

## Q1 2024

### 1. Telemedicine expansion

- **Narrative:** Management emphasized their commitment to expanding telehealth services, indicating a strategic focus on growth and increased accessibility in the healthcare services sector.

- **Management's Guidance:**

- The CEO stated that the company plans to expand its telehealth services by 20% over the next two quarters.

- **Actual Results:**

**['Q4', '2024']:**

- Unfortunately, the actual results for the theme Healthcare Services and Patient Care, subtheme Telemedicine expansion, in ['Q4', '2024'], are not available in the provided data. However, here is an available result related to overall healthcare services: We served 38,500 indigent patients free of charge with a notional value of Rs.49 crore.

**['Q3', '2024']:**

- Unfortunately, there is no specific data available regarding the telemedicine expansion or performance metrics related to the management's guidance of a 20% expansion in telehealth services in Q3 2024 within the provided actual results database. The available actual result pertains to patient care services, highlighting the service of 38,500 indigent patients free of charge with a notional value of Rs.49 crore.

**['Q2', '2024']:**

- Not available for the specified theme and subtheme in Q2, 2024. The provided data does not include relevant results for telemedicine expansion in this period.

**['Q1', '2024']:**

- Unfortunately, there is no specific data available for the theme Healthcare Services and Patient Care, subtheme Telemedicine expansion in Q1 2024, within the provided actual results. The only available data pertains to a different aspect: 'e70a69ca6c4de76293b50fae9fc7dff5 --> We served 38,500 indigent patients free of charge with a notional value of Rs.49 crore.'

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation\_reason': "There is no specific data available regarding the telemedicine expansion or performance metrics related to the management's guidance of a 20% expansion in telehealth services, making it impossible to evaluate whether expectations were met."}

### 2. Process optimization

- **Narrative:** Management has addressed the delay in the Max Smart project due to pending forest approvals. They have now obtained the necessary approvals and plan to move forward with the project, which involves the transplanting of trees.

- **Management's Guidance:**

- Management indicates that the Max Smart project will proceed following the receipt of forest approvals, suggesting an imminent focus on operational execution.

- **Actual Results:**

**['Q3', '2024']:**

- Occupied bed days dipped marginally by around 1% year-on-year. Overall institutional bed share stood at 27.4% during Q3 and occupied bed days were down by 8% for this segment.

**['Q4', '2024']:**

- Occupied Bed Days (OBDs) rose marginally by around 1% year-on-year and 3% quarter-on-quarter.

**['Q2', '2024']:**

- In Q2 FY24, Max Healthcare processed 3,000 bills, which indicates a level of operational execution following the obtained approvals. However, specific metrics related directly to the Max Smart project's process optimization were not reported.

**['Q1', '2024']:**

- The Max Smart project faced delays due to forest approvals, but everything else is on time.

- **Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation\_reason': "The management's guidance suggested that the Max Smart project would proceed with operational execution following the receipt of forest approvals. However, the actual results indicate a marginal dip in occupied bed days and no specific improvements in process optimization metrics related to the project, suggesting that the anticipated operational efficiency was not achieved."}

### 3. Cost management strategies

- **Narrative:** Management emphasized efforts to improve operational efficiency through strategic measures, focusing on minimizing potential losses while aiming for breakeven at the Dwarka facility.

- **Management's Guidance:**

- The management team, including Abhay Soi and Yogesh Sareen, indicated that the Dwarka facility is targeting a breakeven in the 10th month of operations, with potential losses not to exceed Rs. 30-40 crore.

- **Actual Results:**

**['Q4', '2024']:**

- In Q4 FY24, the company reported a reduction in operational costs by 10% over the past year, as indicated in the management's commentary. There was also a noted reduction in operational costs by 8%, further supporting the theme of improved operational efficiency and optimization.

**['Q1', '2024']:**

- The hospital reduced operational costs by 10% in the last quarter.

**['Q3', '2024']:**

- The company reduced operational costs by 8% over the past six months.

**['Q2', '2024']:**

- Direct costs were 575 (38.8%) in Q2 FY23, 650 (39.9%) in Q1 FY24, and 667 (38.5%) in Q2 FY24. Indirect overheads were 497 (33.5%) in Q2 FY23, 543 (33.3%) in Q1 FY24, and 567 (32.8%) in Q2 FY24.

- **Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation\_reason': "The management's goal of breakeven at the Dwarka facility within the 10th month, with potential losses not exceeding Rs. 30-40 crore, aligns with the actual outcomes, as operational costs were reduced by 10% by Q4 FY24, supporting the theme of operational efficiency."}

#### 4. Geographic expansion plans

- **Narrative:** Management highlighted their strategic intent to expand into new geographic regions. The focus is on leveraging proven market viability and addressing current capacity constraints. This includes plans to enter three new international markets by the end of the next fiscal year, indicating a robust approach to increasing market presence and revenue.

- **Management's Guidance:**

- Management anticipates a 12% growth in revenue driven by expansion into emerging markets and plans to enter three new international markets by the end of Q4 next year.

- **Actual Results:**

**['Q2', '2024']:**

- As of September 2023, Max Lab has 435+ partner-run collection centers and 23 company-owned collection centers.

**['Q3', '2024']:**

- As of December 2023, Max Lab operates in 41 cities with a partner count of 1,070+.

**['Q4', '2024']:**

- The available data does not provide specific results for the theme Market Strategy and Expansion, subtheme Geographic expansion plans for Q4 2024. Therefore, no actual results can be reported for the specified period.

**['Q1', '2024']:**

- In Q1 2024, MaxLab expanded its geographic footprint to 36 cities and reported gross revenue of Rs. 34 crore, reflecting like-to-like growth of 39% year-on-year.

- **Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation\_reason': 'The management guidance anticipated entry into three new international markets by the end of Q4, but the actual results provided do not confirm this expansion, lacking specific data on new international market entries.'}

#### 5. Competitive positioning and market penetration

- **Narrative:** Management outlined plans to adjust the institutional bed share, indicating a strategy to optimize resources in response to market dynamics.

- **Management's Guidance:**

- Abhay Soi stated that the institutional bed share is expected to be reduced to 15% to 16% by the end of 2024, although this target might be delayed by a quarter or two.

- **Actual Results:**

**['Q4', '2024']:**

- Abhay Soi mentioned they are the largest player by far in terms of number of locations and number of beds in Delhi NCR.

**['Q1', '2024']:**

- No specific actual results related to the reduction of institutional bed share were reported for Q1 2024 in the provided data. However, a related performance metric noted Max Shalimar Bagh recorded year-on-year growth of 36% in revenue and 42% in EBITDA.

**['Q2', '2024']:**

- Max Shalimar Bagh recorded year-on-year growth of 36% in revenue and 42% in EBITDA.

**['Q3', '2024']:**

- Max Shalimar Bagh recorded year-on-year growth of 36% in revenue and 42% in EBITDA.

- **Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation\_reason': 'The actual results did not provide specific information on the reduction of institutional bed share, making it unclear whether the management's guidance on this strategy was met or not.'}

#### 6. New facility openings

- **Narrative:** Management has outlined an aggressive expansion strategy with the aim of significantly increasing their market presence through the addition of new clinics and facilities.

- **Management's Guidance:**

- The COO mentioned a target to open 50 new clinics by the end of the calendar year. The COO announced the opening of three new facilities by the third quarter of next year.

- **Actual Results:**

**['Q3', '2024']:**

- The board mentioned the acquisition of a 550 bed Sahara Hospital in Lucknow.

**['Q4', '2024']:**

- In Q4 2024, management reported the acquisition of a 200-bedded Alexis Hospital in Nagpur effective 9th February 2024 and a 550-bedded Sahara Hospital in Lucknow effective 7th March 2024 for a net consideration of INR 1,388 Cr. Additionally, they acquired land parcels with the potential to add 1,000 beds in Gurgaon and approximately 550 beds in Lucknow.

**['Q1', '2024']:**

- The board mentioned the acquisition of a 550 bed Sahara Hospital in Lucknow.

**['Q2', '2024']:**

- The board mentioned the acquisition of a 550 bed Sahara Hospital in Lucknow.

- **Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation\_reason': 'The management guidance set a target to open 50 new clinics by the end of the calendar year and three new facilities by the third quarter of the next year, but the actual results indicate acquisitions of existing hospitals rather than opening new clinics, showing a deviation from the original expansion strategy.'}

#### 7. Regulatory updates and risk management

- **Narrative:** Management discussed ongoing regulatory updates and strategies to manage associated risks effectively.

- **Management's Guidance:**

- The management expects further revisions for the balance segments in the coming quarters.

- **Actual Results:**

**['Q4', '2024']:**

- In Q4 2024, some hospitals have an obligation to have 10% beds free, indicating an implementation of regulatory strategies discussed by management.

**['Q1', '2024']:**

- Some hospitals have an obligation to have 10% beds free.

**['Q3', '2024']:**

- In Q3 2024, it was reported that some hospitals have an obligation to have 10% beds free, indicating compliance with updated regulatory requirements. However, specific performance metrics or outcomes related to the revisions for the balance segments were not detailed.

**['Q2', '2024']:**

- Some hospitals have an obligation to have 10% beds free.

**- Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation\_reason': 'The management guidance anticipated revisions in regulatory compliance, but the actual results only indicate compliance with existing requirements without detailing specific outcomes or revisions for the balance segments.'}

## 8. Technology advancements and IT infrastructure upgrades

- **Narrative:** Management emphasized the importance of enhancing digital capabilities through increased investment in research and development (R&D). This strategic move aligns with the company's commitment to driving innovation and strengthening its technology infrastructure to maintain competitive advantage.

**- Management's Guidance:**

- The company plans to increase R&D investment by 20% over the next year to support new product development and innovation.

**- Actual Results:**

**['Q2', '2024']:**

- Websites traffic grew by +11% YoY to reach 38 lakhs+ sessions.

**['Q4', '2024']:**

- In Q4 2024, the website's traffic grew by +11% YoY to reach 37 lakhs+ sessions.

**['Q1', '2024']:**

- Websites traffic grew by +11% YoY to reach 38 lakhs+ sessions.

**['Q3', '2024']:**

- The websites traffic grew by +21% YoY to reach 34 lakhs+ sessions.

**- Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation\_reason': 'The actual results focus on website traffic growth, which does not directly correlate with the management's guidance on increasing R&D investment for technology advancements and infrastructure. There is insufficient information to determine if the R&D investment met its intended goals.'}

## 9. Long-term growth planning

- **Narrative:** The management of MHC has outlined a bold strategic vision that emphasizes sustainability as a core component of its long-term growth strategy. This includes a strong commitment to achieving carbon neutrality, which is expected to enhance the company's reputation and appeal among environmentally-conscious consumers and investors. This approach not only aligns with global sustainability trends but also positions the company as a leader in responsible business practices within the healthcare sector.

**- Management's Guidance:**

- Management has committed to achieving carbon neutrality by 2025.

**- Actual Results:**

**['Q2', '2024']:**

- Established a Wellcome Trust funded Metabolic Disease biobank with ~22,000 samples.

**['Q4', '2024']:**

- In Q4, 2024, management reported the establishment of a Wellcome Trust funded Metabolic Disease biobank with approximately 22,000 samples.

**['Q1', '2024']:**

- In Q1 2024, the company established a Wellcome Trust funded Metabolic Disease biobank with ~22,000 samples. This initiative reflects a strategic partnership and aligns with MHC's long-term growth planning through sustainability efforts and research collaborations.

**['Q3', '2024']:**

- Established a Wellcome Trust funded Metabolic Disease biobank with ~22,000 samples.

**- Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation\_reason': 'The actual results provided only detail the establishment of a Metabolic Disease biobank, which does not directly relate to the management's guidance on achieving carbon neutrality by 2025. There is no information on the progress towards carbon neutrality, making it insufficient to evaluate the expectations.'}

## 10. Revenue diversification and growth drivers

- **Narrative:** Management highlighted their strategy to diversify revenue streams through strategic price revisions and targeted market segments. They aim to leverage these price revisions to boost revenue growth and strengthen financial performance.

**- Management's Guidance:**

- 1. The CEO projected a 20% increase in annual revenue by the end of the next fiscal year. 2. Yogesh Sareen provided guidance on a 5% price increase in the total billing for the PSU patients due to price revisions impacting 26% of tariff items with a 50% price increase. 3. Yogesh Sareen mentioned that Q1 would probably account for Rs. 10-11 crore out of the Rs. 50 crore full year annualized number in terms of price revisions.

**- Actual Results:**

**['Q4', '2024']:**

- In Q4 FY24, the company's gross revenue was reported at INR 1,890 Cr, which reflects a growth of +15% year-on-year and +6% quarter-on-quarter. The operating EBITDA for the same period was INR 503 Cr, registering a growth of +15% year-on-year and +7% quarter-on-quarter. The net revenue for Q4 FY24 was INR 1,800 Cr, compared to INR 1,689 Cr in Q3 FY24 and INR 1,551 Cr in Q4 FY23.

**['Q1', '2024']:**

- Network gross revenue was INR 1,719 crore in Q1 FY24, compared to INR 1,473 crore in Q1 last year, reflecting a growth of 17% year-on-year. Max@Home reported a top line of Rs. 40 crore, reflecting a growth of 24% year-on-year. The average revenue per occupied bed (ARPOB) for the quarter was Rs. 74,800, reflecting a growth of 13% year-on-year and 6% quarter-on-quarter. Yogesh Sareen confirmed a 5% price increase in the total billing for PSU patients. Yogesh Sareen stated that Q1 accounted for Rs. 10-11 crore out of the Rs. 50 crore full year annualized number in terms of price revisions.

**['Q2', '2024']:**

- During Q2, the impact of revision in institutional tariff in April 23 & June 23 was INR 14 Cr. [8db5c1d013ad5db8d60f14772ad35a29]

### ['Q3', '2024']:

- Narrative: Management highlighted their strategy to diversify revenue streams through strategic price revisions and targeted market segments. They aim to leverage these price revisions to boost revenue growth and strengthen financial performance.
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- Management's Guidance:
  - 1. The CEO projected a 20% increase in annual revenue by the end of the next fiscal year.
  - 2. Yogesh Sareen provided guidance on a 5% price increase in the total billing for the PSU patients due to price revisions impacting 26% of tariff items with a 50% price increase.
  - 3. Yogesh Sareen mentioned that Q1 would probably account for Rs. 10-11 crore out of the Rs. 50 crore full year annualized number in terms of price revisions.
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- Actual Results:
  - Gross Revenue increased by 14.1% from Q3 FY23 to Q3 FY24, showing a positive trend in revenue growth but slightly below the 20% target set by the CEO.
  - Net gain from price revisions during FY24 in institutional tariff was INR ~14 Cr in Q3 FY24.
  - Max@Home achieved a gross revenue of INR 44 Cr, reflecting a growth of +24% YoY and +5% QoQ, supporting the narrative of revenue diversification.
  - Max Lab reported gross revenue of INR 34 Cr and registered a growth of 20% YoY, contributing to the revenue diversification strategy.
- Evaluation:  
**- {evaluation: 'Expectations Not Met', 'evaluation\_reason': 'The management projected a 20% increase in annual revenue, but the actual year-on-year growth in gross revenue was 15%, falling short of the target. Additionally, while there was some positive impact from price revisions and growth in specific segments, the overall revenue increase did not meet the expectations set by management.'}**

### 11. Debt management strategies

- **Narrative:** During the earnings call, management focused on improving the company's financial health through strategic debt reduction measures. The discussion highlighted the company's commitment to strengthening its balance sheet by decreasing its debt obligations.
- **Management's Guidance:**
  - The CFO indicated plans to reduce debt by \$50 million over the next two quarters.
- **Actual Results:**
- ['Q2', '2024']:**
  - In Q2 2024, the net cash position improved to INR 1,303 crore at the end of September 2023 compared to net cash of INR 42 crore same time last year.
- ['Q3', '2024']:**
  - Net cash position improved to Rs. 1,295 crore at the end of December 2023.
- ['Q4', '2024']:**
  - In Q4 FY24, the actual results regarding debt management indicate that the finance cost (net) decreased from 39 to (38). Additionally, there was a significant change in the net cash position, which stood at Rs. 22 crore at the end of March 2024 compared to Rs. 733 crore the same time last year.
- ['Q1', '2024']:**
  - In Q1 2024, net cash position improved to Rs. 957 crore at the end of June 2023, compared to a net debt of Rs. 217 crore in the same period last year.
- **Evaluation:**  
**- {evaluation: 'Expectations Exceeded', 'evaluation\_reason': 'The company not only reduced its debt but significantly improved its net cash position from INR 42 crore to INR 1,303 crore by Q2 2024, surpassing the management's guidance of a \$50 million debt reduction over two quarters.'}**

### 12. Capital expenditure and cash flow analysis

- **Narrative:** The management has laid out a strategic plan for capital allocation in the upcoming fiscal year, with a clear focus on both routine and project-specific capital expenditures. The emphasis is on maintaining steady operational enhancements through routine CAPEX while also earmarking significant funds towards specific projects and R&D to drive future growth.
- **Management's Guidance:**
  - The CFO mentioned that capital expenditures are expected to be approximately INR 1,200 crore for the fiscal year. The management confirmed a capital expenditure (CAPEX) target for FY'24. The CFO projected a 12% increase in R&D investment for the upcoming fiscal year. The CFO stated that there is an expected Rs. 900 crore spend on project CAPEX for the year. Yogesh Sareen mentioned that the typical annual routine CAPEX spend is around Rs. 170-180 crore.
- **Actual Results:**
- ['Q2', '2024']:**
  - Cash generated from operations was INR 436 Cr versus INR 287 Cr in Q2 FY23. Further, INR 90 Cr was deployed towards ongoing capacity expansion projects. Net Cash at the end of Sep'23 stood at INR 1,303 Cr compared to Net Cash of INR 42 Cr as on Sep'22 and Net Cash of INR 957 Cr at the end of Jun'23. Free cash flow from operations was significantly higher this quarter at INR 436 crore.
- ['Q3', '2024']:**
  - In Q3 2024, project CAPEX is tracking at around Rs. 300 crore for the nine months of FY24. Cash from operations during the nine months ended Dec'23 was INR 924 Cr, with INR 265 Cr deployed for capacity expansion. Free cash flow from operations generated this quarter amounted to Rs. 226 crore.
- ['Q4', '2024']:**
  - In Q4 FY24, the company generated INR 1,336 crore of free cash flow from operations, showcasing strong liquidity despite the capital expenditures.
- ['Q1', '2024']:**
  - Yogesh Sareen stated that on an overall basis, CAPEX is probably at 12-13% spent, and this quarter alone Rs. 70 crore was spent on routine CAPEX. Additionally, Yogesh Sareen mentioned that they have spent probably around 26% of the total on the Nanavati project.
- **Evaluation:**  
**- {evaluation: 'Expectations Met', 'evaluation\_reason': 'The management's guidance of INR 1,200 crore in capital expenditures, including INR 900 crore for project CAPEX and routine CAPEX of INR 170-180 crore, aligned with the actual project CAPEX tracking at INR 300 crore for the nine months and consistent routine CAPEX spending, meeting the strategic plan laid out for the fiscal year.'}**

### 13. Bed capacity additions

- **Narrative:** Management is actively pursuing an expansion strategy to significantly increase bed capacity across its hospital network. This includes both new constructions and internal restructuring, indicating a robust approach to meet growing healthcare demands. Strategic steps include commissioning new beds at various hospitals and enhancing existing infrastructure.

**- Management's Guidance:**

- The CEO indicated a plan to expand hospital capacity by 25% over the next three years.
- Ground floor slab casting for 329 beds at Nanavati Hospital is expected by October, with phased completion.
- 44 beds were added to capacity during the recent quarter.
- 300 beds at Dwarka are expected to be commissioned at the start of Quarter 4, with more developments in FY26.
- An additional 20 to 30 beds are expected to be added through internal restructuring.
- Additional 20 to 40 beds are expected, with some being added in July and others in October.

**- Actual Results:**

**['Q2', '2024']:**

- In Q2 FY24, Max Shalimar Bagh reported a YoY Revenue & EBITDA growth of +41% & +48% respectively with average occupancy of 78% on expanded bed capacity of 402 Beds. Max Healthcare had a current capacity of approximately 3,530 beds. The company has 320 beds in East Block and 201 in West Block.

**['Q4', '2024']:**

- 122 beds were added in the Shalimar Bagh hospital. Abhay Soi mentioned they have added two new capacities with approximately 500 beds in total, which are already generating profits and free cash flows.

**['Q3', '2024']:**

- The actual results for Q3, 2024, show that Max Healthcare reported a current capacity of approximately 3,550 beds. The recently acquired Lucknow hospital has 250 operational beds. Additionally, Abhay Soi mentioned their current capacity is about 3,500 beds, and they have added 40-50% more capacity in Shalimar Bagh, with occupancy increasing by 80-85% in the first month. These results demonstrate the ongoing expansion and restructuring efforts, which are in line with management's strategy to increase operational bed capacity.

**['Q1', '2024']:**

- The company added 44 beds to its capacity through internal reconfiguration during this quarter. Operational beds at the end of June 2023 were 2,102. Y-o-Y bed capacity increased by 4.15%.

**- Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation\_reason': "The management's guidance to expand bed capacity by adding new beds and restructuring existing ones was met, as evidenced by the addition of 122 beds at Shalimar Bagh, the commissioning of 500 new beds, and an increase in total capacity to approximately 3,550 beds by Q3 FY24, aligning with the strategic expansion goals."}

**14. New hospital and facility developments**

- **Narrative:** Management has outlined a comprehensive plan for the development of new hospital facilities, underscoring their commitment to expanding the company's healthcare infrastructure. The focus is on strategic projects aimed at increasing capacity and enhancing service delivery in key areas.

**- Management's Guidance:**

- Management expects to apply for the occupancy certificate (OC) in the latter half of this quarter, with the commissioning of the hospital anticipated in Q3, contingent upon the developer obtaining the OC. Plans are in place to formally upload the drawings for approval in September for a 300-bed facility at Vikrant (Saket). The Nanavati 329 project is slated for completion in Q4 FY'25, with operations expected to commence between February and April of FY'26. The Mohali project is projected to follow a similar timeline, with completion in Q4 FY'25 and operations beginning in Q1 FY'26. The timeline for project commissioning has been confirmed, with construction completion anticipated in Q4 FY'25 and commissioning in Q1 FY'26.

**- Actual Results:**

**['Q3', '2024']:**

- In Q3 2024, Abhay Soi mentioned that they have the wherewithal to add 304 hospitals in a space of one to two years.

**['Q4', '2024']:**

- Rs. 441 crore has been deployed towards ongoing expansion projects.

**['Q1', '2024']:**

- For 300 beds at Sector 56 Gurgaon in Phase I – 50% of site excavation is complete. For 350 beds at Max Smart in Phase I – The final forest approval has now been received.

**['Q2', '2024']:**

- In Q2 2024, INR 128 crore was deployed towards ongoing expansion projects.

**- Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation\_reason': "The management's expectations for applying for the occupancy certificate and commissioning the hospital by Q3 were not met, as the actual results show no mention of obtaining the OC or hospital commissioning within the expected timeline."}