May 30, 2025

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 May 26, 2025***

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

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

Please find attached herewith the Transcript of the Earnings Call held on May 26, 2025, with Analysts/Investors to discuss the Audited Financial Results of the quarter and year ended March 31, 2025.

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

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Date: 2025.05.30 23:09:20 +05'30'

Sunu Manuel
Company Secretary & Compliance Officer

"Healthcare Global Enterprises Limited
Q4 & FY '25 Earnings Conference Call"
May 26, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 26th May 2025 will prevail

MANAGEMENT: **DR. B.S. AJAIKUMAR – EXECUTIVE CHAIRMAN – HEALTHCARE GLOBAL ENTERPRISES LIMITED**
MR. RAJ GORE – CHIEF EXECUTIVE OFFICER – HEALTHCARE GLOBAL ENTERPRISES LIMITED
MR. ASHUTOSH KUMAR — ASSISTANT GENERAL MANAGER – CORPORATE BUSINESS DEVELOPMENT – HEALTHCARE GLOBAL ENTERPRISES LIMITED
MS. RUBY RITOLIA – CHIEF FINANCIAL OFFICER – HEALTHCARE GLOBAL ENTERPRISES LIMITED
SGA, INVESTOR RELATIONS ADVISORS – HEALTHCARE GLOBAL ENTERPRISES LIMITED

Moderator: Ladies and gentlemen, welcome to the Q4 and FY '25 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 the date of this call. These statements do not guarantee 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

Now, I hand over the conference to Dr. B.S. Ajaikumar, Executive Chairman of Healthcare Global Enterprises Limited. Thank you, and over to you, sir.

B.S. Ajaikumar: Thank you very much, and good morning, and warm welcome to all present on the Q4 and FY '25 earnings conference for Healthcare Global Enterprise. Today, I'm joined by our CEO, Mr. Raj Gore; Ruby Ritolia, our CFO; and senior management team, along with our SGA, our Investor Relations advisors.

We have concluded another good year, good performance, and very meaningful progress. Also, as you know, it's an exciting year for us with new investors coming. As we have already announced, we have CVC is diluting in place KKR is coming in, formalities are being completed. We look with the new investors for a long-term vision for HCG, which is very, very important to us.

HCG continues to be the leader in cancer care, quality of care outcome, standing as the only major health care institution with truly pan-India presence. Over the past year, we have strengthened this position by upgrading our infrastructure significantly across and also that's an M&A, details of which you will hear later on.

Over the past 2 decades, we have championed a distinctive integrated model that combines multidisciplinary clinical expertise with over nearly 350 to 400 doctors, advanced molecular and genetic diagnosis supported by robust hub-and-spoke model network. This comprehensive approach enables superior clinical outcomes powered by skilled clinicians, cutting-edge technology and most important data-driven decision-making in real time.

In the past, we used to say bedside to bench, and then a patient would get the necessary next patient would get. But today, I'm very happy to report we are pioneered in bedside to bench and bench to bedside, so the patients get the right treatment at the right time, very first time.

Looking ahead, we are making focused investments in next-generation capabilities, especially in early cancer detection and precision medicine. The most important part in any cancer treatment is proper staging diagnosis and the right treatment for the patient at the right time, so that the failureswill become less.

In line with our commitment to cutting-edge diagnosis and research, we are pleased to share that we are acquiring the Orbitrap Astral Mass Spectrometer from Thermo Fisher Scientific, one of the most advanced platforms globally for high-resolution mass spectrometry. In this regard, I'm also happy to read this advanced equipment is now the first time being released, and we are one of the first acquirers of this in the world. We are very proud. We have put together a solid team to see how we can go into the depth of cancer management and also acquire the necessary data for future research and development.

It will enhance our molecular and proteomic profiling capabilities. So, we are going from genetics to proteogenomics, enabling our precise disease characterization and paving the way for next-generation biomarker discovery, targeted therapies and repository in terms of old drugs in new bottle.

Our long-term commitment is to our patients, building a strong academic and research foundation. Through our fellowship programs, which is expanding rapidly and clinical research initiatives, we are nurturing the next generation of oncology leaders.

Together, we are shifting the narrative around cancer from fear to confidence, from complexity to clarity, from inequality to including access for all, so we can make cancer a lifestyle disease and people with cancer can have a good quality of life for long term.

I would like now to 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 and the year. Raj, handing over to you.

Raj Gore: Thank you, Dr. Ajai. Good morning. A very warm welcome to all the participants on the call. We are proud to report a strong operational and financial performance this year. Excluding our Milann centers, the company's revenues grew by 20% in the quarter and 17% for the full year, reaching INR571.1 crores for Q4 and INR2,165.1 crores for FY '25.

Our adjusted EBITDA for the quarter was INR106.9 crores, up 14% with margin of 18.3%, while for the full year, it stood at INR396.3 crores, a 17% increase with margin of 17.8%. This strong performance reflects the strength of our business model, brand and the expertise of our clinical teams and the efficiency of our advanced technology centers.

Before we dive into our operational highlights, I would like to take a moment to reflect on how cancer care in India is evolving and how HCG is playing a pivotal role in driving that transformation.

Cancer care in our country continues to face deep-rooted challenges, particularly when it comes to early detection, awareness and equitable access to quality treatment. Even today, far in many cases go unnoticed until they reach an advanced stage, especially in Tier 2 and Tier 3 cities where awareness levels and diagnostic infrastructure are still evolving.

At HCG, we have taken this challenge head on. Through focused awareness campaigns, screening initiatives and active community outreach, we are educating people about the importance of early diagnosis and preventive care. But awareness alone is not enough. We are backing it with action and infrastructure.

We have made strategic investment in some of the most advanced technologies in the world, linear accelerator machines, PET-CT scanners, robotic surgery platforms, bringing precision personalization and world-class cancer treatment even to smaller cities across India.

So, patients don't have to travel long distances or face delays in getting the care they need. This integrated approach, combining education, access and innovation is already making a real difference. We are seeing more patients come in earlier. We are delivering better outcomes, and we are improving quality of life across communities.

Let me now walk you through some of the key operational highlights of FY '25 that are shaping HCG's performance and positioning us for continued leadership in the cancer care space. First, our expansion in Vizag through the addition of MG Hospital marks a significant milestone. With this acquisition, we have further consolidated our presence in the region and strengthened our position as the number 1 oncology care provider in the region.

Second, during the year, we added 5 state-of-the-art linear accelerator machines across multiple centers. LINAC machines are capital-intensive but essential for delivering precision radiation therapy. Our innovative pay-per-use model has allowed us to remain asset-light while still offering world-class treatment.

I'm happy to share that these machines are seeing rising utilization rates, indicating both growing demand and increased trust in our clinical capabilities. Our emerging centers have also shown strong performance, and we are beginning to see the results of the groundwork laid over the past few years.

Our South Mumbai center, which was previously impacted by drop in international patient flow, has made a remarkable comeback. We recorded year-on-year growth of 37% for the quarter ending 31st March '25. Meanwhile, our Kolkata center delivered a robust 22% growth, fuelled by increasing local awareness, improved clinical offerings and better operational alignment. Both centers are now well positioned to contribute meaningfully to our overall performance.

We remain confident in the long-term potential of these emerging hospitals. As they continue to mature, we expect them to enhance our margin profile, especially as operating leverage begins to set in.

On the digital front, we are seeing encouraging results. Digital revenue for FY '25 has doubled over the past year, and we are committed to scaling this further. We launched our official HCG mobile app, a platform that enables to book appointments, consult doctor virtually, access reports and manage their care journey end-to-end. The response has been very positive. As we continue to digitize our patient experience, we expect digital revenues to become a major growing contributor to our top line in the coming years.

Looking ahead at FY '26, we have started the year on a strong note with the formal inauguration of our flagship HCG Cancer Center in Ahmedabad, 189-bedded state-of-the-art facility that marks a significant milestone in our expansion journey. This new center is designed to deliver comprehensive oncology care at scale, featuring 9 OPs, 34 ICU beds, 22-day care beds, 6 dedicated bone marrow transplant units. This strategic capacity enhancement position us to handle, a projected 30% to 40% increase in patient footfall at this center.

Additionally, as a part of our continued efforts to deepen our leadership in key markets, we will commence operations of 2 new hospitals in Bangalore. The first unit is North Bangalore, a fast-growing urban cluster with rising demand for quality cancer care will come in second half of FY '26. This facility will help us tap into new catchment areas, while expanding access for patients in the northern corridor of the city.

The second facility will be in Whitefield. It is a strategic extension of our existing center of excellence in Bangalore. This expansion will act as an arm to our flagship unit, enhance patient experience and deliver specialized services with greater operational efficiency.

As informed earlier, we aim to expand in our existing markets by operationalizing over 900 beds across networks within next 3 years, including this year's addition and 350 beds that are fully invested but not yet operational.

Backed by strong clinical backbone, a patient-first approach and a future-ready mindset, we are not just building hospitals. We are shaping a more hopeful, accessible and technologically advanced future for cancer care.

With this, I hand over to Ms. Ruby, our CFO, for financial highlights.

Ruby Ritolia: Thank you, Raj, and good morning to everyone. As Raj mentioned, we've carried the momentum from previous quarter into the close of financial year 2025, and I'm pleased to report another strong performance that underscores both the resilience and scalability of our business model.

For the quarter ended 31st March 2025, we recorded a robust 18% year-on-year growth in revenue, reaching INR585 crores. And on a full year basis, revenue grew 16% to INR2,223 crores, reflecting consistent execution and growing trust in our network. Our core HCG centers, excluding Milann, was the primary driver of this growth, delivering a 17% increase in revenue, accompanied by 17% growth in EBITDA, resulting in healthy EBITDA margin of 17.8%.

. We believe these achievements place us firmly ahead of industry averages, and we are optimistic about delivering even stronger growth in FY '26, both in terms of revenue and profitability. A few key operational metrics further reinforces this momentum.

Outpatient footfall rose by 13.8%, indicating higher patient engagement. In medical oncology, we saw a 24% growth in chemotherapy sessions, a clear indicator of growing patient demand.

Our LINAC machine utilization remained steady at 60% in quarter 4 of FY '25 with acquisition of 2 LINACs with MGM Hospital over the last 12 months.

Turning to the performance of our centers. For the quarter ended March 31, 2025, our established centers continued the steady upward trajectory with a 22% increase in revenue and 15% growth in EBITDA. Our emerging centers outperformed expectation with 32% revenue growth and a remarkable 44% increase in EBITDA, clearly reflecting the operating leverage at play as these centers scale.

Strong growth in our emerging center is a testament that these locations are not just growth drivers, but key strategic hubs in Tier 1 cities and access to large domestic and international patient base. The sustained recovery and performance will be instrumental in strengthening our margin profile going forward.

On the pricing and efficiency front, for the quarter ended 31st March '25, ARPOB across our network increased by 4%, reaching to INR44,236. Established center recorded an ARPOB of INR42,591 growing by 2.5%, while emerging centers delivered an impressive ARPOB of INR66,755, growing by 12.4%.

Looking ahead, we plan a capex of INR286 crores in FY '26 in line with our network expansion and technology upgrade plans. Our effective tax rate for the quarter stood at 50.3% and for the year at 14.3%. We remain focused on improving efficiency, while maintaining compliance and governance standards.

Our PAT for the quarter was INR7 crores and for the year was INR44 crores. As we communicated during the year, we added 2 new centers. The HCC new facility was operationalized and we acquired the new MG center in Vizag. Our expansion efforts led to ROU creation of INR275 crores, fixed assets addition of INR400 crores and an increase in net debt of about INR250 crores. This together led to an increase in depreciation and interest together of about INR25 crores.

With scale-up of our expansion efforts, both in HCC and completion of our integration in Vizag center, we expect a higher return on these investments going forward. Before I take questions, I request Dr. Ajai to add anything further.

B.S. Ajaikumar: Thank you, Ruby. I just want to say Ruby has explained the rationale for our numbers, including the PAT. But in this regard, as we know, in the last 4 years, we have been in a consolidation mode. We have taken a call to expand with merger acquisition and including what Raj Gore mentioned about the greenfield centers. All of this, I believe, particularly with the new partner coming, KKR, who will be a solid foundation for future long-term growth of HCG.

So, the measures we have taken now are all very much in line with the long-term growth of HCG, and we really want to be in a dominant position to provide quality cancer care across India. So, with this, I would like to conclude, and I will hand over to the module people. Thank you very much.

And one other addition I want to add before you take is regarding the debt issue, we have communicated to the investors in the past that once the new investors, shareholders come, we will be looking at the possibility of primary equity coming into the system, and this will be decided in the coming few months. Thank you very much.

Ruby Ritolia: We can now take questions from the participants.

Moderator: Thank you very much. First question is from the line of Gautam Rajesh from Everflow Partners. Please go ahead.

Gautam Rajesh: I have 2 major questions on the margins front. Margins are much lower than the hospital chains? Is that going to be a steady margin profile for our type of single specialty-based health care? And my second question was what sort of margin profile do you then expect at a company level for the coming year and maybe the next 3 years?

Ashutosh Kumar: This is Ashutosh. For the margins, if I can draw your attention to Slide number 29, . You would notice that we have over 20% margin in our established centers, showcasing the strength of the platform. However, our emerging centers are a little over 10%. Together, we are delivering close to about 18% margin.

As our emerging centers continue to grow, which is again reflected in last year's performance, you will see that our revenue grew by 32% and our EBITDA has grown by 44% in the same quarter for emerging centers, reflecting an increase in EBITDA margin as well. As they inch closer towards the EBITDA margin of the established centers, we expect our EBITDA margins to improve going forward.

Now with respect to the current quarter's margin, we have seen a slight decrease of almost about 40, 50 basis points in the EBITDA margin corresponding to same quarter last year. That is primarily because of higher contribution of medical oncology business, which is reflected in our chemotherapy share.

You would see in Slide number 30, that our chemotherapy volumes have grown by 24%, which is higher than other modality. I would like to just inform the participants here that while we practice comprehensive cancer care and all the modalities are equally important for us. From a financial outcome perspective, medical oncology modality is least profitable, but highly return accretive. So, the way we see it is as the medical oncology grows, it may have some pressure on our gross margin. But in the long run we expect higher operating leverage more than compensating for loss in gross margin eventually resulting in better returns as it is least capital intensive modality in oncology domain.

Gautam Rajesh: Okay, sir. So, like over the next 3 years, do we see improvement is there like a particular number or like you can quantify by any form of how much improvement can be seen as the emerging centers also catch up in margins?

Ashutosh Kumar: In our current portfolio, we should be expecting more than 20% in the future to come in the near future. However, as we operationalize new centres as part of our expansion initiative, overall we may see dilution till these centres scale up to steady state.

B.S. Ajaikumar: I just want to add Ashutosh. Ashutosh there that, please they have to keep in mind some of the new centers in Bangalore, which they come, that can also have a stance on the margin. But is it good to say as the emerging centers also rack up, our margin, as we always indicated, will be in the low 20s. That is our initial goal.

Gautam Rajesh: Understood, sir. The low 20s would be initial goal.

Moderator: We take the next question from the line of Yash Sinha from MIPL Family Office.

Yash Sinha: I just wanted to understand what our strategy was in terms of translating a lot of revenue growth and EBITDA growth that we've had over the past 2 or 3 years into tangible PAT growth going forward. What are the specific strategies that we are incorporating in order to do that in terms of maybe using the primary issuance to pay down some debt so that we can see some generation going forward?

Ashutosh Kumar: So as Ruby and Dr. Ajai also indicated in their speech, due to our recent investments towards expansion and acquisition, the cost of depreciation and interest has gone up leading to reduction in PAT. However, as we scale up EBITDA from these investments, we expect PAT to normalize.

B.S. Ajaikumar: Also, Ashutosh, you want to comment on the interest-related PAT effect, how it will get improved this possibility of primary coming in?

Ashutosh Kumar: Right., Dr. and thanks for adding this up. as Dr. Ajai indicated, depending on the quantum of primary we infuse, and its short term allocation towards reduction of debt, it would help reduce interest cost and improve PAT. As the profitability improves, we would create headroom to leverage appropriately to fuel future growth.

Yash Sinha: Got it. Understood. Congratulations on a another good set of number and all the best.

Moderator: We take the next question from the line of Devang Patel from Sameeksha Capital.

Devang Patel: Sir, the first question was on receivables, which are higher on a Y-o-Y basis. Could you throw some light on that?

Ruby Ritolia: Devang, so the receivables, we had a little higher during the year. Last year, we saw a lot of state getting into elections and there were code of conduct getting applied because of which some of the collections actually spilled over to April. So, in fact, April usually is the slowest in collection. But this year, there was difference. March, we did a highest ever collection that we could do in March, and that continued in the month of April itself also. So now we will see a more streamlined one with a normal increase in our credit sales, which is happening.

Ashutosh Kumar Just to add on, if you look at our cash flow statement, I think last year, we had almost about INR40 to INR45 crores of working capital increase against about INR80 to INR85 crores in the current year. -- the deficit of INR40 crores was made up in the month of April.

Ashutosh Kumar: So, there's not a large gap in the working capital if we include debtors collection in the month of April. It's just a timing issue,

Devang Patel: Will this be the new normal in terms of receivable days.

Ruby Ritolia: So, as I said that the receivable days in the end of March was temporarily high. This already got corrected in April. So, I wouldn't say that the March number is the new normal. In fact, in terms of number of days, if I have to say, 105 to 107 should be the new normal, which we will maintain. However, at the end of March, we were at somewhere around 115. So, we have covered up around 7 to 8 days in the month of April.

Ashutosh Kumar Just one more point maybe, receivables from our newly acquired hospital in Vizag has also led to year on year increase.

Devang Patel: Okay. You explained a different point on the margins for the mature centers. Now, Vizag had a 35% margin in the earlier year. Did that not pull up our margins for the mature centers? What was the impact of Vizag in revenues and profits in the second half or for the full year?

Ashutosh Kumr: . As Dr. Ajai indicated, we are transitioning right now and are in the process of integrating the facility.. As part of our diligence findings some of the operating costs were not sustainable which has been corrected post acquisition as per HCG standards.. That's point number one.

Second, In quarter 4, Odisha government pulled out its government scheme from non- Odisha states. And Vizag in Andhra Pradesh had been the largest beneficiary of treating patients from Odisha under the scheme.

This has resulted into a revenue loss of about INR4.5 crores per quarter had its impact on EBITDA as well. However, we have taken appropriate initiatives to augment revenue from within the state. Further, we have strengthened the leadership at our hospital to fast track growth.

In terms of financial outcome, MGM had a revenue of INR50 crores in H2, with an EBITDA of INR9.5 crores.

Devang Patel: What could be the normalized EBITDA margin for this center going forward?

Ashutosh Kumar: As we scale up the revenue to its steady state, we expecte EBITDA margin to be in the range of 25% to 30% .

Ashutosh Kumar: . In the current quarter, we also had onetime impact of some costs, which was identified during diligence. The adjusted EBITDA for MGM in H2 is INR 10.5 crores.

Devang Patel: Another question was on capex. There are 2 centers on which capex is mentioned in the slides. Is there any other capex over and above these 2 centers for the next 2 years? And also given we are looking at primary equity infusion, is that only to reduce debt or we could look at further capex in the next 2 years after that?

Ashutosh Kumar: So, Ruby did indicate our current year's capex plan. I think it is in the range of about INR280 crores. We already invested a little over INR200 crores in last financial year. That includes close to about INR100 crores of maintenance capex and large growth capex within our existing centers and markets are in Bangalore and Cuttack.

Outside of it, right now, we have not much plans in terms of further growth capex. So, this INR286 crores in the current year should reduce going forward with maintenance capex of about

INR100 crores and some growth capex would come, we will keep the market appraised of our growth plans and associated incremental capex at an appropriate time. However, we have given visibility in terms of how much capex we would do in the current year, which is close to about INR280 crores.

Devang Patel: Okay. Sir, and lastly, on the resolution of the earlier key investor giving bonuses directly to some of the employees, how many employees are covered? And what was the rationale for doing that? Was there an earlier agreement on that?

Raj Gore: So, I think all the relevant information have been disclosed at CVC. There was no direct agreement between company and the investor. And I think for the company to comment on this would be a little difficult.

B.S. Ajaikumar: Ashutosh, what is the question?

Ashutosh Kumar: The question, Dr. is that there was transaction bonus, which were paid to the employees by the shareholders. What was the thought process behind it? And is there any other arrangement, right?

B.S. Ajaikumar: It is purely a thought process of CVC. They felt because of their exit; they should reward the bonus for some employees. And for this, there was an approval by the majority of the minority shareholders. So, any questions they have on this regard, I would direct them to talk to CVC because we are not in a position to comment.

Moderator: Next question is from the line of Aditya Chheda from InCred Asset Management.

Aditya Chheda: So, you mentioned that, if I got it right in the initial comments, there were 900 beds additional over next 3 years and 650 are invested but not yet operational. Can you explain that better? Because there is a Slide 32, which says 85% of capacity beds are operational. So, if you can explain more on that, it would be helpful to know your plans going forward.

Ashutosh Kumar: So, Aditya, of the current capacity, I think we have almost about 200 beds, which are still not operational. In addition to that, we'll be investing in the remaining 600 to 700 beds over next 2-3 years.

Aditya Chheda: Got it. And the next question was in terms of cluster growth with the new Ahmedabad facility and facilities in Bangalore, Karnataka and Gujarat would be the ones which are expected to drive growth in the near term. Is it the right inference that these are higher ARPOB clusters versus the company average for us as of now?

Ashutosh Kumar: That's absolutely right. So, if you look at it, in the region where we are present in metros or Tier 1 cities, the ARPOB, is almost close to about 2x of what we generally see in Tier 2 cities. Our ARPOB in Bangalore and Ahmadabad centres are the highest followed by Mumbai and Kolkata centre.

So, if you look at our presentation, emerging centers, which is primarily 2 centers in Mumbai and 1 center in Kolkata is delivering over INR60,000 per bed compared to overall ARPOB of INR44,000.

Aditya Chheda: Got it. So, this should equate into a high single-digit ARPOB growth for us directionally?

Ashutosh Kumar: Yes, that's right.

Moderator: We take the next question from the line of Kashish Thakur from Elara Capital.

Kashish Thakur: Sir, 2, 3 questions from my end. First question will be on the revenue which we generate from the digital channel. So, can you just shed some light that how it is and like how we are planning to grow it? And yes, it will be around that part.

Raj Gore: So, thank you for that question. Just to give a little bit of background, there are about 2 million new cancer patients every year in India in a population base of INR140 crores. This is a widely spread thinly dense and fragmented customer base. One way of looking at it is a traditional way to reach out to them through traditional approaches of advertising, reaching out camps, et cetera. But because it's such a widely spread segment, there are limitations on physical outreach.

But we know that consumer in every sector, patients want more information, want more power over their patient journeys, want to have more say in the decision-making, and they are using digital mediums to get informed, find information and to reach the right care provider. So basically, what digital platform gives us, is an ability to make patients easier to find us rather than we trying to find these 2 million patients among 140 crores population.

Now, we try to reach out to them through different digital channels, website, patient app, social media handles. There are some third-party channels. Our majority of revenue comes from our website and our social media handles. The way to drive it is search engine optimization, market after market, local. I think in last year, we have doubled our revenue.

We are still working on making our search engine optimization better at each geographic location. As that journey moves forward, we will be ranked higher in potential patient searches. And therefore, it gets us into their consideration set right away. And that we have seen from our experience.

As long as we are in their consideration set, our ability to convert them into a purchase decision or make them walk into our doctor's consultation room that conversion ratio historically has been very high for us because of our brand and clinical capabilities, et cetera. And as you know, among health care, if there is any specialty where patients do not mind travel long distance to any corner of India or the world, it is cancer because it is a life and death.

So, we feel that as we invest our efforts, energy, resources in digital, we will be able to reach out to more and more diagnosed cancer patients across the country and even outside the country in our international markets. And this is a channel that will continue to grow for us going forward, contributing more and more revenue to our top line.

Kashish Thakur: The next question will be on the tax rate. What kind of tax rate should we expect for FY '26?

Ashutosh Kumar: Can you repeat the question, please?

Kashish Thakur: I was asking about the tax rate, ETR. What kind of effective tax rate should we expect for FY '26?

Ruby Ritolia: I think we can expect about 30-odd percent to remain in that level during the next 1 year.

Kashish Thakur: Understood. Just wanted a clarity, like what kind of competition are you seeing in oncology space as many of your multi-specialty competitors have been aggressively taking steps in this direction. So how do you see the competition, especially in the markets outside Bangalore?

B.S. Ajaikumar: See, as you know, we are a focused specialty. We believe we have continued to garner higher share of market in city like Bangalore, Greater Bangalore. We are known as a destination. So, in our view, our growth, as you can see in our Bangalore sector, which is doing extraordinarily well. If you look at our main center of excellence in Bangalore, the growth, the margins have been extraordinary, generating a margin close to 28%, 30% with ARPOB over INR75,000, INR80,000.

So, this kind of high-quality growth will continue to happen in spite of whatever the number of centers they may be. The reason I say that is oncology has to be a destination. It is not a disease of convenience. So, in my view, that is how we started HCG as a single specialty, a single specialty hospital always will deliver better quality and outcome overall because of the way we have structured the ICU, the outcome, what we measure, the multi support system we give for the patient specific, for example, infection.

If you look at our mortality rate, let me give you one example. Across India, which I do audit of our mortality recurrence rates, when you look at our mortality in 2017 for 5,500 discharges, we had a mortality of 2.5% per month across India. But today, after we got into this auditing, today, our mortality for 13,000 discharges, 13,000 per month is less than 0.9%, below 1%. Our target should be 1%. Now we are trying to even lower that. I don't think anybody in the world has this kind of low mortality. I can tell as an oncologist.

B.S. Ajaikumar: No, I just want to say we measure it, we put out of our data and do all that. And we also do data collection for research academics. So, when you talk about the competitive landscape, we feel honestly, they should be worried about us, not worried about them because the way we are expanding, putting together the quality of excellence, the quality we have today is unmatched. And I trained in Houston, MD Anderson, I can say we are equal to that very clearly. So, this is where we are with genomics, proteomics coming. So, I hope I answered your question.

Kashish Thakur: Yes, sir. Yes sir.

Raj Gore: Dr. Ajai, I just want to add 2 data points. Let me give an example of Bangalore. There is no other place where there are so many multi-specialty players are doing oncology and they have multiple hospitals doing oncology in Bangalore. And yet, we have grown our market share over the last 4 years.

Number two, we entered in Kolkata and Mumbai market pretty late, and there were existing hospitals who are dominant player. But in both markets, we have gained largest market share over 4 years and climbed the market share ranking. And both are an example of why our single specialty focus is a better approach to specialize and focus and build confidence and trust of patients because this is the only thing that we do. We live, eat, drink oncology, and that gives us our best chance to give the most advanced and comprehensive treatment to our patients, and that's what is working for us till date.

Ashutosh Kumar: And just to add on, in this regard, we have not lost our market leadership in any of our locations in the last 3, 4 years in spite of competition coming in. The way we approach this and think about it is that India is an underserved market in terms of supply. And as the supply keeps growing, it's only going to help the best player providing quality care in that space.

Oncology is something which is a matter of life and death. And this is the only specialty among all other specialties in health care where second opinions are the highest. So once the patients are diagnosed that they have any indications of cancer, they try to figure out who are the best providers in that market to give them the best solution

B.S. Ajaikumar: Ashutosh, one other thing is it is not only like if a patient goes to a multi-specialty with abdominal pain and they found that they have a cancer, they may end up taking treatment there. But remember that significant number recurrence. When they get recurrence that is when they come to HCG. That is why I call it a destination. So that is how MD Anderson is, and that is how we have positioned ourselves as a destination, and that is why we will continue to grow.

Kashish Thakur: Understood, sir. Sir, just one last question. Why do we see our ARPOB still on the lower side? I still believe that oncology treatments are a bit on the expensive front. So, why our ARPOBs are so low?

Ashutosh Kumar: So, if I can take that question, Dr. Ajai., we have significant presence in Tier 2 cities,. However, if you refer to our investor presentation slide 13, we have demonstrated a business model with similar profitability and return in Tier 2 markets compared to metro market in spite of ARPOB being lower.

While the ARPOBs in metro cities are higher, the throughput in terms of number of patients we treat in Tier 2 cities is higher on like to like capacity basis. This helps us generate similar profitability and return in Tier 2 cities compared to metro cities..

B.S. Ajaikumar: You may also want to make an observation, Ashutosh, on how our ARPOB is in our centers in urban areas and why the Tier 2 are maybe why it's lower and it is expected to be lower. So maybe you can make a comment on what is our ARPOB in that.

Ashutosh Kumar: Sure, sure. So, in the centre where we have full offering in terms of high-end therapies as well as being in metro, like, for example, Bangalore and Ahmedabad, the ARPOB is close to INR1 lakh. followed by Mumbai and Kolkata, with ARPOB of about to about INR60,000 to INR70,000 in

So, these are the markets we have very high ARPOB. The other markets in tier 2 2 cities such as Odisha, Andhra, the ARPOB is about INR30,000, INR35,000 resulting into an overall ARPOB of INR45,000 for the company

Kashish Thakur: Understood, sir. Sir, just one last question. So, I might have missed what kind of ARPOB growth we might expect in FY '26?

Ashutosh Kumar: With continuous decrease in length of stay in the hospital coupled with high end treatment modalities we expect 7% to 8% increase in ARPOB

Moderator: Next question is from the line of Sakshi Pratap from Pratap Securities.

Sakshi Pratap: Just a couple of questions. So how was the performance overall for international patients? How do you think we have perfomed this year compared to last year given this year had a lot of geopolitical issues?

Raj Gore: Yes. So, Sakshi, the biggest contributor to India, not just for HCG, but for all hospital players in terms of international business is Bangladesh. And as you know, because of geopolitical issues between our 2 countries, India has reduced drastically the number of medical visas that India grants to Bangladeshi patients.

That is the major reason for the impact on international business across India, across players. That to some level has improved, but I think that will continue to be suppressed for the next few months till our relationship between 2 countries get completely normalized.

So that's the outlook in general for India. However, as even though our international business got impacted last year, we have more than made up for it through domestic channels. So international for us is a small part of our total business. Our core is domestic business, and we will continue to monitor international business situation. However, we will continue to work on making up for any reduced growth on international through domestic channel like last year.. So, we don't expect it to impact our revenue growth this year.

Sakshi Pratap: Understood.

B.S. Ajaikumar: I just want to add one more word to what Raj said. When we look at international, as we know, CCK Cancer Center, which is into radiation and medical oncology. I'm very happy to say that this center has been doing very good. We have installed a new radiation equipment, PET scan, and we are now in the process of possibly looking at a second LINAC in Nairobi. And we have also discussed at our Board concept node to see how we can really further improve there because the international opportunity in countries like Africa are significant.

And what we have shown is a significant growth, high profitability there with the margin reaching almost 24%, 25%. So, this is one other angle, which we will be addressing in the next few quarters with our new investor, and we will keep you definitely updated on.

Sakshi Pratap: Understood. And would you be able to provide the percentage contribution by international patients to our revenue?

Raj Gore: Around 3-4% of revenue is from international.

Moderator: Next question is from the line of Umang Gada from Avener Capital.

Umang Gada: My question was more on the Milann side of the business. That business has evidently continued to struggle to grow. So, I just wanted an update from the management side that what are the strategies over there even maybe are we looking to spin off in the future or any strategies over there?

B.S. Ajaikumar: Yes. I can answer that. You're absolutely right. Milann have been through quite a tough time, particularly with our former partner self-starting units near our center. We have addressed this issue internally. We were just waiting for the new investor also to come. We have also discussed with them. So, we are definitely putting a proposal to divest. And hopefully, this will happen definitely this fiscal year, and we'll keep you updated.

Umang Gada: Yes, yes. I was, the answer was audible.

Moderator: Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing comments.

Raj Gore: So, thank you so much for your continued interest in HCG. As informed by many of us during the call, it's a very exciting time for the organization. We have just come out of a very good operational and financial performance in FY '25. We've been sharing our plans for next 3 to 4 years continuously over the last few calls.

As with the incoming new investors, the organization is really excited about moving on from consolidation phase largely in last 4 years to a high-growth, high-performance phase in the coming future. And we will continue to keep you informed as and when those things materialize, and we have more information. Thank you so much. Have a good day.

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