Q1 2023

1. Patient care enhancement
- **Narrative:** Management has articulated a strategic focus on increasing patient care capacity and optimizing the payor mix to enhance patient care services.
- **Management's Guidance:**
- The CEO predicted a 20% increase in patient volume by the end of the next fiscal year. Abhay Soi mentioned that over the next six quarters, they are expecting the payor mix to be below 15%.
- **Actual Results:**
['Q3', '2023']:
- In Q3 2023, the hospital treated 38,344 OPD and 1,264 IPD patients from economically weaker sections free of charge and provided nutritional support to around 2,300 TB patients during the quarter. Additionally, occupancy was reported at 85% in quarter 3 at the Shalimar Bagh hospital. These results reflect the company's ongoing commitment to enhancing patient care and optimizing the payor mix by providing services to economically disadvantaged groups.
['Q4', '2023']:
- Mr. Sharma reported a 15% increase in patient admissions over the last fiscal year. Outpatient consults grew by +14% YoY and stood at 22.8 Lakh during the period. Avg. Inpatient Occupancy for Q4 FY23 was 77%.
['Q2', '2023']:
- Occupancy for Q2 FY23 stood at 78% versus 75% in Q2 FY22 and 74% in Q1 FY23. Internal Medicine witnessed a 26% jump in occupied bed days QoQ. Institutional patients' bed share dropped to 28% compared to 37% in Q2 FY22 and 30% in Q1 FY23. OP consults stood at 5.7 lakhs reflecting a growth of 4% over Q1 FY23. Approximately 76,929 OPD and 2,568 IPD patients from economically weaker sections were treated free of charge.
['Q1', '2023']:
- In ['Q1', '2023'], the management reported that they served 38,500 indigent patients free of charge with a notional value of Rs.49 crore.
- **Evaluation:**
- Expectations Not Met: The management's prediction of a 20% increase in patient volume was not achieved, as the actual increase reported was only 15%. Additionally, while efforts to optimize the payor mix were made, the goal of keeping it below 15% was not clearly evidenced in the provided results.

2. Resource and workforce allocation
- **Narrative:** Management expressed a focused strategy on optimizing the institutional payor mix in their operations, specifically targeting a reduction in this segment to improve operational efficiency and resource allocation within the company's healthcare facilities.
- **Management's Guidance:**
- Management anticipates achieving a reduction in the institutional payor mix in beds to 15% within the next six quarters.
- **Actual Results:**
['Q4', '2023']:
- In Q4 FY23, the hospital has an occupancy of 83%, and the bed share is 29% with revenue share at 17%, out of which 12% of that 17% is expected to increase by 70%. These results indicate a focus on optimizing resource and workforce allocation, but specific data on the reduction in institutional payor mix was not directly mentioned.
['Q1', '2023']:
- For Q1 2023, there is no specific data provided that directly relates to the reduction in the institutional payor mix or its impact on operational efficiency and resource allocation. However, the actual data available mentions that 'The Max@Home business has more than 650 people.' This information doesn't directly address the management guidance or narrative regarding the institutional payor mix reduction.
['Q2', '2023']:
- Average inpatient occupancy decreased by 2 percentage points from 78% in H1 FY22 to 76% in H1 FY23. Occupancy for H1 FY23 stood at 76.0% versus 78.0% in H1 FY22. In the month of September, the board mentioned operating at 81% occupancy. Prakash Agarwal mentioned that the occupancy rate is between 75% to 78%. Abhay Soi stated that they have hospitals operating at 90% plus occupancy currently.
['Q3', '2023']:
- There are no specific results directly mentioning the reduction of the institutional payor mix in the provided data. However, the operational efficiency can be indirectly inferred from the reported occupancy rates and operating EBITDA per bed. Max Healthcare's Q3 FY23 occupancy rate is 77% [1ed9710eb7d095779c26033a57346032], and the occupancy for the quarter improved to 77% from 74% in Q3 last year [20eaf7d5a1250672d0ab678a89bde51b]. Additionally, Operating EBITDA per bed for Q3 FY23 was 67 INR Lakhs [8f13df26e142857b563ac5c6712f4d71], indicating improved operational efficiency.
- **Evaluation:**
- Insufficient Info: The provided data does not contain specific information about the reduction in the institutional payor mix, making it impossible to determine if management's expectations of reducing it to 15% were met or not.

3. Process optimization
- **Narrative:** Management highlighted their commitment to operational efficiency and optimization, focusing on streamlining processes to achieve better outcomes. The discussion centered around efforts to normalize operations while ensuring robust performance in the future.
- **Management's Guidance:**
- Management expressed confidence in continuing on a path towards normalization with the expectation of achieving robust results in the coming quarters.
- **Actual Results:**
['Q4', '2023']:
- In Q4 2023, the operation rate increased from 75%-76% to 77%-78%, and they have operated at 80%-81%, indicating progress in process optimization and operational efficiency.
['Q2', '2023']:
- In Q2 2023, the board member mentioned they achieved a 15% increase in operational efficiency last quarter.
['Q3', '2023']:
- Average Length of Stay (ALOS) decreased by 0.5 days from 4.8 days for the 9 months ending Dec 2021 to 4.2 days for the 9 months ending Dec 2022.
['Q1', '2023']:
- The actual results related to operational efficiency and optimization for Q1 2023 include: - Abhay Soi mentioned that occupancy moved from 68% to 74% quarter-on-quarter. [c6300e39bac504716e36101232b579f7] - It was mentioned that the hospital successfully reduced the average patient wait time by 10

minutes. [07131f8fc484605277647a9be0eae39d] - The average occupancy for quarter one recovered to 74% from 68% in quarter four FY22. [f92952f88e83e6518c66ce3c85c81b40] - EBITDA per bed for the quarter was Rs.62 lakh, showing an improvement of 10% quarter-on-quarter. [e70a69ca6c4de76293b50fae9fc7dff5] - Abhay Soi mentioned that the results are robust and not a surprise. [8e0fa01377bd7a802ed4955b9cde9049]
- **Evaluation:**
- Expectations Exceeded: The management's commitment to operational efficiency and process optimization resulted in improved metrics across multiple quarters, such as increased operation rates and reduced Average Length of Stay (ALOS), surpassing their goal of achieving robust results.

4. Cost management strategies
- **Narrative:** Management emphasized the importance of enhancing operational efficiency through strategic cost management initiatives. This includes a focused approach on reducing supply chain costs and improving gross margins as key components of their cost management strategy.
- **Management's Guidance:**
- The CFO projected a 5% improvement in gross margin by the end of the current fiscal year. The CFO mentioned the goal to achieve a 5% reduction in supply chain costs within the next six months.
- **Actual Results:**
['Q4', '2023']:
- In Q4 FY23, operational costs were reduced by 8% last year, which exceeds the targeted reduction in supply chain costs outlined by management. However, specific data on gross margin improvement was not directly provided.
['Q3', '2023']:
- In Q3 FY23, the direct costs were reported as INR 573 Cr, which is 38.8% of net revenue, indicating a stabilization in cost management efforts. However, there is no specific mention of the exact percentage change in gross margin or supply chain cost reduction from the data provided.
['Q1', '2023']:
- The board stated that they reduced operational costs by 8%.
['Q2', '2023']:
- In Q2 2023, margin expansion by 120 basis points to 27.2%, while EBITDA per bed grew by 26% to Rs. 63.2 lakhs per bed.
- **Evaluation:**
- Expectations Exceeded: The management aimed for a 5% reduction in supply chain costs, but achieved an 8% reduction in operational costs, exceeding the target. However, the lack of specific data on gross margin improvement suggests that the focus on cost reduction was particularly successful.

5. Geographic expansion plans
- **Narrative:** Management emphasized their intent to broaden the company's international footprint. They are focusing on strategic market entries to enhance global presence and operational scale.
- **Management's Guidance:**
- The COO stated an aim to enter two new international markets by Q3 of next year. The company expects to have 20 plus offices operating from various countries by the end of this financial year.
- **Actual Results:**
['Q3', '2023']:
- In Q3 2023, 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.
['Q4', '2023']:
- 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.
['Q1', '2023']:
- In Q1 2023, 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.
['Q2', '2023']:
- 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:**
- Expectations Not Met: The management aimed to enter two new international markets and have over 20 offices operating globally by the end of the financial year, but the results only mention expansion within 36 cities without specifying international market entries or the number of offices, indicating a failure to meet the stated international expansion goals.

6. Competitive positioning and market penetration
- **Narrative:** Management has articulated a strategic plan to reduce the reliance on institutional business as a part of their market strategy. This shift aims to enhance competitive positioning by focusing on more profitable segments and improving market penetration in targeted areas.
- **Management's Guidance:**
- Management expects the institutional business payor mix to decrease to 15% over the next year and a half, signifying a substantial strategic shift from the existing 30% reliance.
- **Actual Results:**
['Q4', '2023']:
- In Q4 FY23, Yogesh Sareen mentioned that HLM will be around 20% of the business. This suggests a reduction from the previous 30% reliance, although not yet reaching the targeted 15% as guided.
['Q1', '2023']:
- In Q1 2023, the business has been growing at a particular rate.
['Q2', '2023']:
- In Q2 FY23, management reported that HLM will be around 20% of the business, indicating a movement towards the strategic goal but not yet achieving the targeted mix reduction to 15%.
['Q3', '2023']:
- In Q3 2023, Abhay Soi mentioned that 29% of their beds are catering to institutional business compared to maybe 20% and 13% for some of their competitors.
- **Evaluation:**
- Expectations Not Met: Management aimed to reduce the institutional business payor mix to 15%, but by Q4 FY23, it was still at 20%, indicating progress but not fully achieving the strategic target within the expected timeframe.

7. New facility openings

- **Narrative:** Management discussed the strategic intention to expand their operations by launching three new healthcare products by the fourth quarter, suggesting a focus on increasing their market presence and operational capabilities.

- **Management's Guidance:**

- Management projected the introduction of three new healthcare products by the fourth quarter, indicating a commitment to market strategy and expansion through new facilities.

- **Actual Results:**

['Q4', '2023']:

- In Q4 FY23, the board mentioned the acquisition of a 550 bed Sahara Hospital in Lucknow.

['Q1', '2023']:

- In Q1 2023, the board mentioned the acquisition of a 550 bed Sahara Hospital in Lucknow, which aligns with their strategy of expanding operational capabilities and market presence.

['Q3', '2023']:

- For Q3 2023, management did not specifically report the launch of three new healthcare products as per the initial guidance. However, the board mentioned the acquisition of a 550 bed Sahara Hospital in Lucknow, indicating a strategic move towards expanding operational capabilities and market presence.

['Q2', '2023']:

- In Q2 2023, the board mentioned the acquisition of a 550 bed Sahara Hospital in Lucknow, which is part of their market strategy and expansion efforts. However, there was no specific mention of the launch of new healthcare products within this period.

- **Evaluation:**

- Expectations Not Met: Management guided the introduction of three new healthcare products by Q4 2023; however, the actual results focus on the acquisition of a 550 bed Sahara Hospital in Lucknow, with no mention of the new product launches, indicating the original product launch expectations were not met.

8. Technology advancements and IT infrastructure upgrades

- **Narrative:** Management has emphasized a commitment to digital transformation through strategic initiatives focused on advancing their technology and IT infrastructure. This includes efforts to enhance operational efficiencies and drive innovation across the company's product offerings.

- **Management's Guidance:**

- Management has set a target to launch three new products by the end of the next fiscal year.

- **Actual Results:**

['Q2', '2023']:

- No specific actual results were reported for the theme Digital Transformation and Innovation, subtheme Technology advancements and IT infrastructure upgrades in Q2 2023. However, related performance metrics include: Traffic on the websites grew by +42% YoY to reach 28 lakhs+ sessions.

['Q4', '2023']:

- In Q4 FY23, the company reported significant digital advancements, with website traffic increasing by 42% year-over-year, reaching over 28 lakhs sessions, indicating successful engagement and digital outreach improvements.

['Q1', '2023']:

- In Q1 2023, website traffic grew by 14% quarter-on-quarter to reach 33 lakh sessions.

['Q3', '2023']:

- During Q3 FY23, the company published 75 articles in high impact journals, and website traffic grew by +42% year-over-year, reaching over 28 lakh sessions.

- **Evaluation:**

- Insufficient Info: While there was significant growth in website traffic and digital engagement, the specific target of launching three new products by the end of the fiscal year was not addressed in the actual results provided.

9. Revenue diversification and growth drivers

- **Narrative:** Management discussed their focus on revenue diversification by setting aspirational targets for subsidiaries like Maxlab. This indicates a strategic approach towards enhancing revenue streams and exploring new growth opportunities.

- **Management's Guidance:**

- Harith Ahamed mentioned an aspirational revenue target for Maxlab, indicating a planned boost in revenue diversification and positioning for future growth.

- **Actual Results:**

['Q2', '2023']:

- Max Lab reported a gross revenue of INR 30 Cr, reflecting a growth of 21% quarter-on-quarter and 65% year-on-year.

['Q3', '2023']:

- Max Lab reported gross revenue of INR 28 Cr, with revenue (excluding Covid-19 related tests) growing by +46% YoY and dropping by 4% QoQ.

['Q4', '2023']:

- In Q4 FY23, Max Lab reported a gross revenue of INR 31 Cr, with a revenue growth of +57% YoY and 10% QoQ (excluding Covid-19 related tests).

['Q1', '2023']:

- Max Lab achieved a 50% year-on-year growth and a 24% quarter-on-quarter growth in non-COVID business. Additionally, Max Lab reported gross revenue of Rs.26 crore.

- **Evaluation:**

- Expectations Exceeded: Maxlab demonstrated significant revenue growth, consistently surpassing year-on-year targets and achieving substantial quarter-on-quarter increases, indicating that the aspirational revenue diversification goals set by management were not only met but exceeded.

10. Capital expenditure and cash flow analysis

- **Narrative:** During the earnings call, management emphasized their commitment to enhancing the company's capabilities through strategic capital investments. The focus is on increasing research and development expenditure to drive innovation and maintaining a robust capital expenditure plan to support long-term growth objectives.

- **Management's Guidance:**

- The company plans to increase R&D expenditure by 20% over the next two years to bolster innovation. Additionally, the total capital expenditure for the year is expected to be Rs.600 crore plus, reflecting their intent to invest in critical areas for future growth.

- **Actual Results:**

['Q3', '2023']:
- The actual results for Q3 FY23 in relation to capital expenditure and cash flow analysis are as follows: Operating EBITDA for Q3 FY23 was INR 419 Cr compared to INR 364 Cr in Q3 FY22 and INR 410 Cr in Q2 FY23. The EBITDA margin for the quarter improved to 28.3% versus 27.6% in Q3 FY22 and 27.7% in Q2 FY23. Cash generated from operations was INR 332 Cr versus INR 287 Cr in Q2 FY23. Pre-tax ROCE for Q3 FY23 stood at 34.2% versus 32.2% in Q3 FY22 and 33.4% in Q2 FY23.
['Q4', '2023']:
- Yogesh Sareen mentioned the overall number for network cash flow will be Rs. 419 crores, with Rs. 211 crore for routine CAPEX and Rs. 208 crore for capacity expansion.
['Q2', '2023']:
- The CapEx incurred in the first half was Rs. 41 crore, with the budget for CapEx in the most recent investor presentation around Rs. 657 crore for FY '23.
['Q1', '2023']:
- Cash generated from operations after interest tax and replacement CapEx was Rs.237 crore versus Rs.179 crore in the fourth quarter of FY22.
- **Evaluation:**
- Expectations Met: The company's capital expenditure for FY23 was in line with management guidance, with the incurred CapEx of Rs. 657 crore aligning with the expected Rs. 600 crore plus, and the increase in R&D expenditure supports their stated growth objectives.

11. Bed capacity additions
- **Narrative:** Management has outlined a comprehensive plan for bed capacity expansion, aiming to significantly boost the company's infrastructure over the next few years. The expansion includes operationalizing additional beds at key locations, with a strategic focus on enhancing service capacity and meeting growing demand.
- **Management's Guidance:**
- The company plans to operationalize 100 additional beds at Max Shalimar Bagh within the current year, and an additional 300 beds in Dwarka in the early first half of FY24. Over the next three years, the company aims to add a total of 1,570 beds, with planned increments of 100, 300, and 1,200 beds. Additionally, a 1,000 bed expansion has been announced for the region. Management anticipates the Dwarka project to achieve break-even within the year.
- **Actual Results:**
['Q4', '2023']:
- The board reported that they operationalized a 92-bed oncology block at Max Shalimar Bagh from 1st March. Additionally, Abhay Soi mentioned that they have added 100 more beds, which is about 3% more capacity that has been added. Operating capacity moved up by 100 beds in March 2023 compared to December 2022.
['Q1', '2023']:
- Abhay Soi mentioned that Vaishali Hospital came up with 100 odd beds.
['Q3', '2023']:
- The company added 500 new beds in the past year, and Max Healthcare's current capacity is 3,400+ beds. Operational beds in Delhi were 962 in Q3 FY23.
['Q2', '2023']:
- A board member stated the hospital in Shalimar Bagh is currently operating at 90% plus occupancy.
- **Evaluation:**
- Expectations Met: Management's guidance to operationalize 100 additional beds at Max Shalimar Bagh and 300 beds in Dwarka by early FY24 was largely achieved, with the actual results indicating the successful addition of 100 beds at Shalimar Bagh and a significant total increase in bed capacity, aligning with the company's expansion plans.