PICK OF THE WEEK

25th July, 2026

Max Healthcare Ltd

Sector: Healthcare

BUY

CMP	Target Price	Upside
1,080	1,188	10%

CMP as on 24th July, 2026 | Time horizon: 6-9 Months

Why Max Healthcare Ltd.

- Bed Capacity Expansion & Occupancy
- Profitability & Margin Trajectory
- Comprehensive Medical Offerings & Therapeutic Mix

About the Company

Max Healthcare is one of India's premier hospital networks, offering world-class tertiary and quaternary care across key specialities like oncology, cardiology, and organ transplants. Equipped with state-of-the-art medical technology—including robotic surgical systems and advanced diagnostics—it consistently delivers exceptional surgical precision and patient safety. Beyond hospital walls, its integrated ecosystem extends care through Max Lab for comprehensive diagnostics and Max@Home for personalised home healthcare.

Investment Rationale

A. Bed Capacity Expansion & Occupancy

- The company is actively expanding its network capacity from ~6,131 beds to nearly 7,276 beds by FY28 through strategic brownfield and greenfield developments across Gurugram, Saket, Nanavati, and Lucknow. Driven by strong underlying patient demand, overall network occupancy is expected to remain healthy at around 75% as these new beds are progressively operationalised.

B. Profitability & Margin Trajectory

- Operating leverage from ramping up these new capacities is expected to drive a robust 33% EBITDA CAGR over FY26–FY28. EBITDA margins are anticipated to expand toward 27% as new hospital units reach operational breakeven and doctor hiring costs stabilise.

C. Comprehensive Medical Offerings & Therapeutic Mix

- The network delivers high-end tertiary and quaternary care, targeting a balanced therapeutic mix where oncology stabilises around 21–22% of revenue while cardiac, neurosciences, and organ transplants drive broader speciality growth. Supported by high-acuity cases and CGHS rate revisions, ARPOB remains resilient at ~Rs 77,900 per day and is projected to grow at a steady 5% CAGR through FY28. Beyond inpatient care, its integrated healthcare ecosystem provides full-spectrum diagnostics through Max Lab and personalised home medical support via Max@Home.

Outlook & Valuation

- Max Healthcare's forward outlook is anchored by an aggressive expansion pipeline. Driven by strong underlying patient demand, network occupancy is projected to sustain at ~75%, allowing operational leverage to kick in and deliver an estimated ~31% revenue and 33% EBITDA CAGR over FY26–FY28E. Profitability will be further supported as initial doctor onboarding costs stabilise at newly opened facilities and the full flow-through of revised CGHS pricing takes effect. Meanwhile, the strategic integration of regional acquisitions like Kalinga Hospital, combined with the rapid expansion of Max Lab and Max@Home, provides a clear pathway for sustained, multi-track growth across both hospital and outpatient ecosystems.

Analyst Insights

We recommend a **BUY** on the stock with a TP of Rs 1,188, implying an upside of 10% from the CMP.

Research Analyst

Sukhad Kumar Sahu
Research Analyst
sukhadkumar.sahu@axissecurities.in

Financial Summary

	FY26A	FY27E	FY28E
Net Sales (Rs Cr)	10,028	13,391	17,119
EBITDA (Rs Cr)	2,563	3,482	4,502
Net Profit (Rs Cr)	1,632	2,271	3,044
EPS (Rs)	16.8	23.3	31.3
PER (x)	57.4	46.3	34.5
EV/EBITDA (x)	37.5	30.6	23.2
P/BV (x)	7.7	7.4	6.1
RoE (%)	13.5	15.9	17.7

Market Data

No. of Shares	97.3 Cr
Market Cap (Rs Cr)	1,05,110
52-week High	1,301
52-week Low	903
PER(x)	70.7
BSE Code	543220
NSE Code	MAXHEALTH

Source: Axis Securities Research

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About Pick of the Week

| Product Objective

The Pick of the Week (POW) is our flagship high-conviction weekly investment recommendation, designed to identify companies that offer an attractive combination of **earnings visibility, strong business fundamentals, reasonable valuations, and identifiable near-to-medium-term catalysts.** The objective is to provide investors with **timely, actionable, and high-conviction investment ideas** that can generate superior risk-adjusted returns while maintaining a disciplined investment approach.

| Why Pick of the Week?

Markets constantly create opportunities through earnings upgrades, valuation mismatches, sector rotation, policy developments, and company-specific catalysts. While hundreds of listed companies compete for investors' attention, only a select few offer the right balance of quality, growth, valuation, and timing.

Our **Pick of the Week** aims to simplify this selection process by identifying those companies where:

- Earnings visibility has materially improved.
- Business fundamentals continue to strengthen.
- Valuations remain attractive relative to growth prospects.
- Multiple positive catalysts are expected over the next few quarters.
- The risk-reward profile appears favourable versus peers and the broader market.

Each recommendation is therefore intended to represent one of our **highest-conviction investment ideas** available at that point in time.

| Investment Horizon

The recommended investment horizon for **Pick of the Week** ideas is **6–9 months**, allowing sufficient time for business fundamentals and identified catalysts to be reflected in stock prices. However, depending on market conditions, earnings announcements, or company-specific developments, some recommendations may achieve their target returns over a shorter period.

| Risk–Return Profile

Pick of the Week recommendations represent our **highest-conviction research ideas** and are selected based on an attractive balance between expected returns and investment risk.

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Compliance Officer Details: Name – Mr Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in.;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parć, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

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Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
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UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

Note: Returns stated in the rating scale are our internal benchmark.