kotak Securities

Dated: 18 Nov 2025

Max Healthcare (MAXHEALT) - REDUCE

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1,122	**Rs.1,125**

Rationale:

- Max reported a largely in-line Q2FY26 with steady growth across existing & new units.
- Unlike the previous 4 years of much lower organic bed additions, it now plans to double capacity by FY29E.
- With ~85% of upcoming beds being brownfield, we bake in fast offtake and expect a 25% EBITDA CAGR over FY25-28E.
- All upcoming beds in Delhi NCR in 3 highly competitive micro-markets, exposing to slower offtake.
- Possibility of higher doctor attrition given ~40% of capacity is in these micro-markets.
- Valuations still stiff, leaving minimal scope for slip-ups; retain REDUCE.

Positives:

- Max's Q2FY26 network sales, at Rs~2570 cr (+5% qoq), were in line with estimates.
- Differences insurance cos resolved & raised prices in sync with its past trajectory.
- As Max's acquired facilities ramp up and new beds come onstream, we forecast a ~23% network sales CAGR over FY25-28E.

Negatives:

- Overall ARPOB was flat yoy owing to a higher scheme mix in new units.
- Higher-than-expected scheme mix could restrict ARPOB growth over medium term.
- At least 8 new projects have faced delays since the initial announcement.
- These delays highlight execution risks amid Max's plans of nearly doubling capacity to ~10,500 beds by FY29E.
- At ~32X FY27E pre-Ind AS 116 EV/EBITDA, minimal scope for any execution slip-up.

(EBIT-Earnings before interest & tax, P/E-Price to earnings ratio)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
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NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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