

Jaypee Healthcare Limited

October 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	40.00	CARE AA- (RWP) / CARE A1+	LT rating Placed on Rating Watch with Positive Implications and ST rating reaffirmed
Short-term bank facilities	40.00	CARE A1+	Reaffirmed
Long-term bank facilities@	1,000.00	CARE AA+ (CE); Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

@Long-term rating assigned to the term loan facility is based on credit enhancement (CE) in the form of unconditional and irrevocable corporate guarantee with stipulated payment mechanism from Max Healthcare Institute Limited (MHIL; rated CARE AA+; Stable/ CARE A1+)

Unsupported rating	CARE AA- (Rating Watch with Positive Implications)
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Note: Unsupported rating does not factor in the explicit credit enhancement.

Rationale and key rating drivers for credit enhanced debt

Reaffirmation in long-term rating assigned to term loan facility of Jaypee Healthcare Limited (JHL) factors in credit enhancement (CE) in the form of an unconditional and irrevocable corporate guarantee (CG) extended by Max Healthcare Institute Limited (MHIL; rated CARE AA+; Stable/ CARE A1+) enforceable for entire amount and tenor of the rated bank facility.

Rationale and key rating drivers of Credit Enhancement Provider and JHL parent, MHIL

Ratings assigned to bank facilities of MHIL at "CARE AA+; Stable/ CARE A1+" derive strength from the MHIL's established position in the healthcare sector across key market regions including Delhi-NCR, Mumbai, and Lucknow among others, diversification across specialities, experienced team of doctors, and the significant brand equity of 'Max Healthcare'. Ratings also factor in growing operational and financial performance of MHIL Network, which includes MHIL (flagship entity), its subsidiaries, silos and Partner Healthcare Facilities (PHFs).

Ratings further derive support from continuous addition of capacities at MHIL network level and increase in patient footfalls, which with growing average revenue per occupied bed (ARPOB) in matured capacities translated into healthy growth in revenues in FY25 (refers to April 01 to March 31) and in Q1FY26 (refers to April 01 to June 30), while maintaining profitability and strong cash flow from operations. On a consolidated basis, network revenue grew by ~26% in FY25 and over 27% in Q1FY26 on year-over-year (y-o-y) basis, driven by inorganic and organic capacity additions with strong brand equity, leading to consistently industry-leading occupancy levels (74% in FY25 against 75% in FY24) and ARPOB (reported at ₹73,900 in FY25 against ₹75,800 in FY24, declined due to new facilities added in the last 12-15 months, excluding those ARPOB stood at ₹81,400 in FY25). Inpatient volumes also grew by 28.1% y-o-y basis in FY25 with new capacities addition, while growth stood at 5.4% y-o-y for the existing facilities. Occupancy and ARPOB for Q1FY26 stood at ~75.6% (against ~74.7% last year) and ₹78,000 (against ₹77,100 last year), respectively, showing growth emphasising fast turnaround of new facilities. Despite additional costs incurred for setting up acquisitions and capex in FY25, and a slight decline in overall occupancy rate, profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins remained stable at 25.83% in FY25 (against 26.87% in FY24), supported by higher contribution from existing facilities with new facilities also added to the overall facility at health levels.

CARE Ratings Limited (CareEdge Ratings) believes MHIL's revenue would continue to grow at a healthy rate in FY26-FY28 period supported by bed additions, sustenance of occupancy levels at overall level and improvement in ARPOB due to change in case mix. Ramp up from recent beds additions, which are underway will contribute to the MHIL's overall improvement in operational efficiencies going forward, considering increased ARPOBs, occupancy rates and higher proportion of superior surgical mix. Operating profitability is expected to remain firm and sustain over 25%, despite its plan to double its capacities in the next 4-5 years and pre-operative expenses towards bed additions and commencement of the new capacities might partly constrain the profitability.

The rating also factors in MHIL's strong capital structure and healthy financial risk profile, despite slight moderation in debt service coverage indicators in FY25 owing to rise in debt levels, considering substantial acquisitions and capex. Net leverage is expected

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

to stay below 1.5x (1.43x as on March 31, 2025) at consolidated level going forward despite MHIL has continuous plans to grow organically/inorganically in the medium term. New additions are likely to result in enhanced cash accruals in the medium term, further strengthening MHIL's financial profile.

However, rating strengths remained partially constrained by MHIL's exposure to the regulated healthcare industry, intense competition from other established hospital brands, and concentration risk as over 75% of bed capacity of Max network is in metro cities and more specifically in Delhi-NCR. However, the MHIL is taking efforts to de-risk this through establishing presence/acquisitions in other locations such as Lucknow, Nagpur, and Mohali among others. CareEdge Ratings also take note of significant expansion plans to double up the capacity in the next five years through organic and inorganic route, which will be largely funded by its internal accruals, but some debt will also be taken. Hence, maintenance of net leverage well-below negative triggers is critical and monitorable for MHIL's credit profile going forward.

Key rating drivers of JHL

CareEdge Ratings has reaffirmed ratings assigned to bank facilities of JHL at CARE AA-; Stable/CARE A1+ and placed Ratings on "Rating Watch with Positive Implications" following the announced merger of Crosslay Remedies Limited (CRL), another wholly owned subsidiary of MHIL into JHL. Per the management, the merger is expected to unlock synergies, reduce operational costs, optimise cash flows and enhance financial position of the merged entity. CareEdge Ratings will continue to monitor developments related to this and will take a view on ratings once the merger is completed and its impact on JHL's credit risk profile becomes clearer.

Ratings derive strength from JHL being a wholly owned subsidiary of MHIL. JHL enjoys strong operational, managerial and financial linkages with MHIL through common brand name, loans and advances, and corporate guarantee for majority debt. JHL holds strategic importance for MHIL as it expands the group's footprint in the Delhi-NCR region. With the sale of its Hospitals at Bulandshahr and Anoopshahr, JHL currently operates a 500-bedded hospital in Noida.

Ratings further consider MHIL's strong capital structure and healthy debt protection metrics, and its partner healthcare facilities. Ratings factor in MHIL's healthy financial risk profile despite slight moderation in debt service coverage indicators in FY25 due to rise in debt levels from substantial acquisitions and capital expenditure. Net leverage is expected to stay below 1.5x (1.43x as on March 31, 2025) at consolidated level, despite MHIL's continuous plans to grow organically and inorganically in the medium term. New additions are likely to result in enhanced cash accruals in the medium term, further strengthening MHIL's financial profile. Financial risk profile at the Max network level is supported by healthy cash generation, driven by growth in each entity including JHL. Growth in revenue of the Max network is driven by higher inpatient volumes and shift in specialty mix towards higher-value specialties, leading to better ARPOB, while maintaining industry-leading occupancy levels.

Ratings also take comfort from JHL's operational performance, which remains above average as the company is renovating and refurbishing all beds in the hospital. This is marked by revenue and profitability of ₹460 crore (PY: ₹420 crore) and ₹51 crore (PY: ₹70 crore) in FY25, based on ARPOB of ₹58,027 (on gross revenue basis) and occupancy above 52.95%, supported by reasonable mix of clinical procedures in JHL's Noida hospital. Operational metrics are expected to improve further with potential rise in patient flow due to Max brand equity, upcoming Jewar airport, increasing surgical revenue and higher operational bed capacity.

These rating strengths are partially offset by JHL's weak capital structure and debt protection metrics owing to net losses in previous years and inadequate cash flows. However, comfort is derived from the expected improvement in JHL's financial risk profile post-merger with CRL, which is a cash-rich company generating healthy accruals year-on-year.

Ratings remain constrained by exposure to the regulated nature of the healthcare industry and intense competition in the region in which it operates.

Rating sensitivities: Factors likely to lead to rating actions (CE Provider – MHIL)

Positive factors

- Increased diversification across centres, geographies, or business segments leading to overall growth in topline without impact on its profitability margins and sustenance of net leverage levels.

Negative factors

- Declining PBILDT profitability below 20% on a sustained basis.

- Government regulations adversely impacting the group's operational efficiencies.
- Significant debt-funded capex such that net adjusted debt (including CG backed debt, group exposure and leases) to PBILDT increases above 1.8x on a sustained basis.

Rating sensitivities: Factors likely to lead to rating actions (JHL)

Positive factors

- The company's ability to improve operational performance (ARPOB and occupancy), leading to growth in topline and profitability margins and contributing significantly to the parent's credit profile.
- Improvement in credit profile of the parent – MHIL.

Negative factors

- Deterioration in credit profile of Parent; MHIL or decline in shareholding of JHL by MHIL.
- Higher-than-envisaged debt funded capex, moderating financial risk profile of the company.
- PBILDT margin lower than 12% on a sustained basis.

Analytical approach of credit enhanced debt (MHIL): Consolidated

CareEdge Ratings has taken a consolidated approach of Max Healthcare Institute limited and its subsidiaries/ silos as these entities are in the similar line of business under common management and have a strong operational and financial linkages. List of entities consolidated given in Annexure-6.

CareEdge Ratings also analyses and factors in the linkages and support with/to other PHFs (mentioned below) as there are strong operational and financial linkages among all entities/societies operating under the network as MHIL and its subsidiaries have given loans and advances and issued unconditional and irrevocable corporate guarantee to these PHFs.

Factoring in support to and cash flow fungibility with below PHFs:

S. No.	Name of the Entity	Relation with MHIL
1.	Gujarmal Modi Hospital & Research Centre	Trust- Master Service Agreement
2.	Devki Devi Foundation	Trust- Master Service Agreement
3.	Balaji Medical and Diagnostics Research Centre	Trust- Master Service Agreement
4.	Vikrant's Children Foundation & Research Centre	Trust- Master Service Agreement
5.	Nirogi Charitable & Medical Research Trust	Trust- Master Service Agreement

Analytical approach (JHL): Standalone

The rating factors in strong management, operational and financial linkages with the parent entity, MHIL.

Outlook (MHIL): Stable

'Stable' Outlook reflects CareEdge Rating's expectation that MHIL and its subsidiaries, Silos and PHFs will continue to benefit from its brand equity, improving ARPOBs, steady occupancy levels and ramp up from new hospitals, which will reflect through sustained improvement in operational and financial parameters of MHIL's entire network. CareEdge Ratings also believes the MHIL will sustain its debt metrics at comfortable level going forward also, while pursuing organic and inorganic growth.

Outlook (JHL): Not applicable

Detailed description of key rating drivers (CE Provider – MHIL):

Key strengths

Established market position driven by strong brand equity in premium market including Delhi-NCR and Mumbai

MHIL has a strong brand equity in north India as it operates total 22 hospitals and medical centres (PY: 20) as on March 31, 2025. Of this, 15 facilities (hospitals and medical centres) were in Delhi and NCR and the others in Mohali, Punjab (2), Bathinda, Punjab (1), Dehradun, Uttarakhand (1), Lucknow, UP (1), Nagpur (1) and Mumbai (1). Delhi/NCR contributes over 55% revenue of MHIL and also due to being largely operational in metro cities, it is able to earn industry leading ARPOBs. MHIL is building up more bed capacity and expanding geographical footprint through recently acquired three entities with significant growth potential in revenue and margins with increasing surgical business. All hospitals are National Accreditation Board for Hospitals and

Healthcare Providers (NABH) and ISO-accredited and have also received the Joint Commission International (JCI) accreditation for three of its hospitals, which helps MHIL to expand its international business further.

Diversification across specialities and improving channel mix

MHIL derives its revenues from several specialities, including cardiology, oncology, gynaecology, neurology, paediatric and orthopaedic among others, thus not depending on a single speciality. Almost all major specialities have demonstrated healthy growth in the last year. In FY25, MHIL performed 14800 (PY: 13,150) oncology surgeries, ~48,000 (46,500) cardiac surgeries and 12,670 (10,450) neuro surgeries among other complex procedures, which are expected to surpass in current FY26. Newer hospitals (except for Jaypee does have radiation-oncology), Nagpur, Dwarka and Lucknow, do not offer radiation oncology currently, because the bunkers are not available. But in Q3FY26, bunkers are expected to be made available in Dwarka and Lucknow, hospitals. Thus, a higher share of oncology in these hospitals is expected to increase the overall share.

MHIL also has a well-diversified channel mix, which includes cash, third-party administrators (TPAs) and corporates, institutions, referrals, and international business. MHIL derived 19.4% (PY: 18.1%) of its total FY25 revenue from the institutional/public sector undertaking (PSU) segment, which is a low-margin business, while the international segment was 8.8% (PY: 9.1%). The change in the mix is due to addition of new hospitals and corresponding high share of Institutional segment to maintain sufficient occupancy. MHIL plans to optimise its payor mix further by reducing the contribution from the Institutional segment and focusing more on cash/TPA and international business going forward, as the new hospitals matures. The group (including PHFs) has ~2,500 doctors, 9,000 nurses, and 1,800 consultant physicians on board, to service its patients, as on June 30, 2025.

The group also has capital light adjacencies through Max Home and Max Labs, which provides homecare services and noncaptive pathology and have NABL certification. Max Lab reported revenue of ₹175 crore (PY: ₹144 crore) and PBILDT of ₹34.6 crore. Max Home contributed revenue of ₹212 crore in FY25 (₹172 crore in FY24).

Sound operational efficiencies boosting profitability margins

MHIL demonstrated healthy operational efficiencies across its hospitals, Max Lab, and Max Home segments, supported by a growing number of patients and improved realisations. Its presence in premium markets, mainly, Delhi-NCR, Mumbai and now Lucknow and Nagpur, and its superior case mix leads to a higher ARPOB compared to its industry peers. Occupancy rates are industry leading and stood steady ~74% in FY25 compared to 75% in FY24, while ARPOB reported a significant uptick of over 7% y-o-y in FY25 to ₹81,400 (PY: ₹75,800), which was mainly driven by price revisions, increased traction from international medical tourism, improved share of oncology, high-end and increased robotic surgeries, and increased outpatient department (OPD) footfalls among others. Overall ARPOB, considering new facilities, also stood comfortable at ₹73,900. At the network level, operating earnings before interest, taxation, depreciation, and amortisation (EBITDA) per occupied bed stands at ₹70 lakhs in FY25, compared to ₹74 lakhs in FY24. Marginal decline is primarily due to the addition of newer hospitals, particularly in tier 2 and tier 3 cities. However, overall EBITDA per bed remains high and continues to be industry leading, reflecting strong operating efficiency across the network. At a consolidated level, MHIL has been demonstrating healthy revenue growth in the last five years, which continued through FY25 with a strong revenue growth of 29.3% y-o-y to ₹7,028 crore (compared to ₹5,437 crore in FY24) at PBILDT margin of 26.3% against 27.8% in previous year. Max Healthcare network (MHC Network, MHIL including all its subsidiaries, MHFs and PHFs) recorded total operating income (TOI) and EBIDTA of ₹8,667 crore and ₹2,239 crore in FY25 against ₹6,849 crore and ₹1,840 crore in FY24, respectively.

MHIL and its network of hospitals are further expected to generate higher ARPOBs and profitability margins, considering the substantial market share MHIL has in north India in complex treatments including bone marrow transplant (BTM), and oncology among others, ramp up from three new hospitals (Lucknow, Nagpur and Dwarka) and with the management's focus on optimisation of higher ARPOB generating payor mix, surgical mix and cluster approach to maintaining its brand in metro cities.

Going forward, amidst significant bed-addition plans, sustenance of MHIL's overall performance and growth momentum with the addition of new beds going forward as well, is also a key monitorable.

Strong financial risk profile with healthy capital structure and debt coverage indicators expected to sustain after considering significant capex as well

MHIL has a strong capital structure with the net worth base of ₹5,935 crore against total debt (including leases) of ₹3,312 crore as on March 31, 2025 (PY: ₹1599 crore). Overall gearing remains healthy at 0.56x as on March 31, 2025 (0.29x as on March 31, 2025), at a consolidated level. Debt coverage indicators also remained healthy with the net adjusted debt to PBILDT of 1.43x as on March 31, 2025, slightly moderated from 0.41x as on March 31, 2024, mainly owing to debt addition in Starlit for acquisition of Lucknow hospital and ₹350 crore of lease addition corresponding to commencement of Muthoot Dwarka hospital. MHIL (at

consol level) had increased its capacity from 3027 beds as on March 31, 2024, to 4158 beds as on March 31, 2025, and further to 4228 beds as on June 30, 2025. At the network level, beds capacity increased from ~4000 beds as on March 31, 2024, to ~5200 beds as on June 30, 2025. Net Debt to PBILDT at network level was ~1.07x as on March 31, 2025, against 0.27x as on March 31, 2024.

The group has a planned capex (majorly through brownfield expansion) to double its capacity with close to 10,000 beds at MHIL network level, by FY29 (8,200+ incremental beds over the medium term), of which ~3,000 are already in advanced brownfield execution. MHIL has plans to add ~1,000 brownfield and 500 greenfield beds in FY26 itself. The capex pipeline is estimated at ₹2,100–2,200 crore annually in the next two years, translating to an aggregate outlay of close to ₹6,650 crore up to FY29. This spend is front-loaded into large metro projects such as the new towers at Saket, Patparganj, and Mohali, expansion of Lucknow, Mumbai, new greenfield in Sec 56 Gurgaon and the operations and management (O&M) contracts and long-term leases of 'built-to-suit' properties for hospitals in Mohali (400 beds), Thane (500 beds), Dehradun (130 beds) and O&M for hospital in Pitampura (200 beds).

However, ratings draw comfort from adequate capital availability through generation of strong accruals, cash with at MHIL and at network level plus comfortably leveraged balance sheet to further build the portfolio as the management actively looks out for key inorganic routes including recently acquired JHL and significant debt-funded capex or inorganic growth through more such acquisitions.

Going forward, MHIL's credit profile is expected to continue improving in medium term with net debt to PBILDT to sustain below 1.5x at consolidated level. However, significant debt-funded capex resulting in meaningful moderation in debt coverage indicators of MHIL will remain a key monitorable going forward.

Key weaknesses

Exposure to regulatory and concentration risks

MHIL operates in a regulated industry that witnessed continuous regulatory intervention in the last couple of years. Regulations such as capping stent prices and knee implants and stricter compliance norms have adversely impacted MHIL's margin in the past. Such future regulations may have an adverse impact on the group's profitability, and thus, will remain an important monitorable. MHIL believes in the cluster approach and has a significant number of beds in metros, as these metros witness a significant footfall of medical tourist, inherent advantages available in metros such as high per capita income, high insurance penetration and propensity to pay for high-end quaternary care facilities, availability of senior and stured clinical talent, leading to metros becoming regional hubs and higher health awareness. MHIL network has a higher proportion of beds in metro cities compared to other top players, which has helped MHIL clock higher ARPOBs than its peers. The group's concentration in metros including Delhi-NCR and Mumbai is also a significant credit risk, which makes it vulnerable to adverse political, regulatory, or environmental event, impacting socio-economic situation of a particular geography. However, recent efforts have been taken by MHIL to expand the geographically presence in other states as well and in this direction, MHIL has acquired Starlit and Alexis, which are in Lucknow and Nagpur with 550 and 200 beds, respectively.

Intense competition from other established players

With rising preference towards brands, higher quality and organised diagnostics and self-awareness among masses with increasing insurance penetration, there is a high competition in the healthcare sector from other established brands such as Fortis, Apollo, and Medanta among others. However, comfort is drawn from the sizeable presence of Max as a brand and footprint with established position of its hospitals. Going forward, MHIL's prospects will depend on its ability to improve its profitability, continued scale-up of operations, ramp-up of new and acquired units and to manage the competitive pressures in the sector by further diversifying in other geographies or expand through asset-light adjacencies such as 'Max Labs', and Muthoot Dwarka among others.

Liquidity: Strong

MHIL's liquidity position on a consolidated basis stands strong given its healthy gross cash accruals (GCA) of ₹1,430 crore in FY25, ₹412 crore in Q1FY26 and the expected GCA of over ₹1700-2500 crore in the medium term against moderate debt repayment obligations (including lease liabilities) of ~₹260 crore in FY25 and ~₹450-550 crore in FY26-FY27. Cash accruals generated by PHFs is close to ₹267 crore in FY25 against, which debt repayments are minimal ~₹3-5 crore yearly. Liquidity is further aided by free cash and cash equivalents of ₹883 crore as on June 30, 2025, in MHC network (₹521 crore at a consolidated level) with moderate working capital utilisation, leaving sufficient buffer for exigencies. Cash accruals of MHC network in coming years will

be partially applied towards capex commitments in the next 3-4 years through FY29, involving total outlay of close to ₹6,650 crore (including PHFs).

Detailed description of key rating drivers (JHL):

Key strengths

Strategic importance and strong operational linkages of JHL with MHIL

As a subsidiary of MHIL, JHL has an established market presence and holds strategic importance for MHIL to maintain its presence in the key Delhi-NCR market. JHL operates a 500-bed hospital in Noida (~9.69% of network bed capacity), commissioned in 2013 and spread across 18 acres with a built-up area of ~9 lakh sq ft. Noida remains an attractive location due to its growing population, high population density and strong per capita income. Operationally, JHL is in the process of being integrated with MHIL. MHIL has extended a corporate guarantee for JHL's term debt and intends to provide support for future expansion and operational requirements.

Sound operational efficiencies boosting profitability margins

MHIL demonstrated healthy operational efficiencies across its hospitals, Max Lab, and Max Home segments, supported by a growing number of patients and improved realisations. Its presence in premium markets, mainly, Delhi-NCR, Mumbai and now Lucknow and Nagpur, and its superior case mix leads to a higher ARPOB compared to its industry peers. Occupancy rates are industry leading and stood steady ~74% in FY25 compared to 75% in FY24, while ARPOB reported a significant uptick of over 7% y-o-y in FY25 to ₹81,400 (PY: ₹75,800), which was mainly driven by price revisions, increased traction from international medical tourism, improved share of oncology, high end and increased robotic surgeries and increased OPD footfalls among others. Overall, ARPOB considering the new facilities also stood comfortable at ₹73,900. At the network level, Operating EBITDA per occupied bed stands at ₹70 lakhs in FY25, compared to ₹74 lakhs in FY24. The marginal decline is primarily due to the addition of newer hospitals, particularly in tier 2 and tier 3 cities. However, the overall EBITDA per bed remains high and continues to be industry leading, reflecting strong operating efficiency across the network. At a consolidated level, MHIL has been demonstrating healthy revenue growth in the last five years, which continued through FY25 with a strong revenue growth of 29.3% y-o-y to ₹7,028 crore (compared to ₹5,437 crore in FY24) at PBILDT margin of 26.3% against 27.8% in previous year. MHC Network (MHIL including all its subsidiaries, MHFs and PHFs) recorded TOI and earnings before interest, taxation, depreciation, and amortisation (EBIDTA) of ₹8,667 crore and ₹2,239 crore in FY25 against ₹6,849 crore and ₹1,840 crore in FY24, respectively.

Since all beds are undergoing renovation and refurbishment as part of integration into the MHIL network, operational performance remains modest with revenue and profitability of ₹460 crore (PY: ₹420 crore) and ₹51 crore (PY: ₹70 crore) in FY25 based on average revenue per occupied bed (ARPOB) of ₹58,027 (on gross revenue basis) and occupancy above 52.95%, supported by a reasonable mix of clinical procedures. Once operationalisation is complete, JHL's contribution to MHIL's consolidated revenue and profit before interest, lease rentals, depreciation, and taxation (PBILDT) is expected to increase. CareEdge Ratings believes JHL will remain strategically and operationally integral to MHIL's growth plans.

MHIL and its network of hospitals are further expected to generate higher ARPOBs and profitability margins considering the substantial market share MHIL has in north India in complex treatments such as bone marrow transplant (BTM), and oncology among others, ramp up from three new hospitals (Lucknow, Nagpur and Dwarka) and with the management's focus on optimisation of higher ARPOB generating payor mix, surgical mix and cluster approach to maintaining its brand in metro cities.

Going forward, amidst significant bed addition plan, sustenance of MHIL's overall performance and growth momentum with addition of new beds going forward as well, is also a key monitorable.

Key weaknesses

Sub-par financial risk profile though expected to improve with announced merger

JHL has negative net worth base due to continued losses for the last five fiscal years ending FY25. MHIL was undergoing Corporate Insolvency Resolution Process under provisions of Insolvency and Bankruptcy Code, 2016 since order dated August 09, 2017, passed by NCLT, Allahabad. MHIL acquired JHL acquisition at an enterprise value of ₹1,660 crore, which was discharged through term loan of ₹1000 crore and rest through internal accruals of Max Healthcare group. The term loan is backed by unconditional and irrevocable corporate guarantee of MHIL. The corporate guarantee also has structured payment mechanism per the applicable regulations.

Capital structure is expected to improve gradually with the improvement in operations. Gradually, with improvement in cash flows, MHIL shall become self-sustainable, and the credit parameters shall also improve, which shall remain monitorable. Though the total debt to PBILD T at standalone level will remain high in the medium term, however, comfort is being drawn from CG by MHIL in case of shortfalls. Overall capital structure at the parent level is envisaged to remain comfortable in the medium term.

With the announced merger of CRL into JHL, which is anticipated to be completed by November 2025, CareEdge Ratings expects synergies to be unlocked which shall support integration of JHL into the MHIL group. While JHL currently depends on group companies for capital expenditure, post-merger, support from parent/group companies is not expected to be required as CRL is a cash-rich company and is expected to generate gross cash accruals of ~₹299 crore in FY26.

Exposure to regulatory and concentration risks

JHL and MHIL operates in a regulated industry that witnessed continuous regulatory intervention in the last couple of years. Regulations such as capping stent prices and knee implants and stricter compliance norms have adversely impacted the company's margin in the past. Such future regulations may have an adverse impact on the group's profitability, and thus, will remain an important monitorable. MHIL believes in the cluster approach and has a significant number of beds in metros, as these metros witness a significant footfall of medical tourist, inherent advantages available in metros such as high per capita income, high insurance penetration and propensity to pay for high-end quaternary care facilities, availability of senior and statured clinical talent, leading to metros becoming regional hubs and higher health awareness. MHIL network has a higher proportion of beds in metro cities compared to other top players, which has helped MHIL clock higher ARPOBs than its peers. The group's concentration in metros including Delhi-NCR and Mumbai is also a significant credit risk, which makes it vulnerable to adverse political, regulatory, or environmental event, impacting socio-economic situation of a particular geography. However, recent efforts have been taken by MHIL to expand the geographically presence in other states as well and in this direction, MHIL has acquired Starlit and Alexis, which are in Lucknow and Nagpur with 550 and 200 beds, respectively.

Intense competition from other established players

With rising preference towards brands, higher quality and organised diagnostics and self-awareness among masses with increasing insurance penetration, there is a high competition in the healthcare sector from other established brands such as Fortis, Apollo, and Medanta among others. However, comfort is drawn from the sizeable presence of Max as a brand and footprint with established position of its hospitals. Going forward, MHIL's prospects will depend on its ability to improve its profitability, continued scale-up of operations, ramp-up of new and acquired units and to manage the competitive pressures in the sector by further diversifying in other geographies or expand through asset-light adjacencies such as 'Max Labs', and Muthoot Dwarka among others.

Liquidity: Adequate

JHL's liquidity profile is supported by strong financial risk profile of its parent, MHIL, and the availability of adequate liquidity. MHIL has extended an unconditional and irrevocable corporate guarantee towards JHL's term loan of ₹1,000 crore (Outstanding balance: ₹997 crore as on March 31, 2025, and ₹991 crore as on June 30, 2025). Repayment obligations are ~₹57 crore in FY26, ~₹111 crore in FY27 and ~₹136 crore in FY28. These will be funded through internal accruals of ~₹50-₹90 crore in FY26-FY28 and the shortfall will be met by the parent or group companies.

CRL is a cash-rich company and is expected to generate gross cash accruals of ~₹299 crore in FY26. Once the announced merger is complete, CareEdge ratings expects the combined entity will be having better accruals with minimal support required from parent or group companies.

Assumptions/Covenants: Annexure 3

Environment, social, and governance (ESG) risks

MHIL's ESG profile supports its already strong credit risk profile. The hospital sector has a low impact on the environment owing to its comparatively lesser water consumption and lower emission due to low energy intensive nature of operations of hospitals. Social impact is moderate because of its large workforce across hospitals and value chain partners. MHIL has continuously focused on mitigating its environmental and social risks.

Environmental:

- MHIL follows sustainable water management practices and follows the Reduce, Reuse, and Recycle (3R) principle and aims to curtail freshwater consumption.

- Established membrane bioreactor (MBR) based sewage treatment plants (STPs) at Max Vaishali, Max Shalimar Bagh and Max Mohali. Ultrafiltration (UF) and other advanced tertiary treatment techniques have been implemented within Sewage Treatment Plants (STPs) to render water suitable for non-potable reuse. Integrated measures to enhance energy efficiency across our facilities, including the implementation of LED lighting, HVAC temperature control systems, day-night sensors, and the optimal utilisation of natural daylight.

Social:

- MHIL organises regular screening programmes for cervical, breast, and oral cancers both within and outside its premises to promote early detection and prevention. Outreach programmes are also organised to provide free examinations to those with limited healthcare access.
- Enables high-quality healthcare services to deprived and tribal communities, and to pilgrims in need. It supported charitable hospitals and contributed towards extension of Swami Vivekanand Charitable hospital at Dharmawala, Dehradun, ensuring the local community has access to necessary healthcare services.

Governance:

- A comprehensive set of policies have been implemented to guide employees, stakeholders, and subsidiaries in their conduct. These policies cover a wide range of critical areas, including ethical practices, anti-corruption measures, prevention of insider trading, workplace safety, and more. As on March 31, 2025, MHIL's board had eight directors comprising one executive director, two non-executive directors and five independent directors including one independent woman director.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Notching by Factoring Linkages in Ratings](#)

[Rating Credit Enhanced Debt](#)

Adequacy of credit enhancement structure:

Guarantee provided by MHIL is unconditional, irrevocable and legally enforceable and binding on guarantor, covering the entire bank facility tenor.

About the credit enhancement provider

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare services	Hospital

MHIL incorporated in 2001 and is primarily engaged in providing healthcare services. Max hospital network consists of 22 multispecialty hospitals / medical centres, super-specialty hospitals and primary care clinics as on March 31, 2025, including three PHFs, Max Saket East (Devki Devi Society), Max Smart Saket (Gujarmal Modi Society) and Max Patparganj (Balaji Society), two hospitals being operated on an O&M basis, viz, BL Kapur (Lahore Hospital Society) and Nanavati and Dwarka Hospital which is an asset light venture. Of this, 15 facilities (hospitals and medical centres) were in Delhi and NCR and the others in Mohali, Punjab (2), Bathinda, Punjab (1), Dehradun, Uttarakhand (1), Lucknow, UP (1), Nagpur (1) and Mumbai (1). MHIL network has ~5,200 operational beds capacity as on June 30, 2025, predominantly operating in Delhi-NCR and Mumbai.

Brief Financials -MHIL Consol (₹ crore)	March 31, 2024(A)	March 31, 2025 (A)	Q1FY26(UA)
Total Operating Income	5,437.14	7,028	2,028

Brief Financials -MHIL Consol (₹ crore)	March 31, 2024(A)	March 31, 2025 (A)	Q1FY26(UA)
PBILDT	1534.95	1848.44	523
PAT	1057.64	1075.88	308
Overall Gearing Ratio (times)	0.29	0.56	NM
Interest Coverage (times)	21.44	11.20	9.5

A: Audited UA: Unaudited; Note: these are latest available financial results, NM; Not material

Brief Financials -MHIL Network (₹ crore)	March 31, 2024(A)	March 31, 2025 (A)	Q1FY26 (UA)
Total Operating Income	6,849	8,667	1,937
PBILDT	1840	2239	479
PAT	1,278	1,336	295

A: Audited UA: Unaudited; Note: these are latest available financial results

*Including three PHFs (Devki Devi Foundation, Gujarmal Modi Hospital & Research Centre and Balaji Medical & Diagnostics Research Centre)
UA: Unaudited

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare services	Hospital

JHL was incorporated on October 30, 2012, as a wholly owned subsidiary of Jaypee Infratech Limited to establish Jaypee Hospitals. JHL has been recently acquired by MHIL for a 100% equity stake in the company, and thus JHL is now a wholly owned subsidiary of MHIL effective from November 11, 2024. The acquisition is based on an enterprise value of ₹1,660 crore, reflecting JHL's strong market position. With the sale of its Hospitals at Bulandshahr and Anoopshahr, JHL currently operates a 500-bedded hospital in Noida.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	420.14	460.19
PBILDT	70.16	50.95
PAT	-94.84	-151.65
Overall gearing (times)	-1.35	-1.94
Interest coverage (times)	0.52	0.63

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	30-09-2031	1000.00	CARE AA+ (CE); Stable
Fund-based - ST-Bank Overdraft		-	-	-	40.00	CARE A1+
Non-fund-based - LT/ ST-BG/LC		-	-	-	40.00	CARE AA-(RWP) / CARE A1+
Un Supported Rating-Un Supported Rating (Long Term)		-	-	-	0.00	CARE AA-(RWP)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (20-Jan-25)	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-24) 2)CARE D (05-Apr-23)	1)CARE D; ISSUER NOT COOPERATING* (28-Mar-23) 2)CARE D (01-Apr-22)
2	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (20-Jan-25)	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-24) 2)CARE D (05-Apr-23)	1)CARE D; ISSUER NOT COOPERATING* (28-Mar-23) 2)CARE D (01-Apr-22)
3	Fund-based - LT-Term Loan	LT	1000.00	CARE AA+ (CE); Stable	-	1)CARE AA+ (CE); Stable (28-Jan-25)	-	-
4	Fund-based - ST-Bank Overdraft	ST	40.00	CARE A1+	-	1)CARE A1+ (28-Jan-25)	-	-

5	Non-fund-based - LT/ ST-BG/LC	LT/ST	40.00	CARE AA- (RWP) / CARE A1+	-	1)CARE AA- ; Stable / CARE A1+ (28-Jan-25)	-	-
6	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE AA- (RWP)	-	1)CARE AA- (28-Jan-25)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Name of the Instrument	Detailed Explanation
A. Financial covenants	
I FACR (Security cover) over 1	over 1.00x. Should the coverage be less than 1.00x, provisions in security clause (Collateral coverage) will be applicable
Financial covenants for MHIL Consol.	
I Net debt/ EBITDA	less than or equal to 3x
II DSCR	over or equal to 1.25x
B. Non-financial covenants	Borrower to route cashflows through the operative account maintained with Axis Bank.

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Complex
2	Fund-based - ST-Bank Overdraft	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple
4	Un Supported Rating-Un Supported Rating (Long Term)	Complex

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated in MHIL

Sr. No.	Name of companies/ Entities	Extent of Consolidation	Rationale for consolidation
1.	Hometrail Buildtech Private Limited	Full	Subsidiary
2.	Crosslay Remedies Limited	Full	Subsidiary
3.	Alps Hospital Limited (Formerly known as Max Hospitals and Allied Services Limited*)	Full	Subsidiary
4.	Max Lab Limited	Full	Subsidiary
5.	Eqova Healthcare Private Limited	Full	Subsidiary
6.	Max Healthcare FZ - LLC, Dubai	Full	Subsidiary
7.	MHC Global Healthcare (Nigeria) Limited	Full	Subsidiary
8.	Alexis Multi-Speciality Hospital Pvt Ltd	Full	Subsidiary
9.	Starlit Medical Centre Private Limited	Full	Subsidiary
10.	Jaypee Healthcare Limited	Full	Subsidiary
11.	Dr. B.L. Kapur Memorial Hospital (Lahore Hospital Society)	Full	Silos; Operational and Financial Linkages

Sr. No.	Name of companies/ Entities	Extent of Consolidation	Rationale for consolidation
12.	Dr. Balabhai Nanavati	Full	Silos; Operational and Financial Linkages
13.	Muthoot Max Hospital, Dwarka	Full	Silos; Operational and Financial Linkages

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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