	Rating	TP (Rs)	Share Price (Rs)
1	23-Apr-24	Buy	950	760
2	09-Nov-24	Buy	1,170	1,079
3	01-Feb-25	Buy	1,260	1,062
4	27-May-25	Buy	1,300	1,062
5	30-May-26	Buy	1,220	971

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