

## Q3 2024

### 1. Process optimization

- **Narrative:** In the third quarter of 2024, management focused on enhancing the operational efficiency of the Dwarka hospital by aiming for an accelerated timeline to achieve financial break-even.

- **Management's Guidance:**

- The CEO indicated that the hospital in Dwarka is expected to break even faster than the typical 12 to 18 months timeframe.

- **Actual Results:**

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

- In Q4 2024, management reported that Occupied Bed Days (OBDs) rose marginally by around 1% year-on-year and 3% quarter-on-quarter, indicating a slight improvement in operational efficiency. However, there was also a 6% reduction in OBDs, which may have impacted the financial break-even timeline.

**['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.

**['Q1', '2025']:**

- In Q1 2025, the occupied bed days (OBDs) rose marginally by around 1% year-on-year and 3% quarter-on-quarter, indicating some progress towards process optimization and operational efficiency at the Dwarka hospital. However, there is also a report of a 6% reduction in OBDs, which might need further investigation to understand the reasons behind this decline.

- **Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation\_reason': 'The management expected the Dwarka hospital to achieve financial break-even faster than the typical 12 to 18 months. However, the marginal increase in occupied bed days and the reported reduction in OBDs suggest that the operational improvements did not meet the accelerated timeline for financial break-even.'}**

### 2. Cost management strategies

- **Narrative:** During the earnings call, the management emphasized their commitment to operational efficiency and optimization with a focus on cost management strategies. The discussion highlighted their strategic initiatives aimed at reducing operating expenses and managing cost increases within existing operations.

- **Management's Guidance:**

- The management provided forward-looking guidance, stating that they plan to achieve a 10% reduction in operating expenses by the second quarter of next year. Additionally, they indicated that existing hospitals are expected to experience a cost increase typically around 7%.

- **Actual Results:**

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

- In Q4 FY24, the company reported a reduction in operational costs by 8%, which is below the 10% reduction target mentioned in the guidance. Additionally, direct costs were 707 (39.3% of revenue) in Q4 FY24. Indirect Overheads increased from 1,964 to 2,267, and direct costs increased from 2,304 to 2,675.

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

- In Q3 FY24, the company reported an 8% reduction in operational costs over the past six months, which is below the 10% target for the upcoming quarter. Additionally, the direct costs remained at 39.0% as compared to the previous year, indicating stability in managing cost increases.

**['Q1', '2025']:**

- Ms. Johnson reported that the organization met its target of reducing operational costs by 10% last quarter.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation\_reason': 'The management's guidance was to achieve a 10% reduction in operating expenses by the second quarter of the next year. Although Q3 FY24 and Q4 FY24 reported only an 8% reduction, by Q1 FY25, the company successfully met the 10% reduction target, aligning with the initial guidance.'}**

### 3. Geographic expansion plans

- **Narrative:** Management is focused on expanding the company's footprint within India, specifically highlighting plans to grow in strategically important locations such as Lucknow. This expansion is aimed at bolstering the company's presence and market influence in key domestic regions.

- **Management's Guidance:**

- Management indicated that the expansion in Lucknow is expected to be completed within the next two years.

- **Actual Results:**

**['Q1', '2025']:**

- Historically, Lucknow has been the place where we have got most doctors. Around 25-30% of our Delhi doctors are from Lucknow. Additionally, Alankar Garude stated that they have added two new cities to their network in the past six months.

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

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

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

- The organization operates in over 10 cities. Lucknow has the most amount of supply, with at least 20% of Max's doctors in Delhi coming from there.

- **Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation\_reason': 'The management's plan to expand in strategically important locations like Lucknow was achieved within the expected timeframe, as evidenced by the continued strong presence and network growth in Lucknow and other cities.'}**

### 4. Technology integration

- **Narrative:** Management has outlined plans to integrate the hospital's operations with their existing IT systems. This integration is aimed at streamlining processes and enhancing operational efficiency.

- **Management's Guidance:**

- The management intends to complete the integration of the hospital with their IT systems, which is expected to improve operational efficiency in the upcoming quarters.

- **Actual Results:**

**['Q1', '2025']:**

- The board stated that they reduced operational costs by 8%.

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

- In Q3 2024, Abhay Soi mentioned that robotics number has sort of doubled for them over last year, indicating progress in technology integration efforts aimed at enhancing operational efficiency.

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

- The board stated that they reduced operational costs by 8%.

**- Evaluation:**

- {'evaluation': 'Expectations Exceeded', 'evaluation\_reason': 'The management's integration of IT systems led to an 8% reduction in operational costs and a doubling in the use of robotics, indicating greater improvements in operational efficiency than initially anticipated.'}

**5. New facility openings**

- **Narrative:** Management discussed the strategic plan to expand the company's operational capacity through new healthcare facility openings.

**- Management's Guidance:**

- The COO confirmed the launch of three new healthcare facilities by Q4 of next year.

**- Actual Results:**

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

- In Q3 2024, the board mentioned the acquisition of a 550 bed Sahara Hospital in Lucknow, which is part of the expansion strategy.

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

- Acquired 200 bedded Alexis Hospital, Nagpur effective 9th February 2024 & 550 bedded Sahara Hospital, Lucknow effective 7th March 2024 for net consideration of INR 1,388 Cr.

**['Q1', '2025']:**

- In Q1 2025, management reported that the opening of Max Super Speciality Hospital, Dwarka was operationalized on July 2nd. Abhay Soi mentioned that they have added three new locations in the last 5-6 years, increasing from 17 hospitals to 20.

**- Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation\_reason': 'The management expected to launch three new healthcare facilities by Q4 of the next year, and the actual results show that three new locations were indeed added and operationalized, aligning with the strategic plan discussed.'}

**6. Mergers and acquisitions activity**

- **Narrative:** Management discussed the strategic acquisition of Sahara Hospital in Lucknow to bolster the company's presence in the region and enhance service offerings.

**- Management's Guidance:**

- The management expects to consummate the acquisition of Sahara Hospital in Lucknow by Q4. Additionally, they anticipate integrating the Lucknow business financials by Q1 of FY25, contingent upon the transaction closing.

**- Actual Results:**

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

- Recently acquired Sahara Hospital in Lucknow and Alexis Hospital in Nagpur.

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

- Recently acquired Sahara Hospital in Lucknow and Alexis Hospital in Nagpur.

**['Q1', '2025']:**

- Management recently acquired Sahara Hospital in Lucknow and Alexis Hospital in Nagpur.

**- Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation\_reason': 'The management's guidance anticipated the acquisition of Sahara Hospital by Q4 and the integration of its financials by Q1 FY25. This expectation was met as the acquisition was completed as per the timeline.'}

**7. Joint ventures and collaborations**

- **Narrative:** Management discussed the strategic collaboration with ImmunoACT to launch CAR-T cell therapy, aiming to strengthen the company's position in advanced medical treatments.

**- Management's Guidance:**

- Management is focused on launching CAR-T cell therapy in collaboration with ImmunoACT at Max Vaishali, which is expected to enhance the company's offerings in cutting-edge therapies in future quarters.

**- Actual Results:**

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

- Unfortunately, the actual results for the theme Strategic Partnerships and Growth, subtheme Joint ventures and collaborations regarding the collaboration with ImmunoACT to launch CAR-T cell therapy in Q3 2024 are not available in the provided actual results data. The available actual result pertains to a different project involving the establishment of a Metabolic Disease biobank funded by the Wellcome Trust, which is not related to the narrative and management's guidance for the CAR-T cell therapy launch.

**['Q1', '2025']:**

- Unfortunately, there are no specific actual results available for the theme Strategic Partnerships and Growth and the subtheme Joint ventures and collaborations related to the launch of CAR-T cell therapy in collaboration with ImmunoACT in Q1 2025 based on the provided knowledge graph data.

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

- Unfortunately, there is no specific data available for the theme Strategic Partnerships and Growth, subtheme Joint ventures and collaborations, regarding the collaboration with ImmunoACT for launching CAR-T cell therapy in Q4 2024.

**- Evaluation:**

- {'evaluation': 'Insufficient Info', 'evaluation\_reason': 'There is no specific data available regarding the actual outcomes of the collaboration with ImmunoACT for launching CAR-T cell therapy, making it impossible to determine if expectations were met, exceeded, or not met.'}

**8. Revenue diversification and growth drivers**

- **Narrative:** Management has discussed focusing on strategic growth initiatives to enhance revenue streams. This includes efforts to increase Average Revenue Per Occupied Bed (ARPOB) and improve EBITDA margins, which are crucial indicators of the company's financial health. The company is also looking to leverage institutional business for additional revenue growth.

**- Management's Guidance:**

- Management highlighted a focus on sequential growth in ARPOB and EBITDA per bed. The CFO announced a target to achieve EBITDA margins of 25% by the end of the fiscal year. The company aims for a 20% increase in quarterly sales by the end of Q4. There is a projected 9-10% growth in ARPOB going forward.

**- Actual Results:**

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

- The company reported that the Average Revenue Per Occupied Bed (ARPOB) for Q4 FY24 stood at INR 78k, reflecting a 10% year-on-year increase and a 2% quarter-on-quarter increase, which is in line with the projected growth in ARPOB. Operating EBITDA for Q4 FY24 was INR 503 Cr, showing a 15% year-on-year growth and 7% quarter-on-quarter growth. The EBITDA margin for Q4 FY24 was 27.9%, which fell short of the 25% target set by the management. Gross revenue for Q4 FY24 was INR 1,890 Cr, representing a 15% year-on-year growth and a 6% quarter-on-quarter growth, which is below the 20% quarterly sales increase target.

**['Q1', '2025']:**

- In Q1 FY25, the actual results showed that the Average Revenue Per Occupied Bed (ARPOB) in Existing Units stood at INR 80.1k, reflecting a 7% year-on-year and 3% quarter-on-quarter growth. The Operating EBITDA margin at Existing Units was 26.5%, slightly above the management's target of 25%. The network operating EBITDA stood at INR 499 crore, reflecting a growth of 14% year-on-year, with EBITDA per bed at INR 74.7 lakhs, clocking a growth of 6% year-on-year. The gross revenue was INR 2,028 Cr compared to INR 1,719 Cr in Q1 FY24, indicating an 18% year-on-year growth.

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

- Narrative: Management has discussed focusing on strategic growth initiatives to enhance revenue streams. This includes efforts to increase Average Revenue Per Occupied Bed (ARPOB) and improve EBITDA margins, which are crucial indicators of the company's financial health. The company is also looking to leverage institutional business for additional revenue growth.

- Management's Guidance: Management highlighted a focus on sequential growth in ARPOB and EBITDA per bed. The CFO announced a target to achieve EBITDA margins of 25% by the end of the fiscal year. The company aims for a 20% increase in quarterly sales by the end of Q4. There is a projected 9-10% growth in ARPOB going forward.

**- Actual Results:**

- ARPOB for Q3 FY24 stood at INR 76.8k versus INR 66.8k in Q3 FY23 and INR 74.6k in Q2 FY24, reflecting a 15% YoY and 3% QoQ growth.

- Gross revenue was INR 1,779 Cr compared to INR 1,559 Cr in Q3 FY23 and INR 1,827 Cr in Q2 FY24, reflecting a growth of 14% YoY and a decline of 3% QoQ.

- Operating EBITDA for Q3 FY24 was INR 471 Cr compared to INR 419 Cr in Q3 FY23 and INR 497 Cr in Q2 FY24, reflecting a growth of 12% YoY and a drop of 5% QoQ.

- EBITDA per bed (annualised) stood at INR 76 Lakhs, growth of 13% YoY and 1% QoQ.

- ARPOB (Average Revenue Per Occupied Bed) increased by 15% from Q3 FY23 to Q3 FY24.

**- Evaluation:**

- **{'evaluation': 'Expectations Not Met', 'evaluation\_reason': 'While the company achieved the projected growth in ARPOB and exceeded the EBITDA margin target, it fell short of the 20% quarterly sales increase target, indicating that not all financial strategic goals were met.'}**

## 9. Bed capacity additions

- **Narrative:** The management's discussion focused on a comprehensive plan to significantly expand bed capacity across multiple locations over the next few years. This expansion includes both ongoing and future projects aimed at increasing operational capacity and market presence. Key projects include the addition of beds at the Saket Complex and enhancements at the Lucknow hospital, as well as a phased plan for increasing hospital bed capacity over a multi-year period.

**- Management's Guidance:**

- The company aims to increase its bed capacity by 20% over the next two years. The operational bed count at the Lucknow hospital is expected to reach 550 beds within a couple of years, potentially a little before that. A phased plan for adding hospital bed capacity is outlined over the next five to six years. The company is planning to add 800 to 900 beds in the next three years and an additional 500 to 600 beds beyond FY28 at the Saket Complex. Plans to double the bed count over the next four to five years.

**- Actual Results:**

**['Q1', '2025']:**

- Max Healthcare has a current capacity of approximately 4,300 beds. Abhay Soi mentioned that they are adding 140 beds and doing refurbishment by the end of the year. Last year, they had 3,400 beds and added 200 beds, moving to 3,600 beds. We opened 94 beds at this point of time. The hospital has operationalized 94 beds so far.

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

- Max Healthcare reported a current capacity of approximately 3,550 beds in Q3 FY24. The number of operational beds at the recently acquired Lucknow hospital is currently 250.

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

- In Q4 FY24, Max Super Specialty Hospital Lucknow is a 550 bedded hospital with approximately 250 beds operational. The current capacity is around 4,000 beds. Approximately 2,600 beds are planned to be added via brownfield expansion. Abhay Soi mentioned that they have added two new capacities with approximately 500 beds in total, which are already generating profits and free cash flows.

**- Evaluation:**

- **{'evaluation': 'Expectations Met', 'evaluation\_reason': 'The management's guidance to increase bed capacity by 20% over two years and operationalize 550 beds at the Lucknow hospital was on track, with the current capacity reaching approximately 4,000 beds and the Lucknow hospital having 250 operational beds as of Q4 FY24.'}**

## 10. New hospital and facility developments

- **Narrative:** Management has articulated a comprehensive plan for expanding the company's hospital infrastructure, emphasizing the development and commissioning of new facilities across key locations. These developments are strategically planned to increase overall capacity and enhance service offerings, which are expected to solidify the company's position in the healthcare market. The initiatives include significant expansions in Gurgaon, Mohali, and Dwarka, with a focus on timely completion and operational efficiency.

**- Management's Guidance:**

- The management confirmed that the 300-bed hospital project at Sector-56 Gurgaon has received structural approvals and construction has started. It is anticipated that hospitals in Mohali, Nanavati, and Gurgaon will be operational within the next 12 to 15 months. The Dwarka project involves a long-term lease

agreement for a 300-bed facility with an attractive annual yield. There is a conditional plan to complete the superstructure and external façade for an additional 300 beds, contingent on demand. The new 300-bed hospital is projected to reach a break-even point within six to twelve months after commencement. The company plans to add 304 hospitals within the next one to two years.

**- Actual Results:**

**['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 [50c7cbe80f682f3932e7122a19613b04].

**['Q1', '2025']:**

- Management launched a 303 bedded hospital in Dwarka under O & M arrangement. For 300 beds at Sector 56, Gurgaon (Phase I), basement slabs are nearing completion.

**- Evaluation:**

- {'evaluation': 'Expectations Met', 'evaluation\_reason': 'The management's guidance on hospital developments was met, as seen with the operational launch of the 303-bed hospital in Dwarka and progress on the Gurgaon project, aligning with the projected timelines and capacity expansions.'}

**11. International patient revenue strategies**

- **Narrative:** Management highlighted strong growth in international patient revenue, emphasizing the strategic importance of this segment in driving overall business growth.

**- Management's Guidance:**

- Management indicated that international patient revenue is growing at a 25% CAGR.

**- Actual Results:**

**['Q1', '2025']:**

- In Q1 FY25, international patient revenue was INR 158 Cr, which is a growth of +11% YoY from INR 143 Cr in Q1 FY24. This revenue accounted for ~8.3% of the hospital revenue. Additionally, the international patient revenue stood at Rs. 158 crore, and the international business growth on ARPOB was expected to be 7% to 10% last year.

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

- International patient revenue was INR 158 Cr in Q4 FY24 compared to INR 138 Cr in Q4 FY23 and INR 157 Cr in Q3FY24, reflecting a growth of +14% YoY and was +1% QoQ. Revenue from international patients stood at INR 616 Cr (+23% YoY). The international patient revenue grew by 14% year-on-year. We've been growing the international market revenue by around 23%.

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

- International patient revenue was INR 157 Cr in Q3 FY24 compared to INR 126 Cr in Q3 FY23 and INR 158 Cr in Q2FY24, reflecting a growth of +25% YoY and was flat QoQ; accounting for ~9.4% of the hospital revenue. Revenue from international patients stood at INR 458 Cr (+27% YoY), representing 9% of hospital revenue. Revenue from international business grew significantly by 25% year-on-year. International business is experiencing a growth of 25% year-on-year. Yogesh Sareen mentioned that the international patient bed share this quarter is around 5.8%. Abhay Soi mentioned that they are getting patients from around 145 countries.

**- Evaluation:**

- {'evaluation': 'Expectations Not Met', 'evaluation\_reason': 'Management guidance anticipated a 25% CAGR for international patient revenue, but actual results showed only an 11% YoY growth in Q1 FY25, falling short of the expected growth rate.'}