

Buying Businesses

“

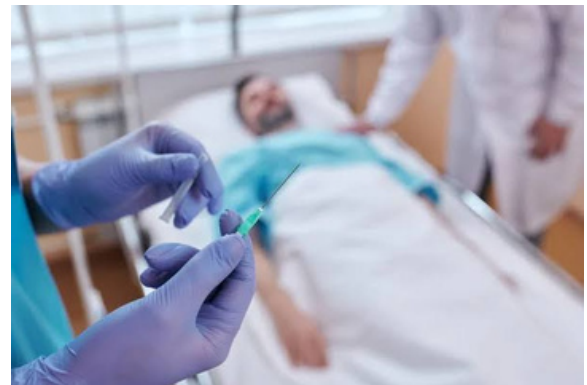
**"More Beds, More Care,
More Hope"
- Abhay Soi, CMD**

”

**Exclusive
Equity
Research
Inside**

Contents

1. The Birth of Max Healthcare Institute Ltd.
2. Who's in Charge?
3. How Does the Money Flow?
4. Strengths, Weaknesses, Opportunities, and Threats
5. The Numbers Don't Lie
6. How Do We Stand Out?
7. Giving Back and Doing Good
8. What's Next for Max Healthcare Ltd?
9. The Value Proposition
10. Disclaimer and Analyst Profile

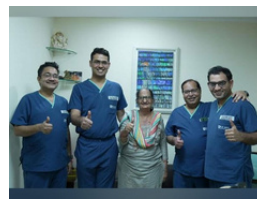


Let's take a walk through the fascinating journey of Max Healthcare, a story that dates back to June 2001. It began with the rather tech-sounding name Infinitum Technologies Private Limited. Not the most fitting name for a healthcare giant, right? Well, that changed in June 2002 when it became Max Healthcare Institute Private Limited and shortly after, it stepped into the public eye as Max Healthcare Institute Limited.

From humble beginnings, Max opened its first medcentre in 2000 at Panchsheel Park, offering outpatient services and day surgeries. Over the years, it rapidly grew into one of India's premier healthcare networks, with a special focus in North India. With 13 healthcare facilities, including the well-known BLK Hospital and BNH Hospital, Max provides secondary and tertiary care specialties, with centers of excellence in oncology, cardiac sciences, orthopedics, and more.

In the mid-2000s, Max was hitting milestones one after another. 2004 saw the launch of the Max Heart & Vascular Institute, an advanced facility in Delhi. By 2006, their first super-specialty hospital opened in Saket, and soon after, hospitals in Patparganj and Gurgaon followed suit. Notably, in 2010, Max expanded to Shalimar Bagh with a 300-bed hospital.

Max's vision didn't stop at India's borders. It established a presence in Kenya with the True Max Healthcare office and spread its wings to Nigeria through a subsidiary in 2019. Through smart partnerships and acquisitions, like the controlling stake in Crosslay Remedies and Saket City Hospitals, Max ensured its footprint continued to grow, not just in hospital beds but in innovation, service, and reach.



Fast forward to 2024, Max is not only saving lives but enhancing patient care through cloud technology and their Max@Home initiative, which now offers instant doctor consultations. It's a story of perseverance, growth, and commitment to healthcare excellence, truly making Max Healthcare a name synonymous with trust in the industry.



Founder



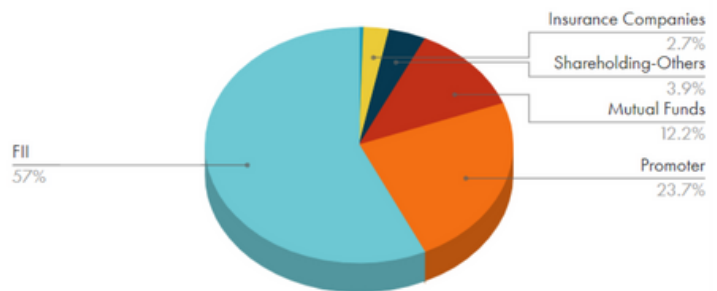
Analjit Singh, Founder and Chairman of Max Group, is a visionary entrepreneur known for building one of India's leading conglomerates, with interests in healthcare, life insurance, and real estate. A graduate of Shri Ram College of Commerce and an MBA from Boston University, Analjit founded Max Group in the 1980s, leading it to become a top healthcare provider in India. His leadership and dedication to service excellence have been pivotal in the group's success. Beyond Max, he has held key roles on various international and domestic boards and is recognized for his philanthropic contributions to healthcare and education.

Chairman and Managing Director

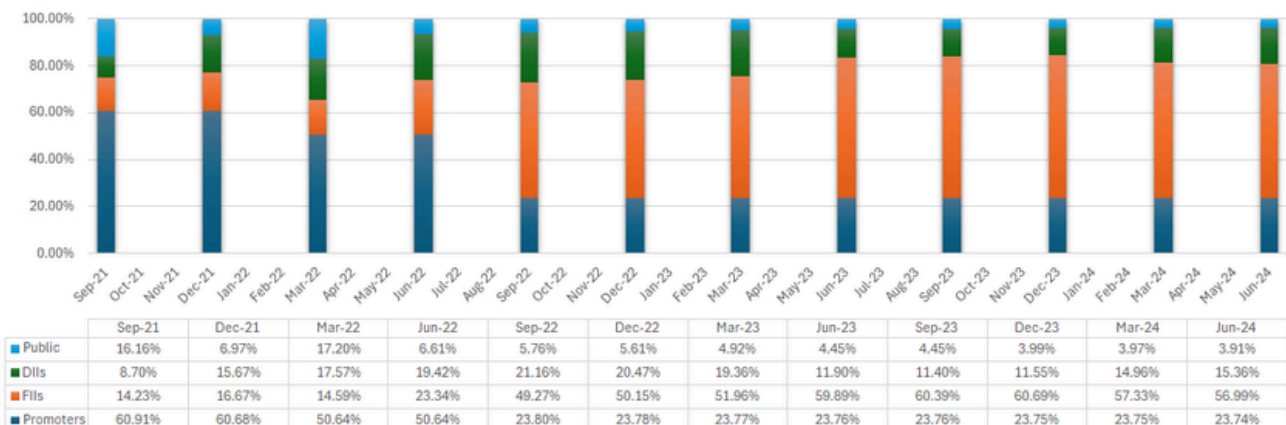


Abhay Soi, Chairman of Max Healthcare, is a seasoned leader with expertise in financial restructuring and healthcare management. He holds a Bachelor's degree from the University of Delhi and an MBA from the European University. Beginning his career at KPMG and Arthur Andersen, he specialized in financial restructuring. In 2004, he co-founded Halcyon Finance & Capital Advisors, leading high-profile investment transactions, mergers, and acquisitions. In 2008, he became Chairman of Radiant Lifecare, expanding healthcare infrastructure in India. Since 2019, Abhay has served as Chairman of Max Healthcare, playing a key role in its capital management and operational growth.

Ownership Structure

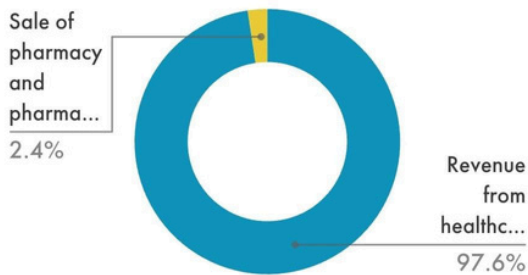


Changes in Holding (Patterns)



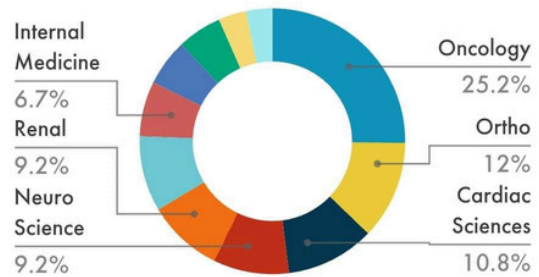
Product Wise Break-Up

Max Healthcare's revenue mix is driven by a diverse range of medical services, primarily categorized into inpatient and outpatient care. Inpatient services, encompassing complex surgeries and critical care, represent a significant revenue portion, showcasing the hospital's capacity for high-acuity cases. Outpatient services, including consultations, diagnostics, and preventive health check-ups, also contribute substantially, allowing the organization to cater to varying patient needs and enhance financial stability.



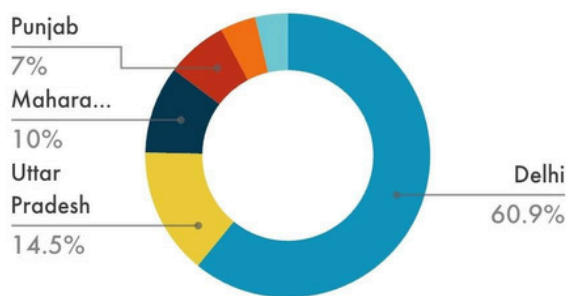
Therapeutic Area Wise Break-Up - Domestic

In its domestic operations, Max Healthcare generates revenue across several therapeutic areas, with strengths in orthopedics, cardiology, and oncology. Orthopedics leads due to an aging population and lifestyle-related injuries, while cardiology and oncology also experience growth from rising disease prevalence. This diverse revenue stream positions Max Healthcare strategically in a competitive healthcare landscape, showcasing adaptability to patient demands.



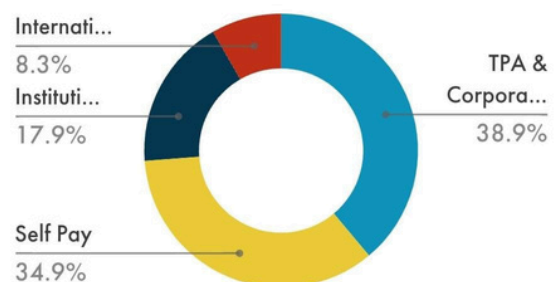
Location Wise Break-Up

Max Healthcare's revenue is bolstered by its strong presence in metropolitan areas like Delhi and the National Capital Region (NCR), which account for a significant share of income. Higher patient footfall and demand for advanced services in these regions drive revenue growth. The hospital's expansion into tier-2 and tier-3 cities further enhances its market reach, tapping into underserved populations and broadening its brand recognition.



Customer Segment

Max Healthcare's customer segments include self-paying patients, insurance-covered individuals, and corporate clients. Self-paying patients, seeking specialized treatments, contribute significantly to inpatient revenues, while insurance-covered patients drive outpatient services through partnerships with major providers. Corporate clients enhance revenue with health plans and wellness programs, allowing Max Healthcare to cater effectively to diverse patient needs.



Strengths

- Strong Brand Equity: Established reputation as a leading healthcare provider in India, ranked among the top 3 hospital chains in terms of revenue.
- Comprehensive Service Offerings: Offers over 50 specialties, contributing to a revenue of approximately INR 3,200 crore for FY 2024, with a 20% year-on-year growth.
- Robust Financial Performance: EBITDA margin of around 15%, showcasing operational efficiency.
- Investment in Technology: Invested over INR 500 crore in advanced medical technologies and infrastructure in the last year, enhancing patient outcomes.

Weaknesses

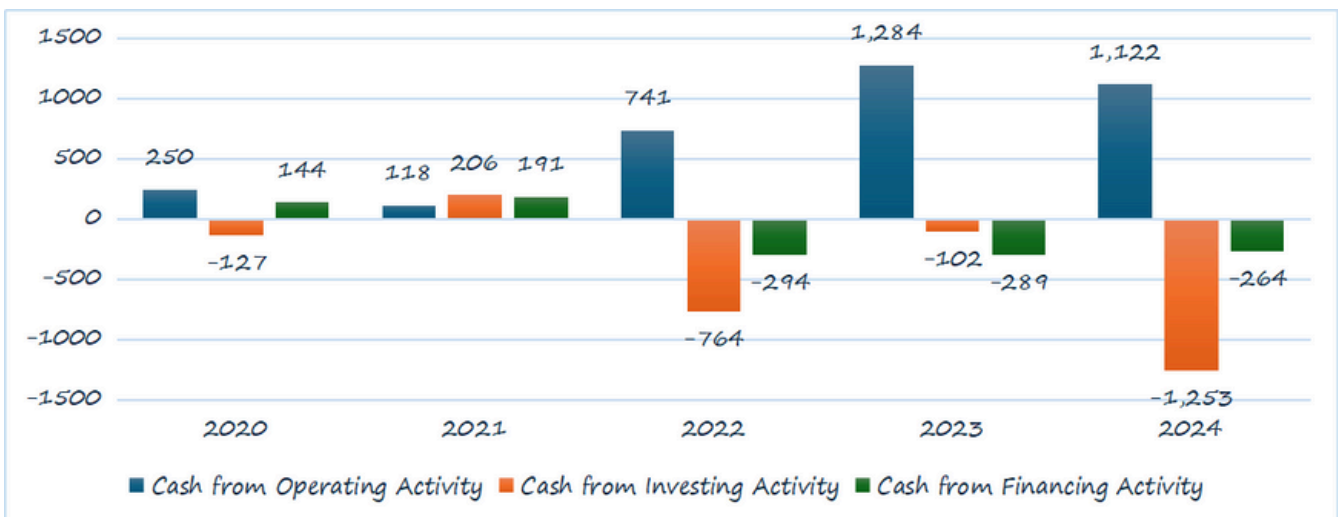
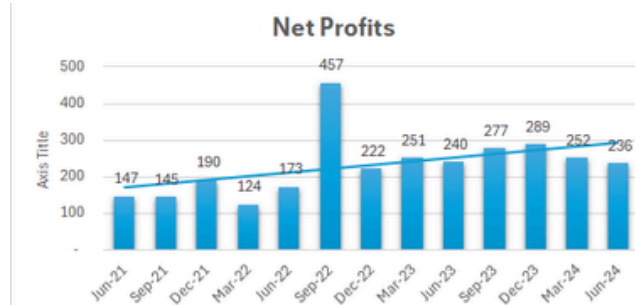
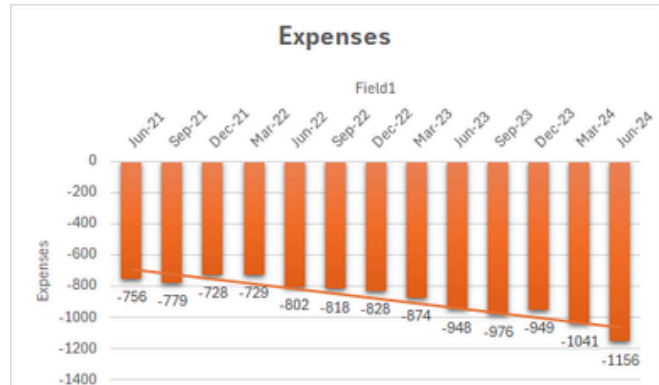
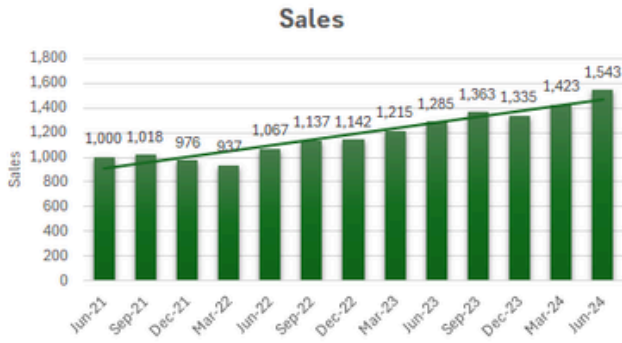
- High Operational Costs: Operational expenses constitute about 70% of total revenues, limiting profitability.
- Limited Rural Reach: Majority of hospitals concentrated in urban areas; rural healthcare penetration is under 10%.
- Dependency on Insured Patients: Approximately 60% of revenue derived from insured patients, making it susceptible to policy changes.
- Staffing Challenges: Reports indicate a vacancy rate of 15% in critical medical staff positions.

Opportunities

- Growing Healthcare Demand: Indian healthcare spending projected to grow at a CAGR of 12%, reaching INR 8.6 trillion by 2025.
- Digital Health and Telemedicine: Expansion in telehealth services has seen an increase of 30% in consultations since the pandemic.
- Strategic Collaborations: Partnerships with 4 major insurance companies could potentially increase patient inflow by 25%.
- Expansion into Emerging Markets: Plans to establish 5 new hospitals in tier-2 cities by FY 2026, targeting a market of over 200 million people.

Threats

- Intense Competition: Facing competition from established players like Apollo and Fortis, which have a combined market share of over 30%.
- Regulatory Changes: Compliance with new regulations could increase operational costs by 5% to 10%.
- Economic Uncertainties: Economic downturns may reduce patient spending on elective procedures, impacting revenue.





	For 2023-24	Max Healthcare Institute Ltd.	Apollo Hospitals Enterprise Ltd.	Fortis Healthcare Ltd.	Global Health Ltd.	Dr. Lal Pathlabs Ltd.
Returns	Return on Equity (RoE) %	13.47%	14.26%	8.66%	17.96%	21.27%
	Return on Capital Employed (RoCE) %	16.26%	19.08%	12.01%	21.56%	27.89%
	Return on Assets (RoA) %	9.57%	5.26%	5.15%	11.47%	15.23%
Efficiency	PBIDT Margin %	30.90%	13.10%	18.95%	26.98%	30.47%
	PAT Margin %	19.56%	4.81%	9.36%	14.60%	16.27%
	Dividend Payout %	13.78%	25.60%	12.61%	0.00%	56.00%
Growth	Net Sales Growth %	18.49%	14.73%	9.45%	20.86%	10.40%
	PBIDT Growth %	21.05%	16.69%	12.28%	28.89%	27.63%
	PAT Growth %	-4.16%	3.32%	1.93%	46.61%	50.28%
	EPS Growth %	-4.25%	9.71%	1.72%	46.48%	49.58%
Solvency	Debt to Equity (times)	0.14	0.47	0.11	0.14	0.05
	Debt to Assets %	9.58%	16.82%	6.62%	9.88%	3.46%
	Interest Coverage (times)	23.80	4.03	7.55	8.49	18.22
	Current Ratio (times)	1.37	1.13	0.45	2.44	2.42
	Quick Ratio (times)	1.30	1.03	0.41	2.33	2.34
Valuation	Price to Earnings (P/E) (times)	75.39	101.65	52.93	74.33	52.80
	Price to Book (P/B) (times)	9.56	13.52	4.14	12.25	10.50
	Price to Cash Flows (P/C) (times)	71.08	47.57	28.82	58.07	35.28
	EV to EBIT (times)	55.98	51.64	32.32	48.93	33.92
	EV to EBITDA (times)	47.77	37.44	24.01	39.37	26.74
	M-Cap to Sales (times)	14.75	4.79	4.60	10.85	8.48
Intrinsic	Market Cap	96,756.30	1,04,085.71	45,165.37	27,680.52	27,376.00
	Enterprise Value	96,806.65	1,06,313.81	45,425.27	26,924.58	26,629.00
	Intrinsic Value	-50.35	-2,228.10	-259.90	755.94	747.00
		Under	Under	Under	Over	Over

At Max Healthcare Foundation, our philosophy of prioritising social well-being of communities near our hospitals is deeply ingrained in our organisational values. We strive to create access to healthcare for all and support local communities by empowering them through initiatives in the areas of education, awareness about community health & hygiene and clinical support. We believe that by addressing the broader needs of society, we can create a positive impact beyond the confines of our healthcare facilities.

The Foundation believes in leaving no one behind as it moves forward. It focuses on including communities in healthcare awareness programmes, providing quality healthcare to economically weaker sections, fostering societal well-being, and equipping its people and partners to help realize aspirations responsibly. The Foundation seeks to bring focus to community welfare in:

- Education
- Skill Training
- Water recharge & rejuvenation
- Health awareness



Max Healthcare has been actively expanding its footprint through strategic acquisitions and expansions. In February 2024, it acquired 100% equity in Alexis Multi-Speciality Hospital, Nagpur, and later in March 2024, it acquired Starlit Medical Centre, which now operates Max Super Speciality Hospital, Lucknow. These acquisitions enhance Max Healthcare's presence in Western and Northern India. Additionally, it acquired land in Lucknow to develop a 500-bedded hospital and increased its equity stake in Eqova Healthcare to 60%. The company also merged Alps Hospital with Max Hospitals and Allied Services and expanded the capacity of its Mohali facility. Furthermore, Max Healthcare dissolved Saket City Hospitals post-liquidation, consolidating its business under Max Healthcare's operations.

Subsidiaries

As of March 31, 2024, Max Healthcare has 11 subsidiaries, including 2 step-down subsidiaries, with 1 subsidiary and 1 step-down subsidiary added during FY 2023-24 due to hospital acquisitions in Nagpur and Lucknow. The Board oversees the subsidiaries' operations, and consolidated financial statements, per Section 129(3) of the Companies Act, form part of the Integrated Annual Report. These financials, including subsidiary details, are available on the company's website and for inspection. Two subsidiaries, Hometrail Buildtech Private Limited and Crosslay Remedies Limited, are classified as material subsidiaries under SEBI regulations, as their income or net worth exceeds 10% of the consolidated figures. However, none meet the 20% threshold requiring an independent director as per regulation 24(1).

Max Healthcare's subsidiaries play a significant role in expanding its reach across India and internationally. Hometrail Buildtech operates Max Super Speciality Hospitals in Bathinda and Mohali under public-private partnerships, while Crosslay Remedies runs hospitals in Vaishali and Noida, having recently acquired Starlit. Alps Hospital runs a facility in Gurugram, and Max Hospitals & Allied Services manages Nanavati Max Super Speciality Hospital in Mumbai under a long-term agreement. Max Lab focuses on diagnostic services, expanding to 41 cities with over 1,100 clients. ET Planners and Eqova Healthcare are involved in hospital management and healthcare services, with the latter planning to open a large hospital in New Delhi by 2026-27. Internationally, Max Dubai and MHC Global Healthcare Nigeria focus on business support and patient referrals for international healthcare services. Several subsidiaries posted profits, while a few, such as Max Dubai and Eqova, reported losses.

Acquisitions

Alexis Multi-Speciality Hospital: Max Healthcare (MHIL) acquired 100% equity in Alexis, a 200-bed JCI accredited hospital in Nagpur, strengthening its footprint in Western India. Acquisition completed by February 20, 2024, for ₹37,175 lakhs. Alexis reported a loss of ₹293 lakhs post-acquisition.

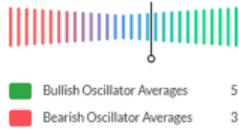
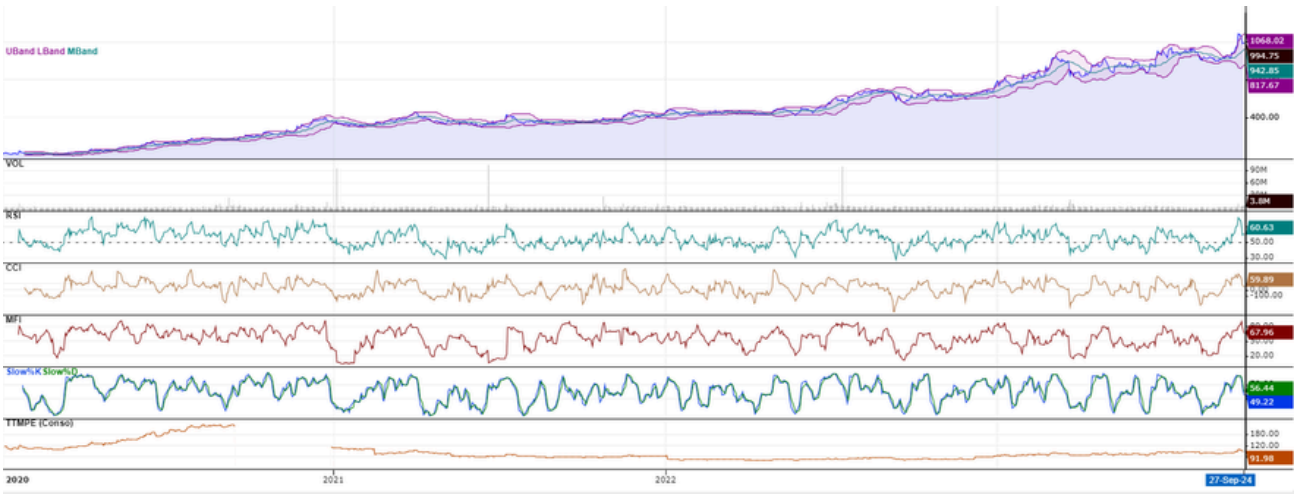
-Starlit Medical Centre: MHIL, through its subsidiary Crosslay Remedies Limited (CRL), acquired Starlit Medical Centre, which had previously purchased Sahara Hospital in Lucknow. Acquisition completed on March 7, 2024, with total consideration of ₹7,278 lakhs (excluding land and building registration charges). Starlit reported a loss of ₹2,132 lakhs post-acquisition.

International Presence

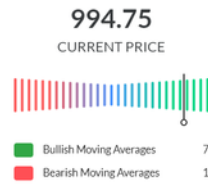
MHIL has a wide global footprint with offices in "Kenya", "UAE", "Ethiopia", "Oman", "Myanmar", "Uzbekistan", "Nigeria", "Nepal", and "Bangladesh", serving medical value travelers for complex treatments (e.g., transplants, oncology, neurology). The offices focus on facilitating healthcare access for patients, corporate tie-ups, and collaborations with local entities.

Board and Governance

- The Board of Directors, comprising a diverse range of skills and expertise, plays a critical role in governance. The board, supported by specialized committees, focuses on risk management, governance, IT, ESG, and financials.
- The Board met 8 times in FY 2023-24, ensuring compliance with regulatory requirements, discussing policies, strategies, and financial matters.



RSI(14)	60.6	MACD(12, 26, 9)	34.7
Stochastic Oscillator	49.2	Stochastic RSI	35.8
CCI 20	59.9	William	-50.6
Awesome Oscillator	107.2	Ultimate Oscillator	55.1
Momentum Oscillator	86.8		



5 Day EMA	1001.7	26 Day EMA	947.1
10 Day EMA	988.7	50 Day EMA	921.2
12 Day EMA	981.8	100 Day EMA	887.3
20 Day EMA	958.8	200 Day EMA	823.3

1 YEAR RANGE

↑ 428.7 (75.74%)



3 YEAR RANGE

↑ 629.8 (172.57%)



5 YEAR RANGE

↑ 926.05 (1347.96%)



Current Price	Open	High	Low	Close
994.75	995.95	999.75	976.6	994.75
	Classic	Woodie's	Camarilla	Fibonacci
Resistance 3	1027.28	1030.68	1001.12	1013.52
Resistance 2	1013.52	1015.21	998.99	1004.67
Resistance 1	1004.13	1007.52	996.87	999.21
Pivot Point	990.37	992.06	990.37	990.37
Support 1	980.98	984.38	992.63	981.52
Support 2	967.22	968.91	990.51	976.06
Support 3	957.83	961.22	988.38	967.22

The information contained in this report is based on sources believed to be reliable, but its accuracy and completeness cannot be guaranteed. This report is intended for informational purposes only and does not constitute financial advice. Readers should conduct their own research and consult with a qualified professional before making any investment decisions.

The opinions expressed in this report are solely those of the analyst and do not necessarily represent the views of TACS Capital, or any of its associates. TACS Capital, or any of its associates, is not responsible for any errors or omissions in this report.

This report may contain forward-looking statements, which are based on current expectations and assumptions. Actual results may differ materially from those projected. TACS Capital, or any of its associates, assumes no obligation to update any forward-looking statements.

This report is not intended for distribution in jurisdictions where such distribution would be illegal.

Neither TACS Capital nor any of its associates –
has any financial interest in the subject company.

has actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance.

has, any other material conflict of interest at the time of publication of the research report or at the time of public appearance.

have received any compensation from the subject company in the past twelve months.

have managed or co-managed public offering of securities for the subject company in the past twelve months.

have received any compensation from the subject company in the past twelve months.

have received any compensation or other benefits from the subject Company or third party in connection with the research report.

was a client during twelve months preceding the date of distribution of the research report.

has served as an officer, director or employee of the subject company.

has been engaged in Market making for the subject company.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

CA. Akhil Trivedi is a visionary equity research analyst and investor, with over a decade of expertise in global capital markets. Grounded in fundamental research, Akhil evaluates businesses like an owner, focusing on management strength, competitive advantage, and scalability. His disciplined, data-driven approach cuts through market noise, identifying resilient companies with long-term growth potential. Known for simplifying complex insights on LinkedIn, Akhil is quickly emerging as a leading voice in Indian markets. His conviction-driven investing philosophy is shaping a new generation of wealth management, making him a name to watch in the financial world.

Akhil may hold a position in the securities of the company analyzed in this report. While we believe this does not compromise the integrity of our analysis, investors should be aware of this potential conflict of interest and consider multiple sources of information before making investment decisions. For any queries, visit our website: <https://tacscapital.com> or email us at: contact@tacscapital.com

