

Max Healthcare Institute | ADD

In-line 2Q; CGHS boost to margin in horizon

Max Healthcare delivered a strong 2QFY26 with revenue/EBITDA/PAT growing 21%/23%/59% YoY. The performance was broadly in line at the top-line and ahead on profitability, aided by a favourable tax impact of INR 1.5bn (ex-one-off +16% YoY). The growth was supported by the existing hospitals, which posted +14% YoY revenue and +19% YoY EBITDA growth. The existing hospitals' performance was on the back of an 11% increase in operating beds and a 3% improvement in ARPOB. The new units contributed INR 1.4bn in revenue and INR 230mn in EBITDA. ARPOB grew 1.4% YoY (7% on like-to-like basis), occupancy stood at a healthy 77% (existing units >79%), and EBITDA per bed improved to INR 7.3mn. International contribution increased to 9.2%, with ARPOB ~50% higher than domestic patients. The CGHS price revision is expected to contribute ~INR 2bn annually to revenue, with 85–90% EBITDA flow-through, to be fully realised FY27 onwards. Labs/Home businesses continued to scale, reporting 18%/20% YoY growth. Operationally, Mohali's 160-bed brownfield tower is commissioned, Nanavati's 268-bed expansion goes live shortly, and the larger 400-bed Mohali expansion is progressing ahead of schedule. With strong operating momentum, improving payer mix, and multi-site expansion visibility, we remain constructive on Max's growth outlook and margin trajectory. We value the stock using SOTP methodology to arrive at a TP of INR 1,181; rating the stock as ADD, in-line with our new rating system.

- **Key metrics:** The new units contributed INR 1.4bn in revenue, with existing units witnessing YoY revenue growth of 14% and EBITDA growth of 19%. The YoY growth was mainly driven by increase in operating beds of 11% and 3% in ARPOB. Share of revenue for International patients increased to 9.2% (vs. 8.9% in 2QFY25). ARPOB for international patients is typically 50% higher. New units contributed INR 230mn in EBITDA. EBITDA margin for existing units stood at 27.5%. EBITDA per bed stood at INR 7.3mn (vs. INR 7.1mn in 2QFY25). Overall occupancy was 77% (vs. 79% in 2QFY25), with existing units occupancy levels 79%. ARPOB was up by 1.4% YoY, subdued on account of new units. On a like-to-like basis, ARPOB growth was 7%. ALOS was down by 2.4% YoY. PAT included favourable tax impact of INR 1.5bn arising from CRL and JHL merger. Excluding this one-off, PAT stood at INR 4.1bn (+16% YoY).
- **CGHS revision:** CGHS stands at ~10% of overall payor mix. Management anticipates ~INR 2bn positive impact on top-line on account of recent CGHS rate revision and like-accounts price revision, once fully implemented. Some of it has started to materialise, remaining will come in post full enforcement. Can expect full contribution in FY27, with 85-90% EBITDA flow-through.
- **Labs and home:** Max Labs reported strong double-digit growth of 18% YoY in Gross Billing Value and 16% YoY in net revenue to INR 540mn in 2QFY26. The lab services are now available across 60+ cities, offering over 2,700+ tests. Max Home's revenue increased by 20% YoY to INR 630mn; driven by physio & rehab, critical care (Assistance Services), medicine delivery (Transactional Services) and medical room.
- **Recent brownfield completions and corporate updates:** The integration of newly acquired Noida (Jaypee Hospital) is nearly complete. The company has commissioned brownfield tower Mohali unit with a capacity of 160 beds (including the additional radiation oncology program). The Nanavati unit (Mumbai) 268 beds brownfield expansion is to be commissioned in coming week. Jaypee Healthcare has divested its hospitals in Chitta and Anoopshahr, effective 18th September 2025, enabling sharpened focus on super specialty care in larger cities. The 400 bed Mohali expansion is continuing faster than anticipated, expected to be completed by CY27 end.



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Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	HOLD
Current Price Target (12M)	1,181
Upside/(Downside)	5.3%
Previous Price Target	1,112
Change	6.2%

Key Data – MAXHEALT IN

Current Market Price	INR1,122
Market cap (bn)	INR1,090.5/US\$12.3
Free Float	72%
Shares in issue (mn)	971.9
Diluted share (mn)	971.9
3-mon avg daily val (mn)	INR4,159.0/US\$46.9
52-week range	1,314/936
Sensex/Nifty	84,951/26,013
INR/US\$	88.6

Price Performance

%	1M	6M	12M
Absolute	-6.7	-3.9	11.5
Relative*	-7.8	-6.9	1.8

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	68,150	86,210	1,03,611	1,34,637	1,60,286
Sales Growth (%)	16.0	26.5	20.2	29.9	19.1
EBITDA	18,730	22,730	27,146	36,083	42,315
EBITDA Margin (%)	27.5	26.4	26.2	26.8	26.4
Adjusted Net Profit	12,790	14,578	18,023	24,251	29,436
Diluted EPS (INR)	13.2	15.0	18.5	25.0	30.3
Diluted EPS Growth (%)	17.6	14.0	23.6	34.6	21.4
ROIC (%)	15.1	13.5	14.5	17.5	19.7
ROE (%)	14.7	14.7	15.9	18.3	18.9
P/E (x)	85.3	74.8	60.5	45.0	37.0
P/B (x)	11.7	10.4	9.0	7.6	6.5
EV/EBITDA (x)	58.3	48.9	40.8	30.3	25.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 17/Nov/2025

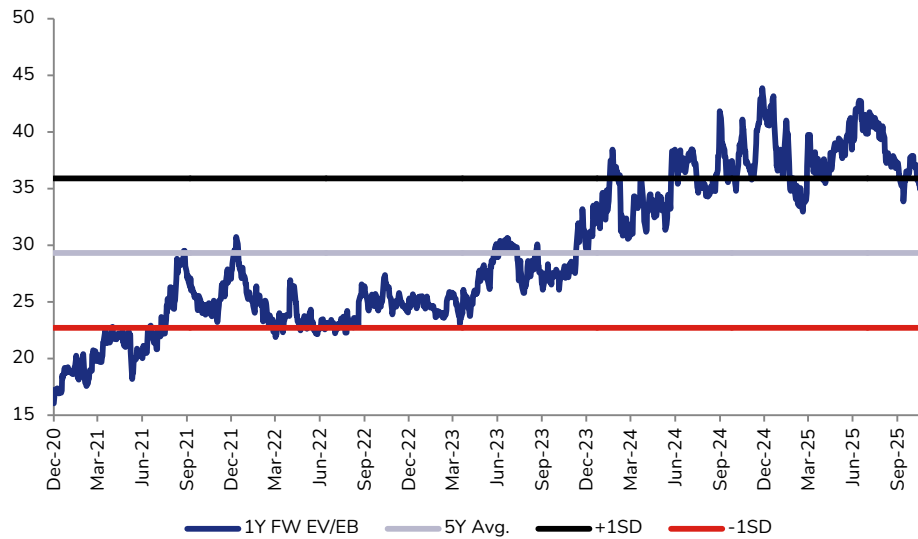
JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

■ Financial highlight:

- Revenue at INR25.7bn (+21% YoY | +1/+1% vs street/JMFe)
- Gross Profit of INR 19.2bn (+19% YoY | in-line vs JMFe), with gross margin at 74.5% (-126bps YoY | -56bps vs JMFe)
- EBITDA at INR 6.9bn (+23% YoY | +2/+3% vs street/JMFe); EBITDA Margin at 26.7% (+28bps YoY | +16/+63bps vs street/JMFe)
- PAT at INR 5.6bn (+59% YoY | +37/+26% vs street/JMFe)
-

Exhibit 1. Valuation Chart (1Y FW EV/EB)



Source: Bloomberg

Exhibit 2. 2QFY26 review

Max - P&L (INR mn)	2Q25A	2Q26A	% YoY	2Q26E	% Delta vs. JMFe	2Q26E (cons)	% Delta vs. cons	1Q26A	% QoQ
Total Revenue	21,190	25,720	21%	25,500	1%	25,370	1%	24,510	5%
COGS	5,130	6,550	28%	6,350	3%			6,310	4%
Gross Profit	16,060	19,170	19%	19,150	0%			18,200	5%
Gross Profit %	75.8%	74.5%	-126 bp	75.1%	-56 bp			74.3%	28 bp
Other Overheads	10,460	12,300	18%	12,500	-2%			12,150	1%
EBITDA	5,600	6,870	23%	6,650	3%	6,735	2%	6,050	14%
EBITDA margin (%)	26.4%	26.7%	28 bp	26.1%	63 bp	26.5%	16 bp	24.7%	203 bp
Finance cost/(Other Income)	50	410	720%	120				340	21%
Depreciation	970	1,220	26%	1,140				1,170	4%
PBT	4,440	5,140	16%	5,590	-8%			4,400	17%
Exceptional Items	200	180		0				220	
Tax	950	-410	-143%	1,200				960	-143%
Tax Rate (%)	20.5%	-7.7%		21.5%				20.8%	
Minority Interest									
PAT (Reported)	3,490	5,550	59%	4,390	26%	4,062	37%	3,440	61%
PAT margin (%)	16.5%	21.6%		17.2%		16.0%		14.0%	
Max - Cost margins	1Q25A	1Q26A	% YoY	1Q26A	% Delta vs. JMFe			1Q26A	% QoQ
COGS/sales	24.2%	25.5%	126 bp	24.9%	56 bp			25.7%	-28 bp
Staff cost/sales	49.4%	47.8%	-154 bp	49.0%	-120 bp			49.6%	-175 bp

Source: Company

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	68,150	86,210	1,03,611	1,34,637	1,60,286
Sales Growth	16.0%	26.5%	20.2%	29.9%	19.1%
Other Operating Income	0	0	0	0	0
Total Revenue	68,150	86,210	1,03,611	1,34,637	1,60,286
Cost of Goods Sold/Op. Exp	16,350	21,150	26,214	32,986	39,591
Personnel Cost	13,690	13,500	20,722	27,601	32,859
Other Expenses	19,380	28,830	29,529	37,968	45,521
EBITDA	18,730	22,730	27,146	36,083	42,315
EBITDA Margin	27.5%	26.4%	26.2%	26.8%	26.4%
EBITDA Growth	16.6%	21.4%	19.4%	32.9%	17.3%
Depn. & Amort.	2,840	4,060	4,939	5,069	5,320
EBIT	15,890	18,670	22,207	31,014	36,995
Other Income	350	450	400	1,000	1,500
Finance Cost	-380	840	1,650	1,700	1,700
PBT before Excep. & Forex	16,620	18,280	20,957	30,314	36,795
Excep. & Forex Inc/Loss(-)	-670	-1,540	-400	0	0
PBT	15,950	16,740	20,557	30,314	36,795
Taxes	3,160	3,390	2,878	6,063	7,359
Extraordinary Inc./Loss(-)	-2,440	0	-1,228	-344	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	10,350	13,350	16,451	23,907	29,436
Adjusted Net Profit	12,790	14,578	18,023	24,251	29,436
Net Margin	18.8%	16.9%	17.4%	18.0%	18.4%
Diluted Share Cap. (mn)	971.9	971.9	971.9	971.9	971.9
Diluted EPS (INR)	13.2	15.0	18.5	25.0	30.3
Diluted EPS Growth	17.6%	14.0%	23.6%	34.6%	21.4%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	15,950	16,740	20,557	30,314	36,795
Depn. & Amort.	2,840	4,060	4,939	5,069	5,320
Net Interest Exp. / Inc. (-)	-730	390	1,250	700	200
Inc (-) / Dec in WCap.	810	1,610	1,198	1,872	1,605
Others	1,540	2,680	400	0	0
Taxes Paid	-3,160	-3,390	-2,878	-6,063	-7,359
Operating Cash Flow	17,250	22,090	25,466	31,892	36,561
Capex	-23,580	-39,430	-17,500	-15,000	-15,001
Free Cash Flow	-6,330	-17,340	7,966	16,892	21,560
Inc (-) / Dec in Investments	-640	0	0	0	0
Others	-520	1,070	400	1,000	1,500
Investing Cash Flow	-24,740	-38,360	-17,100	-14,000	-13,501
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-970	-1,458	-1,944	-2,430	-2,431
Inc / Dec (-) in Loans	5,290	6,790	-10,463	-12,409	-12,350
Others	380	-840	-1,650	-1,700	-1,700
Financing Cash Flow	4,700	4,492	-14,057	-16,539	-16,481
Inc / Dec (-) in Cash	-2,790	-11,778	-5,691	1,353	6,579
Opening Cash Balance	15,650	12,860	10,110	14,363	25,716
Closing Cash Balance	12,860	1,082	4,419	15,716	32,295

Source: Company, JM Financial

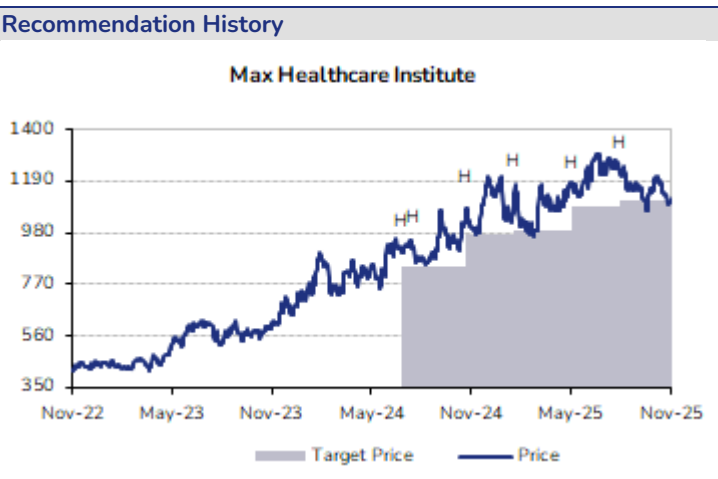
Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	92,950	1,05,330	1,21,410	1,43,231	1,67,807
Share Capital	0	0	0	0	0
Reserves & Surplus	92,950	1,05,330	1,21,410	1,43,231	1,67,807
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	14,370	31,240	30,777	28,368	26,017
Def. Tax Liab. / Assets (-)	370	1,510	1,510	1,510	1,510
Total - Equity & Liab.	1,07,690	1,38,080	1,53,697	1,73,108	1,95,335
Net Fixed Assets	1,01,890	1,37,260	1,49,821	1,59,752	1,69,433
Gross Fixed Assets	0	0	0	0	0
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	0	0	0	0	0
Investments	660	40	40	40	40
Current Assets	19,920	20,020	26,002	40,839	57,871
Inventories	1,060	1,340	1,703	2,213	2,635
Sundry Debtors	6,000	8,570	9,935	12,910	15,370
Cash & Bank Balances	12,860	10,110	14,363	25,716	39,866
Loans & Advances	0	0	0	0	0
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	14,780	19,240	22,166	27,523	32,009
Current Liabilities	4,610	4,890	5,135	5,391	5,661
Provisions & Others	10,170	14,350	17,032	22,132	26,348
Net Current Assets	5,140	780	3,835	13,316	25,862
Total - Assets	1,07,690	1,38,080	1,53,697	1,73,108	1,95,335

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	18.8%	16.9%	17.4%	18.0%	18.4%
Asset Turnover (x)	0.7	0.7	0.7	0.8	0.8
Leverage Factor (x)	1.2	1.3	1.3	1.3	1.2
RoE	14.7%	14.7%	15.9%	18.3%	18.9%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	95.6	108.4	124.9	147.4	172.7
ROIC	15.1%	13.5%	14.5%	17.5%	19.7%
ROE	14.7%	14.7%	15.9%	18.3%	18.9%
Net Debt/Equity (x)	0.0	0.2	0.1	0.0	-0.1
P/E (x)	85.3	74.8	60.5	45.0	37.0
P/B (x)	11.7	10.4	9.0	7.6	6.5
EV/EBITDA (x)	58.3	48.9	40.8	30.3	25.4
EV/Sales (x)	16.0	12.9	10.7	8.1	6.7
Debtor days	32	36	35	35	35
Inventory days	6	6	6	6	6
Creditor days	0	0	0	0	0

Source: Company, JM Financial

History of Recommendation and Target Price			
Date	Recommendation	Target Price	% Chg.
13-Jul-24	Hold	840	
2-Aug-24	Hold	840	0.0
7-Nov-24	Hold	975	16.1
3-Feb-25	Hold	985	1.0
21-May-25	Hold	1,090	10.7
14-Aug-25	Hold	1,112	2.0



APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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