

Sector Report: Hospitals

INITIATING COVERAGE

Fortis Healthcare Ltd

Max Healthcare Institute Ltd



COMPANY UPDATE

Healthcare Global Enterprises Ltd

Specialties Mix & Insurance Penetration to Drive Hospitals' Profitability

Strong Long-Term Catalysts

The Private Healthcare Industry in India currently has an industry size of ~Rs 38,000 Cr. The industry is projected to experience a CAGR of 13% over the next three financial years. This growth is expected to generate an annual incremental demand of Rs 6,000 Cr. The demand will primarily be driven by three key factors: 1) Payor (expected to contribute 50% of the incremental growth through insurance penetration); 2) Specialty Mix led by Oncology and Cardiac, and 3) International Patient arrivals, which are anticipated to cross pre-Covid levels number of 7 Lc. These factors are expected to remain sustainable over the next three years and will significantly drive the sector's growth. Within this sector, the Health Insurance segment is expected to report growth of 18% CAGR over the same period. Additionally, we believe the industry has healthy cash flow from operations, and the industry's ROIC is projected to reach ~21% by FY27E, reflecting an improvement of 400bps over this period.

Prolonged Upcycle Forecasted with Bed Expansion and Growing Insurance Penetration

The private healthcare industry in India is poised for significant growth, with plans to add 15,000 beds over the next 3–4 years. Of these, 5,000 beds will be allocated to the Delhi NCR region to address rising demand. Despite a conservative expansion approach by major players, higher occupancy rates and increasing inpatient volumes are expected to drive growth. Fortis, Max, and Medanta are expected to add 3,000 beds in the Delhi NCR region, generating incremental annual revenue of Rs 3,500 Cr. This additional capacity could serve 6–7 Lc new patients each year. Incremental demand is anticipated to be met by the rising growth of the health insurance segment, which is growing at an annual rate of 18%. This growth is expected to contribute an additional Rs 15,000 Cr in premiums and extend coverage to 33 Lc more individuals across India. Furthermore, we expect that the healthcare industry's ARPOB could rise to Rs 61,500, representing a CAGR of 6% over FY24–FY27E. Additionally, occupancy rates are expected to improve by 300bps, reaching 64% during the same period.

Improving Fundamentals to Keep Valuations Well-Positioned for Growth

As fundamentals improve, private hospital players are benefiting from strong operating leverage due to increases in ARPOB and occupancy. We expect robust FCFF generation, with the FCFF/EBITDA ratio rising from 20%-25% pre-COVID to 50%-55% now, driven by strong operating leverage, limited bed supply, and growing health insurance penetration. This ratio is projected to improve further to ~60% in the next three years. RoIC has risen from pre-COVID high single digits to ~16%, and with continued improvements in ARPOB, occupancy, and minimal capital expenditures, RoIC is expected to grow by 400 basis points. This should support elevated EV/EBITDA valuations. The hospital sector currently trades at low valuations, with EV/EBITDA ratios of 25x for FY26E and 21x for FY27E, offering potential for valuation increases as RoIC and FCFF generation improves.

- : Hospital Sector : -

Initiating Coverage:

- **Fortis Healthcare Ltd**
- **Max Healthcare Institute Ltd**

Company Update:

- **Healthcare Global Enterprise Ltd**

Symbol	RECO.	CMP (Rs)	TP (Rs)	Upside
FORTIS	BUY	714	860	20%
MAXHEALTH	BUY	1,117	1,315	18%
HCG	BUY	503	575	14%

CMP as of 10th December 2024

Ankush Mahajan

Research Analyst

Email: ankush.mahajan@axissecurities.in

Aman Goyal

Research Associate

Email: aman.goyal@axissecurities.in

Initiating Coverage on Fortis Healthcare Ltd & Max Healthcare Institute Ltd.

We initiate coverage of Fortis Healthcare Ltd (Fortis) with a BUY recommendation and TP of 860/share with an upside potential of 20% from CMP. Fortis Healthcare has established itself as a leader in complex medical procedures, outperforming competitors like Max Healthcare and Medanta in cardiac surgeries, radiation therapies, and robotic surgeries, which drive substantial revenue. It is the largest provider of Oncology services in India, with oncology revenue projected to reach Rs 1,600 Cr by FY27E. Fortis also leads in the cardiac healthcare market, with sales expected to grow from Rs 1,010 Cr in FY24 to Rs 1,300–1,400 Cr by FY27E. The company plans to add 2,000 beds through brownfield expansion, increasing capacity by 45% and stabilizing occupancy rates at 68% with an ARPOB of Rs 70,000 by FY27E. Its diagnostic arm, Agilus, contributes 20% of revenue, with EBITDA margins expected to improve to 20% by FY26E. Under IHH management, Fortis has achieved significant financial growth, with PAT projected to more than double from Rs 645 Cr in FY24 to Rs 1,421 Cr by FY27E, supported by cost optimization, strategic divestments, and rising health insurance penetration.

We initiate coverage of MAX Healthcare Ltd. with a BUY recommendation and a target price of Rs 1,315/share, implying a potential upside of 18% from the CMP. Max Healthcare is a market leader in the Delhi-NCR and Mumbai regions, with over 2,900 beds and dominant leadership in oncology. The company plans to add 3,000 beds over the next three years, primarily through brownfield expansions. Strong operational performance has resulted in significant EBITDA growth and improved margins, currently at 26.5%. With robust cash flows and strategic expansions, Max Healthcare is well-positioned for continued profitability and growth. We expect revenue and EBITDA to grow by 30% and 31%, respectively, in FY25E, and by 23% and 24%, respectively, in FY26E.

Company Update - Healthcare Global Enterprise (HCG)

We recommend a BUY rating on the Healthcare Global Enterprise (HCG) with a TP of Rs 575/share, implying an upside potential of 14% from the CMP. HCG is one of India's leading cancer care providers, operating 21 comprehensive centers dedicated to advanced treatment. HCG's tumour board specialists discuss each case, including diagnostic information, to create a treatment plan. The board's assessment helps specialists provide a reliable second opinion. HCG's multidisciplinary team uses evidence to create treatment plans that are likely to be successful. We expect Revenue/PAT CAGR of 16%/73% over the period FY24-27 along with RoIC improving from 11% to 20% by FY27E.

Table of Contents

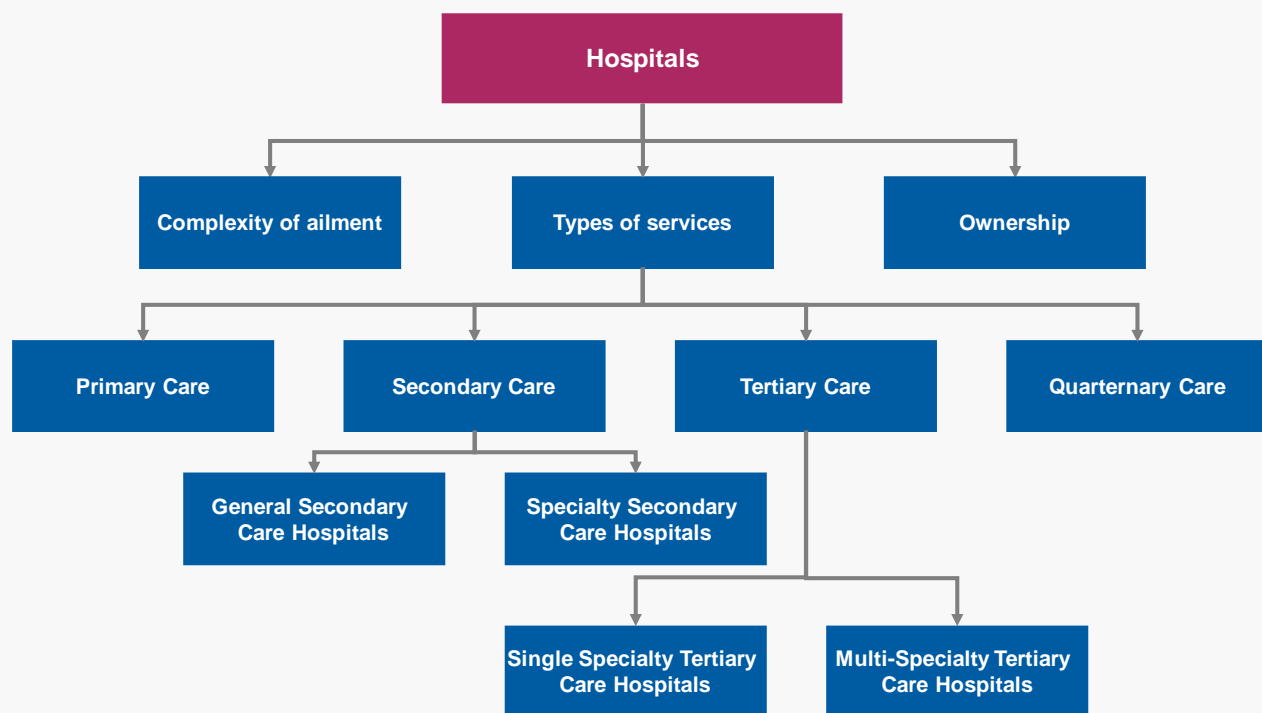
Index	Page Number
Sector Overview: Healthcare Industry: A Path to a Healthier Future	4
Sector Gearing Up for the Next Expansion Phase, to be Led by Internal Accruals	5
A Structural Story Led by Specialty Mix, International Patients, & Bed Addition	8
Key Sector Growth Drivers	10
1. Payor Mix: Insurance to be a Structural Growth Driver Over a Longer Period	10
2. Multi-Specialty & Case Mix to Support Growth Momentum	12
3. International Patients Continue to Add Incremental Growth	16
4. Exploring Opportunities in the Underserved Areas in Delhi NCR	18
Strong Operating Leverage to Support Sector Valuations	20
Key Risks & Mitigation	22
Management Profiles	23-25
Company Section	26
• Initiating Coverage – Fortis Healthcare Ltd (BUY)	27
• Initiating Coverage – Max Healthcare Institute Ltd (BUY)	35
• Company Update – Healthcare Global Enterprise Ltd (BUY)	41

Healthcare Industry: A Path to a Healthier Future

The Indian healthcare sector has witnessed rapid growth, driven by increasing demand for quality healthcare, a growing population, and rising health awareness. Despite significant advancements in infrastructure, technology, and service delivery, challenges like a shortage of hospital beds, uneven resource distribution, and rising treatment costs persist. The sector is hospital-centric, with hospitals contributing 70% of healthcare spending, and is structured into primary, secondary, tertiary, and quaternary care levels. Private hospitals dominate, but public healthcare initiatives remain important. The government aims to address gaps, including a 2.4 Mn bed shortage, by increasing healthcare expenditure to 2.5% of GDP by 2025 and expanding public-private partnerships, particularly in rural areas.

Sector has witnessed rapid growth, driven by increasing demand for quality healthcare, a growing population, and rising health awareness. Hospitals contributing 70% of healthcare spending, and is structured into primary, secondary, tertiary, and quaternary care levels.

Exhibit 1: Classification of Hospitals



Source: Paras Healthcare DRHP, Axis Securities

Sector Gearing Up for the Next Expansion Phase, to be Led by Internal Accruals

The private hospital industry has navigated various phases in response to changing demand dynamics. The timeline from FY15 to FY27 illustrates the industry's evolution through distinct stages

1. Capex Infusion Stage (FY16-19),
2. Covid-19 Stage (FY20-21),
3. Recovery Stage (FY22-24), and
4. The anticipated Expansion Stage (FY25E-27E).

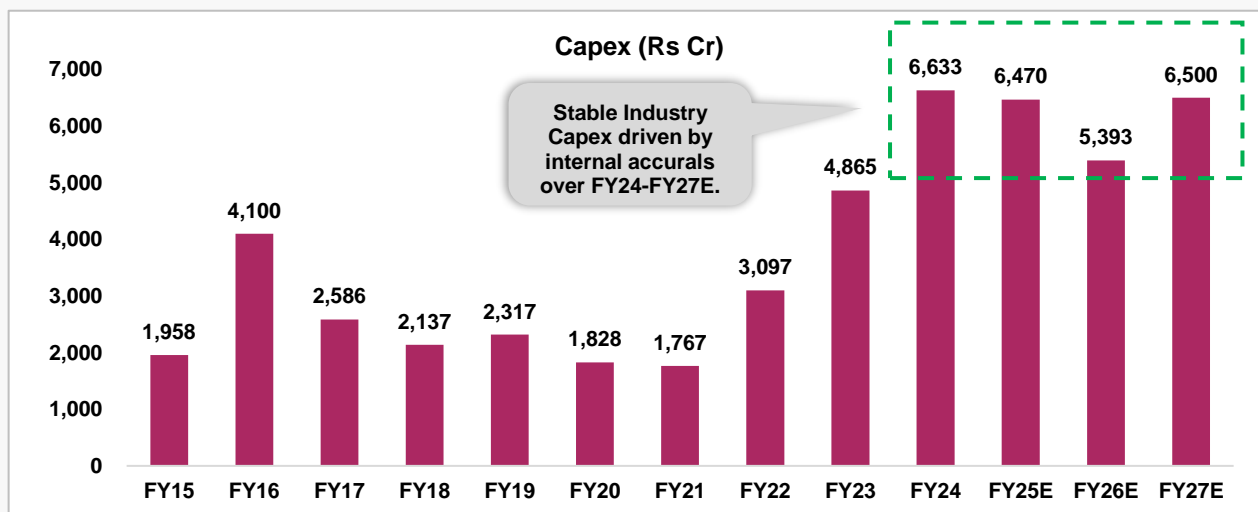
Each phase has presented unique challenges and opportunities that have shaped the industry's trajectory.

Industry Journey Over the Years

Capex Infusion Stage (FY16-19)

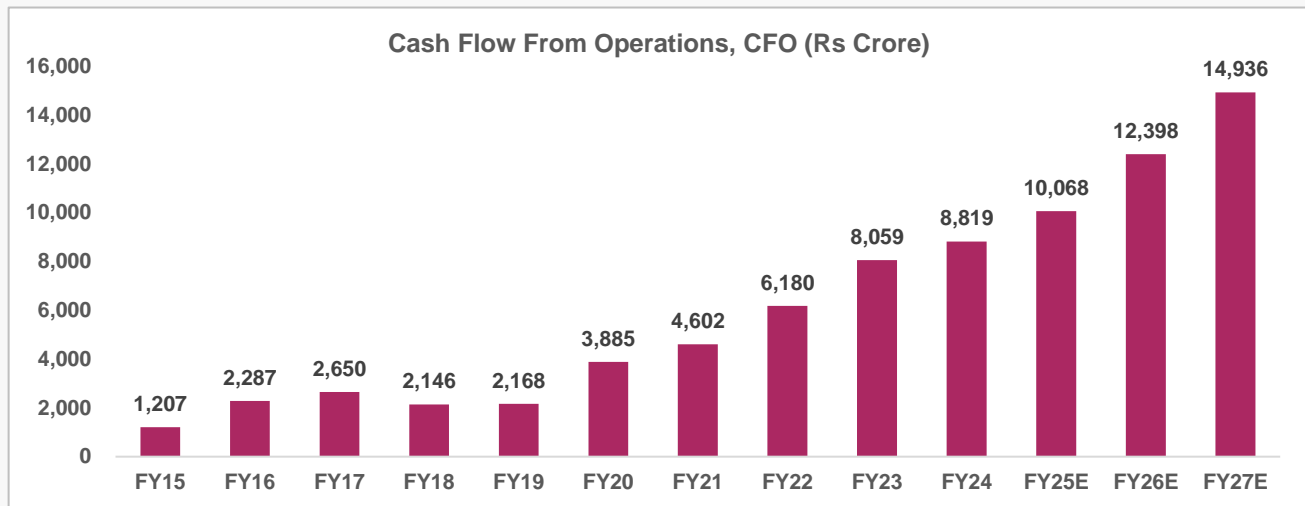
During this phase, the industry recognized a significant demand-supply gap and began investing heavily in capital expenditure (Capex). The peak Capex was recorded in FY16, reaching over Rs 4,100 Cr, primarily financed through increased debt. However, the early supply of incremental beds resulted in lower occupancy rates, prompting a shift towards government schemes and less complex surgeries. This shift contributed to a decline in Return on Capital Employed (ROCE) from 8.4% in FY16 to a low of 5.9% in FY18.

Exhibit 2: In FY16-19 industry recognized a significant demand-supply gap and began to invest heavily in Capex. Currently, a more cautious approach has been adopted. Looking ahead, the industry is expected to incur capital expenditures on a limited basis. We believe the sector has healthy CFOs sufficient to fund the Capex requirements.



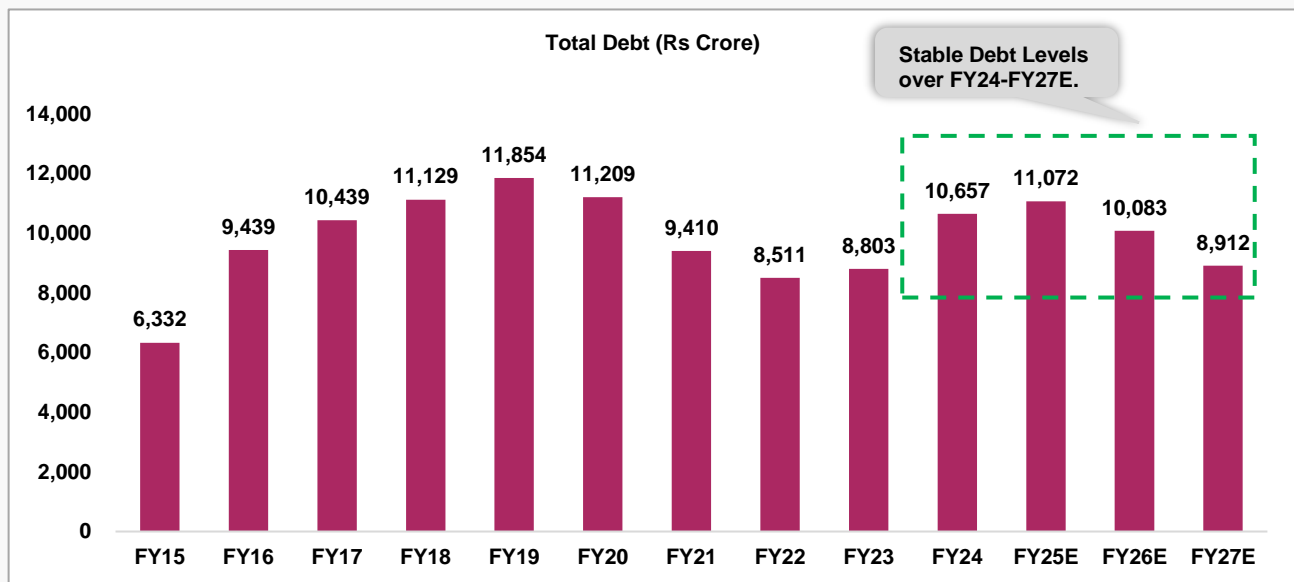
Sources: Axis Securities

Exhibit 3: The industry is poised to maintain momentum in cash flow from operations (CFO) and is expected to surpass Rs 14,000 Cr by FY27E, up from Rs 8,800 Cr in FY24.



Sources: Axis Securities

Exhibit 4: Despite the upcoming expansion phase, debt levels are expected to reduce over the year. Further, this analyzes that Debt funding will not be prioritised to meet the Capex requirement. Reducing Debt signs Strengthen the Balance sheets.



Sources: Axis Securities

Covid Stage (FY20-21)

Following the heavy investment phase, the industry entered a consolidation phase. During this time, ROCE was at its lowest, about 7%, led by lower occupancies, less complex procedures, and higher ALOS. The number of international patients was restricted due to Covid-19 guidelines. Nonetheless, the industry managed to incur Rs 3,600 Cr in Capex, and debt levels increased slightly to Rs 11,000 Cr.

Recovery Stage (FY22-24)

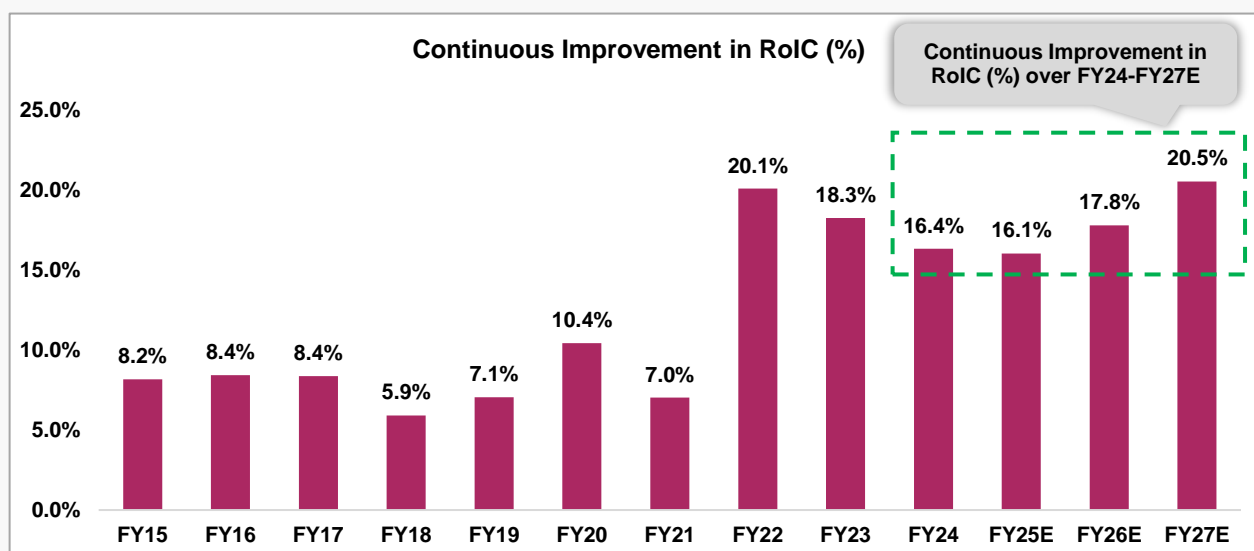
In the post-COVID landscape, the industry has experienced improvements in occupancy rates and ARPOB, thanks to a favorable mix of specialties, heightened insurance penetration, increased purchasing power, and a recovery in international patients. The overall industry incurred capital expenditure of Rs 15,000 Cr during this period and generated Rs 23,000 Cr in revenue during the same time. Major corporate players also show signs of recovery; companies like HCG, which had an ROCE of -2.2%, are now reporting an ROCE of 8.2% in FY24. Similarly, Fortis' ROCE jumped to 9% in FY24, up from 1.3% in FY21, demonstrating a strong comeback. The average industry ROCE during this stage was 18.2%, leading to unprecedented profit margins, with a peak ROCE of 20% in FY22. Additionally, the focus on debt management has contributed to a healthier balance sheet.

In the post-COVID landscape, the industry has experienced improvements in occupancy rates and ARPOB, thanks to a favorable mix of specialties, heightened insurance penetration, increased purchasing power, and a recovery in international patients.

Expected Expansion Stage (FY25E-27E)

Looking ahead, the industry is expected to incur Capex on a limited basis, with a projected CFO surpassing Rs 37,000 Cr over the period. Despite an anticipated annual Capex of Rs 6,000 Cr, debt levels are expected to decline by Rs 1,500 Cr over this time. This financial strength is poised to enhance ROIC by an additional 400bps, reaching 20.5% by FY27E. Companies in our coverage, such as Max, HCG, and Fortis, could also achieve an ROCE of around 20% by FY27. The major driver for this phase is expected to be a 6% increase in ARPOB, along with a 100bps improvement in occupancies annually, driven by changes in key specialty mixes (such as cardiology and oncology), increased insurance penetration, stronger consumer purchasing power, and a higher volume of international patients.

Exhibit 5: Financial capability is poised to enhance ROCE by an additional 400bps and is expected to reach 20.5% in FY27E. The major driver for this phase is expected to be a 6% ARPOB increase, along with a 100bps improvement in occupancies, led by changes in key specialty mixes.



Sources: Axis Securities

A Structural Story Led by Specialty Mix, International Patients, & Bed Addition

Healthcare Industry is poised to report a 13% CAGR over FY24-FY27E.

Post-Covid, India's Healthcare Industry, particularly the Private Hospital Players (**comprising nine listed players: Apollo, Max, Medanta, Fortis, Rainbow, HCG, KIMS, Aster, NARY**) in the last three years with CAGR of 15.4%, have added 5,000 incremental beds along the current Average Revenue Per Occupied Bed (ARPOB) of Rs 51,758 had reported a CAGR of 11% over the last three years, while the current healthcare industry occupancy rate of 61% had improved by 1,100 basis points during this period.

The Private Hospital Players (comprising nine listed players), is poised for remarkable growth, with a current market size of Rs 38,000 Cr projected to increase to Rs 55,300 Cr by FY27E, reflecting a strong CAGR of 13%. This would be driven by incremental bed capacity supplies of 14,000. Additionally, the ARPOB could reach Rs 61,500, reflecting a CAGR growth of 6% over FY24-FY27E. We also anticipate that current occupancy rates could increase to 64%, improving by 300 basis points over the FY24-FY27E period.

Key Sector Exhibits

Exhibit 6: India's healthcare industry, is poised for remarkable growth, with a current market size of Rs 38,000 Cr, projected to increase to Rs 66,500 Cr by FY 2027E, reflecting a strong CAGR of 19%.

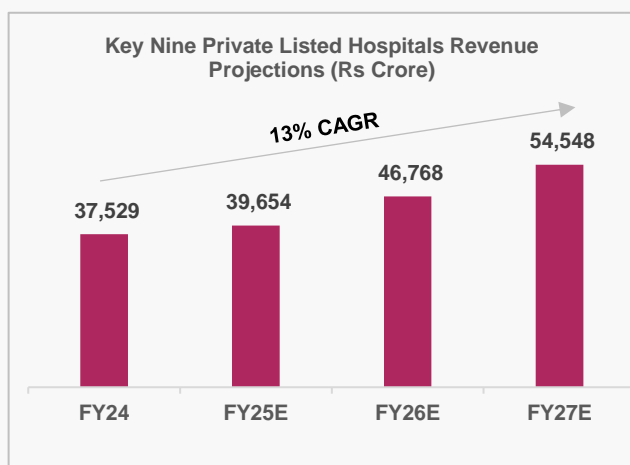
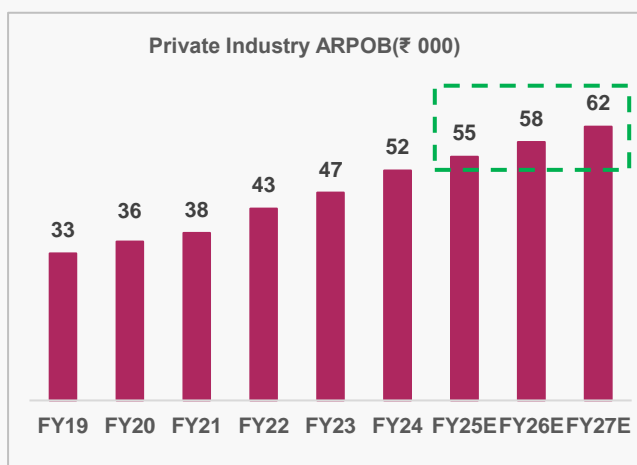


Exhibit 7: Going forward, we expect the industry CAGR to remain at 19%, driven by incremental bed capacity supplies of 15,000. Additionally, the ARPOB could reach Rs 62,000, reflecting a CAGR growth of 6% over FY24-FY27E.



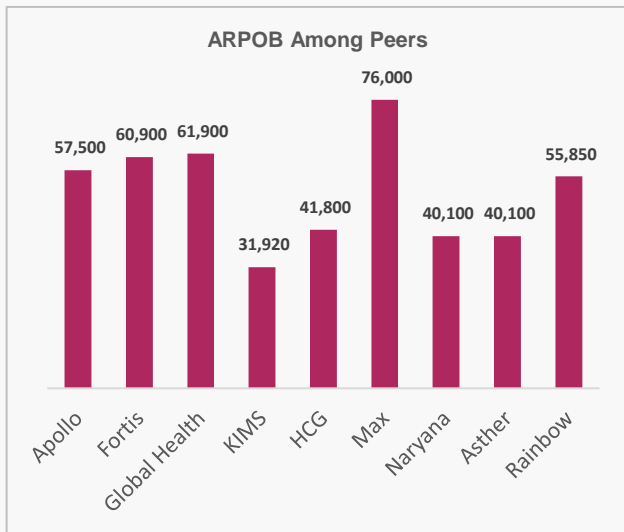
Source: Axis Sec Research, Companies

Note: Our Industry Sample comprises 9 Listed Players (Apollo, Max, Global Health (Medanta), Fortis, Rainbow, HCG, KIMS, Aster, NARY)

Our analysis indicates that three major players (Medanta, Fortis, and Max) are increasing their combined bed capacity by 3,000 beds over the next 3-4 years, especially in the Delhi region. Fortis is expanding its brownfield capacity compared to greenfield projects, which could enhance its Return on Invested Capital (ROIC). HCG is adding the fewest beds compared to others, which will result in a lighter load on its balance sheet, as capital expenditures will be on the lower side, given its already strong growth in line with industry trends.

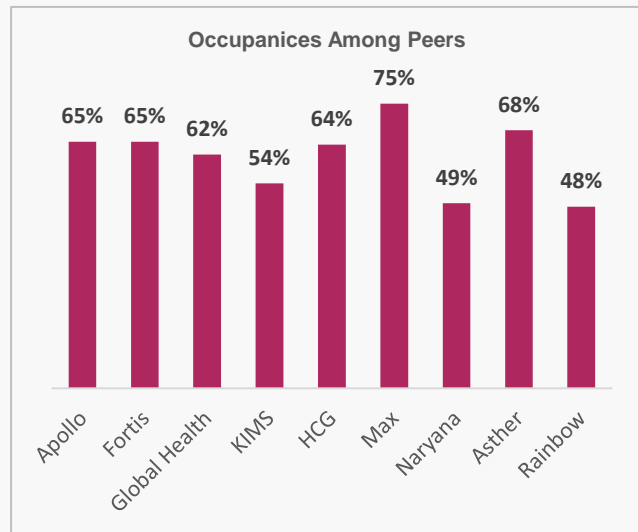
This upward trajectory is driven by multiple factors, including rising patient demand, technological advancements, and supportive healthcare policies. The demand for healthcare services is escalating due to a growing population, an increase in lifestyle-related diseases, and heightened health awareness. Furthermore, the integration of cutting-edge medical technologies and digital health solutions, such as telemedicine, is enhancing service delivery and operational efficiency in private hospitals, ultimately improving patient outcomes and experiences.

Exhibit 8: Max Healthcare has the highest ARPOB, followed by Medanta and Fortis. These key specialties are supporting these hospitals in achieving higher ARPOB compared to others. Furthermore, both hospitals have a higher number of international patients, which contributes to growth in ARPOB.



Source: Axis Sec Research, Companies Data

Exhibit 9: Max and Fortis, being specialty hospital chains, have occupancy rates of 75% and 65%, the highest among their peers. These occupancy rates have improved due to increased insurance penetration post-COVID, as well as the rising consumer spending power.



Across the industry, Max Healthcare has the highest ARPOB, followed by Medanta and Fortis. Max and Fortis have leadership in key specialties, particularly in Cardiac Science, with Max achieving Rs 662 Cr and Fortis Rs 1,012 Cr in FY24. Similarly, in Oncology, Max recorded Rs 1,400 Cr and Fortis Rs 800 Cr in FY24. These key specialties are supporting these hospitals in achieving higher ARPOB compared to others. Furthermore, both hospitals have a higher number of international patients, which contributes to growth in ARPOB.

Max and Fortis, being specialty hospital chains, have occupancy rates of 75% and 65%, the highest among their peers. These occupancy rates have improved due to increased insurance penetration post-COVID, as well as the rising consumer spending power.

Key Sector Growth Drivers

Payor Mix: Insurance to be a Structural Growth Driver Over a Longer Period

The payor mix has played a significant role in the growth and financial sustainability of the Healthcare Industry. In terms of payor mix, the Private Hospital Players (comprising nine listed players) reported a revenue CAGR of 15.4% over the last three years, while the insurance segment (36% of total revenue) reported a revenue CAGR of 30% during the same period, which has outpaced industry growth, led by an increase in insurance awareness and penetration. In contrast, cash, self-pay, and government schemes (60% of total revenue) have reported a revenue CAGR of 9.4% over the last three years. However, international patients (comprising 3%-4% of total revenue) have reported a revenue CAGR of 10% over FY20-FY24. Overall, we expect insurance to play a structural role in driving hospital revenue in the upcoming years.

Our analysis indicates that these Private Hospital Players could grow at a CAGR of 13% over the next three years. Key factors include the potential for insurance to add almost 600 to 700 basis points, whereas international patients will contribute 100 to 200 basis points, with the remainder coming from cash, self-pay, and government schemes. From this industry revenue CAGR of 13% over the next three years, an incremental revenue generation of Rs 6,000 Cr per year will be created for these private hospitals. We believe that Rs 3,000 Cr in sales could come from insurance.

Private Health Players incremental revenue from International Patients could be Rs 600 to Rs 700 Cr in incremental annual sales, as international patient numbers are expected to breach pre-COVID levels of 7 Lc and are projected to reach 7.03 Lc patients in CY24, according to Ministry of Tourism (MOT). Further, Private Hospital Players have increased their cash/self-pay revenue from Rs 5,500 Cr to Rs 9,700 Cr, achieving a CAGR of 9.4% over the last four years. Additionally, international patient revenue grew from Rs 900 Cr to Rs 1,320 Cr, with a CAGR of 10% over the last 4 years.

Insurance premium collections in India have grown by 21% over recent years and are projected to expand at a 15% CAGR. Health insurance gross premium collection currently stands at Rs 1,078 Bn and is expected to reach approximately Rs 1,900 Bn. A key driver behind this growth is the rising insurance penetration, which has increased from 3.7% to 4% in FY23. Additionally, the share of health insurance in the non-life insurance segment has risen from 24.6% in FY18 to 37.1% in FY24.

Private health players (excluding Apollo and HCG) have reported robust insurance revenue growth, with a 35% CAGR over FY21-FY24, increasing from Rs 2,800 Cr to Rs 7,700 Cr. Fortis and Max have been the largest beneficiaries, each generating Rs 2,000 Cr in revenue from insurance patients. Medanta has witnessed the most significant growth in cash revenue, rising from Rs 860 Cr to Rs 1,900 Cr, while KIMS increased from Rs 630 Cr to Rs 1,330 Cr. Fortis, Narayana, and Max have also enhanced their cash revenue contributions, now ranging from Rs 1,800 Cr to Rs 2,000 Cr.

An effective payor mix plays a crucial role in hospital growth by stabilizing revenue streams, increasing patient volumes, and enabling investments in advanced services and technologies. By diversifying revenue sources, hospitals can strengthen financial performance, better meet community needs, and adapt to evolving market dynamics, fostering sustained growth and development.

Private hospitals's insurance segment (36% of total revenue) reported a revenue CAGR of 30% during the same period, which has outpaced industry growth, led by an increase in insurance awareness and penetration. Further, Insurance premium collections in India have grown by 21% over recent years and are projected to expand at a 15% CAGR. Health insurance gross premium collection currently stands at Rs 1,078 Bn and is expected to reach approximately Rs 1,900 Bn.

Exhibit 10: Insurance revenue has experienced robust growth of 28% CAGR, rising from Rs 2,800 Cr to ~Rs 7,700 Cr in the last four fiscal years

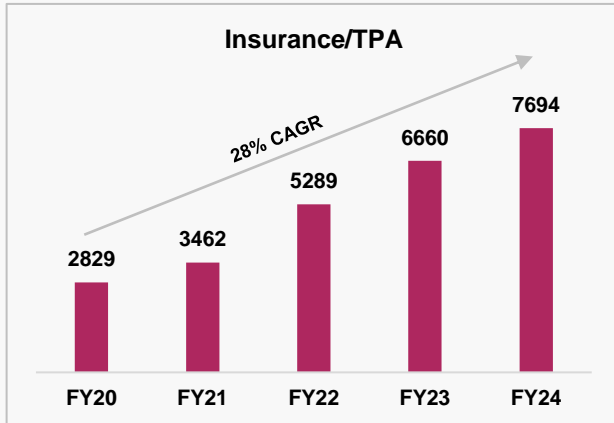
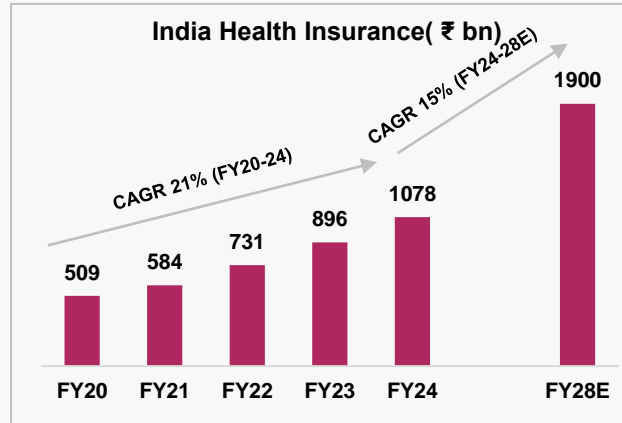


Exhibit 11: The health insurance industry's surging premium collection has increased from Rs 509 Bn to Rs 1,078 Bn with 21% CAGR & is expected to grow by 15% CAGR Over FY24-FY28E.



Source: Axis Sec Research, Companies

Note: Our Industry Sample comprises 9 Listed Players (Apollo, Max, Global Health (Medanta), Fortis, Rainbow, HCG, KIMS, Aster, NARY)

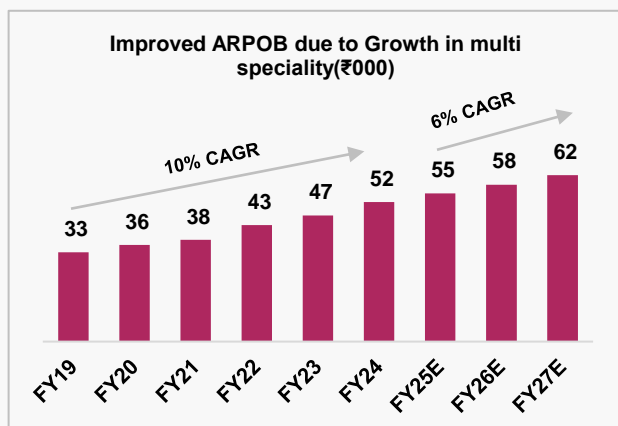
Multi-Specialty & Case Mix to Support Growth Momentum

The growth of large private players has significantly contributed by key medical specialties like oncology, cardiology, orthopedics, gastroenterology, etc.

The growth in ARPOB of private players from Rs 33,000 in FY19 to Rs 52,000 in FY24 (CAGR 10% over FY19-FY24) has been driven by the expansion of multi-specialty services, particularly in critical areas like oncology (cancer), cardiology (heart), and surgical procedures. These specialized services not only attract a higher volume of patients seeking comprehensive care but also enhance overall hospital revenue. We expect it will continue growing the ARPOB by 6% CAGR FY24-FY27E.

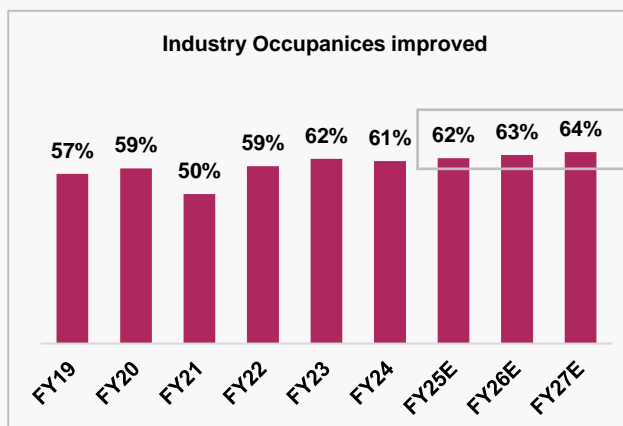
Average occupancy rates improved from 57% in FY19 to 62% in FY24, reflecting a recovery in the healthcare industry post-COVID, despite a dip to 50% in FY21. The addition of more beds has enabled facilities to accommodate rising patient demand, particularly in specialties like oncology and cardiology. This trend supports sustained revenue growth, aligning with an anticipated 6% CAGR in ARPOB over FY24-FY27E.

Exhibit 12: Multi-speciality Driving Higher ARPOB across the industry. We expect it will continue growing the ARPOB by 6% CAGR FY24-FY27E.



Source: Company, Axis Securities Research

Exhibit 13: Average occupancy rates improved from 57% in FY19 to 62% in FY23, reflecting a recovery in the healthcare industry post-COVID, despite a dip to 50% in FY21.



Fortis performs the most cardiac procedures, with 60,600 cases exceeding Max's 46,500 and Medanta's 8,165, highlighting its strength in heart care. Max leads in radiation treatments, completing 13,150 procedures, and also excels in neuro surgeries with 10,450 cases, indicating a strong focus on oncology and neurology. While Fortis and Max show solid performance across various specialties, Medanta has room to grow, especially in robotic surgeries, where no data is reported.

Exhibit 14: Fortis performs the most cardiac procedures, with 60,600 cases exceeding Max's 46,500 and Medanta's 8,165, highlighting its strength in heart care.

Complex Procedures	Fortis	Max	Medanta
Cardiac	60600	46500	8165
Radiation	11100	13150	2000
Transplants	1100	1200	710
Neuro	7800	10450	5324
Orthopedic	28,000	28,350	7,500
Robotic Surgeries	3600	3700	-

Source: Annual Reports (Fortis, Max, Medanta), Axis Securities

Oncology fastest-growing speciality, growing at 17% CAGR

Industry projections indicate that cancer care is poised to grow at a 17% CAGR from FY24-FY30E, driven by lifestyle-related factors such as poor dietary practices, sedentary habits, excessive alcohol and tobacco consumption, and environmental exposures. The oncology industry, currently valued at Rs 12,000 Cr, is expected to expand significantly during this period. The growing prevalence of cancer, with over 1.27 Mn cases reported annually according to ICRA, underscores the importance of oncology as a key revenue driver for hospitals.

Private hospital players have seen their oncology segment revenue grow more than 2x, from Rs 1,300 Cr in FY20 to over Rs 2,700 Cr in FY24, supported by a 20% CAGR industry growth. These players now account for over 22% of the oncology care market. Fortis ranks as the second-largest player in the oncology specialty, trailing Max Healthcare. Max reported Rs 1,400 Cr in sales in FY24, growing at a 16% CAGR from Rs 750 Cr in FY20. Fortis, meanwhile, achieved Rs 815 Cr in sales in FY24, reflecting a robust 28% CAGR from Rs 300 Cr in FY20.

This growth has been fueled by substantial investments in advanced technologies and treatments, such as genomic-guided immunotherapy, which customizes cancer treatment based on tumour-specific genes, and liquid biopsies for early cancer detection via blood analysis. Infrastructure upgrades have included state-of-the-art equipment like LINAC and Gamma Knife machines, with each LINAC costing Rs 25-30 Cr. Fortis Memorial Research Institute recently introduced a Rs 75 Cr MRI-integrated LINAC machine, the first in Delhi NCR. This system combines real-time MRI imaging with radiation delivery, allowing for real-time treatment adjustments to improve precision and outcomes.

Operational excellence is evident in the volume of oncology procedures performed. Max completed 13,150 radiation sessions in FY24, Fortis conducted 11,100 sessions, while Medanta lagged with 2,000 sessions. These hospitals have leveraged their advanced technology and infrastructure to cater to the increasing demand for oncology care, solidifying their positions as leaders in the segment.

The oncology industry, currently valued at Rs 12,000 Cr, with over 1.27 Mn cases reported annually according to ICRA. Private hospital players have seen their oncology segment revenue grow more than 2x, from Rs 1,300 Cr in FY20 to over Rs 2,700 Cr in FY24, supported by a 20% CAGR industry growth. Max is Leader followed by Fortis.

Exhibit 15: Fortis is the second-largest player in the oncology specialty after Max. In FY24, Max reported Rs 1,400 Cr in sales with a 16% CAGR vs Rs 750 Cr in FY20, while Fortis reported Rs 815 Cr in sales (28% CAGR) vs Rs 300 Cr in FY20 in the oncology specialty.

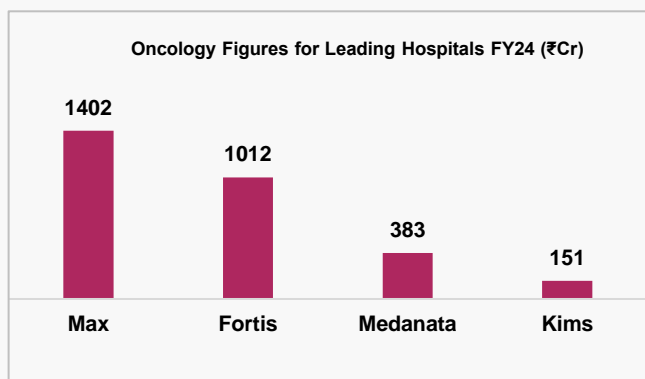
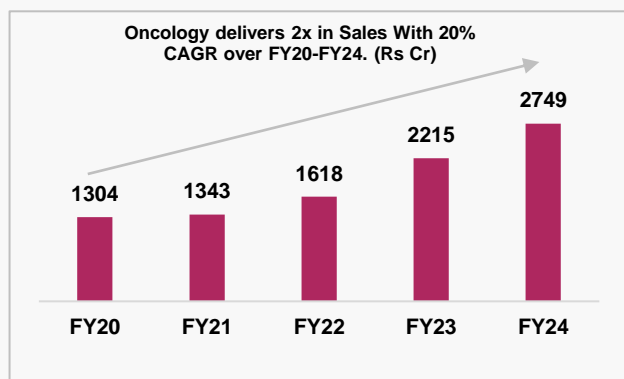


Exhibit 16: The size of the oncology segment in Private Hospital Players has grown from Rs 1,300 Cr to over Rs 2,700 Cr more than 2x over FY20-FY24 & they have captured more than 22% market share in the Oncology care, supported by a 20% CAGR industry growth.



Source: Company, Axis Securities Research

Cardio Care Driven by CVD & Technology Advancement

Indian cardiovascular care market is driven by the increasing prevalence of cardiovascular diseases and advancements in medical technology. As an insight, about 30% of adults are affected by hypertension and significant increases in diabetes and obesity. Technological advancements, including improved diagnostic tools and telemedicine, enhance patient access and outcomes. Cardiac care has become a major revenue driver, with hospitals focusing on specialized treatments such as heart surgeries, angioplasties, and other cardiovascular procedures. **The cardiology segment for key Private Hospital Players has witnessed a 12% CAGR, with its market size growing from Rs 1,800 Cr in FY19 to Rs 2,850 Cr by FY24. On average, per patient realisation ranges between 2-3 Lc in this case mix.**

Fortis Healthcare and Max Healthcare are leading providers of advanced cardiac care in India, with leadership Fortis holding a market.

Over the years, India has performed ~300,000 cardiology procedures annually, and these hospitals collectively account for 115,000 procedures, representing nearly 38% of the market share, a key strength of these players. Additionally, robotic surgeries have emerged quickly. On a combined basis, these three hospitals conducted 7,300 surgeries in FY24, demonstrating their infrastructure development in modern facilities.

Fortis Healthcare and Max Healthcare are leading providers of advanced cardiac care in India, with Fortis holding a commanding market position by generating Rs 1,010 Cr in revenue, surpassing competitors like Max Healthcare (Rs 660 Cr) and Medanta (Rs 720 Cr). Fortis's leadership is underscored by its execution of 60,600 complex cardiac procedures compared to 46,500 at Max Healthcare and 8,165 at Medanta. This is further evidenced by the establishment of 12 state-of-the-art Cath Labs and the successful implantation of India's first Automatic Implantable Cardioverter Defibrillator (AICD).

Both institutions offer a comprehensive range of services, including CABG, angioplasty, and heart valve surgeries, utilizing cutting-edge technology and emphasizing preventive cardiology through a multidisciplinary approach. The success of Fortis and Max is attributed to its team of highly skilled clinical doctors, whose expertise spans chemotherapy, surgical oncology, cardiac interventions, and minimally invasive surgeries.

Exhibit 17: The cardiology segment for key Private Hospital Players has witnessed a 12% CAGR, with its market size growing from Rs 1,800 Cr in FY19 to Rs 2,850 Cr by FY24. On average, per patient realisation is somewhere between 2-3 Lc in this case mix.

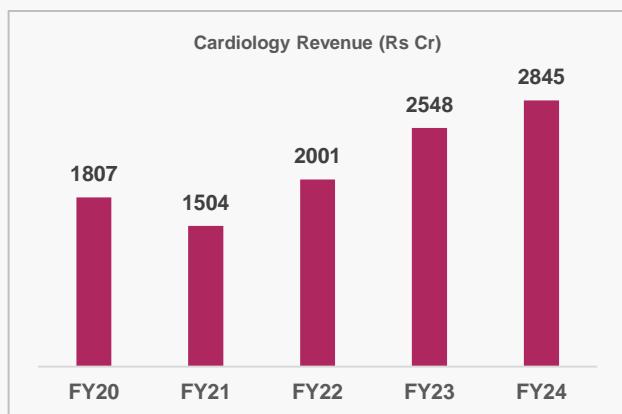
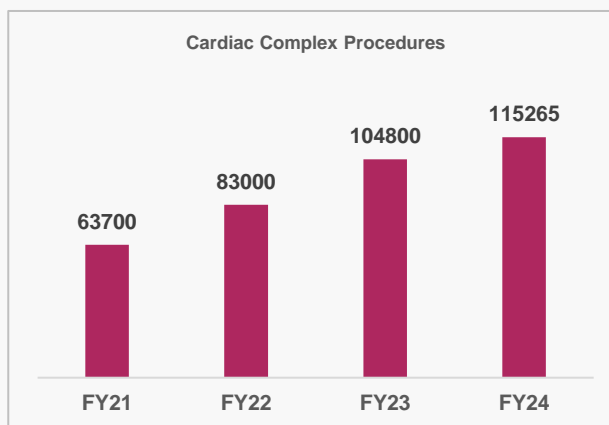


Exhibit 18: Over the years, India has performed ~300,000 cardiology procedures annually, and these hospitals collectively account for 115,000 procedures, representing nearly 38% of the market share, which is a key strength of these players.



Source: Annual Reports (Fortis, Max, Medanta), Axis Securities

Orthopaedic Procedures: An Increasing Demand for Surgeries

The orthopaedic treatments market, particularly for joint replacements and spinal surgeries, has grown significantly in recent years. The Private Hospital Players has experienced a CAGR of 18%, doubling in size from Rs 800 Cr to Rs 1,600 Cr over FY20-FY24. It is expected that the total Orthopaedic surgeries in India count to be 56 Lc numbers, out of which all these Private Health Players constitute a 3% market share. This reflects it to be a very competitive market in India. This growth is largely driven by two main factors: an ageing population and an increasing demand for surgeries that help improve mobility. As people get older, they tend to develop more issues with their bones and joints, leading to a greater need for orthopaedic procedures.

In this expanding market, several private hospitals located in urban cities are making notable contributions, attracting patients from rural areas. Max Hospital leads the orthopaedic revenue market with Rs 572 Cr, attributed to its comprehensive services and advanced treatments for joint and spinal surgeries. Fortis Hospital follows closely with Rs 495 Cr, leveraging its extensive urban network and high-quality patient care to attract rural patients. KIMS Hospital generates Rs 352 Cr, recognized for its strong reputation and investment in advanced technologies appealing to rural clientele. In contrast, Medanta Hospital, with Rs 146 Cr in revenue, focuses on specialized orthopaedic care and improving treatment techniques, drawing patients from outside urban areas despite having a smaller market share.

Overall, the orthopaedic treatment market is competitive and reflects strong demand for these services, particularly in urban hospitals that attract patients from rural regions seeking advanced medical care. As these urban hospitals leverage their strengths to capture market share, the growth in orthopaedic treatments presents numerous opportunities for investment and improvement in patient care.

Exhibit 19: The Private Hospital Players has experienced a CAGR of 18%, doubling in size from Rs 800 Cr to Rs 1,600 Cr For Private Hospital Players over FY20-FY24.

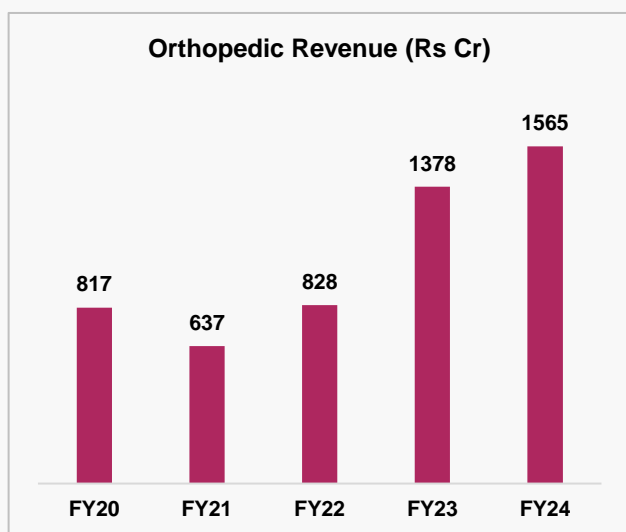
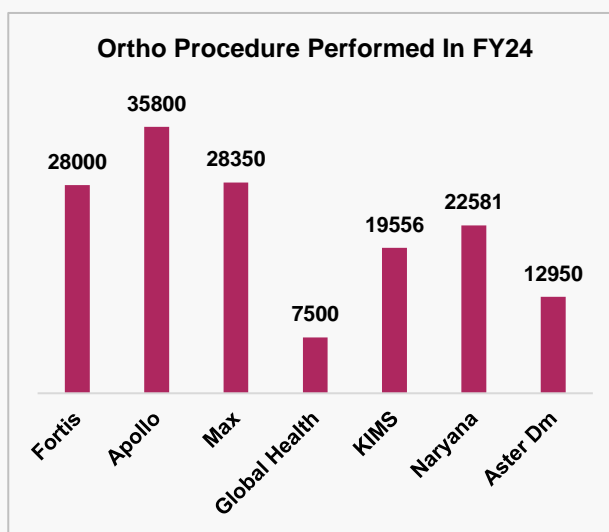


Exhibit 20: It is expected that the total Orthopaedic surgeries in India count to be 56 Lc numbers, out of which all these Private Health Players constitute a 3% market share that reflects it's a quite competitive market in India.



Source: Annual Reports (Fortis, Max, Medanta), Axis Securities

Comparative Analysis of Complex Medical Procedures: Fortis, Max, and Medanta

Fortis Healthcare is a standout performer in complex medical procedures, having completed an impressive 60,600 cardiac surgeries, 11,100 radiation therapies, and 3,600 robotic surgeries. These figures position Fortis among the top institutions in the industry, showcasing its dedication to high-quality care. In comparison, Max Healthcare performs 46,500 cardiac procedures and 13,150 radiation therapies, while Medanta lags significantly behind with 8,165 cardiac surgeries and 2,000 radiation treatments.

With surgery costs typically ranging from Rs 2 Lc to Rs 5 Lc and each radiation session ranging between Rs 2-3 Lc in India, these procedures significantly contribute to Fortis and Max revenue. This strong performance not only highlights commitment to advanced healthcare but also positively impacts its ARPOB, further establishing its financial strength. By delivering exceptional medical services, Fortis and Max signifies its position as a leader in India's healthcare landscape, ensuring better patient outcomes which drives financial success, especially in comparison to its peers in the industry.

International Patients Continue to Add Incremental Growth

India has emerged as a key destination for medical tourism, driven by affordable healthcare, world-class medical facilities, and a highly skilled workforce. Over the past decade, the inflow of international patients has increased significantly, rising from 1.8 Lc to 7 Lc. India is ranked 10th on the Medical Tourism Index (2020-2021). Ministry of Tourism (MOT) data indicates that in CY23, 7% (6.3 Lc) of Foreign Tourist Arrivals (FTA) in India were for medical tourism, up from 6.4% (6.2 Lc) in CY19. Although this figure dropped sharply to 1.8 Lc in CY20 due to COVID-19 travel restrictions, it rebounded strongly in CY23.

Private hospital players such as Fortis, Max, Narayana, and Medanta have reported a 10% CAGR in revenue from international patients. Their cumulative revenue grew from Rs 900 Cr in FY20 to Rs 1,313 Cr, despite a dip to Rs 600 Cr in FY21 during the pandemic. The international patient segment now accounts for 3.5% of the total revenue of the top nine private players, and it is projected to grow at a 20% CAGR. Incremental annual sales from international patients are expected to contribute Rs 600-700 Cr as patient volumes surpass pre-COVID levels, with MOT projecting 7.03 Lc international patients in CY24.

The primary driver for this growth is the cost advantage India offers. For example, a heart bypass surgery in India costs approximately \$5,200 compared to \$140,000 in the U.S., with a global average cost of \$52,000. Similarly, a heart valve replacement costs about \$5,500 in India versus \$170,000 in the U.S. This affordability, combined with the availability of advanced medical technology and skilled healthcare professionals, positions India as a leader in medical tourism globally.

Over the past decade, the inflow of international patients has increased significantly, rising from 1.8 Lc to 7 Lc. India is ranked 10th on MTI, The international patient segment now accounts for 3.5% of the total revenue and it is projected to grow at a 20% CAGR. Incremental annual sales from international patients are expected to contribute Rs 600-700 Cr as patient volumes surpass pre-COVID levels, with MOT projecting 7.03 Lc international patients in CY24.

Exhibit 21: Country-wise complex procedure cost - India is an affordable country in highly complex procedures that offers relevantly higher discounts.

Procedure Cost (\$)	India	Thailand	Singapore	Korea	US	Avg. Global cost	India's discount
Hip Replacement	7,000	7,879	12,000	14,120	50,000	21,000	67%
Knee Replacement	6,200	12,297	13,000	19,800	50,000	23,774	74%
Heart Bypass	5,200	15,121	18,500	28,900	1,44,000	51,630	90%
Angioplasty	3,300	3,788	13,000	15,200	57,000	22,247	85%
Heart valve replacement	5,500	21,212	12,500	43,500	1,70,000	61,803	91%
Dental implant	1,000	3,636	1,500	4,200	2,800	3,034	67%

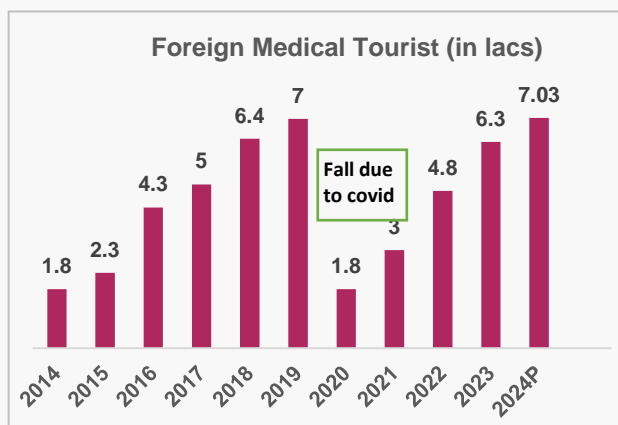
Source: Max Health Presentation, Axis Research

India's medical tourism inflow in CY23 primarily came from West Asia (63%), Eastern Europe (21.2%), and South Asia. Among these, Bangladesh accounted for 69% of medical tourists, followed by Iraq (7%), Yemen (3%), and the Maldives (2.8%). Notably, India did not receive medical tourists from Nepal, while patient inflows from Afghanistan have ceased. Conversely, there has been a rise in patients from Australia and the UK due to longer waiting periods in their domestic healthcare systems.

Private hospital groups benefit significantly from the increasing footfall of international patients, as these patients contribute to additional revenue streams and enhanced profitability. Most international patients seek treatment for complex procedures, which improves the hospitals' case mix and allows them to command higher ARPOB and margins, especially at flagship units located in major cities. These flagship hospitals attract higher-paying international patients, who are typically charged a 30% mark-up over domestic patients, resulting in greater average realizations.

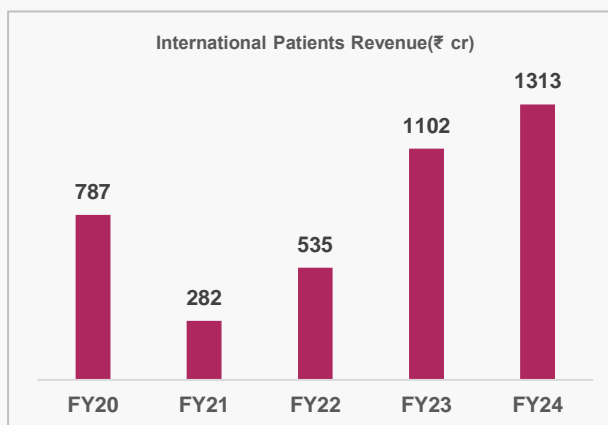
Given the increasing inflow of international patients, flagship hospital units are projected to generate 10-15% of their standalone hospital revenue from this segment. This trend not only strengthens the financial performance of these hospitals but also underscores their position as premier destinations for medical tourism.

Exhibit 22: Over the decade, the inflow of international patients for medical tourism has picked up from 1.8 Lc to 7 Lc and is expected to reach 30 Lc in CY30E



Source: Ministry of Tourism, Axis Securities

Exhibit 23: International Patient revenue in FY20 of 787 Cr has surged to 1,313 Cr, but witnessed a dip in revenue in FY21 to 500 Cr.



Exploring Opportunities in the Underserved Areas in Delhi NCR

OverSupply of Beds in Delhi NCR will be observed by the Speciality Mix, Insurance Penetration

The private healthcare sector in India has added an incremental 5,000 beds over the past three years, with hospital chains maintaining a strong regional focus despite their pan-India presence. For instance, KIMS is dominant in Andhra Pradesh and Telangana, while hospitals like Fortis, Max, and Medanta primarily cater to the Delhi NCR and North India regions. Medanta has 49% of its capacity in Delhi NCR, Max Health has 60%, and Fortis maintains ~55% of its capacity in North India, largely in Delhi and Punjab. These hospitals prioritize regions where patient trust, access to quality healthcare professionals, state-of-the-art facilities, and strategic accessibility foster successful operations.

Delhi NCR has established itself as a leading healthcare hub, drawing patients not only from the region but also from Haryana, Western Uttar Pradesh, and other northern states. Approximately 50% of patients treated in Delhi NCR's healthcare facilities come from outside the region. This can be attributed to its advanced healthcare infrastructure, including specialized hospitals, clinics, and cutting-edge medical technology. The availability of specialized treatments and excellent connectivity further solidifies the region's appeal for medical care.

Looking ahead, the private hospital sector plans to add 15,000 beds over the next 3-4 years, with only 3,000 (~20%) earmarked for the Delhi NCR region by key multi-specialist players such as Max, Medanta, and Fortis. However, these hospitals have shown limited expansion in bed capacity in recent years, with operating beds increasing marginally from 4,600 in FY21 to 4,900 in FY24. Despite robust cash flows and funding capacity, these hospitals are taking a conservative stance on supply expansion in Delhi NCR. This approach, while mitigating financial risk, may result in a supply-demand mismatch given the region's growing population and rising healthcare needs.

Strategically, maintaining limited bed capacity in a high-demand region like Delhi NCR could ensure sustained demand for specialty therapies and premium healthcare services. This conservative expansion approach allows hospitals to focus on optimizing operational efficiency and maintaining strong financial performance while continuing to serve as trusted healthcare providers for key specialties.

Private hospital sector plans to add 15,000 beds over the next 3-4 years, with only 3,000 (~20%) earmarked for the Delhi NCR region by key multi-specialist players such as Max, Medanta, and Fortis. new healthcare projects in Delhi NCR are expected to generate incremental annual revenue of Rs 3,500 Cr by FY27. These projects will aim to serve 6-7 Lc new patients each year.

Exhibit 24: Despite the rising demand, these hospitals have not made significant brownfield expansions in recent years, with the number of operating beds increasing from 4,600 in FY21 to around 4,900 in FY24.

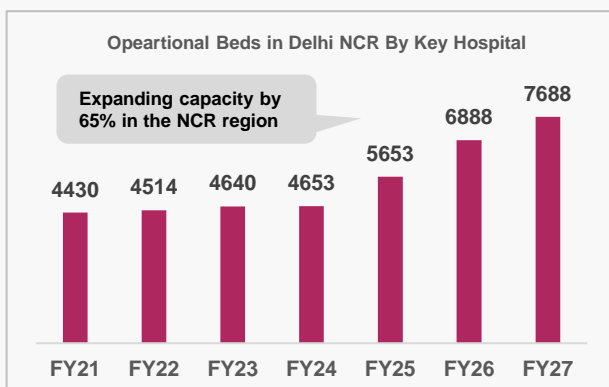
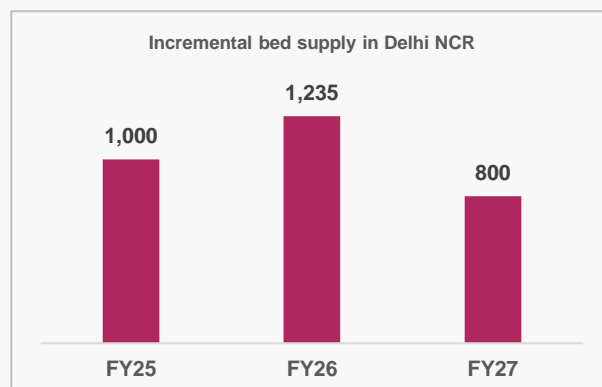


Exhibit 25: Over the years, on average, only 1000 beds are incrementally added by larger chain hospitals in NCR and we expect 3000 beds going ahead.

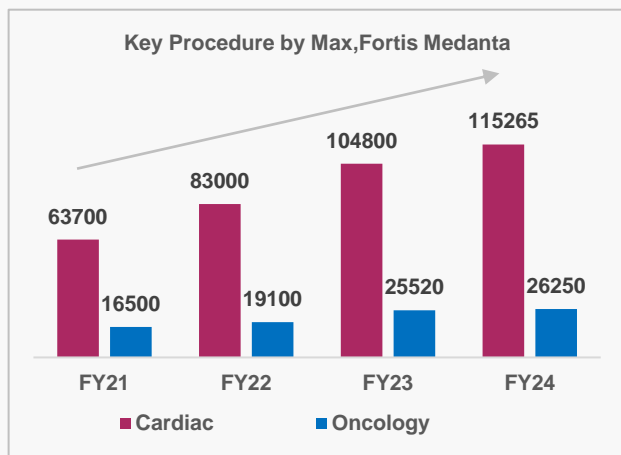


Source: Annual Reports (Fortis, Max, Medanta), Axis Securities

One of the primary drivers for the supply of beds in the Delhi NCR region is the improvement in occupancy rates witnessed by these hospitals. Over 500 basis points of improvement have been recorded in their occupancy ratios, with flagship hospitals such as Fortis's FMRI and Max's Saket block reporting occupancy rates exceeding 75%. Consequently, these hospitals aim to sustain the momentum of higher occupancy, with inpatient volumes expected to rise in these key hospital chains due to their capability to provide essential specialty therapies, a core strength of these institutions.

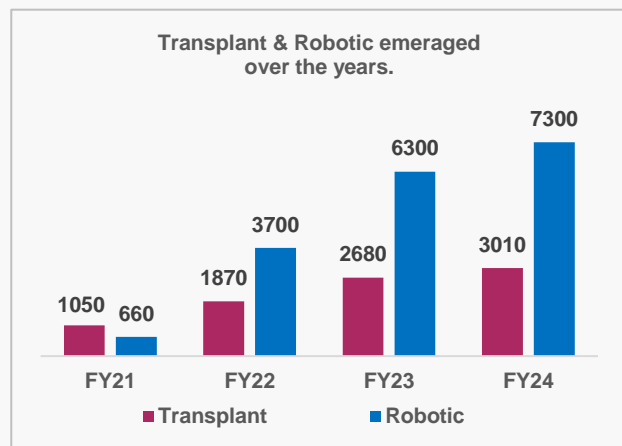
India conducts approximately 300,000 cardiology procedures annually, and these hospitals collectively account for 115,000 procedures, representing nearly 38% of the market share—a notable strength of these players. Furthermore, robotic surgeries have rapidly gained traction, with these three hospitals performing 7,300 surgeries in FY24, showcasing their advancements in modern infrastructure.

Exhibit 26: India performs ~300,000 cardiology procedures annually, and these hospitals collectively account for 115,000 procedures, representing nearly 38% of the market share which represents the key strength of these players.



Source Medanta, Max Healthcare & Fortis Data, Axis securities research

Exhibit 27: Robotic Surgeries have expanded over the years demonstrating Autonomous & better infra in health care.



Looking forward, the new healthcare projects in Delhi NCR are expected to generate incremental annual revenue of Rs 3,500 Cr by FY27. These projects will aim to serve 6-7 Lc new patients each year. Additionally, the rising growth of the health insurance segment at an annual rate of 18% is expected to contribute an extra Rs 15,000 Cr in premiums and extend coverage to 33 Lc more individuals. Therefore, there are no concerns for these hospitals regarding how demand will arise or how supplying beds will bring in competition. In our analysis, the supporting trends will further increase the demand for healthcare services in the region.

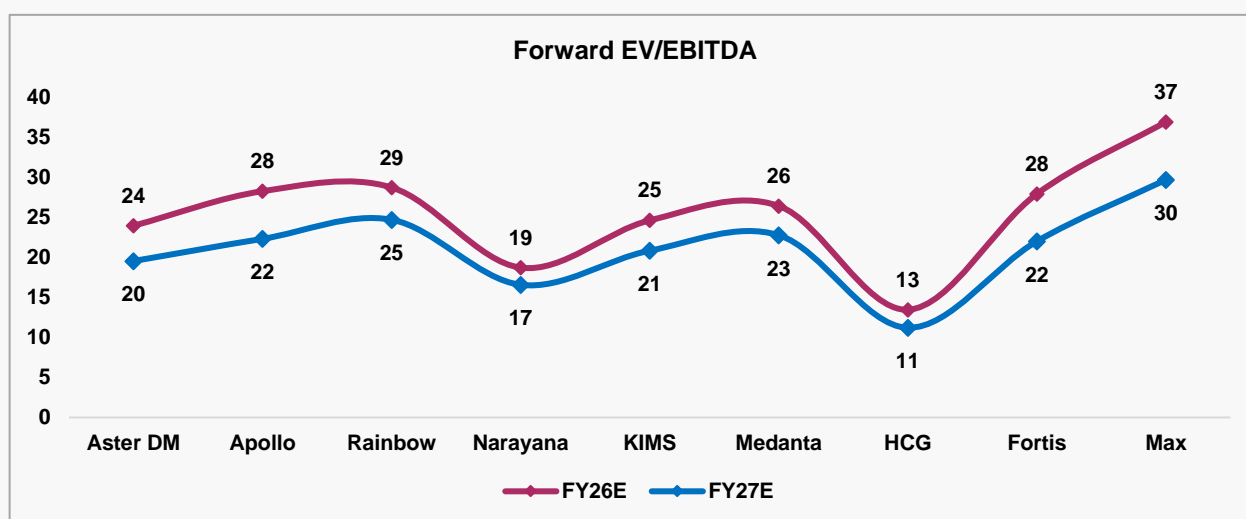
Strong Operating Leverage to Support Sector Valuations

Private hospital players are continuously observing strong operating leverage driven by an increase in ARPOB and occupancy rates across the sector. Strong FCFF generation is anticipated in the hospital sector, with the FCFF/EBITDA ratio steadily increasing. Pre-COVID, this ratio ranged from 20% to 25%, but it has now risen to 50% to 55%, supported by strong operating leverage, a limited supply of beds, and the continuous penetration of health insurance in the industry. This high FCFF/EBITDA ratio is projected to improve further to ~60% over the next three years. Consequently, valuations for private hospital players are expected to remain sustainable.

Similar trends are evident in the sector's RoIC, which was in the high single digits pre-COVID and has now reached ~16%. With continued improvements in ARPOB, occupancy rates, and minimal capital expenditures, RoIC is expected to rise by 400 basis points over the next three years, potentially sustaining elevated EV/EBITDA valuations for the sector.

The Hospital Sector currently trades at relatively low valuations, with EV/EBITDA ratios of 25x for FY26E and 21x for FY27E. We believe there is potential for valuations to increase, given the enhancements in RoIC and FCFF generation.

Exhibit 28: The Hospital Sector currently trades at relatively low valuations, with EV/EBITDA ratios of 25x for FY26E and 21x for FY27E. We believe there is potential for valuations to increase, given the enhancements in RoIC and FCFF generation.



Sources Company, Axis Securities

Exhibit 29: Valuations (EV/EBITDA) to remain elevated as the Industry RoIC increases by 400bps

Name	CMP Rs	MCAP Rs Cr	PE (x)			EV/EBITDA (x)			ROE (%)			ROIC (%)		
			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Aster DM	485	50.0	70.3	45.8	36.4	30.0	24.0	19.6	8.8	10.3	12.1	13.5	13.7	16.2
Apollo	7,263	14.4	73.7	52.9	40.7	35.7	28.3	22.3	19.2	21.9	23.8	15.8	16.8	19.0
Rainbow	1,627	10.2	72.2	58.2	48.0	35.3	28.8	24.7	17.5	18.8	19.4	13.0	12.7	13.4
Narayana	1,292	20.4	35.6	28.9	24.4	23.0	18.7	16.6	23.5	22.9	21.4	17.3	17.5	17.6
KIMS	617	40.0	62.2	43.8	36.4	32.5	24.7	20.9	15.9	18.4	18.2	19.0	22.0	27.0
Medanta	1,140	26.9	56.1	48.3	42.1	30.9	26.5	22.8	15.8	15.5	15.1	28.0	29.0	32.0
HCG	503	13.9	77.9	46.7	32.5	16.8	13.5	11.2	9.8	14.1	16.8	11.0	15.1	20.2
Fortis	714	75.5	70.7	51.4	37.9	34.8	28.0	22.0	11.1	13.0	0.0	11.4	14.7	19.0
Max	1,117	97.2	71.0	56.7	45.4	46.4	37.0	29.7	14.1	15.0	15.8	16.1	19.0	22.2
Average						32	25	21	15.1	16.7	15.8	16.1	17.8	20.7

Sources: Axis Securities

Exhibit 30: Peer Analysis

Rs Cr Hospitals	Revenue			EBITDA			EBITDA Margins			PAT		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Aster DM	4,331	5,162	6,264	775	970	1,189	17.9%	18.8%	19.0%	345	530	667
Apollo	22,272	27,064	31,846	3,000	3,789	4,800	13.5%	14.0%	15.1%	1,420	1,976	2,570
Rainbow	1,529	1,804	2,098	470	576	670	30.7%	31.9%	31.9%	230	285	346
Narayana	5,491	6,367	7,211	1,200	1,470	1,660	21.9%	23.1%	23.0%	740	911	1,080
KIMS	2,974	3,856	4,370	800	1,038	1,190	26.9%	26.9%	27.2%	397	563	678
Medanta	3,839	4,547	5,136	960	1,105	1,253	25.0%	24.3%	24.4%	545	633	727
HCG	2,290	2,642	2,990	430	534	622	18.8%	20.2%	20.8%	90	150	215
Fortis	7,930	9,015	10,661	1586	1,938	2,401	20.0%	21.5%	22.5%	763	1,050	1,421
Max	8,868	10,951	13,067	2,368	2,946	3,613	26.7%	26.9%	27.7%	1,528	1,914	2,390

Sources: Axis Securities

Hospital Sector: Key Risks & Mitigation

Key Risks	Mitigation
Operational Risks: Inefficiencies, errors & miscommunication in daily operations are key risks in hospitals, affecting patient care, safety, and overall efficiency.	<ul style="list-style-type: none"> Implement advanced hospital management systems, train staff on SOPs, and use predictive analytics for resource allocation.
Government Regulation Risk: Changes in healthcare policies, regulations, or reimbursement structures can impact hospital operations, increase compliance costs, and affect revenue streams.	<ul style="list-style-type: none"> Hospitals should stay informed about regulatory changes, ensure compliance through regular audits, and advocate for favourable policies while diversifying revenue sources to adapt to regulatory shifts.
Higher Attrition Rates: High staff turnover, particularly among nurses and key healthcare professionals, can lead to disruptions in patient care, and increased recruitment and training costs.	<ul style="list-style-type: none"> Hospitals can invest in employee retention strategies such as offering competitive salaries, providing professional development opportunities, fostering a supportive work environment, and implementing wellness programs to reduce burnout.
Moderate Growth in ARPOB Rate: Slower-than-expected growth in ARPOB could affect overall revenue and profitability.	<ul style="list-style-type: none"> Hospitals can optimize resource utilization, enhance service offerings, and focus on improving patient satisfaction to increase occupancy rates and revenue. Additionally, adopting cost-control measures and improving billing accuracy can help maintain profitability.
Delay in Commissioning Projects Delays in the proposed supplies of rooms or new projects can lead to postponed revenue streams and increased costs.	<ul style="list-style-type: none"> Hospitals can establish clear project timelines, closely monitor progress, and maintain effective communication with contractors and suppliers to avoid unnecessary delays.
Negative Media PR Negative publicity from medical errors, infections, or financial scandals can damage reputation and financial performance.	<ul style="list-style-type: none"> Proactive crisis communication, transparency, quality care improvements, and strong community engagement can help manage and reduce the impact of negative publicity.

Source: Company, Axis Securities

Fortis Healthcare Ltd: Robust Corporate Governance and Experienced Management Team

Management Team	Details
Dr Ashutosh Raghuvanshi <i>Managing Director & CEO</i>	<ul style="list-style-type: none"> Dr. Ashutosh Raghuvanshi, a cardiac surgeon turned healthcare leader, holds an MS in General Surgery from MGIMS and an MCH in Cardiac Surgery from the University of Bombay. With over 26 years of experience, he has worked with Bombay Hospital, Apollo Hospitals, and Manipal Heart Foundation. Notably, he established the Rabindranath Tagore International Institute of Cardiac Sciences in Kolkata, now a leading multispecialty hospital in Eastern India.
Vivek Kumar Goyal <i>CFO</i>	<ul style="list-style-type: none"> Vivek is a seasoned professional with over 25 years of experience in Finance. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and a Company Secretary from the Institute of Company Secretaries of India. He also holds an LLB Degree from the University of Delhi. Before joining Fortis, Vivek was the Chief Finance Officer with the Tata Housing and Development Company since Apr'15.
Mr. Dilip Kadambi <i>Non-Executive Director</i>	<ul style="list-style-type: none"> Mr Dilip with over 24 years of leadership experience in various multinational organisations across both financial and healthcare institutions. Self-motivated leader with a variety of skill sets in areas such as investor relations, capital raising, corporate finance, strategy & business development, change management, mergers & acquisitions, financial reporting, revenue cycle management, group procurement and healthcare operations. Results-driven leader, team player and someone who constantly seeks to learn.
Suvalaxmi Chakraborty <i>Independent Director</i>	<ul style="list-style-type: none"> Ms. Suvalaxmi Chakraborty, is a Chartered Accountant and has a B. Com. (Hons) degree from Calcutta University and in 1999 completed the Financial Investment Technology Program of the Berkeley Program in Finance at HAAS School of Business at the University of California, Berkeley, California. Ms. Suvalaxmi Chakraborty has over 32 years of experience in the field of financial services and banking. She has rich exposure to various facets of banking, including Corporate Banking, Treasury Management, Asset Liability Management, Corporate Risk Management, Micro-Banking and Agribusiness. She has also been featured in the Fortune India List of the 50 most powerful women in business.
Shailaja Chandra <i>Independent Director</i>	<ul style="list-style-type: none"> Ms. Shailaja Chandra has been a member of the Indian Administrative Service (IAS) and held key assignments in the Central and state governments spanning nearly 4 decades. Ms Chandra's educational qualifications include an Honours degree from Miranda House, University of Delhi, and subsequently an M.Sc. in Economics, from University of Wales, UK. Ms. Chandra became Secretary of the Union Health Ministry having worked in the Ministry as Joint Secretary and Additional Secretary. Subsequently, she became Chief Secretary, of Delhi- a notable first for a woman officer. She is a prolific writer both of opinion pieces as well as research papers published in national and international journals.
Indrajit Banerjee <i>Independent Director</i>	<ul style="list-style-type: none"> Mr. Indrajit Banerjee has a B. Com. (Hons) degree from St. Xavier's College, Kolkata and is a qualified Chartered Accountant. Since 2015 he has been engaged in certain specific management consultancy services, including business structuring and planning; management of growth situations; management of crises through cash flow monitoring, prioritisation of operational requirements and bank relationship management; financing of working capital and establishment of Risk Management processes in multi-business and multiregional organisations; business and financial process integration for existing organisations as well as for merging entities.

Source: Company, Axis Securities

Max Healthcare Institute Ltd: Robust Corporate Governance and Experienced Management Team

Management Team	Details
Abhay Soi <i>Chairman and Managing Director</i>	<ul style="list-style-type: none"> Abhay Soi is the Chairman and Managing Director of Max Healthcare Institute Ltd., a leading private healthcare provider in India. He holds a degree in Finance and Business Administration, equipping him with the expertise to navigate complex business landscapes. With over two decades of experience in healthcare and finance, he has been instrumental in transforming Max Healthcare through strategic expansions, operational excellence, and the successful merger of Radiant Life Care with Max Healthcare in 2020. Known for his patient-centric approach and focus on innovation, Abhay Soi has positioned the organization as a market leader while driving growth and sustainability in the healthcare sector.
Dr. Mradul Kaushik <i>Senior Director - Operations and Planning & Chief Operating Officer (Cluster-1)</i>	<ul style="list-style-type: none"> Dr. Kaushik is the Senior Director - Operations and Planning and Chief Operating Officer (Cluster-1) at Max Healthcare Institute Ltd. He holds an MBBS degree and a postgraduate qualification in Hospital Administration, providing a strong foundation in medical and healthcare management. With over 20 years of experience in hospital operations, strategic planning, and healthcare management, Dr. Kaushik has been instrumental in optimizing operations, enhancing patient care services, and driving efficiency. He plays a key role in aligning operational strategies with the organization's goals, ensuring excellence across Max Healthcare's network.
Keshav Gupta <i>Senior Director – Growth, M&A and Business Planning</i>	<ul style="list-style-type: none"> Keshav leads the investments, business intelligence and planning vertical at Max Healthcare. With over 20 years of rich experience in Investments and Mergers & Acquisitions, he brings a unique set of skills and perspectives to the organisation. He has a strong track record of accomplishments in leading large transactions in large format businesses. In his previous role, he was leading the Commercial, Operations and Growth verticals for a South India-based Hospital and Pharmaceutical organisation.
Yogesh Kumar Sareen <i>Senior Director - Chief Financial Officer</i>	<ul style="list-style-type: none"> Yogesh Kumar Sareen is the Senior Director and Chief Financial Officer at Max Healthcare Institute Ltd. A seasoned finance professional, he holds qualifications as a Chartered Accountant with over 35 years of experience in finance, accounting, and strategic financial management. Yogesh has been instrumental in driving financial efficiency, ensuring regulatory compliance, and supporting the organization's growth through robust financial planning and governance. His expertise spans financial restructuring, fundraising, and fostering long-term value creation for stakeholders.
Dhiraj Aroraa <i>Senior Vice President - Company Secretary and Compliance Officer</i>	<ul style="list-style-type: none"> Dhiraj Aroraa is the Senior Vice President, Company Secretary, and Compliance Officer at Max Healthcare Institute Ltd. He is a qualified Company Secretary and holds a degree in Law, with over 16 years of experience in corporate governance, regulatory compliance, and legal advisory. Dhiraj plays a crucial role in ensuring adherence to corporate laws, facilitating seamless board operations, and upholding the highest standards of compliance and transparency within the organization.

Source: Company, Axis Securities

Healthcare Global Enterprise Ltd: Robust Corporate Governance and Experienced Management Team

Management Team	Details
Dr. BS Ajai Kumar <i>Executive Chairman</i>	<ul style="list-style-type: none"> Dr BS Ajaikumar is the Executive Chairman of HealthCare Global Enterprises Ltd (HCG), a leading cancer care network in India. As a renowned oncologist and entrepreneur, he founded HCG to provide accessible, high-quality cancer care across India, particularly in Tier 2 and Tier 3 cities. Dr. Ajaikumar is also a philanthropist, supporting cancer patients, empowering women, and funding education in Karnataka. He has received several prestigious awards, including the E&Y Start-Up Entrepreneur of the Year and the Asian Health Care Leadership Award. With over 40 years of experience, he trained at MD Anderson and the University of Virginia.
Raj Gore <i>Whole-time Director and CEO</i>	<ul style="list-style-type: none"> Raj Gore is the full-time director and CEO of HealthCare Global Enterprises Ltd (HCG), India's leading cancer care provider. With over 23 years of diverse experience across North America, Asia, and Africa, Raj has led business transformations and financial turnarounds in healthcare companies in India, Mauritius, and Vietnam. He previously served as CEO at Apollo Hospitals Southern Region and Chief Growth Officer at Fortis Healthcare. Since joining HCG in 2021, he has driven significant growth and financial transformation. Raj holds degrees in Chemical Engineering, IT, and Business Administration, with expertise in M&A and leadership development.
Ruby Ritolia <i>CFO</i>	<ul style="list-style-type: none"> Ruby is a finance professional with 17 years of experience. After earning her CA in 2005, she began her career at Nestle India, where she worked in various roles including corporate costing, financial planning, and factory finance. In 2012, Ruby joined Hindustan Unilever, leading commercial finance for North India and overseeing a Rs 6,000 Cr revenue business. Later, she joined a healthcare start-up and Marico, where she headed Supply Chain Finance and led cost-saving initiatives. Since 2019, Ruby has led M&A and Investor Relations at Marico, managing its international business and executing strategic M&A in domestic and international markets.
Mr. Pradip Kanakia <i>Non-Executive Independent Director</i>	<ul style="list-style-type: none"> Pradip Kanakia is a seasoned leader with expertise in strategy, governance, performance management, and auditing. A Chartered Accountant in both England and Wales and India, he has held leadership roles at Price Waterhouse and KPMG over a 35-year career. As a lead audit partner, he managed audits for prestigious Indian and multinational companies, several of which won awards for Best Presented Annual Reports. Pradip has played a key role in transforming businesses, driving growth, and fostering high-performance cultures. He currently serves on the boards of several companies, including JM Financial Ltd and Torrent Gas Private Limited.
Anjali Ajaikumar Rossi <i>Executive Director – Strategy</i>	<ul style="list-style-type: none"> Anjali Ajaikumar Rossi is an Executive Director – Strategy at HCG with over 12 years of experience in healthcare, focusing on technological advancements and strategic growth. As Vice President of Quality and Strategy, she has led initiatives in operational excellence, nursing, home health, and quality for HCG's network of hospitals. Anjali is passionate about adopting new technologies to enhance care and organizational efficiency. She is also involved in non-profits like the HCG Foundation, promoting cancer awareness and supporting financially challenged patients, and the International Human Development & Upliftment Academy, which focuses on rural education and women's empowerment. Anjali holds an MBA from Babson College.
Geeta Mathur <i>Non-Executive Independent Director</i>	<ul style="list-style-type: none"> Geeta Mathur is a seasoned finance professional with vast experience in banking, corporate finance, and risk management. She has held leadership roles at ICICI, IBM, and Emaar MGF, managing structured finance, treasury, and investor relations. As CFO of Helpage India, she implemented financial reforms and won awards for transparency. Currently, she is an independent director at leading companies like Info Edge and NIIT. As Co-Chair of Women Corporate Directors India, she fosters a global network of women leaders.

Source: Company, Axis Securities

-: Company Section :-

Leading the Charge: Fortis Healthcare Driving Operational Excellence and Margin Expansion

We initiate coverage of Fortis Healthcare Ltd (Fortis) with a BUY recommendation and TP of 860/share with an upside potential of 20% from the CMP. Fortis Healthcare has established itself as a leader in complex medical procedures, outperforming competitors like Max Healthcare and Medanta in cardiac surgeries, radiation therapies, and robotic surgeries, which drive substantial revenue. It is the largest provider of oncology services in India, with oncology revenue projected to reach Rs 1,600 Cr by FY27E. Fortis also leads in the cardiac healthcare market, with sales expected to grow from Rs 1,010 Cr in FY24 to Rs 1,300–1,400 Cr by FY27E. The company plans to add 2,000 beds through brownfield expansion, increasing capacity by 45% and stabilizing occupancy rates at 68% with an ARPOB of Rs 70,000 by FY27E. Its diagnostic arm, Agilus, contributes 20% of revenue, with EBITDA margins expected to improve to 20% by FY26E. Under IHH management, Fortis has achieved significant financial growth, with PAT projected to more than double from Rs 645 Cr in FY24 to Rs 1,421 Cr by FY27E. This will be supported by cost optimization, strategic divestments, and rising health insurance penetration.

Investment Thesis

Leadership in key therapies: Fortis Healthcare has emerged as a leader in complex medical procedures, performing 60,600 cardiac surgeries, 11,100 radiation therapies, and 3,600 robotic surgeries, placing it among the top healthcare institutions in India. In comparison, Max Healthcare conducts fewer cardiac procedures and radiation therapies, while Medanta performs significantly fewer surgeries. The high-cost procedures at Fortis, ranging from Rs 2-5 Lc for surgeries and Rs 2-3 Lc for radiation sessions, contribute greatly to its revenue. This strong performance bolsters Fortis's financial position and its ARPOB, positioning it as one of the leaders in India's healthcare market. The Indian oncology market, forecast to grow at 18% CAGR to \$1.49 Bn by 2028, presents a significant opportunity for Fortis, which is the largest provider of oncology services. Fortis conducted 11,000 radiation therapy sessions in FY24, generating Rs 813 Cr, with oncology revenue expected to reach Rs 1,600 Cr by FY27E. In the growing cardiac healthcare market, Fortis leads with Rs 1,010 Cr in sales, surpassing Max Healthcare (Rs 660 Cr) and Medanta (Rs 720 Cr). The cardiac market, valued at Rs 40,000 Cr, is projected to grow 10% annually, and Fortis's comprehensive care, including 12 Cath Labs and India's first AICD implant, places it at the forefront. The cardiac segment is expected to generate Rs 1,300-1,400 Cr by FY27E. Fortis's success is driven by its skilled clinical doctors, whose expertise spans a wide range of specialties, ensuring continued growth and innovation across its medical fields.

Keys Expansion and Steady Momentum by Insurance: Fortis Healthcare's expansion plans, with the addition of 2,000 beds over the next 4 years, will push the company's total capacity to exceed 6,000 beds, enhancing its capacity by ~45%. This growth will be driven by brownfield expansion, which typically offers an earlier break-even period compared to greenfield expansion. Fortis Healthcare has successfully improved its occupancy rate from 55% in FY21 to 65% in FY24, demonstrating effective utilization of its capacity. This has been followed by an ARPOB growth at 8.7% CAGR from FY20-FY24 to Rs 61,000 in FY24. Additionally, Fortis's FMRI boasts an ARPOB of over Rs 1 Lc, the highest in the industry. It is also expected that Fortis will stabilize its overall occupancy rate at ~68% and ARPOB at Rs 70,000 by FY27E. Even with its planned expansion, this growth will be driven by a 4-5% price revision and balance with the rise in volumes as insurance penetration improves. We have observed new healthcare projects in Delhi NCR that are expected to generate incremental annual revenue of Rs 3,500 Cr by FY27. These projects will aim to serve 6-7 Lc new patients each year. Additionally, the rising growth of the health insurance segment at an annual rate of 18% is expected to contribute an extra Rs 15,000 Cr in premiums and extend coverage to 33 Lc more individuals.

Key Financials (Consolidated)

(Rs Cr)	FY24A	FY25E	FY26E	FY27E
Net Sales	6,893	7,930	9,015	10,661
EBITDA	1,268	1,586	1,938	2,401
Net Profit	645	763	1,050	1,421
EPS (Rs.)	9	10	14	19
PER (x)	76.1	64.3	46.8	34.5
EV/EBITDA (x)	39.0	31.7	25.5	20.0
P/BV (x)	6.4	5.8	5.2	4.5
ROE (%)	8.4	9.1	11.1	13.0

Source: Company, Axis Securities

(CMP as of 10th December 2024)

CMP (Rs)	714
Upside /Downside (%)	20%
High/Low (Rs)	740/375
Market cap (Rs Cr)	53,900
Avg. daily vol. (6m) Shares.	17,73,720
No. of shares (Cr).	75.50

Shareholding (%)

	Mar-24	Jun-24	Sep-24
Promoter	31.2	31.2	31.2
FII's	23.2	23.3	25.3
MFs / UTI	26.5	27.5	27.2
Banks/FIs	1.2	1.3	1.2
Others	17.9	16.7	15.2

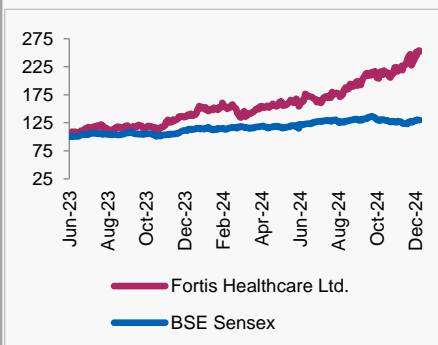
Financial & Valuations

Y/E Mar (Rs Cr)	FY25E	FY26E	FY27E
Net Sales	6,893	7,930	9,015
EBITDA	1,268	1,586	1,938
Net Profit	645	763	1,050
EPS (Rs.)	9	10	14
PER (x)	76.1	64.3	46.8
EV/EBITDA (x)	39.0	31.7	25.5
P/BV (x)	6.4	5.8	5.2
ROE (%)	8.4	9.1	11.1

(Key Growth %)

Y/E Mar	FY25E	FY26E	FY27E
Net Sales	15%	14%	18%
EBITDA	25%	22%	24%
Net Profit	18%	38%	35%

Relative Performance



Source: Ace Equity

Ankush Mahajan

Research Analyst

Email: ankush.mahajan@axissecurities.in

Aman Goyal

Research Associate

Email: aman.goyal@axissecurities.in

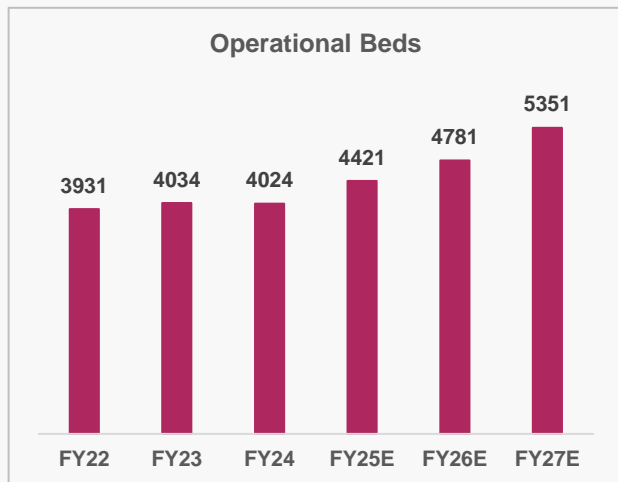
Diagnostic Arm Agilus's Recovery: Fortis Diagnostics, rebranded as Agilus in May'23 (formerly SRL Diagnostics), is the second-largest diagnostic business by revenue, following Dr. Lal Path Labs. In FY24, it contributed 20% to the company's revenue and 17% to EBITDA. Rebranding and promotional expenses are expected to cease post-FY25, which will support EBITDA margin expansion. The segment's EBITDA margins are projected to improve to 19% in FY25E and 20% in FY26E, with revenue growth estimated at 11% in FY25E and 11.2% in FY26E.

Improving Margins: Fortis has significantly improved its EBITDA under IHH management, reporting Rs 1,268 Cr (18.4%) in FY24, up from Rs 225 Cr (5%) in FY19. The company aims to increase EBITDA margins by 200bps YoY and we expect a 400bps improvement over FY24-FY27E through brownfield expansion, rebranding Agilus Diagnostics, divesting loss-making units, and cost optimization. The top 10 hospitals generate a major share of revenue and adding 2,000 new brownfield beds will further boost margins. Divesting loss-making assets, such as the Chennai cluster, and legal cost optimization could lift margins by 50-60 basis points. Additionally, Fortis's 8 facilities reported EBITDA margins over 20% in FY24, up from 6% in FY23, with expectations to exceed 12% by FY27E. PAT was Rs 645 Cr in FY24 and is expected to reach Rs 1,421 Cr by FY27E. Fortis reported a 9% ROIC in FY24 and expects 19% by FY27E.

Valuation & Recommendation: Fortis presents a strong investment case, driven by impressive revenue growth projections and solid financial performance. The expected improvement in occupancies, coupled with rising ARPOB, along with the company's strategic brownfield expansions on major facilities, is set to significantly enhance profitability. Fortis's leadership in key therapies such as Cardiac and Oncology, coupled with rising insurance penetration in India, is expected to sustain strong demand for its healthcare services. **We initiate coverage on the stock with a BUY Rating and a TP of 860/share based on a multiple of 27x EV/EBITDA for FY27E. The TP implies an upside of 20% from the CMP.**

Story in Charts

Exhibit 1: Significant near-term growth in beds, coupled with an expanding portfolio over the years, is expected to contribute positively to EBITDA in the coming years. This, combined with steady ARPOB, will further enhance the company's financial performance.



Source: Company, Axis Securities Research

Exhibit 2: Fortis is projected to experience a steady increase in occupancy rates, rising from 63% in FY22 to 68% by FY27E. This growth reflects increasing demand and improved operational efficiency.

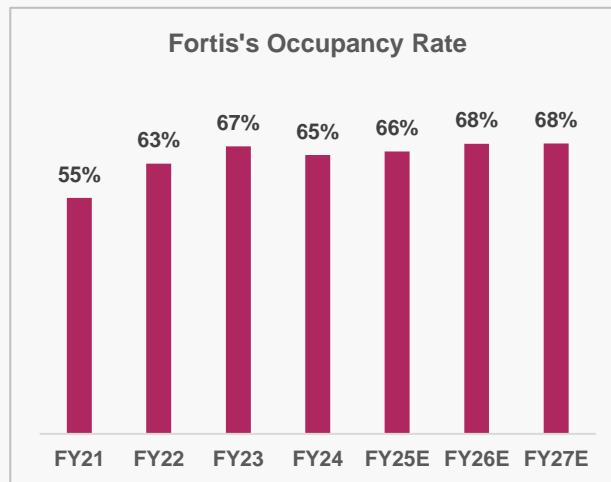
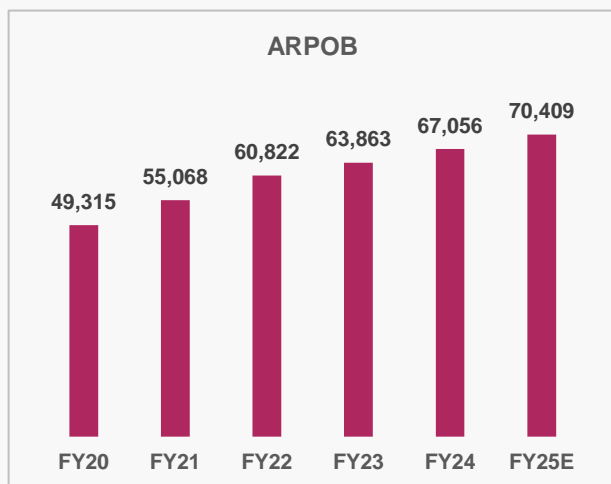


Exhibit 3: Fortis' average ARPOB is expected to increase from Rs 60,822 in FY22 to Rs 70,409 by FY27E, highlighting the company's growing revenue potential as demand rises. This growth is projected to follow an 8% CAGR over the coming years.



Source: Company, Axis Securities Research

Exhibit 4: Fortis is forecasted to achieve robust revenue growth in both its Hospitals and Diagnostic segments. This anticipated increase underscores the company's strategic expansion and enhances its service capabilities.

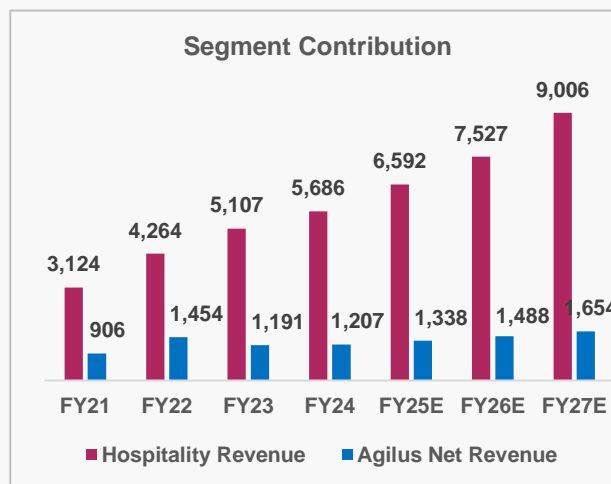


Exhibit 5: Net sales are projected to rise from Rs 6,893 Cr in FY24 to Rs 10,661 Cr by FY27, reflecting strong business expansion and increased market share.



Source: Company, Axis Securities Research

Exhibit 6: EBITDA is expected to grow steadily from Rs 1,268 Cr in FY24 to Rs 2,401 Cr by FY27, indicating improved operational efficiency and profitability.

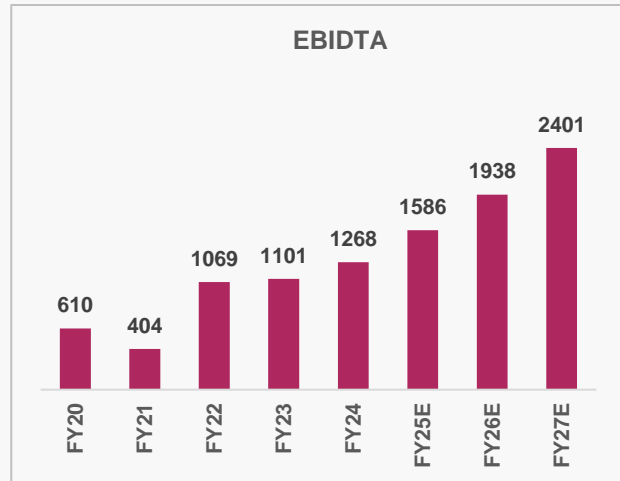
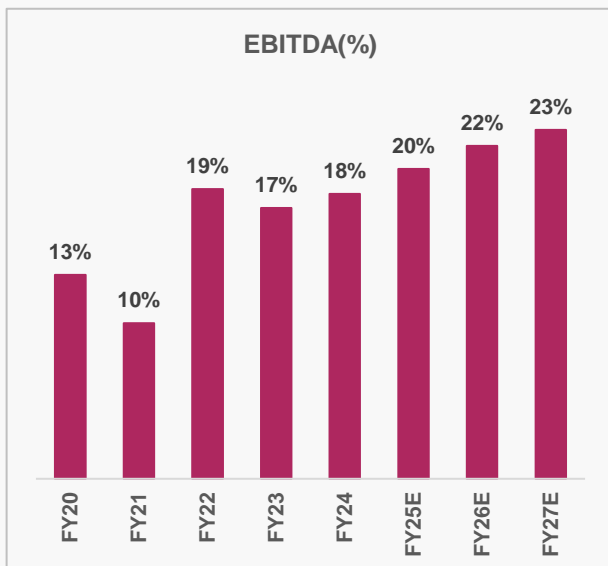


Exhibit 7: EBITDA Margins exhibit stability and efficiency, with minor fluctuations anticipated over the forecast period, reflecting consistent operational performance.



Source: Company, Axis Securities Research

Exhibit 8: PAT is forecasted to turn positive in FY22 with Rs 790 Cr and from a loss of 56 Cr in FY21. Looking ahead, it's further set to achieve a PAT of Rs 1,421 Cr by FY27E, highlighting strong bottom-line growth.

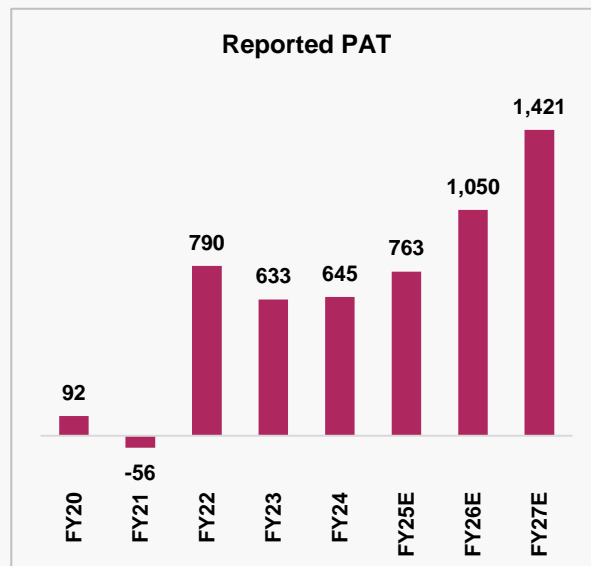
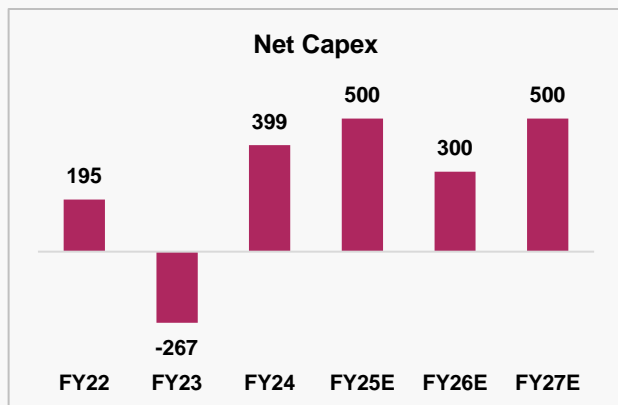


Exhibit 9: This suggests a spend of Rs 1,300 Cr over the next years for brownfield Expansions.



Source: Company, Axis Securities Research

Exhibit 10: Fortis is investing significantly in its asset base, with a rising Gross Block reflecting long-term growth

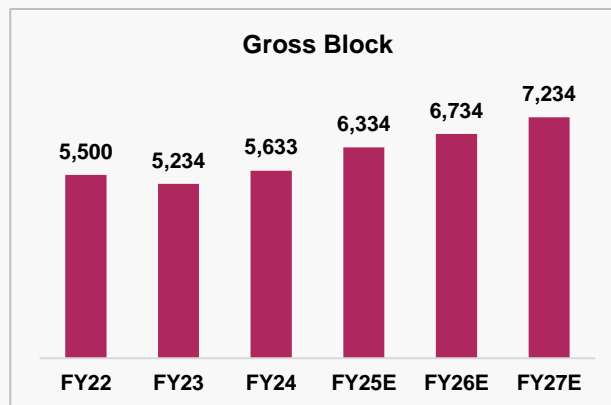
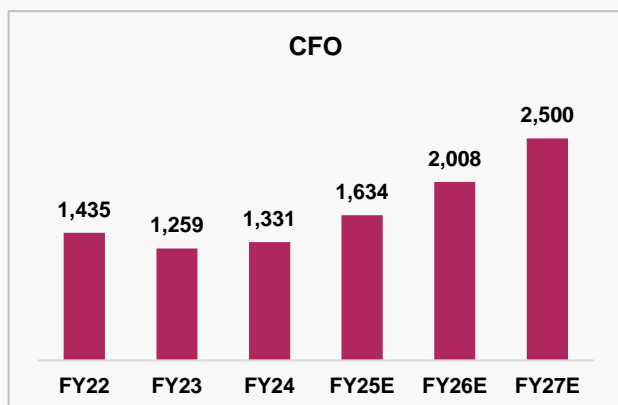


Exhibit 11: From FY23 to FY27, cash flow from operations shows a strong recovery and growth, increasing from Rs 1,259 Cr to a projected Rs 2,500 Cr, indicating sustained financial improvement



Source: Company, Axis Securities Research

Exhibit 12: Total debt increases significantly in FY25E as Fortis is expected to acquire the remaining share of Agilus and expects to raise the debt to fund the transaction.

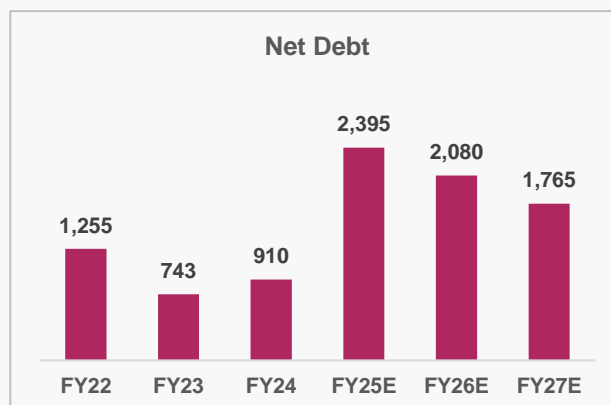
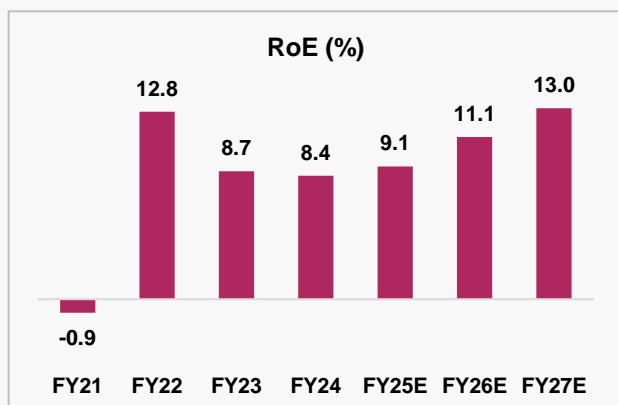
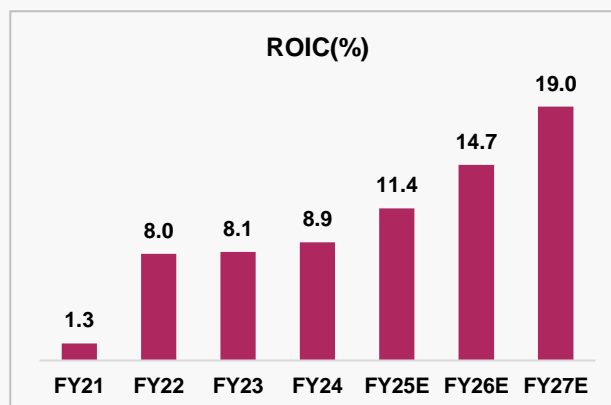


Exhibit 13: RoE is expected to be in double digits in FY26E and improve significantly, reaching 13% by FY27. This reflects a strong recovery and growing profitability relative to the shareholders' equity.



Source: Company, Axis Securities Research

Exhibit 14: RoIC is projected to increase steadily from 8.1% in FY23 to 19% by FY27, indicating enhanced efficiency in generating returns from invested capital



Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24A	FY25E	FY26E	FY27E
Net sales	6,893	7,930	9,015	10,661
Growth	9%	15%	14%	18%
Total Expenditure	5,625	6,344	7,077	8,260
Raw Material Consumed	1,619	1,721	1,938	2,273
Gross Margins (%)	77%	78%	79%	79%
EBITDA	1,268	1,586	1,938	2,401
EBITDA (%)	18%	20%	22%	23%
Depreciation	343	380	404	434
% Of GB	6.1%	6.0%	6.0%	6.0%
Interest & Fin Chg.	131	240	208	177
EBIT	925	1,206	1,534	1,967
EBIT (%)	13.4%	15.2%	17.0%	18.4%
Other Income	38	38	60	90
Exceptional Items	16	0	0	0
Share of P/L of Associates	10	10	10	10
PBT	858	1,014	1,396	1,890
Tax Rate (%)	25%	25%	25%	25%
Reported PAT	645	763	1,050	1,421

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY24A	FY25E	FY26E	FY27E
Share Capital	755	755	755	755
Reserves & Surplus	6,908	7,671	8,720	10,141
Shareholders Fund	7,663	8,426	9,475	10,896
Minority interest	893	893	893	893
Long Term Borrowings	741	2,241	1,941	1,641
Deferred Tax Liabilities (Net)	429	429	429	429
Other Long-Term Liabilities	2,020	520	520	520
Long Term Provisions	392	342	254	124
Total Non-Current Liabilities	3,582	3,532	3,144	2,714
Short Term Borrowings	169	154	139	124
Trade Payables	728	826	939	1,110
Total Current Liabilities	1,151	1,234	1,332	1,488
TOTAL EQUITY & LIABILITIES	13,289	14,084	14,844	15,991
Capex	399	500	300	500
Gross Block	5,633	6,334	6,734	7,234
Depreciation	1,536	1,916	2,320	2,754
% of GB	27%	30%	34%	38%
Net Block	4,097	4,417	4,413	4,479
CWIP	540	340	240	40
Goodwill	4,194	4,194	4,194	4,194
Other intangible assets	413	413	413	413
Right of use asset	1,171	1,171	1,171	1,171
Fixed Assets (incl. Capital Work in Progress)	10,416	10,536	10,432	10,298
Non-Current Investments	230	230	230	230
Deferred Tax Asset (Net)	317	300	300	300
Long-Term Loans & Advances	826	869	939	1,051
Other Non-Current Assets	79	84	89	94
Total Non-Current Assets	11,868	12,019	11,989	11,973
Current Investments	0	0	0	0
Inventories	107	130	148	175
Trade Receivables	628	717	815	964
Cash & Cash Equivalents	598	1,127	1,795	2,776
Total Current Assets	1,421	2,066	2,855	4,018
TOTAL ASSETS	13,289	14,084	14,844	15,991

Source: Company, Axis Securities

Cash Flow
(Rs Cr)

Y/E Mar, Rs. Cr	FY24A	FY25E	FY26E	FY27E
PBT	858	1,014	1,396	1,890
Add: Depreciation	343	380	404	434
Add: Interest	131	240	208	177
Cash flow from operations	1,331	1,634	2,008	2,500
Change in working capital	(348)	1,616	171	259
Taxes	213	252	346	469
Miscellaneous expenses	0	0	0	0
Net cash from operations	1,467	(234)	1,491	1,773
Capital expenditure	(1,104)	(500)	(300)	(300)
Change in Investments	(19)	0	0	0
Net cash from investing	(1,123)	(500)	(300)	(300)
Increase/Decrease in debt	167	1,485	(315)	(315)
Dividends	(75)	0	0	0
Proceedings from equity	0	0	0	0
Interest	(131)	(240)	(208)	(177)
Others	(69)	17	(0)	(0)
Net cash from financing	(108)	1,262	(523)	(492)
Net Inc./(Dec.) in Cash	236	528	668	982
Opening cash balance	363	598	1,127	1,795
Closing cash balance	598	1,127	1,795	2,776

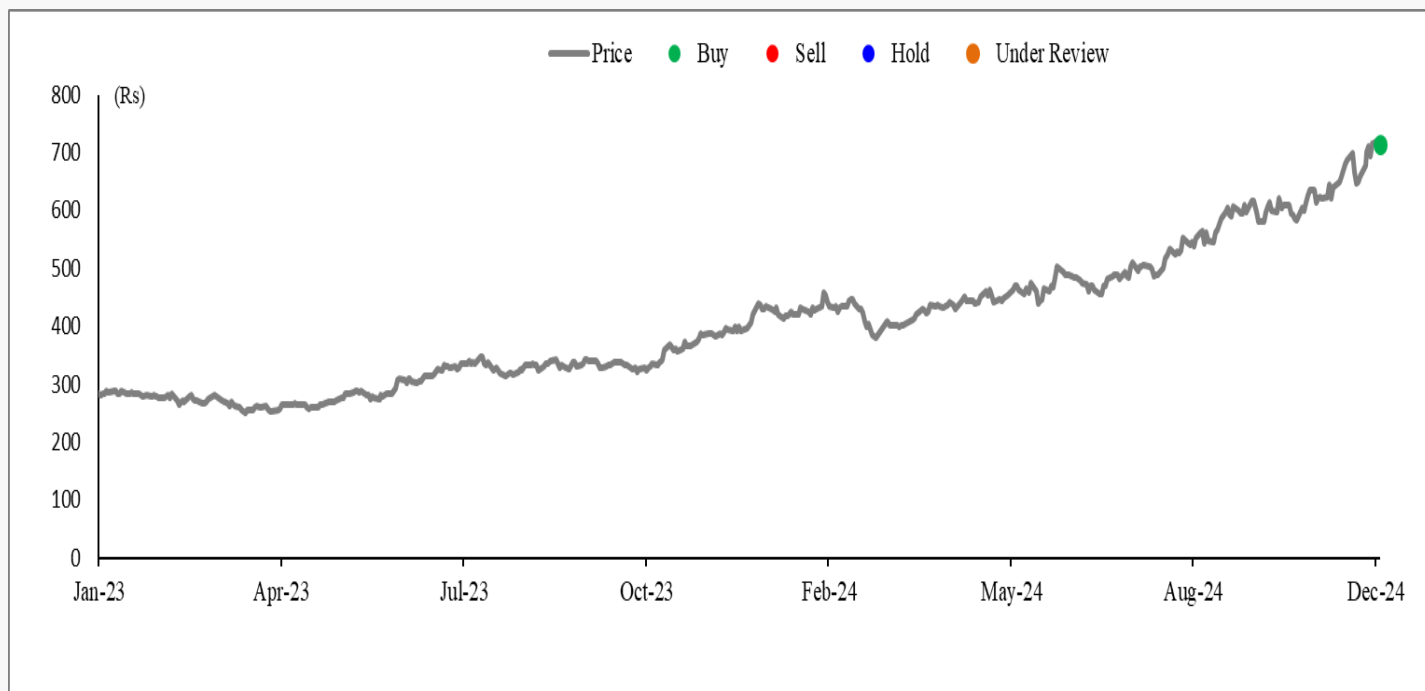
Source: Company, Axis Securities

Ratio Analysis
(%)

Y/E Mar, Rs. Cr	FY24A	FY25E	FY26E	FY27E
Sales growth	9.5	15.1	13.7	18.3
OPM	18.4	20.0	21.5	22.5
Oper. profit growth	15.1	25.1	22.2	23.9
COGS / Net sales	21.2	21.7	21.5	21.3
Depreciation / G. block	6.1	6.0	6.0	6.0
Effective interest rate	24.8	24.8	24.8	24.8
Net wkg.cap / Net sales	(0.2)	(0.0)	0.0	0.0
Net sales / Gr block (x)	1.2	1.3	1.3	1.5
RoCE	8.9	11.4	14.7	19.0
Debt/equity (x)	0.1	2.7	2.3	2.0
Effective tax rate	24.8	24.8	24.8	24.8
RoE	8.4	9.1	11.1	13.0
Payout ratio (Div/NP)	10.0	0.0	0.0	0.0
EPS (Rs)	8.5	10.1	13.9	18.8
EPS Growth	1.9	18.2	37.6	35.4
CEPS (Rs.)	13.1	15.1	19.3	24.6
DPS (Rs.)	1.0	0.0	0.0	0.0

Source: Company, Axis Securities

Fortis Healthcare Price Chart and Recommendation History



Date	Reco	TP	Research
11-Dec-24	BUY	860	Initiating Coverage

Source: Axis Securities Research

Max Healthcare: Adding Beds, Expanding Growth, and Optimizing Margins

We initiate coverage of MAX Healthcare Ltd. with a BUY recommendation and a target price of Rs 1,315/share, implying a potential upside of 18% from the CMP. Max Healthcare is a market leader in the Delhi-NCR and Mumbai regions, with over 2,900 beds and dominant leadership in oncology. The company plans to add 3,000 beds over the next three years, primarily through brownfield expansions. Strong operational performance has resulted in significant EBITDA growth and improved margins, which currently stand at 26.5%. With robust cash flows and strategic expansions, Max Healthcare is well-positioned for continued profitability and growth. We expect Revenue/EBITDA growth of 30%/31% in FY25E and by 23%/24% in FY26E.

Investment Thesis

Leadership Dominance: MAX Healthcare is a well-known brand with a dominant presence in the Delhi-NCR and Mumbai regions boasting over 2,900 beds — the highest among its peers — making it a market leader. Its large metro presence gives MAX the advantage of having the highest ARPOB of Rs 76,000, along with the highest occupancy rate of 75% across the industry. MAX has a diversified portfolio, with the oncology segment dominating, valued at Rs 1,400 Cr and holding nearly 20% of the market share, demonstrating its leadership with 13,150 complex oncology procedures. Strategically positioned in the Delhi-NCR region, which has the highest ARPOB among metro cities in India, the company also benefits from a significant land bank at its existing locations, allowing for controlled expansion in the future. MAX's strength also lies in its clinical talent under the guidance of Mr. Abhay Soi. Each facility operates independently, which has contributed to a remarkably low attrition rate of less than 1% over the last five years.

Expansions of Network: The company plans to add 3,000 beds to its network over the next three years, which is 70% of its existing capacity. Moreover, 80% of these beds will come through brownfield expansions. MAX also focuses on value investing and has recently acquired a hospital chain from Jaypee Healthcare, which includes 800 capacity beds, to strategically increase footfalls in the Noida region. A newly added facility, a 300-bed hospital in Dwarka, currently has an occupancy rate of around 45% and is expected to break even within the next 12 months.

Healthy Cashflows; Self-sufficient to Fund further Capex: We expect that this expansion will result in an outflow of Rs 5,000 Cr over the next three years for building the new 3,000+ beds. As of now, the company has already invested Rs 1,700 Cr, and in the future, the required funds will be sourced from internal accruals. The expected CFO for FY26E/FY27E is Rs 2,365 Cr and Rs 2,689 Cr, respectively. Furthermore, we believe the company has a healthy cash flow, which would be sufficient to meet the Capex.

Margins: Max has shown impressive growth in both EBITDA and its EBITDA margin over recent years, reflecting strong operational efficiency. EBITDA has grown significantly from Rs 332 Cr in FY21 to Rs 1,806 Cr in FY24, demonstrating consistent expansion in core operational performance. Alongside this growth, the EBITDA margin has also improved, rising from 9.2% to 26.5% over the same period. Looking ahead, we expect these margins to remain stable in the range of 27-28%, as new incremental beds from brownfield expansions will take some time to become operationally profitable. Furthermore, we anticipate an ROCE of 20.5% in FY27E, which would represent an increase of 500bps over the period.

Valuation & Recommendation: Max Healthcare presents a compelling investment case, driven by impressive revenue growth projections and strong financial performance. Expected improvements in occupancy rates, rising ARPOB, and the company's strategic expansion across diverse micro-markets are poised to significantly enhance profitability. Its strong ability to generate CFO, improve ROCE to ~20.5% and maintain a high EBITDA margin further underscores its financial strength. **We initiate coverage on the company with a BUY rating and a target price of Rs 1,315/share, based on a multiple of 35x EV/EBITDA for FY27E. The target price implies an upside potential of 18% from the CMP.**

Key Financials (Consolidated)

(Rs Cr)	FY24A	FY25E	FY26E	FY27E
Net Sales	6,815	8,868	10,951	13,067
EBITDA	1,806	2,368	2,946	3,613
Net Profit	1,279	1,528	1,914	2,390
EPS (Rs)	13	16	20	25
PER (x)	85	71	57	45
EV/EBITDA (x)	60	46	37	30
P/BV (x)	12	10	9	7
ROE (%)	14	14	15	16

Source: Company, Axis Securities

(CMP as of 10th December 2024)

CMP (Rs)	1,117
Upside /Downside (%)	18%
High/Low (Rs)	1,129/631
Market cap (Rs Cr)	1,08,500
Avg. daily vol. (6m) Shrs.	20,09,035
No. of shares (Cr).	75.50

Shareholding (%)

	Mar-24	Jun-24	Sep-24
Promoter	23.8	23.7	23.7
FII's	57.3	57.0	57.3
MFs / UTI	12.3	12.2	11.6
Banks / FI's	0.0	0.0	0.0
Others	6.6	7.1	7.4

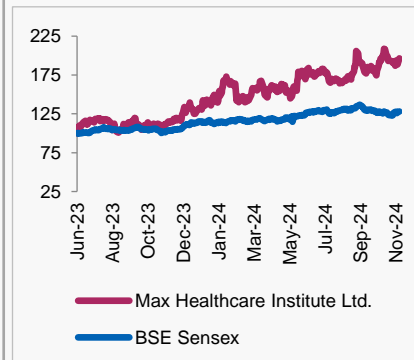
Financial & Valuations

Y/E Mar (Rs Cr)	FY25E	FY26E	FY27E
Net Sales	8,868	10,951	13,067
EBITDA	2,368	2,946	3,613
Net Profit	1,528	1,914	2,390
EPS (Rs.)	16	20	25
PER (x)	71	57	45
EV/EBITDA (x)	46	37	30
P/BV (x)	10	9	7
ROE (%)	14	15	16

(Key Growth %)

Y/E Mar	FY25E	FY26E	FY27E
Net Sales	30%	23%	19%
EBITDA	31%	24%	23%
Net Profit	19%	25%	25%

Relative Performance



Source: Ace Equity, Axis Securities

Ankush Mahajan

Research Analyst

Email: ankush.mahajan@axissecurities.in

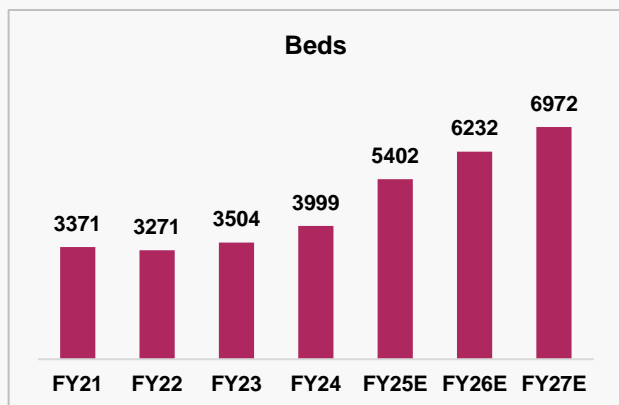
Aman Goyal

Research Associate

Email: aman.goyal@axissecurities.in

Story in Charts

Exhibit 1: Significant growth in beds in the near term and expanding portfolio over the years by over 70% of its capacity



Source: Company, Axis Securities Research

Exhibit 2: Occupancies stand higher than the industry average

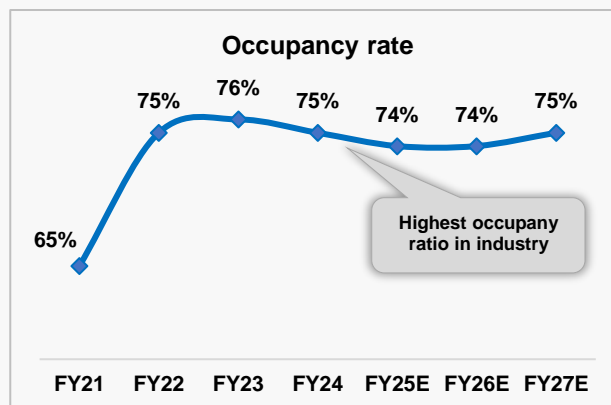
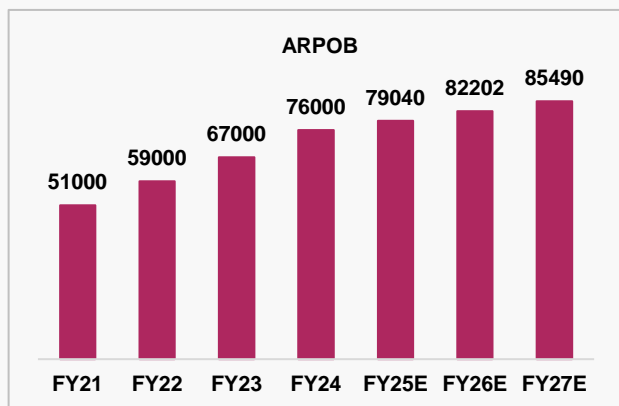


Exhibit 3: ARPOB moving in a positive direction, thanks to Key therapies like Oncology & Cardio



Source: Company, Axis Securities Research

Exhibit 4: Hospitals contribute heavily to the revenue led by key specialities like cardio & oncology

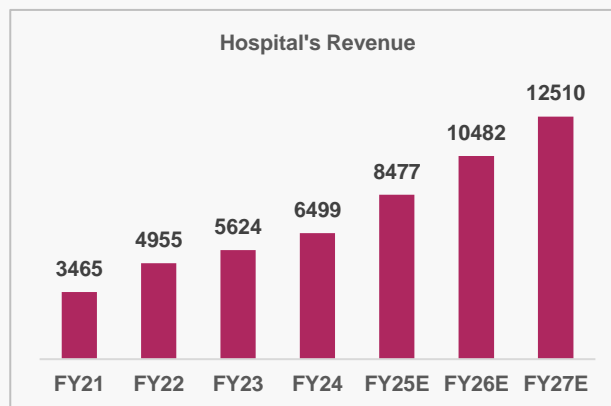
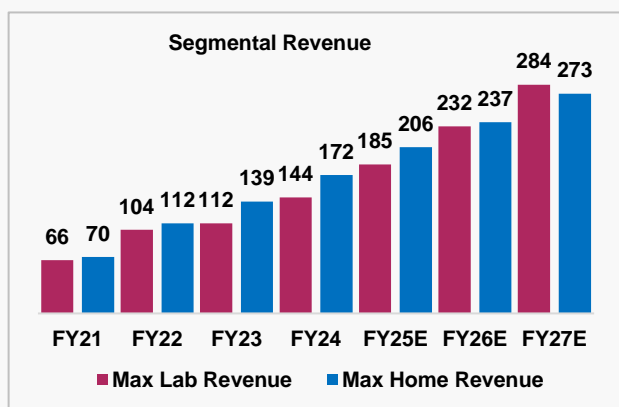


Exhibit 5: Revenue from Lab & Max @ home is poised for significant growth from 144/172 Cr in FY24 to 284/273 in FY27E



Source: Company, Axis Securities Research

Exhibit 6: EBITDA is expected to grow steadily from Rs 1,806 Cr in FY24 to Rs 3,613 Cr by FY27, indicating improved operational efficiency and profitability

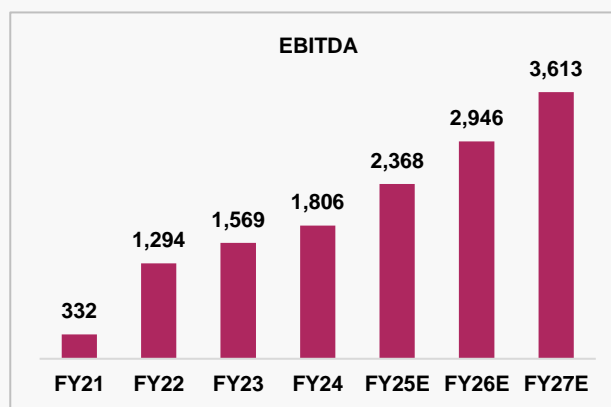
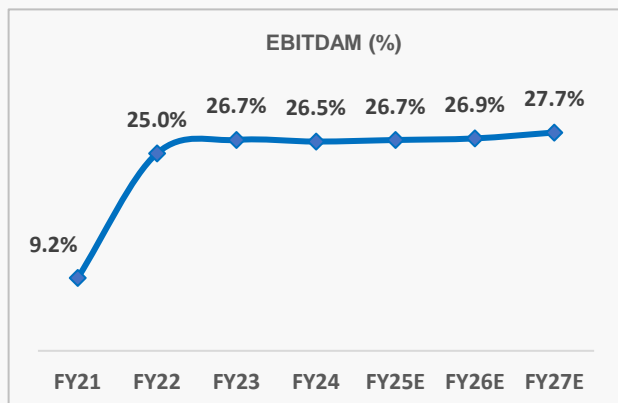


Exhibit 7: Stability and efficiency, reflecting consistent operational performance



Source: Company, Axis Securities Research

Exhibit 8: PAT stood at Rs 1,279 Cr in FY24 and inclined towards Rs 2,400 Cr mark by FY27E

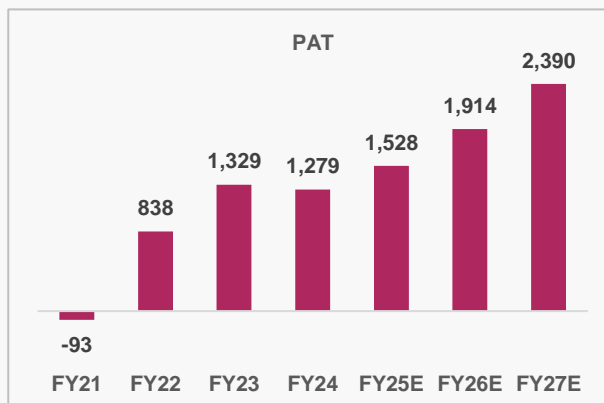
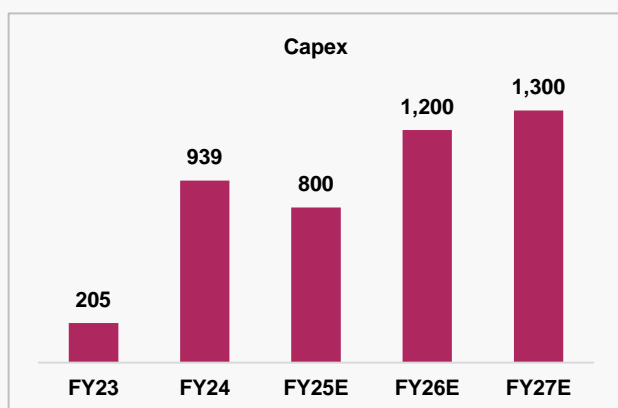


Exhibit 9: The fluctuating Capex suggests strategic investment phases, including a major spend for brownfield new beds and a further increase in FY27



Source: Company, Axis Securities Research

Exhibit 10: Max is investing significantly in its asset base. Rising Gross Block reflects long-term growth.

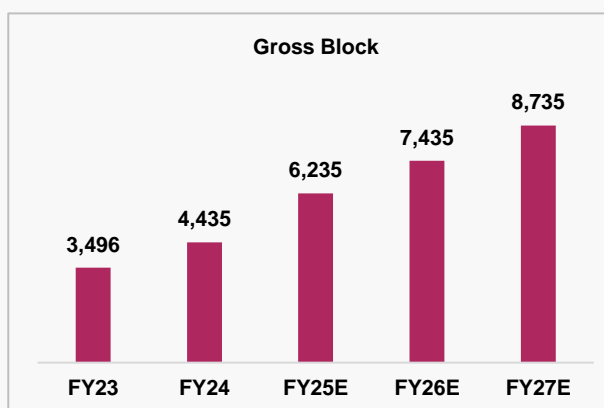
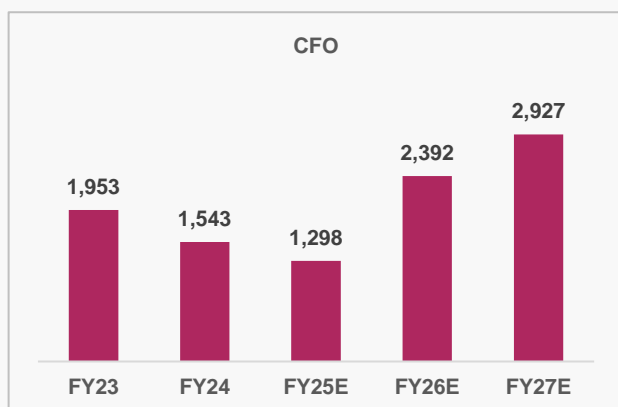
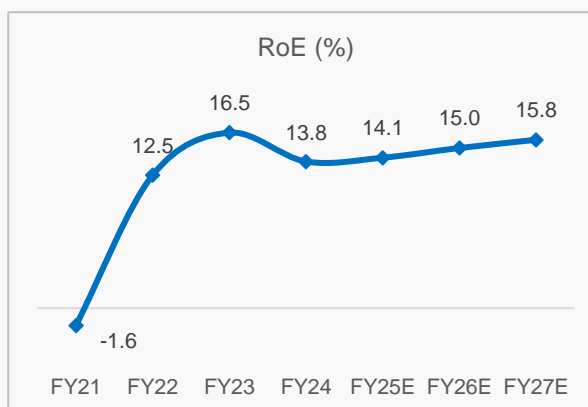


Exhibit 11: From FY23 to FY27, cash flow from operations shows a strong recovery and growth, increasing from Rs 1,543 Cr to a projected Rs 2,927 Cr, indicating sustained financial improvement



Source: Company, Axis Securities Research

Exhibit 12: ROE shows volatility but is expected to demonstrate positive growth overall post-FY25



Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar, Rs. Cr	FY24	FY25E	FY26E	FY27E
Net sales	6,815	8,868	10,951	13,067
Growth	16%	30%	23%	19%
Total Expenditure	5,009	6,501	8,005	9,454
Raw Material Consumed	1,635	2,128	2,628	3,110
Gross Margins (%)	76.0%	76.0%	76.0%	76.2%
EBITDA	1,806	2,368	2,946	3,613
EBITDA (%)	26.5%	26.7%	26.9%	27.7%
Depreciation	284	374	446	524
% Of GB	6%	6%	6%	6%
Interest & Fin Chg.	(38)	109	130	121
EBIT	1,844	2,259	2,816	3,492
EBIT (%)	0	0	0	0
Other Income	35	35	35	35
Exceptional Items	-	-	-	-
Share of P/L of Associates	-	-	-	-
PBT	1,595	1,920	2,405	3,003
Tax Rate (%)	20%	20%	20%	20%
Tax	316	392	491	613
Reported PAT	1,279	1,528	1,914	2,390

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY24A	FY25E	FY26E	FY27E
Share Capital	971	971	971	971
Reserves & Surplus	8324	9852	11766	14156
Shareholders Fund	9295	10823	12737	15127
- Long Term Borrowings	1177	1977	2377	2177
- Deferred Tax Liabilities (Net)	37	37	37	37
- Other Long-Term Liabilities	87	87	87	87
- Long-Term Provisions	461	486	600	716
Total Non-Current Liabilities	1762	2587	3101	3017
- Short Term Borrowings	173	200	226	250
- Trade Payables	814	1020	1230	1432
Total Current Liabilities	987	1220	1456	1682
TOTAL EQUITY & LIABILITIES	12044	14631	17294	19826
Gross Block	4435	6235	7435	8735
Acc Dep	1106	1481	1927	2451
Net Block	3329	4755	5509	6284
CWIP	445	445	445	445
Goodwill	4267	5092	5092	5092
Other intangible assets	1459	1459	1459	1459
Right of use asset	689	689	689	689
- Fixed Assets (incl. Capital Work in Progress)	10189	12440	13194	13970
Total Non-Current Assets	10189	12440	13194	13970
- Current Investments	66	66	66	66
- Inventories	106	146	180	215
- Trade Receivables	600	802	990	1181
- Cash & Cash Equivalents	1286	677	2165	3495
- Other Current Assets	-203	500	700	900
Total Current Assets	1855	2191	4101	5857
TOTAL ASSETS	12044	14631	17294	19826

Source: Company, Axis Securities

Cash Flow
(Rs Cr)

Y/E March	FY24A	FY25E	FY26E	FY27E
PBT	1,595	1,920	2,405	3,003
Add: Depreciation	284	374	446	524
Add: Interest	-38	109	130	121
Cash flow from operations	1,841	2,403	2,981	3,648
Change in working capital	-18	713	99	108
Taxes	316	392	491	613
Miscellaneous expenses	0	0	0	0
Net cash from operations	1,543	1,298	2,392	2,927
Capital expenditure	-2,358	-2,625	-1,200	-1,300
Change in Investments	-64	0	0	0
Net cash from investing	-2,422	-2,625	-1,200	-1,300
Increase/Decrease in debt	529	827	426	-176
Dividends	-97	0	0	0
Proceedings from equity	0	0	0	0
Interest	38	-109	-130	-121
Others	130	0	0	0
Net cash from financing	600	718	296	-297
Net Inc./(Dec.) in Cash	-279	-609	1,487	1,330
Opening cash balance	1,565	1,286	677	2,165
Closing cash balance	1,286	677	2,165	3,495

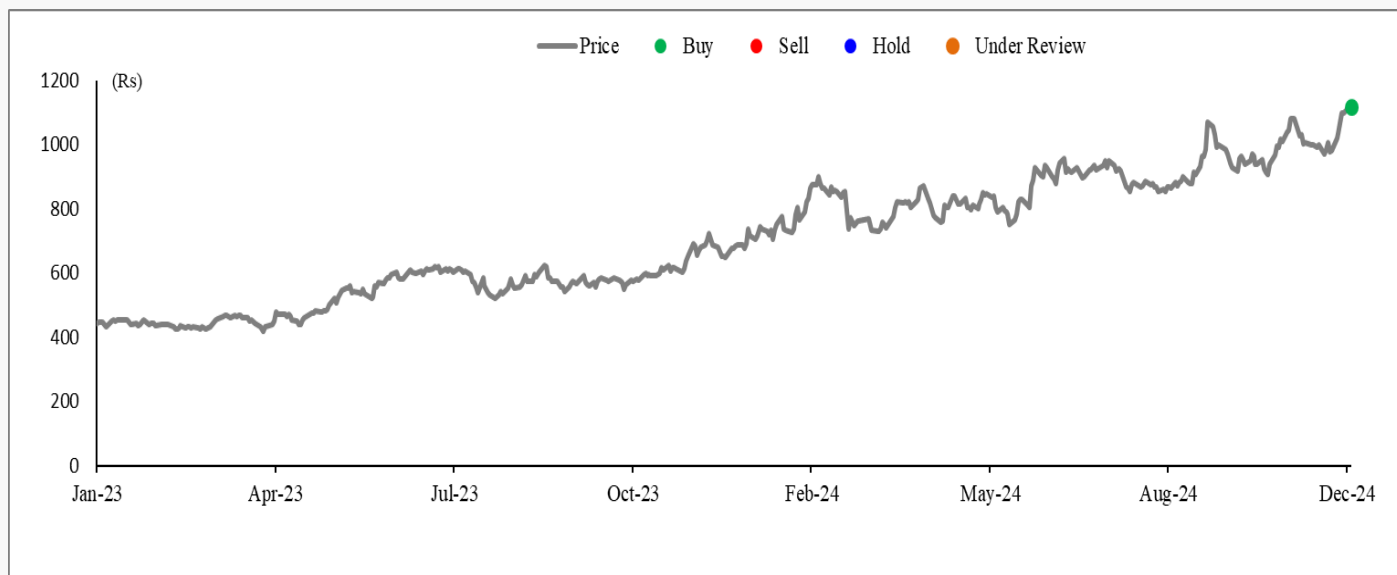
Source: company, Axis Securities

Ratio Analysis
(%)

Y/E March	FY24A	FY25E	FY26E	FY27E
Sales growth	16	30	23	19
OPM	27	27	27	28
Oper. profit growth	15%	31%	24%	23%
COGS / Net sales	24%	24%	24%	24%
Depreciation / G. block	6%	6%	6%	6%
Effective interest rate	-3%	5%	5%	5%
Net wkg.cap / Net sales	-13%	-2%	0%	0%
Net sales / Gr block (x)	1.5	1.4	1.5	1.5
ROCE	15	16	19	22
Debt/equity (x)	0.1	0.2	0.2	0.1
Effective tax rate	20%	20%	20%	20%
RoE	14	14	15	16
Payout ratio (Div/NP)	10%	0%	0%	0%
EPS (Rs.)	13	16	20	25

Source: company, Axis Securities

Max Healthcare Institute Price Chart and Recommendation History



Date	Reco	TP	Research
11-Dec-24	BUY	1,315	Initiating Coverage

Source: Axis Securities Research

Improving Operational Excellence; Well-Positioned to Ride the Upcycle

In this Company Update of Healthcare Global Enterprise (HCG), we recommend a **BUY** on the stock with a **TP of Rs 575/share**, implying an **upside potential of 14% from the CMP**. HCG is one of India's leading cancer care providers, operating 21 comprehensive centers dedicated to advanced treatment. HCG's tumour board specialists discuss each case, including diagnostic information, to create a treatment plan. The board's assessment helps specialists provide a reliable second opinion. HCG's multidisciplinary team uses evidence to create treatment plans that are likely to be successful. We expect Revenue/PAT CAGR of 16%/73% over the period FY24-27 along with improvement in RoIC to 20% (from 11%) in FY27E.

Investment Thesis

Excellent Performance: In Q2FY25, HCG reported a strong set of results, in line with our expectations. Revenue grew by 13.7%, driven by a 7.5% YoY ARPOB increase and a 6.4% growth in the number of occupied days. The ARPOB of Rs 45,188 rose by 7.5% YoY and 1.9% QoQ, showing healthy growth, while occupancy at 65.6% remained nearly flat YoY/QoQ. EBITDA margins improved to 18.5%, up 109/118bps YoY/QoQ, meeting our expectation of 18%. Reported PAT stood at Rs 21 Cr, showing a growth of 91% YoY and 51% QoQ.

Operational Excellence: Existing centers reported revenue of Rs 485 Cr, with EBITDA margins at 23.3% for the last quarter. The management has guided that, excluding MG, the company's consolidated EBITDA margins could reach 20% in Q4FY25. Emerging centers currently comprise 163 beds, down from 532 beds six months ago. Revenue from emerging centers was Rs 53 Cr, compared to Rs 121 Cr YoY, reflecting that most centers have now matured and are contributing to profit at the operating level. These 163 beds in emerging centers are expected to reach EBITDA breakeven by the year-end.

Capacity Expansion: HCG recently acquired MG Hospital in Vizag, a comprehensive care provider with 196 operational beds and healthy margins of 35%. This deal, valued at 9.8x EV/EBITDA, appears favorable for shareholders. Additionally, HCG inaugurated a 200-bed comprehensive cancer care center in Ahmedabad last quarter, and the company is adding 125 beds in North Bangalore through a brownfield capacity expansion. HCG's digital initiatives have significantly boosted the patient funnel, raising digital channel revenue to 14% of overall revenue in Q2, up from 4% in the last year. The company aims to achieve 25% of revenue through digital platforms over the next 3-5 years.

Outlook & Valuation: The cancer industry is growing at a CAGR of 17% and HCG is outpacing the industry growth. The company plans to add 900 incremental beds over the next 4-5 years to capture upcoming opportunities. We anticipate a 1,000bps improvement in RoIC for HCG over the next three years, driven by increased operating profitability. Currently, the stock trades at 13x and 11x EV/EBITDA for FY26E and FY27E, respectively. We recommend a **BUY** with a target price of Rs 575/share, implying an upside potential of 14% from the CMP.

Key Financials (Consolidated)

(Rs Cr)	FY24A	FY25E	FY26E	FY27E
Net Sales	1,912	2,290	2,642	2,990
EBITDA	330	430	534	622
Net Profit	41	90	150	215
EPS (Rs)	3.0	6.5	10.8	15.5
PER (x)	168.8	77.5	46.4	32.3
EV/EBITDA (x)	8.4	7.6	6.5	5.4
P/BV (x)	22.3	16.7	13.4	11.2
ROE (%)	5.0	9.8	14.1	16.8

Source: Company, Axis Securities

(CMP as of 10th December 2024)

CMP (Rs)	503
Upside /Downside (%)	14%
High/Low (Rs)	520/314
Market cap (Cr)	7000
Avg. daily vol. (6m) Shrs.	3,15,406
No. of shares (Cr)	13.8

Shareholding (%)

	Mar-24	Jun-24	Sep-24
Promoter	71.3	71.3	71.2
FII	6.7	4.0	4.3
MFs / UTI	6.5	8.7	8.9
Others	15.5	16.1	15.5

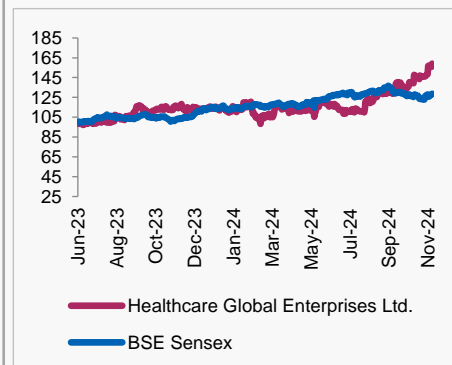
Financial & Valuations

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E
Net Sales	1,912	2,290	2,642
EBITDA	330	430	534
Net Profit	41	90	150
EPS (Rs.)	3.0	6.5	10.8
PER (x)	157.0	72.0	43.1
EV/EBITDA (x)	7.8	7.1	6.1
P/BV (x)	20.8	15.5	12.5
ROE (%)	5.0	9.8	14.1

(Key Growth %)

Y/E Mar	FY25E	FY26E	FY27E
Net Sales	17.7%	9.0%	28.7%
EBITDA	20.7%	11.8%	25.5%
Net Profit	724.2%	26.5%	36.6%

Relative Performance



Source: Ace Equity

Ankush Mahajan

Research Analyst

Email: ankush.mahajan@axissecurities.in

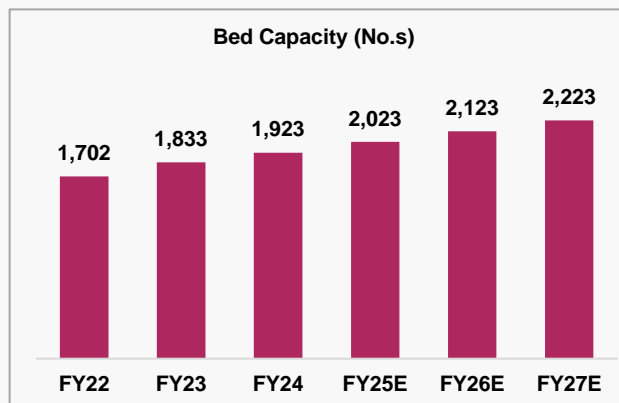
Aman Goyal

Research Associate

Email: aman.goyal@axissecurities.in

Story in Charts

Exhibit 1: Significant growth in keys near term & expanding portfolio over the years



Source: Company, Axis Securities Research

Exhibit 2: Occupancies are maintained & aligned with the industry

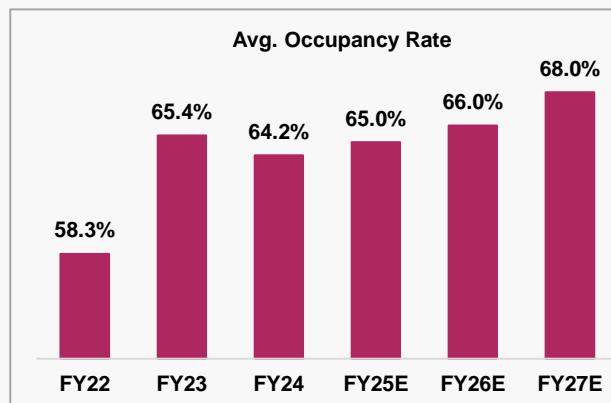
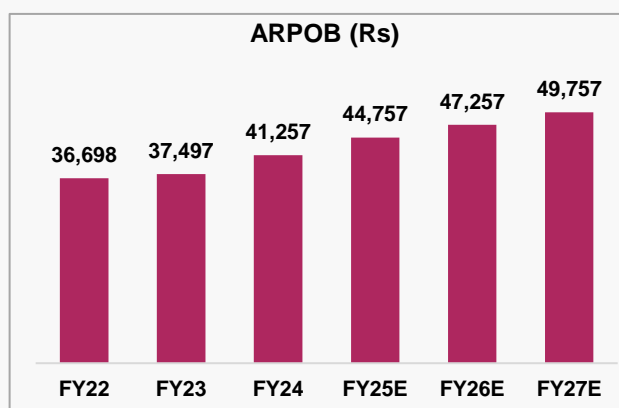


Exhibit 3: ARPOB improving and to reach Rs 50,000 by FY27E



Source: Company, Axis Securities Research

Exhibit 4: Occupied bed days are expected to increase as the cancer industry experiences double-digit growth

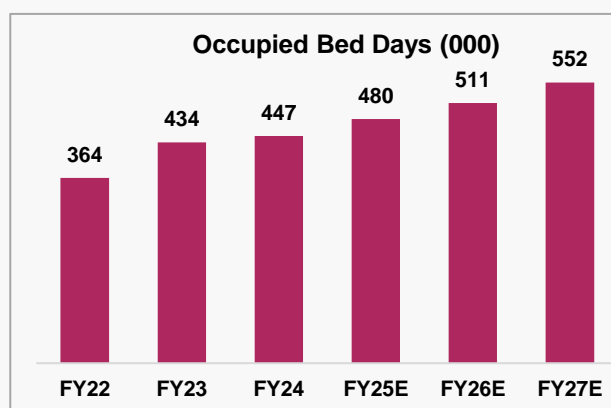
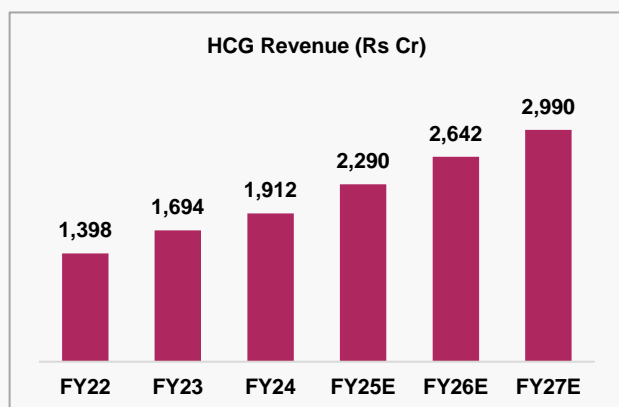


Exhibit 5: Net sales are projected to rise from Rs 1,912 Cr in FY24 to Rs 2,990 Cr by FY27, reflecting improving awareness of healthcare & insurance



Source: Company, Axis Securities Research

Exhibit 6: EBITDA is expected to grow steadily from Rs 299 Cr in FY23 to Rs 622 Cr by FY27, indicating improved operational efficiency and profitability

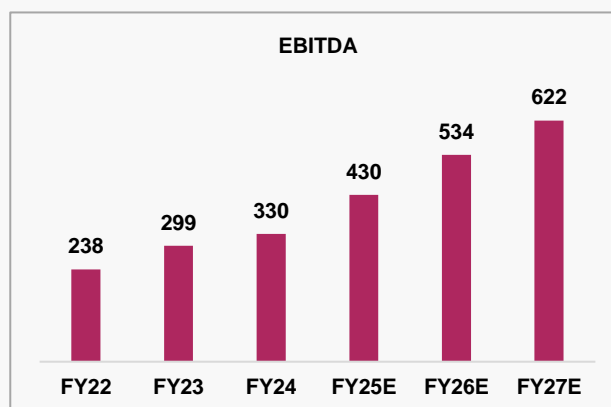
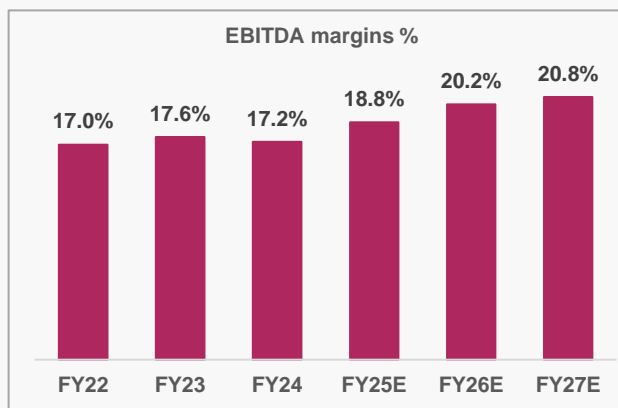


Exhibit 7: Stability and efficiency, reflecting consistent operational performance with 360bps Improvement



Source: Company, Axis Securities Research

Exhibit 8: PAT stood at 41 Cr for FY24; To reach Rs 200+ Cr mark by FY27E

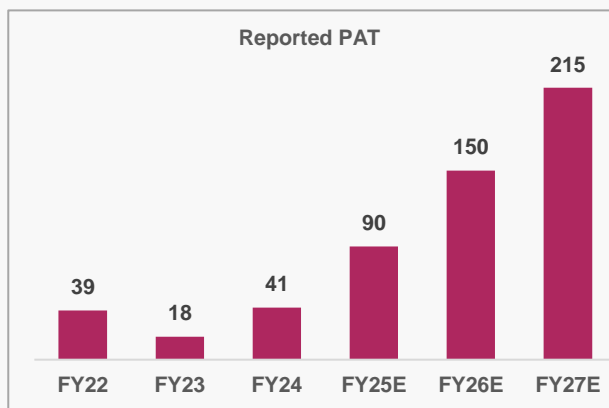
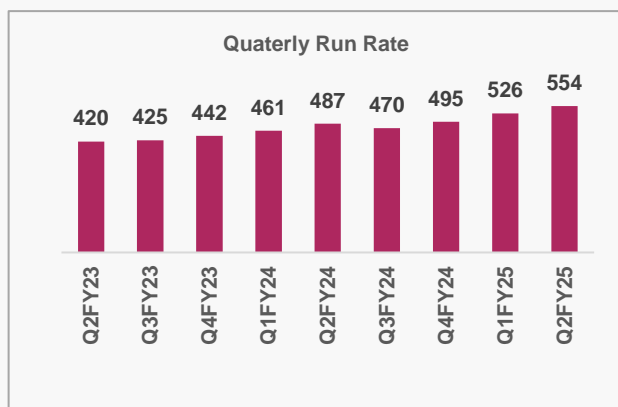


Exhibit 9: On a QoQ basis, HCG has shown a robust run rate of above 450 Cr sales in the last 6 quarters; Poised for a run rate of above 550 Cr in future



Source: Company, Axis Securities Research

Exhibit 10: Existing centers have outperformed the new centers due to the maturity of the hospitals. However, it should be noted that some centers were moved from the new center list to the existing center list in Q1FY25.

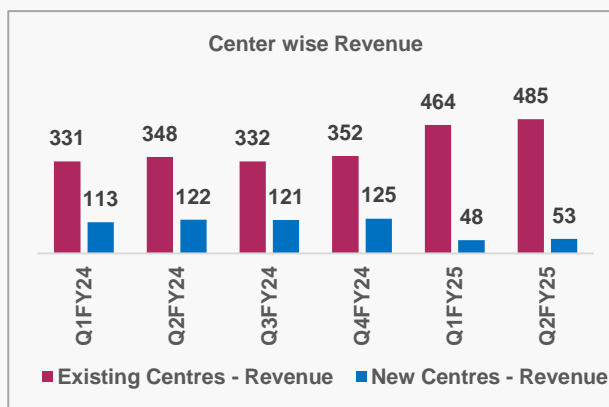
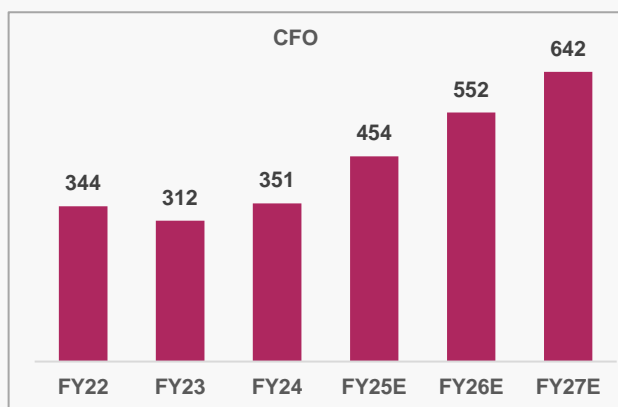
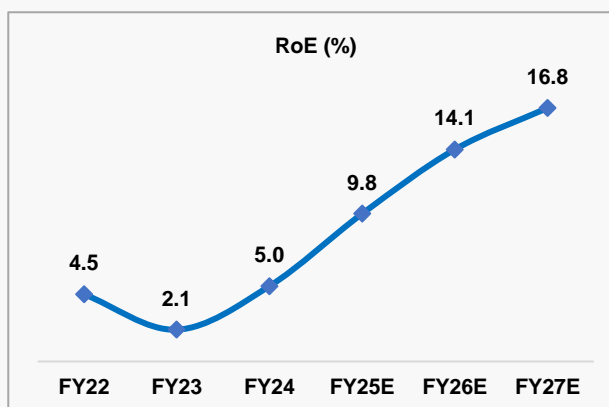


Exhibit 11: From FY24 to FY27, cash flow from operations shows a strong recovery and growth, increasing from Rs 351 Cr to a projected Rs 642 Cr, indicating sustained financial improvement



Source: Company, Axis Securities Research

Exhibit 12: ROE has shown positive growth overall post-FY23 & Expected to Reach 16.8% in FY27E.



Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24A	FY25E	FY26E	FY27E
Net Sales	1,912	2,290	2,642	2,990
Growth (%)	12.8%	19.7%	15.4%	13.2%
Total Expenditure	1,583	1,859	2,108	2,368
Raw Material Consumed	479	572	660	748
% of sales	24.9%	25.0%	25.0%	25.0%
Gross margins (%)	75.1%	74.5%	75.0%	75.0%
Employee Expenses	308	371	428	484
% of sales	16.1%	16.2%	16.2%	16.2%
Other Expenses	799	916	1,020	1,136
% of sales	41.8%	40.0%	38.6%	38.0%
EBITDA	330	430	534	622
EBITDAM (%)	17.2%	18.8%	20.2%	20.8%
EBIT	155	223	307	385
EBITM (%)	8.1%	9.7%	11.6%	12.9%
Other Income	17	22	16	18
Exceptional Items	4	0	0	0
Share of P/L of Associates	0	2	2	2
PBT	68	120	200	287
Tax Rate (%)	39.0%	25.0%	25.0%	25.0%
Tax	26	30	50	72
Reported PAT	41	90	150	215

Source: company, Axis Securities

Balance Sheet
(Rs Cr)

Y/E March	FY24A	FY25E	FY26E	FY27E
Share Capital	139	139	139	139
Reserves & Surplus	686	776	926	1,141
Shareholders Fund	826	915	1,065	1,280
Minority Interest	39	41	43	45
- Long Term Borrowings	1,044	1,297	1,267	1,187
- Deferred Tax Liabilities (Net)	6	6	6	6
- Other Long-Term Liabilities	33	38	43	49
- Long-Term Provisions	16	16	16	16
Total Non-Current Liabilities	1,099	1,356	1,332	1,258
- Short Term Borrowings	187	187	187	187
- Trade Payables	281	339	362	410
- Other Current Liabilities	214	238	217	246
- Short Term Provisions	18	18	18	18
Total Current Liabilities	744	826	828	904
Total Liabilities	2,707	3,138	3,268	3,487
Gross Block	1,699	2,075	2,268	2,368
Depreciation	685	892	1,119	1,356
% of GB	40.3%	43.0%	49.3%	57.3%
- Fixed Assets	1,845	1,962	1,928	1,792
- Non-Current Investments	7	7	7	7
- Deferred Tax Asset(Net)	7	7	7	7
- Long Term Loans & Advances	77	77	77	77
- Other Non-Current Assets	92	150	170	200
Total Non-Current Assets	2,027	2,203	2,189	2,082
- Inventories	43	48	55	62
- Trade Receivables	294	351	405	459
- Cash & Cash Equivalents	303	495	516	682
- Short Term Loans & Advances	2	2	2	2
- Other Current Assets	38	40	100	200
Total Current Assets	680	935	1,078	1,404
TOTAL ASSETS	2,707	3,138	3,267	3,487

Source: company, Axis Securities

Cash Flow
(Rs Cr)

Y/E March	FY24A	FY25E	FY26E	FY27E
PBT	68	120	200	287
Add: Depreciation	174	207	227	237
Add: Interest	109	127	125	118
Cash flow from operations	351	454	552	642
Change in working capital	-17	35	134	109
Taxes	26	30	50	72
Miscellaneous expenses	0	0	0	0
Net cash from operations	341	389	368	462
Capital expenditure	-445	-325	-193	-100
Change in Investments	-0	0	0	0
Net cash from investing	-445	-325	-193	-100
Increase/Decrease in debt	373	253	-30	-80
Dividends	0	0	0	0
Proceedings from equity	0	-0	0	0
Interest	-109	-127	-125	-118
Others	-54	2	2	2
Net cash from financing	211	127	-153	-196
Net Inc./(Dec.) in Cash	107	192	22	165

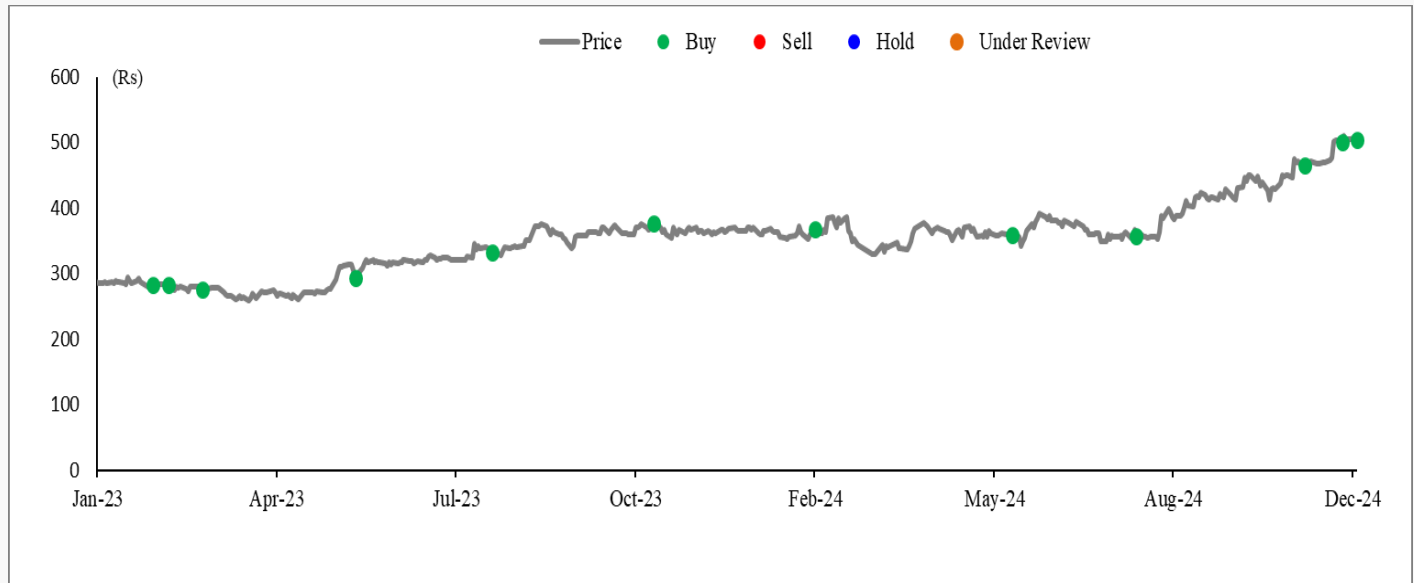
Source: company, Axis Securities

Ratio Analysis
(%)

Y/E March	FY24A	FY25E	FY26E	FY27E
Sales growth	12.8%	19.7%	15.4%	13.2%
OPM	17.2%	18.8%	20.2%	20.8%
Oper. profit growth	10.3%	30.6%	24.0%	16.6%
COGS / Net sales	24.9%	25.0%	25.0%	25.0%
Overheads/Net sales	41.8%	40.0%	38.6%	38.0%
Depreciation / G. block	-	-	-	-
Effective interest rate	-	-	-	-
Net wkg.cap / Net sales	-0.9%	0.8%	5.8%	8.7%
Net sales / Gr block (x)	1.1	1.1	1.2	1.3
RoCE	8.2	11.0	15.1	20.2
Debt/equity (x)	0.8	0.8	0.7	0.5
Effective tax rate	0.4	0.3	0.3	0.3
RoE	5.0	9.8	14.1	16.8
Payout ratio (Div/NP)	4.0	4.0	4.0	4.0
EPS (Rs.)	3.0	6.5	10.8	15.5
EPS Growth	127%	118%	67%	44%
CEPS (Rs.)	10.8	15.6	19.8	24.0
DPS (Rs.)	0.0	0.0	0.0	0.0

Source: company, Axis Securities

Healthcare Global Enterprise Price Chart and Recommendation History



Date	Reco	TP	Research
01-Jan-23	BUY	330	Top Picks
01-Feb-23	BUY	330	Top Picks
13-Feb-23	BUY	310	Result Update
01-Mar-23	BUY	330	Top Picks
01-Apr-23	BUY	330	Top Picks
26-May-23	BUY	325	Result Update
11-Aug-23	BUY	364	Result Update
13-Nov-23	BUY	412	Result Update
12-Feb-24	BUY	405	Result Update
31-May-24	BUY	400	Result Update
09-Aug-24	BUY	395	Result Update
12-Nov-24	BUY	535	Result Update
02-Dec-24	BUY	575	Top Picks
11-Dec-24	BUY	575	Company Update

Source: Axis Securities Research

DISCLAIMER:

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. Maneesh Mathew, 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 Paré, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did not receive

any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and / or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
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, valuation or recommendation for the stock

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