August 19, 2024

National Stock Exchange of India Limited,
Compliance Department,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051,
Maharashtra, India

BSE Limited,
Compliance Department,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001,
Maharashtra, India

Dear Sir/Madam,

Subject : *Transcript of the Earnings Call held with Analysts/Investors on August 09, 2024*

Stock Code : *BSE – 539787, NSE – HCG*

Reference : *Regulation 46(2)(oa) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*

Please find attached herewith the Transcript of the Earnings Call held on August 09, 2024, with Analysts/Investors to discuss the Unaudited Financial Results of the Company for the quarter ended June 30, 2024.

This is also available on the website of the Company - https://www.hcgoncology.com/investor-relations/

Kindly take the intimation on record.

Thanking you,

For **HealthCare Global Enterprises Limited**

SUNU MANUEL ABEY

Digitally signed by SUNU MANUEL ABEY
Date: 2024.08.19 12:05:57 +05'30'

Sunu Manuel
Company Secretary & Compliance Officer

"HealthCare Global Enterprises Limited Q1 FY25 Earnings Conference Call"

August 09, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 9th August, 2024 will prevail

MANAGEMENT: **DR. B. S. AJAIKUMAR – EXECUTIVE CHAIRMAN, HEALTHCARE GLOBAL ENTERPRISES LIMITED**
MR. RAJ GORE – CEO, HEALTHCARE GLOBAL ENTERPRISES LIMITED
MS. RUBY RITOLIA – CFO, HEALTHCARE GLOBAL ENTERPRISES LIMITED
MR. ASHUTOSH KUMAR – VP, STRATEGIC PLANNING & CORPORATE DEVELOPMENT, HEALTHCARE GLOBAL ENTERPRISES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY25 Earnings Conference Call of HealthCare Global Enterprises Limited.

This conference call may contain forward-looking statements about the Company which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not the guarantees of the future performance of the Company, and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" your touchtone phone.

I now hand the conference over to Dr. B. S. Ajaikumar – Executive Chairman of HealthCare Global Enterprises Limited. Thank you and over to you sir.

B. S. Ajaikumar: Good morning and a very warm welcome to everyone on the Q1 FY25 Earning Conference Call for HealthCare Global Enterprise.

Today, I am very pleased that we are joined by Mr. Raj Gore – our CEO; Ruby Ritolia – our CFO; and our Senior Management Team, along with our Investor Relations Advisor, SGA.

We have commenced FY25 as planned marked by robust Operational and Financial Performance across our network. Our centers are performing as expected or even better, reflecting our commitment to medical excellence. I am confident that this momentum will sustain our growth trajectory in the years to come.

A key milestone during the quarter was expansion of our footprint through acquisition of Vizag-based Mahatma Gandhi Center Hospital & Research Institute. This center, under the leadership of Dr. Murali K.V., a distinguished oncology surgeon in Andhra Pradesh, has established a strong brand in the region. Vizag will undoubtedly play a key role in shaping our growth strides, particularly since we already have a good center running there. We consolidate our presence to become the single largest player in the region.

On the industry front, there have been a lot of discussions in the past and of course, we saw healthcare allocation to the budget, which was rather minimal, but there were some in terms of the drugs, there was some leeway given for the customs duty, which may be helpful for some of our cancer patients. But more importantly, there has been some circular, which I read yesterday on the government has done away with requirements for clinical investigation for new drugs. And by this regulatory approval in US, UK, Japan, Australia, Canada is all that is needed. So, this is a very important milestone because new drugs can channel to India very quickly. That is one of the things we were lacking in the past. So, with this, there is a clinical trial waiver. And because of this, hopefully as oncologists for us, we will have access to new drugs immediately, which will certainly help to give better outcome to our patients.

In this regard, I would like to add that every three months there has been change in the how we manage cancer patients. New drugs, targeted drugs, antibody conjugate drugs, and so many developments are happening in personalized medicine. Certainly, we are at a crossroad to become one of the major centers in the world to treat cancer patients. And HCG has taken a lot of initiative, as some of you are already aware, in research, in academics, conducting tumor boards across over 27 centers, and also I am happy to say we have truly become a destination. I am extremely proud of it, with nearly 400 oncologists, what we have. And we are also into innovation.

We are doing a lot of computational work with Accenture as our partner to identify what really the way to treat a specific patient with a specific cancer and the idea is to treat the patient the first time the right way and we have truly excelled in it. Some of our data suggests we are equal or better than some of the best centers in the world. And I am immensely proud of HCG team. It is collective effort over every HCG-ian that is set to serve the larger cause of our ultimate stakeholder who are our patients with conviction and credence. In this, we have definitely called out at a set of destination of world class entity in our country. I would like to now express my gratitude to all of our stakeholders for their continued support in this wonderful journey. I would like to now hand over the call to Mr. Raj Gore, our CEO, who will provide insights into our strategies moving forward and share the operational performance of the quarter. Raj!

Raj Gore: Thank you, Dr. Ajai. A very warm welcome to all the participants on the call. We are very pleased to report another quarter of strong financial and operational performance.

Our revenue for Q1 FY25 is all time high at Rs. 526 crore, reflecting a growth of 17% adjusted for discontinued centers at MSR in Bangalore. HCG centers, excluding our fertility business, also recorded an all-time high revenue of Rs. 511 crores, reflecting 18% year-over-year growth adjusted for discontinued centers at MSR in Bangalore, resulting from strong volume growth and improved realization.

Our consistent effort on operational efficiency has resulted into reduction of ALOS from 2.13 to 1.98, thereby creating additional capacity and higher ARPOB, which has increased by 12% year-on-year.

Let me highlight some recent reclassifications of our established and emerging centers. We have now classified only three centers as emerging; two in Mumbai - Borivali and Colaba, and one in Kolkata. The rest have been reclassified as established centers after a detailed assessment. We believe these reclassified centers are approaching established status. The centers in Mumbai and Kolkata are still evolving and we have implemented multiple initiatives to enhance their revenue growth and margin profiles. Notably, the Borivali and Kolkata centers have shown robust growth trajectories. This quarter, the Kolkata center has performed exceptionally well, having a revenue growth of 73% year-on-year, turning from red to green in terms of profitability, resulting into EBITDA of positive 27 million compared to 25 million loss last year, same quarter, which translates to 14% EBITDA margin. We expect substantive operating leverage in these centers as the revenues grow, culminating into better EBITDA margin in next 12 months.

Another key highlight for this quarter is our proposed acquisition of an 85% stake in MG Hospital in Visakhapatnam at an enterprise value of Rs. 414 crores. Established in 2005, MG Hospital is the leading private comprehensive cancer care provider in Vizag holding approximately 30% market share. It boasts a robust oncology focused infrastructure with two LINAC machines, one PET/CT, one robotic surgery system, and a dedicated bone marrow transplant unit and 200 beds. Since its inception, MG Hospital has performed over 30,000 radiation therapy treatments, 150,000 chemotherapy sessions, 400 plus robotic surgeries, and more than 20,000 complex cancer surgeries. It has a strong financial track record with revenue growing at CAGR of 15% over the last 10 years. The hospital has consistently delivered an EBITDA of over 30% with an EBITDA margin of 35% for FY24. It is a net debt-free Company with a pre-tax ROCE of over 30% and approximately 70% cash flow conversion from EBITDA.

Going forward, we leverage the HCG brand to enhance our revenue profile through improved procurement, operational efficiencies, and synergies in overhead expenses. We will also cross deploy learnings across our hospitals to further drive business efficiencies. We believe that the acquisition of MG Hospital will consolidate our market share in Vizag, positioning us as the undisputed leader in the region with a combined market share of 46%, promising significant synergy and growth potential ahead. We are extremely delighted and happy to launch our customer app. Some of the unique functionalities are first of its kind in the industry and goes in sync with our vision of adding life to years when it comes to cancer care.

In the 1st Quarter of rollout, we have been able to extend cancer care through our app to almost 8,000 unique patient IDs. In our journey to provide value, we have also moved ahead in e-pharmacy model for our patients as committed in the beginning of the year. We have been able to service 28,000 plus orders on e-pharmacy platform. These are early green shoots, and the responses have been very encouraging.

Overall reach for our app downloads stands at 8000 plus at the end of Q1 FY25 and has exceeded our expectations. As part of our strategy, we have also invested in expanding our medical tourism business, focusing on attracting international patients. Our hospitals in major cities like Mumbai, Bangalore, Kolkata, and more recently, Ahmedabad, provide us with a locational advantage in attracting medical tourism patients. This segment is particularly valuable as it reflects on the confidence international patients have on HCG as cancer care destination. In Q1 FY25, our international business generated Rs. 20 crores highest for any quarter. This segment has been growing rapidly and we are optimistic about maintaining this momentum moving forward. Over the years, we have established strong local market leadership in each of our locations. This has achieved through a steadfast commitment to excellence, continuous innovation, and deep understanding of the unique needs of the communities we serve.

Lastly, I would like to highlight that we are witnessing higher revenue growth momentum in the current year compared to the last year reflected in HCG's revenue growth of 16.7% in Q1 FY25 compared to 13.7% overall growth in FY24, adjusted for our discontinued center at MSR in Bangalore. Initial month performance in Q2 is healthy too, and is expected to be better than our expectations.

With this, I hand over the call to Ruby to take you through operational and financial highlights. Thank you.

Ruby Ritolia: Thank you, Raj. Good morning, everyone.

I am delighted to share our performance for the quarter which shows a strong 14% year-on-year growth, building our topline to Rs. 526 crore for the 1st Quarter of FY25. Our HCG centers, excluding Milann, have delivered an impressive 15% year-on-year revenue growth driven by consistent volume increase across all modalities. This solid performance is reflected in our key operating metrics, which have shown significant improvement across the board this quarter. OPD footfalls increased by 10%, complemented by a rise in patient inquiries and intake through our digital channels. We achieved a 17% year-on-year growth in chemotherapy sessions, a critical metric for our medical oncology offerings. Even with the addition of four new LINACs, compared to the previous period, we have successfully maintained LINAC capacity utilization at 65%. Our pay per-use model continues to provide flexibility for quicker installation with minimal capital expenditure.

With higher volumes and a solid 61% utilization of operational beds, we are witnessing improvement in both volume and realization across all modalities. Revenue from Milann stood at Rs. 144 crores, a dip of 12% on account of discontinued operation in our Delhi center.

Regarding the performance of our established and emerging centers, they continue to deliver market-beating growth with established centres growing by 14% and emerging centres by 33% year-on-year for the quarter. Our focused approach to enhancing the performance of our Kolkata Centre has yielded positive results. Over the last four quarters, we have seen increased revenue at our Kolkata Centre, with operating leverage playing a significant role. Kolkata grew by about 73% in revenue in Quarter 1 YoY. And based on this, achieved a double-digit EBITDA margin of 14% in quarter one of FY25. Our South Mumbai Center is also on track to breakeven this year.

Some of the other highlights during the quarter include an ARPOB of 44,340, reflecting a 12% increase year-on-year. Increased operational efficiencies, reducing the ALOS for patients to less than two days also enabled the growth in ARPOB. Our Adj. EBITDA for Q1 FY25 was Rs. 93 crores compared to Rs. 77 crores in Q1 of FY24, marking a 21% growth. Supported by robust growth, EBITDA is led by a high degree of operational leverage in our business. With rising revenues supported by a stupendous performance in the month of July, we anticipate that margin will grow at an even faster pace moving forward. While salary revisions and other ancillary costs typically impact the 1st Quarter, we expect higher operating leverage in the coming quarter on higher revenue growth as evidenced in the previous years. Our EBITDA for Emerging Centres has also now stabilized and is growing. We have maintained positive EBITDA for these centres for over four quarters and are optimistic about increasing margins on a quarter-on-quarter basis.

PAT for the quarter was Rs. 12 crores, up from Rs. 7.6 crores a year ago, representing a 59% growth. With increased revenues leading to higher EBITDA impact, we believe we will continue to enhance our PAT performance. ETR for the quarter was 28.2% driven by reduced losses in subsidiaries, mainly turnaround in Kolkata, Nagpur, and Vadodara. We expect ETR from here onwards to be in the range of 30% to 32% for the rest of the year.

CAPEX for the quarter was Rs. 80 crores and we expect the CAPEX to be in the same range including investments in the new facilities like Whitefield, North Bangalore during the year. We have added 200 crores of ROU on account of the new facility in Ahmedabad which we operationalized in the last quarter and as well as the up-and-coming North Bangalore facility. Additionally, we announced MG Cancer Center and Research Hospital acquisition in Vizag earlier this quarter and we will be ready to consolidate post completion of condition precedents. Including the pro forma EBITDA of MG Hospital, we have successfully surpassed the Rs. 100 crore mark in EBITDA for Quarter 1 of FY25.

We have uploaded a detailed presentation for other operational and financial KPIs on the Stock Exchange and Company's website. And we may request you to visit those for further details.

With this, I would like to open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Gautam Rajesh from Everflow Capital. Please go ahead.

Gautam Rajesh: I have two questions. My first question was what sort of a margin profile do you expect in the existing business for the full year excluding the acquisition? Do you think we can still get a 20% EBITDA margin for the full year?

Ashutosh Kumar: So, the EBITDA margins, as Raj mentioned earlier on the call, that we have reclassified some of our relatively newer centers to emerging (rectified with correct data) buckets. They are still at a lower EBITDA margin. As revenues increase, we expect the EBITDA margin of these centers to increase, resulting into overall EBITDA margin expansion in our established bucket.

B. S. Ajaikumar: The question is, what he asked was, will you be close to 20% ?. Am I right? That was your question, no?

Gautam Rajesh: Yes, for existing businesses, excluding acquisitions, do you think we can still reach that 20% EBITDA for the full year?

Ashutosh Kumar: We should expect similar range.

B. S. Ajaikumar: Between 19% and 20% is what we expect.

Gautam Rajesh: Thank you. My second question was what sort of growth do you see in the existing hospitals or established businesses for the full year perspective?

B. S. Ajaikumar: I think the growth trajectory will continue as it is which was established around 13% to 15%.

Ashutosh Kumar: Q1 revenue growth of established centre is 14% we should be in similar range.

B. S. Ajaikumar: And it even increase, but it will be between 13% to 15% range.

Moderator: Thank you. The next question is from the line of Nitish from ChrysCapital, please go ahead.

Nitesh: So, I have a couple of questions. So, you mentioned that Q2 started on a positive note. So, is it fair to assume that we can see a 15% YoY revenue growth in Q2 and possibility of Rs. 100 crore plus EBITDA?

Ashutosh Kumar: So, the early indications that you see, I mean, historically, our quarter two performance over quarter one has been almost about 5% to 6%. And we are seeing similar or better growth what we have experienced in the historical period. And that should result into 14%-15% growth which we just mentioned in.

Nitish: Understood. And when should this reflect in our PAT growing to a meaningful level? Because right now we're on a reported PAT of Rs. 12 crores for this quarter. When should we just flow down to our PAT numbers?

Ruby Ritolia: Some of our subsidiaries which are loss-making are currently bringing down the PAT growth. But now as they turn profitable, we are also able to take benefit of better ETR. So, if you see our current quarter ETR is about 28%, significantly down from the previous year and we expect to maintain ETR at these levels. But of course, it will not be an immediate bump, but it will slowly and steadily move in the right direction.

Moderator: Thank you. The next question is from the line of Hemanth Agarwal from Leo Capital, please go ahead.

Hemanth Agarwal: My first question is for Dr. Ajai. So, there has been news in the market of private equity promoter looking to exit, right? So, would the existing promoters and management also be looking to exit as a part of that transaction?

B. S. Ajaikumar: No, I really would not like to comment anything. As far as I have made public statements, at this point I don't have any intention of exiting. And regarding our CVC exit also, they'll be the ones to answer. But right now, our goal is to focus on the growth of HCG medical excellence. That's what we are doing. So, I really cannot comment on those things.

Hemanth Agarwal: Sir, my second question is, so has there been any increase in our competitive intensity for oncology hospitals in general, like multi-specialty hospitals seem to be in a very good up-cycle with lifetime high margins and our margins haven't even yet reached 20% mark. So, is there something from a market perspective which is pulling down the growth and margins of our Company?

B. S. Ajaikumar: I think when you look at us as a single-specialty hospital and with the way we have navigated over the years, I think we believe as a single-specialty, we have done very well. With our margins reaching close to 20%, we are progressing well. I really cannot comment on what are the margins of multi-specialty? Considering our new centers, and there are several of them, their margins are expanding very fast. As we know, our Mumbai Center and Calcutta Center are all doing good. And recent acquisition of the Vizag Center which is EBITDA margin accretive would add to the margin profile.,.. But I cannot really say whether oncology is better or multispecialty better. But I do believe our focus being only oncology and medical excellence, that is how HCG came and we are really on the path to creating this as a destination with good margins. And you will also see in the coming years, this performance will also translate into good return on capital employed as all the centres stabilize.

Raj Gore: This is Raj here. I just want to add what Dr. Ajai said. Look, I think with HCG's focus on cancer care, we have actually pioneered this field and showed the way, right? And the focus that other players have put in oncology is not something that is happening this year or last year. It's been happening over the last few years. If you look at our revenue CAGR for the last 4-5 years, it's one of the best in industry in spite of increased focus on oncology. Multiple markets, multiple of our locations, we have been able to grow our market share in spite of increased interest from other players. I think we have shown the way, the way we have pioneered in cancer care. We want to continue focus on giving the best possible care to our patients with the best possible outcomes. And we don't necessarily think or too much worry about competition, focusing on oncology. What has worked for us? We believe that we will continue to work for us with our focus on innovation and research, and we would stay focused on it.

Moderator: Thank you. The next question is from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.

Abdulkader Puranwala: Could you throw some light on the lower ALOS what we had in this particular quarter? Any color as to what has driven this? And is that something what you're targeting less than two days going ahead as well?

B. S. Ajaikumar: No, I just want to say ALOS is a hallmark what we always focus how to reduce the ALOS and particularly with the number of days for surgery coming down, you know today even complicated surgeries, we discharge the patient in matter of one or two days and lot of them are day surgery. And as we know the radiation oncology is all day care. And even chemotherapy now, admission for chemotherapy is done only for few diseases like treatment of colon cancer. But otherwise most of it is day care. So, all this trend moving towards limited admission required, our ALOS is coming down, which I think is very good. That is our target to be below two. And I think we have achieved it and will continue to pursue this matter the way we have done. That is a mark of excellence in my opinion. Raj, you want to add?

Raj Gore: No, I agree with Dr. Ajai. I think if you look at our ALOS trend over the last few quarters, we have continued reducing our ALOS. It's a function of our focus on minimally invasive surgeries, robotic surgeries, better efficiency to minimize our patients' stay in our hospitals. And I think we will continue to go in this direction going forward. It has created more capacity for us because of better efficiency and also has helped us to improve our ARPOB by about 12% YoY this quarter. So, I think we are moving in the right direction, and we will continue to move in that direction.

Abdulkader Puranwala: And the second question is on this Vizag acquisition. So, on consolidation, would you classify that as an established center?

B. S. Ajaikumar: Yes. It will be an established center, and also it will be positive for us all around.

Abdulkader Puranwala: Understood. And so the guidance what you provided earlier on this call of 19% to 20% EBITDA, does that factor Vizag? Or you were talking about the existing bids what is there in the network?

B. S. Ajaikumar: It will not factor Vizag.

Moderator: Thank you. The next question is from the line of Dhara Patwa from Smifs Limited, please go ahead.

Dhara Patwa: Sir, can you throw some more light on this MG Hospital, like what could be the revenue which we would be expecting in the next three, four years from this unit, and what kind of ARPOB this unit has?

Ashutosh Kumar: So, the current level of revenue quarterly is close to about Rs. 30 crores plus. And that is resulting into 35% EBITDA margin. We are not looking at our MG Hospital in isolation. As you all know, we do have an existing center in Vizag. And the center is also operationally running very well for us. The center together with MG, this would constitute almost about 46% of market share. And we expect in that market to grow about 10% to 12% going forward.

Dhara Patwa: Sure, so I understand the hospital has EBITDA margins of 35%, despite being in cancer care, which is a highly capital intensive industry. So, could you share something, like what are they doing differently to get these kinds of high margins? Is it the operating leverage which they are getting or maybe the low cost doctors, which is now helping them to keep the cost in check? Any color on that?

Ashutosh Kumar: Yes, so as you rightly said, the scale at which Mahatma Gandhi Hospital is operating, it is helping them to achieve 35% EBITDA margin. We do have some of our centers which is generating close to 30% margin, which is operating at similar scale to MG hospital in Vizag. They have higher operating leverage given the sacale compared to HCG as a group which has mix of established and emerging centers, which is resulting into a high operating margin.

B. S. Ajaikumar: I think there being a single center, obviously there will be no corporate costs or other costs associated. And secondly, it is a surgeon, Dr. Murali, who is running it. And we believe that is like what Ashutosh said, some of our centers like Bangalore, our center of excellence also is close to 30% margin. So, it is in the range of what the well-established centers are and that is why we feel it's a good acquisition for us.

Dhara Patwa: One last question, will we be doing any additional CAPEX on the equipment side on this Vizag unit or will this start it as it is? Or do we need that more specialties or modalities should be added in this unit?

B. S. Ajaikumar: At this time, we are not thinking of adding any other exact CAPEX at this point. It is fully done. They have a robotic unit also. So, they have all the necessary equipment such as PET scan, linear accelerators, everything. We are actually adding a linear accelerator to our Vizag center. So, together we four linear accelerators, two PET scan and one robotic. So, it will be well capitalized unit combined together for next several years.

Moderator: Thank you. The next question is from the line of Nitish from ChrysCapital, please go ahead.

Nitish: My question is on our Ahmedabad Phase II. So, how is Phase II ramping up and have we commenced operation as the expected date of operation on slide 36 state's Q1 FY25?

Raj Gore: So, we are very happy that the project is almost complete. It's a beautiful infrastructure, very modern, very advanced. We have already moved our OPD services to that hospital towards the end of 1st Quarter. We have moved out daycare services. Very soon, we will be moving our inpatient services. So, we are well on track with our revenue growth in Gujarat market.

Nitish: Okay, thank you. Another question is, our finance costs have gone up in Q1, around Rs. 8 crores year-on-year and Rs. 7 crores Q4 to Q1. What's the reason for this increase in finance costs and are there any one-offs over here?

Ruby Ritolia: Yes, sure. So, the finance cost, if you see, 1) there is an ROU that got added in the current quarter as well as last quarter. This includes the ROU that we created in Ahmedabad, in North Bangalore. Then we also added previously in Kolkata when we renewed our agreements so there is an impact of that. Plus, in the current quarter also, we have funded about Rs. 50 crores more into CAPEX. Of Rs. 80 crores of CAPEX ,in the current quarter, Rs. 50 crores we funded through debt. There is an increased finance cost on that account which is coming in. Secondly, there is a positive impact in the previous quarter when we did a Kenya shilling reinstatement we had to reverse. There is a Rs. 2.5 crores of benefit which is lying in the previous quarter which is quarter four of FY24.

Moderator: Thank you. The next question is from the line of Viraj Shah from Shah Investment, please go ahead.

Viraj Shah: So, how are we seeing our international business as we have seen a good growth this quarter? Can you throw some light over there? Any outlook, front or something like that?

Raj Gore: Yes, so as we said, this has been our highest ever quarter. We at a current run rate, we are almost 2x of what our pre-COVID international business was. As you know, as earlier stated, we have four cities that we focus on as destinations for inbound international patients. Bangalore, which has always been with lion's share; Mumbai 2 hospitals, beautiful advanced infra; Kolkata with close proximity to Bangladesh; Myanmar; Nepal; and Ahmedabad with some deeper connections in Eastern Africa. So, with our continuous efforts over the last two to three years to develop more markets, more countries in SAARC, in Middle East, in Africa, doing more activities, taking our doctors there for more frequent visits, doing CMEs, outreach efforts, having more institutional tie-ups in these markets with insurance companies, institutional tie-ups.

Viraj Shah: Yes, there was one more question. So, any outlook on further inorganic opportunities in medium term?

Raj Gore: Are you asking for international?

Viraj Shah: No, inorganic opportunities.

Raj Gore: You are talking about inorganic.

Viraj Shah: Yes, inorganic opportunities.

Ashutosh Kumar: We are evaluating inorganic opportunities. We continue to do so. However, there is nothing which is very mature at this point of time.

B. S. Ajaikumar: At this point,, we have done acquisition of of Vizag and Indore, we are trying to consolidate. Of course, we will be looking at some inorganic, if strategically feel we need to do. As and when it happens, of course, we will inform the markets.

Moderator: Thank you. The next question is from the line of Jeet Shah from Equity Analyst. Please go ahead.

Jeet Shah: I kind of missed the comments about CAPEX in the initial remarks. Can you just give me a guidance for the next two years?

Ruby Ritolia: For the current quarter, we did a CAPEX of about Rs. 80 crores. And for this particular year, we will maintain a similar range in the current year for the rest of the quarters also. And this is on the back of some of our Brownfield facilities and the new facilities which are coming up.

Moderator: Thank you. The next question is from the line of Dhruv Shah from Dalal & Broacha. Please go ahead.

Dhruv Shah: Sir, just one question on your debt reduction plan. So, from when can we expect your debt to start going down?

B. S. Ajaikumar: Yes, as you know, our debt once the acquisition of Vizag is completed, will go up initially by Rs. 200 crores and later on there is another Rs. 150 crores after 18 months to complete the 85% acquisition. Internally we have decided that to be at the right time we will be seeking the board. The board has been informed and at the right time we will be seeking approval for primary which will bring down the debt significantly. And we will of course convey at the right time what will be the size of the primary. Our intention is to certainly keep the debt to equity ratio at a certain range so that it is within what internally we have accepted. So, Ashutosh, you want to comment on that anything?

Ashutosh Kumar: So, As Dr Ajai said, internally we have decided to keep our debt to EBITDA level to around 2.5X to 2.75Xon a pre-IndAs basis. . And the same was communicated in the market early on. Considering these leverage levels, we will be raising primary, to bring debt levels post vizag hospital to desired levels as Dr. Ajai suggested.

Moderator: Thank you. That was the last question for the day. I now hand the conference over to the management for closing comments. Over to you, sir.

Raj Gore: So, thank you once again for joining us and thank you for your interest in HCG. As mentioned earlier, we have had a fantastic performance in the 1st Quarter of this year. We have accelerated our growth, topline and bottomline compared to last year. We have seen good momentum in the first month of second quarter and we are very confident that we will continue in this growth trajectory going forward for the remaining year. We request you to keep in touch and join us during the next quarter. Thank you so much and have a good day.

Moderator: Thank you. On behalf of HealthCare Global Enterprises Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.