Q2 2022

1. Capacity Expansion and Greenfield/Brownfield Projects
- **Narrative:** Management extensively discussed significant capacity expansion plans, primarily through both greenfield and brownfield projects. These expansions are strategically located in metro areas to maximize impact. The projects are substantial, involving considerable investment and phased rollouts over several years.
- **Management's Guidance:**
- Significant capacity expansion is planned over the next three to four years, costing over Rs. 3,500 crore, funded internally. The Max Saket Complex expansion, a multi-phased project, will add approximately 600 beds by FY27. Expansion in Mohali will add 190 beds, with work starting in Q4 FY22 and completion expected in Q3 FY24. Another 500 beds are planned by FY26, with an additional 500 beds post FY28. The first phase of Max Saket (350 beds) is expected by FY25, and the second phase (250 beds) by FY27. Approximately 95% of the increased capacity will be metro-centric. This expansion is expected to be ROCE accretive.
- **Actual Results:**
['Q4', '2022']:
- No actual results for Q2 2022 are provided in the given data.
['Q2', '2023']:
- No actual results for Q2 2022 capacity expansion are provided in the data.
['Q2', '2022']:
- No specific actual results for capacity expansion are provided in the Q2 2022 data. However, citations [4d91249f4c2c15e692003131c97894d0] mentions that INR 93 Cr was deployed to secure three prime locations in NCR with potential to add ~1,500 beds, indicating progress on expansion plans.
['Q3', '2022']:
- No actual results for this theme are available in the provided Q3 2022 data.
- **Evaluation:**
- {'evaluation': 'Partially Met expectations', 'evaluation_reason': 'While Q2 2022 data lacks specific details on bed additions, the allocation of INR 93 crore towards securing land for future expansion indicates progress towards the planned capacity increase, although the extent of achievement is limited by the lack of concrete data for the quarter.'}

2. Financial Performance and EBITDA Improvement
- **Narrative:** Management highlighted strong EBITDA performance, driven by pricing improvements resulting from capacity displacement. They also projected substantial free cash flow generation.
- **Management's Guidance:**
- Significant EBITDA improvement is expected over the next couple of years due to pricing strategies. A 40% better pricing is anticipated leading to an 85% increase in EBITDA. Current EBITDA per bed is Rs. 55 lakhs at 75% occupancy (81% at quarter-end). Free cash flow generation is expected to exceed Rs. 5,000-6,000 crore over the next four to five years. Free cash flow projections from FY22 to FY26 are estimated at approximately Rs. 3800 crore.
- **Actual Results:**
['Q4', '2022']:
- In Q4 FY22, gross revenue was INR 1,298 Cr, operating EBITDA was INR 304 Cr, and PAT was INR 172 Cr. FY22 gross revenue was INR 5,509 Cr and operating EBITDA was INR 1,390 Cr. Note that this data is from Q4 FY22, not Q2 FY22.
['Q2', '2023']:
- In Q2 FY23, Network gross revenue reached INR 1,567 Cr (a 6% QoQ and 17% YoY increase). Operating EBITDA was INR 410 Cr (11% QoQ and 22% YoY growth). EBITDA per bed (annualized) reached INR 64.3 Lakhs (17% YoY and 4% QoQ growth). The company became net cash positive with INR 42 Cr net cash at the end of Q2 FY23 compared to a net debt of INR 217 Cr at the end of Q1 FY23.
['Q2', '2022']:
- Q2 FY22 gross revenue was INR 1,434 Cr [4d91249f4c2c15e692003131c97894d0, b148f6057bd270af2eee341a6f9cef9d]. Operating EBITDA for Q2 FY22 was INR 362 Cr [4d91249f4c2c15e692003131c97894d0, 6826891e85a2213d35ea5823744ad6ab]. EBITDA per bed reached Rs. 55 lakhs at 75% occupancy [a59bfb8277fba5cef595f829b22fe55e, eab8d92f44242f311c44e10fe3315527]. Cash from operations during Q2 FY22 was INR 294 Cr [4d91249f4c2c15e692003131c97894d0, eab8d92f44242f311c44e10fe3315527].
['Q3', '2022']:
- Q3 FY22 saw Gross revenue of INR 1,392 Cr (c52bae160ccc7c1005772bb153c52166), Operating EBITDA of INR 364 Cr (c52bae160ccc7c1005772bb153c52166), and PAT of INR 252 Cr (c52bae160ccc7c1005772bb153c52166). Further details on free cash flow are not available in the provided Q3 2022 data.
- **Evaluation:**
- {'evaluation': 'Met expectations', 'evaluation_reason': 'The Q2 2022 actual results for gross revenue, operating EBITDA, and cash from operations align with the general expectation of strong financial performance and EBITDA improvement as projected by management.'}

3. International Patient Revenue and Digital Initiatives
- **Narrative:** Management addressed the recovery of international patient revenue post-COVID and outlined plans for a new proprietary digital app.
- **Management's Guidance:**
- International patient revenue, currently at 50% of pre-COVID levels, is expected to reach pre-COVID levels by the end of the financial year, driven by increased flight availability and government initiatives. A proprietary digital app is planned for launch by the end of the financial year to increase digital footfall and improve patient experience. A reduction in institutional business from 35% to 15-20% is targeted over the next two to three years.
- **Actual Results:**
['Q4', '2022']:
- In Q4 FY22, international patient footfalls normalized to ~90% of pre-Covid levels in March 2022. Note that this relates to March 2022, which falls within Q4 FY22, not Q2 FY22.
['Q2', '2023']:
- In Q2 FY23, international patient revenue improved by 16% QoQ and reached ~110% of pre-COVID normal levels. Institutional revenue share dropped to 16% compared to 23% the previous year.
['Q2', '2022']:
- International patient revenue reached 50% of pre-COVID levels by the end of Q2 FY22 [b9eb17754d9efd601974bc71eb281e66]. Digital revenue through online

marketing and web-based appointments stood at INR 157 Cr (~11% of overall revenues); video consults were ~20,000 [e09869be03187dbf0ae840246861fe31].

['Q3', '2022']:

- No specific actual results for international patient revenue or digital app performance are available in the provided Q3 2022 data.

- **Evaluation:**

- **{'evaluation': 'Met expectations', 'evaluation_reason': "The actual results for international patient revenue in Q2 2022 precisely matched management's guidance, indicating that the recovery was on track as planned."}**

4. Patient Satisfaction

- **Narrative:** Management expressed a commitment to improving patient satisfaction scores and reducing wait times.

- **Management's Guidance:**

- A target of 90% patient satisfaction score is set for the end of the year. A 15% reduction in patient wait times is aimed for over the next six months.

- **Actual Results:**

['Q4', '2022']:

- No actual results for Q2 2022 are provided in the given data.

['Q2', '2023']:

- No specific Q2 2022 patient satisfaction data is provided in the actual results data. However, in Q2 2023, patient satisfaction scores increased by 15% compared to the previous quarter.

['Q2', '2022']:

- No specific Q2 2022 actual results for patient satisfaction scores or wait times are provided in the data. However, occupancy reached 81% by the end of October [aa84eb463fbb3dab382d582eb3accbbd, 999bad2ef9a5d71372c748e61696e29c, c1bcd6af5edd72a3ab3c1a7e457a8e73], which may indirectly reflect on patient satisfaction.

['Q3', '2022']:

- Q3 FY22 data shows a 7% QoQ reduction in OP consults, to 5.4 lakhs, due to seasonal factors and reduced institutional patient footfalls (263fe3fdeda89e16d5a65173391709d2). No specific data on overall patient satisfaction scores are available.

- **Evaluation:**

- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': "The provided data for Q2 2022 lacks specific metrics on patient satisfaction scores and wait times, making it impossible to assess performance against management's expectations."}