

Q2 2021

1. Financial Performance

- **Narrative:** Analysis of key financial metrics including revenue growth rate, operating margin, EBITDA margin, Return on Equity (ROE), and Free Cash Flow Yield.

- **Management's Guidance:**

- Management expected improved Q3 2021 performance compared to Q3 2020. Oncology business growth was significant. Cost-saving programs were underway, targeting Rs. 100 crore, with Rs. 65 crore expected to impact FY21. A Gurgaon hospital, after eliminating Institutional business, achieved a 25% EBITDA margin pre-COVID. The company aimed for a debt-to-EBITDA ratio of around 3x. With a capital allocation of Rs. 3,600 crore, a ROCE in the mid-to-high 20s was projected under normal circumstances, and 25-30% ROCE on an incremental basis for brownfield projects. Structural cost savings were expected to be sustained.

- **Citations:**

- [67003ba84bd7a0af936f92c1f8c986da](#)
- [e0978ff358011bc854e5c1893194537d](#)
- [ec76ef3a424002601990fc930052fc89](#)
- [febce5a15aebcc52839fbfc25ea2b732](#)
- [f0669e5f93ae39b3c3487ae19d4b7d07](#)
- [589e7898e8f132166ab6a4001af666d8](#)
- [fc672956c7abefc34d295b211895fdb0](#)
- [53bcca4aad1a36f79a9903f501f637c2](#)
- [4b0de6dcae156c81e70c96c2d7c0d7ad](#)

- **Actual Results:**

['Q4', '2021']:

- In Q4 2021, gross revenue was INR 1,159 crore (a 5% YoY increase and similar to Q3 FY21). Operating EBITDA margin was 24.1% (up from 15.5% in Q4 FY20 and 23.2% in Q3 FY21). Operating EBITDA for Q4 FY21 was INR 263 crore (a 68% YoY increase and a 4% QoQ increase). Net debt reduced by INR 1,323 crore to INR 544 crore as of March 31, 2021. Over Rs. 140 crore in operating cash flows were generated post CAPEX and interest costs, used to repay debt. The network operating EBITDA grew by 8% to Rs.636 crore despite lower revenues.

- **Citations:**

['Q2', '2022']:

- In Q2 2022, gross revenue reached INR 1,434 crore (a 52% YoY increase). Operating EBITDA was INR 362 crore (+153% YoY). Pre-tax ROCE improved to 32.0%. Cash from operations reached INR 294 crore. ARPOB (excluding Covid-19 revenue and Max Lab operations) reached INR 59,000 (+27% YoY). PAT was INR 207 crore.

- **Citations:**

- [4d91249f4c2c15e692003131c97894d0](#)
- [b148f6057bd270af2eee341a6f9cef9d](#)
- [6826891e85a2213d35ea5823744ad6ab](#)
- [eab8d92f44242f311c44e10fe3315527](#)
- [478f36be475768d618132feeb43bf222](#)

['Q2', '2021']:

- Q2 FY21 gross revenue was INR 932 Cr (a 53% increase over Q1 FY21, but a 17% decrease year-on-year). The operating EBITDA margin was 16.2% (higher than the same quarter last year). Operating EBITDA was INR 143 Cr. The company's net debt, inclusive of put options, stood at Rs. 1,988 crore. They reduced net debt by Rs. 128 crore during the quarter. Oncology business growth was significant, with a 28% increase in Q2 over Q1. A pre-COVID 25% EBITDA margin was achieved in a Gurgaon hospital after eliminating Institutional business.

- **Citations:**

- [599d2334fdb633735642b039eb4dbf4](#)
- [a2a2fa87a314faf5b35ccfad1155ae91](#)
- [9ad521b741832ec520b79af42e5dedb8](#)
- [ec76ef3a424002601990fc930052fc89](#)
- [2c2956d36313bfad2b33fe27c627091](#)
- [fc672956c7abefc34d295b211895fdb0](#)

['Q3', '2021']:

- In Q3 2021, gross revenue was Rs. 1,160 crore (a 6% YoY and 24% QoQ growth). Operating EBITDA was Rs. 253 crore (a 76.5% YoY increase). ROCE was 12.4%. Net debt was reduced by Rs. 121 crore to Rs. 1,867 crore by December 31st, 2021. The company was generating approximately Rs. 500 crore annually in free cash flow.

- **Citations:**

- [e773cb4b8ef90fe53e2b8687bbb103fa](#)
- [ace22dac185351904d55334180dcb6e5](#)
- [7c8326bf5436b8d455db47c21d0dfbb8](#)
- [06dd9c0de1989d329437b0327df89eb0](#)

- **Evaluation:**

- {'evaluation': 'Partially Met expectations', 'evaluation_reason': 'While oncology growth exceeded expectations and the Gurgaon hospital met the pre-COVID EBITDA margin target, overall revenue decreased year-on-year, failing to meet the implied expectation of overall improvement. Debt reduction was positive but didn't significantly alter the high debt-to-EBITDA ratio.'}

2. Market Position and Competition

- **Narrative:** Analysis of market share, pricing strategies, and competitive landscape.

- **Management's Guidance:**

- Medical tourism had returned to 20-25% of pre-COVID levels by September 2021 and was expected to increase. A significant portion of the business (36%) was projected to decrease to approximately 15% over the next three years due to payor mix changes. Price revisions had begun in Q2 2021, with a full impact

expected in Q4 2021, except for discharge-related pricing.

Citations:

- [6429a212aa0da34387dddb8034afe3d6](#)
- [4a9e5335365446096ae616864014423d](#)
- [b674b1b8ad2841788800f23e4c5f96c1](#)

- Actual Results:

['Q4', '2021']:

- In Q4 2021, Max Healthcare and Radiant merged, creating India's second-largest healthcare chain by revenue.

Citations:

- [a43b606579c8f898969eef2563dc0654](#)

['Q2', '2022']:

- In Q2 2022, medical tourism reached 50% of pre-COVID levels by the end of the quarter. Oncology represented about 14% of total sales. Max Lab added 140 channel partners, increasing the active partner count to 600.

Citations:

- [b9eb17754d9efd601974bc71eb281e66](#)
- [2960548f0898ef385d8f17297129fb65](#)
- [6826891e85a2213d35ea5823744ad6ab](#)
- [2948d143b0ad9f4b38718b8ff5d30788](#)

['Q2', '2021']:

- By the end of September 2021, medical tourism had recovered to 20-25% of pre-COVID levels. Non-COVID tower specialties were operating at 80-90% of pre-COVID levels. Price revisions started flowing in during Q2, with further revisions from November 15th.

Citations:

- [6429a212aa0da34387dddb8034afe3d6](#)
- [2c2956d36313bfad2b33fe27c627091](#)
- [b674b1b8ad2841788800f23e4c5f96c1](#)

['Q3', '2021']:

- In Q3 2021, International business reached almost 50% of pre-COVID levels. The share of Institutional patients decreased from 35% to 31%.

Citations:

- [e773cb4b8ef90fe53e2b8687bbb103fa](#)
- [0376edb8f39d94242b0a5f2270b743d0](#)

- Evaluation:

- {'evaluation': 'Met expectations', 'evaluation_reason': "Medical tourism recovery met management's expectations, and price revisions commenced as planned in Q2 2021, aligning with the guidance provided."}

3. Operational Efficiency

- **Narrative:** Discussion on operational aspects such as average length of hospital stay, cost per procedure/service, and capacity expansion.

- **Management's Guidance:**

- The limiting factor for increasing patient volume was the number of non-COVID beds available. The construction of new hospitals (at a cost of Rs. 1,300 crore over four years) was expected to take three to four years to complete.

Citations:

- [5a348b9707286e88af83ad8bcc94ca63](#)
- [cd3756f903c0947cb26019583ef5969f](#)

- Actual Results:

['Q4', '2021']:

- In Q4 2021, average inpatient occupancy was 69.8%, similar to Q4 FY20 but down from 76.2% in Q3 FY21. ALOS was 4.6 days, better than 5.4 days in Q3 FY21 but slightly higher than 4.5 days in Q4 FY20. Rs. 108 crore worth of structural cost savings were implemented during FY21.

Citations:

- [c16ced6f3fa0b970c9dce01c990ac7be](#)
- [57e4b221a2ebd378ed7d94df4874c8ca](#)
- [3c0a9dcadc6886c24bcada5429987c2e](#)

['Q2', '2022']:

- In Q2 2022, ALOS normalized to the pre-COVID level of 4.3 days. Occupancy stood at 75.2%. 34 operational beds were added. Only 2% of occupied beds were used for COVID patients.

Citations:

- [e09869be03187dbf0ae840246861fe31](#)
- [4d91249f4c2c15e692003131c97894d0](#)
- [7bf99c9668441d3f4a601d1196cb11c9](#)
- [612cee722c5af750da2cf00552e85103](#)

['Q2', '2021']:

- No specific quantifiable results related to bed capacity or construction timeline are explicitly mentioned in the provided data for Q2 2021. However, the data shows occupancy rates for COVID and non-COVID beds, indicating the impact of limited capacity.

Citations:

['Q3', '2021']:

- In Q3 2021, average inpatient occupancy was 76.2%, and ALOS was 4.3 days. Covid-19 occupancy declined after peaking in November 2020, while non-Covid-19 occupancy rebounded significantly in August and returned to pre-COVID levels in September, reaching an all-time high in November.

Citations:

- [d7a8be5a737d5b4aa162209ba62bb24d](#)
- [4fb0faa58e7c2df0a9a8f600780062f5](#)

- Evaluation:

- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'The provided Q2 2021 data lacks specific quantifiable results on bed capacity or construction progress to assess performance against management's guidance on operational efficiency.'}

4. Regulatory Environment

- **Narrative:** Overview of regulatory compliance and related matters.

- **Management's Guidance:**

- The company had a shareholding dilution obligation to meet minimum shareholding norms before August of the following year.

Citations:

- [5cb2c7062da2579c3206babfe4ade7f4](#)

- **Actual Results:**

['Q4', '2021']:

- No specific actual results related to this guidance are provided in the Q4 2021 data.

Citations:

['Q2', '2022']:

- No specific actual results related to regulatory compliance are provided in the given data for Q2 2022.

Citations:

['Q2', '2021']:

- No specific results regarding the shareholding dilution obligation are provided in the data for Q2 2021.

Citations:

['Q3', '2021']:

- No specific actual results are provided in the data for this theme in Q3 2021. There is mention of bed restrictions being reduced in January, but no further details are provided.

Citations:

- [cbf65e4c6a784d8a8a209d9856b77bda](#)

- **Evaluation:**

- {'evaluation': 'Cannot be Evaluated', 'evaluation_reason': 'The Q2 2021 data does not contain information on the company's progress in meeting its shareholding dilution obligation.'}