"HealthCare Global Enterprises Limited Q1 FY '22 Earnings Conference Call"

August 13, 2021

MANAGEMENT: **DR. B. S. AJAI KUMAR – EXECUTIVE CHAIRMAN, HEALTHCARE GLOBAL ENTERPRISES LIMITED**
MR. RAJ GORE – CEO, HEALTHCARE GLOBAL ENTERPRISES LIMITED
MR. SRINIVASA RAGHAVAN – CFO, HEALTHCARE GLOBAL ENTERPRISES LIMITED
MR. NIRAJ DIDWANIA – HEADS (CORPORATE DEVELOPMENT & INVESTOR RELATIONS), HEALTHCARE GLOBAL ENTERPRISES LIMITED

Moderator: Ladies and Gentlemen, Good Day and Welcome to the HealthCare Global Enterprises Limited Q1 FY '22 Earnings Conference Call. As a reminder, all participants' 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 '*' and then '0' on your touchtone phone. I now hand the conference over to Mr. Niraj Didwania. Thank you and over to you, Sir.

Niraj Didwania: Thank you. Good Afternoon and a very warm Welcome to all participants to HealthCare Global Enterprises Limited Q1 FY '22 earnings conference call. Today, we have with us Dr. B. S. Ajai Kumar, Executive Chairman; Mr. Raj Gore, CEO; Mr. Srinivasa Raghavan, CFO of HCG along with the Management team to share highlights of our business and financials. We have uploaded an earnings update presentation to the stock exchanges and also shared the same through our mailers. Without further ado, I hand over the call to Dr. B. S. Ajai Kumar.

B. S. Ajai Kumar: Thank you Niraj and very warm Welcome to all the participants. We hope all of you and your near ones are safe and ask everyone to get vaccinated at the earliest so we can obviously reduce the virality and mortality caused by the virus. We are pleased to report Q1 FY '22 results having emerged with strong performance on all counts while weathering the second wave of pandemic. The quarter started with rising cases, travel restrictions, and lockdowns, which obviously threatened to disrupt operations substantially, but we are proud to say that we are not only able to maintain continuity of treatment of cancer patients through usage of technology, but also ensure the highest quality of care. Today, we were able to conduct tumor boards, do follow up using technology which has really been a paradigm shift in the way we approach management of patients. HCG has institutionalized tumor boards, research and academics across its centers and continue to bring globally comparable outcomes to every patient along with creating last mile access and better quality of life. With growing Oncology disease burden, the inherent strength and future outlook of HCG model is best suited to provide superior outcome for patients while sustainably achieving the desired objective for all stakeholders over the coming years. I would now like to request Raj Gore, our CEO, to share comments on this.

Raj Gore: Thank you Dr. Ajai, a very warm Welcome to all the participants and hope all of you are safe. We are satisfied with the performance in the first quarter of FY '22, which was also during one of the most testing times we may have seen in our lives. The fact that we have not only emerged successfully, but also created new performance benchmark as an organization is a testament to the clinical expertise and overall value proposition that we offer. HCG's large patient catchment of over 640 million population in states of presence and market position across these regions is a great platform helping us in redefining quality of care and outcomes at scale, thus driving clinical and geographical leadership. We continue to focus on disciplined capital allocation as we implement strategic initiatives across business development and digital health while carrying strong momentum from first quarter into the current quarter. We are excited about the next few years as being truly transformative for HCG to continue our dominant leadership in Oncology while delivering strong return on capital and meeting our responsibilities towards all stakeholders.

Now, I will move to the highlights of business updates from Quarter-1 FY ’22. We have had record performance with all time high operating financials delivered across the business. Highest ever monthly and quarterly revenue and EBITDA delivered during the quarter; strong sequential and annual revenue growth in spite of lower than industries impact in previous year. HCG new center continued their scale up trajectory. New centers have had strong revenue growth of 124% year-on-year and 30% quarter-on-quarter, reduced losses with several centers achieving operating EBITDA breakeven at unit level. Amidst COVID-led disruption, several regions delivered double digit revenue growth on sequential basis. Gujarat demonstrated growth across Oncology and multispecialty businesses with revenue growth of 14.8% quarter-on-quarter. Maharashtra’s strong ramp up across all centers delivering 15.2% revenue growth quarter-on-quarter. New Oncology center in Jaipur delivered 18.8% revenue growth quarter-on-quarter. We continue to drive clinical excellence and patient care across businesses. We set up mucormycosis, black fungus treatment program with the highest procedures and best outcome. We actively drove vaccination programs across regions, which contributed 3% of revenues for the quarter. Milann maintained profitability in operations in spite of second wave and strengthened its clinical talent. Now, I request our CFO, Srinivasa Raghavan, to share the financial highlights.

Srinivasa Raghavan: Thank you very much Raj and Good Afternoon everyone. The highlights for quarter ended June 30, 2021:

Consolidated revenue was INR 3,231 million as compared to INR 1,935 million in the corresponding quarter of the previous year reflecting a YOY growth of 67%. Consolidated EBITDA was 547 million as compared to INR 221 million in the corresponding quarter of the previous year, a growth of 148% year-on-year and 25% quarter-on-quarter. Consolidated operating EBITDA was INR 512 million as compared to INR 194 million in the corresponding quarter of the previous year, a growth of 165% year-on-year and 30% quarter-on-quarter.

Operating EBITDA for existing centers was INR 531 million, a growth of 109% year-on-year and 21% quarter-on-quarter reflecting an operating EBITDA margin of 21%. Operating EBITDA loss for new centers was INR 19 million as compared to a loss of INR 61 million in the corresponding quarter of the previous year and INR 46 million in the previous quarter, a reduction of 68% year-on-year and 58% quarter-on-quarter. Consolidated PAT was a loss of INR 96 million as compared to loss of INR 398 million in the corresponding quarter of the previous year, a reduction of 76% year-on-year.

I now request your attention to Slide #31. Q1 ’22 revenue grew by 67% year-on-year, HCG centers by 66%, and Milann centers by 99%. Q1 ’22 operating EBITDA, existing centers INR

531 million, 21.2% margin versus 15.8% margin in Q1 FY '21. New centers witnessed a loss of INR 19 million versus loss of INR 61 million in Q1 FY '21.

I now request Raj to share the operating highlights please.

Raj Gore: Thank you Srini, I would like to draw your attention to Slide #32 of the presentation. The revenue split for our businesses is 96% contribution by HCG centers and 4% by Milann Fertility Centers. Within HCG centers, Karnataka's contribution to the revenue is at 36% followed by Western India comprising of Gujarat at 28% and Maharashtra at 18% followed by East India and Andhra Pradesh at 8% each and Tamil Nadu and North India contributing 1% each.

I would like to draw your attention to Slide #33 of the presentation. Strong growth in revenue continues across centers in first quarter of FY '22. South Mumbai delivered 231.5% year-on-year growth, Nagpur delivered 129.9% year-on-year growth, Hubli delivered 87.6% year-on-year growth, and Vizag delivered 71% year-on-year growth. Revenue from new centers of INR 693 million in Quarter-1 FY '22 versus INR 309 million in Quarter-1 in FY '21 which is a growth of 124.4% year-on-year basis. Existing centers revenue growth of 54.5% in Quarter-1 of FY '22 on a year-on-year basis.

I would like to draw your attention to Slide #34 of the presentation. Increase in average occupancy rate in Quarter-1 FY '22 year-on-year basis of 55.8% versus 38.2% at a consolidated level. For existing centers, occupancy rate was 60.3% versus 42.6% corresponding quarter last year. Increase in existing center ARPOB in Quarter-1 FY '20 was INR 35,423 versus INR 30,304, which is a 16.9% year-on-year growth. Existing center's operating EBITDA margin increased by 418 BPS to 19.7% in Q1 FY '22 from 15.5% EBITDA margin in Q1 FY '21.

Looking at key geographies in Slide #35, in Karnataka region:

Our Center of Excellence performance in Quarter-1 with revenue growth of 52.3% year-on-year, ARPOB of INR 50,000 versus 44,000 in the corresponding quarter last year, and 21.1% operating EBITDA margin. With respect to Gujarat region, we had strong revenue growth in the Quarter-1 FY '22 on a year-on-year basis with Oncology revenue growing by 59.9%, multispecialty revenue growing by 168.5%. The COVID contribution in that was 22% for the Gujarat region. With respect to Maharashtra region, revenue momentum across all centers in the region with 15% to 15.2% quarter-on-quarter growth, and 77.5% year-on-year growth.

New centers in the region grew by 109.6% year-on-year basis and 11% quarter-on-quarter basis. In Andhra Pradesh, existing center revenue grew by 24.4% year-on-year, expansion of revenue at new center by 89.2% year-on-year, and we focused on improving corporate and TPA mix for our business in Andhra Pradesh. In East India, we have had strong revenue growth across the region. Vizag delivered revenue growth of 71.0% year-on-year and we focused on improving revenue mix through reduction of scheme business.

Coming to Slide #36 covering key highlights for Milann Fertility business:

Milann demonstrated good recovery in Quarter-1 FY '22 across all metrics. New centers revenue grew by 215.2% year-on-year. There was a big improvement in digital traction as a result of continued efforts on our digital campaigns and with continued focus on strengthening clinical talent across Milann. Looking to consolidate and focus on market leadership in Bangalore and scaling up North India centers in near term for Milann going forward. Now, I request Srini to explain the CAPEX and debt highlights.

Srinivasa Raghavan: Thanks Raj. I would now like to draw your attention to Slide #37 please.

With respect to the CAPEX table, we have implemented judicious control measures with respect to both routine and growth CAPEX with most of our expansion completed. Total CAPEX for Q1 FY '22 was INR 51 million, which was largely with respect to the HCG centers. With regard to net debt as on June 30th, net debt was INR 2937 million. We reassessed our lease terms for certain leases and re-measured our lease liabilities and right to use assets with a reduction of 1230 million on account of this adjustment as reflected in capital leases section in the net debt table.

I would now like to draw your attention to Slide #38. We are not expecting any new centers for Financial Year '22. We do not have any committed new centers for Milann.

I would now like to hand over the call back to Niraj please.

Niraj Didwania: Thank you Dr. Ajai, Raj, Srini for sharing the financial and business highlights. Please note the comments from the Management are intended to share qualitative perspectives and insights. These should not be considered as a financial or operating guidance regarding the business. We can now move onto the Q&A session.

Moderator: Thank you very much, Sir. Ladies and Gentlemen, we will now begin the question and answer session. The first question is from the line of Shayam Shrinivasan from Goldman Sachs. Please go ahead.

Shayam Shrinivasan: Good Afternoon and thank you for taking my question. Just the first one on the ARPOB performance, I am just looking at your Slide 34, 16%-17% kind of a growth so just want to understand sustainability of this ARPOB, I know there could be a contribution coming from COVID and there as well, so just want to understand on an organic basis, how should we look at it and what are some of the key drivers for this growth?

Raj Gore: Shayam thank you for joining and asking me this question, we have had 3% contribution from vaccination and that has helped increase in ARPOB. Our COVID revenue is largely limited to multispecialty hospital and that has also contributed to take the ARPOB to a little higher level overall. In addition, at the beginning of the quarter, we had done a price increase and the impact of that is about 2% on an applicable base.

Shayam Shrinivasan: Sir, my question was just from a let us assume 2Q, 3Q, 4Q was a little bit more normal sized, how should we look at this ARPOB, it should sequentially kind of come off or should we just keeping out the COVID part?

Niraj Didwania: Shayam, just one thing I want to add when you asked about sustainability is that this is also with almost 60% lower international patients, so what we believe is while there are these vaccinations and COVID benefit we are seeing in the ARPOB, but we feel that will get replaced as things normalized, so right now we feel that 35,000 is a sustainable range. I think 16% growth we cannot comment on because Q1 last year was also a lower base but this 35,000 range should sustain.

B. S. Ajai Kumar: I just want to add out Shayam historically ours is normally pre-COVID period has been around 34,000-35,000, so it is definitely sustainable.

Shayam Shrinivasan: Sir, my question is, sorry to follow up on this, but just that coming out of the pandemic do you see a pricing environment where price hikes are not found upon and do you think from a longer term perspective, this could be can we now take year after year in line with medical inflation obviously, higher price hikes and maybe also work on the mix rather than doing more complex, so just trying to understand the longer term or a medium term perspective on ARPOB?

B. S. Ajai Kumar: I think as far as the price hike, we normally do that around April or so and that is in line with the inflation, so we will tend to keep that price hike, but one of the things which can also improve the ARPOB as we go forward is the mix of technology. As you very well know, today the technology advance is so much we are now moving away from conventional radiation to IMRT, IGRT, SBRT. All of this is only going to give us a better revenue because of the type of technology we use. Also today the genomic therapy is driven, we are very much into genomic therapy, gene directed and when we do gene analysis obviously that increases our revenue and the most important thing as an Oncologist, I can tell you is we will be seeing more footfall because fortunately the cancer patients today are living longer. As patients live longer, they will come with more recurrent diseases later on and as we manage them, obviously it is more complicated manage, so I think the trend is upward only while we cannot comment exactly how it will be, but I think we are at a level where we will see upside as we move forward.

Shayam Shrinivasan: Got it Sir, very helpful, last question is on the margin trajectory, again we have seen pretty good performance, if I look at existing centers as well so is there any guidance on the margins for full year and when do you foresee some of the new centers actually become EBITDA breakeven?

Raj Gore: Thank you Shayam, as Niraj mentioned the Q1 performance was without international revenue at its normal level. As international business comes back, as our new centers ramp up and breakeven and as Milann comes back to its original level, we feel that we are very confident that we will sustain these margins going forward.

Shayam Shrinivasan: Sir, any timeline on the new centers breaking even?

B. S. Ajai Kumar: Mumbai has actually broken even and Nagpur of course broke even, and South Mumbai I think in the last third-fourth quarter, it will breakeven. The only center which still has to breakeven is Calcutta and Jaipur, which both of them we expect in the fourth quarter, the beginning of first quarter they will breakeven next year.

Moderator: Thank you. The next question is from the line of Riken Shah from Omkara Capital. Please go ahead.

Riken Shah: Congratulations on a strong set of numbers, I just wanted to understand, you have guided on ARPOB being sustainable at 35,000, what would be the occupancy sustainability, I believe this has been one of our highest occupancy?

B. S. Ajai Kumar: I think normally as you know, our occupancy has been around 45%-48% and we are seeing increased occupancy primarily because obviously the multispecialty, we saw increased occupancy during the COVID period particularly in the multispecialty and this is what I think is contributing. Whether it is sustainable or not one other question we always address on occupancy in Oncology is we are moving more and more towards daycare, more and more patients are short term. Our ALOS actually is coming down. With all these, we have to keep in mind that some of these centers have been built long time ago, several like 15-20 years ago, but today they do not require that kind of beds, so we are looking at where the usage can be, so occupancy I do not think will continue to increase, it may even come down to the normal level what we see around 50%, so that is how we look up on as we move forward.

Niraj Didwania: I just want to add that if you are looking at occupancy as a determinant of revenue growth on volumes, we have others, like Dr. Ajai has said earlier there is technology improvement and there is also lot of response that do not increase the occupancy because they are outpatient or couple of hours so just occupancy increase is not a driver of volume or revenue increase, I just want to highlight that.

B. S. Ajai Kumar: Another thing is new centers obviously are increasing, as they are doing better their occupancy will increase that also we have to keep in mind as we move forward. As you see the new center growth has been over 100% so this also you will see increased occupancy happening overall because of that.

Moderator: Thank you. The next question is from the line of Kunal from Edelweiss. Please go ahead.

Kunal: Good Afternoon Sir and thank you for giving me the opportunity, Sir if I were to look at your Slide 35, I see that a couple of centers like Karnataka and Maharashtra where the operating EBITDA margin in Q1 is lower, so FY '21 despite higher occupancy and ARPOBs, so anything I am missing here?

Niraj Didwania: Gujarat is higher Kunal and if you ask me, Karnataka and Maharashtra they are probably in the same range. Largely I would denote that to international patients. From Q4 to Q1, we had a big drop in international patient because travel froze and overall for FY '21 Q2 onwards we have started seeing some recovery, so Karnataka and Maharashtra are flattish and there is some impact on international. Gujarat obviously the margins are better in Q1 then FY '21.

Kunal: Niraj I understand where you are coming from, but it is just that there is a sharp increase in occupancy as well as the ARPOBs also, so despite that the margins are flattish like you said, should we put it all down to international patient or just?

Niraj Didwania: The occupancy is not the right base because last year Q1 was not a normal quarter because of COVID lockdown, national lockdown, so that impact on occupancy increase is more to do with the base being lower versus not that all these revenue comes from 100% and occupancy are more because the base was much lower in Q1 last year.

B. S. Ajai Kumar: We have to be clear, in Oncology as we have said repeatedly, occupancy does not necessarily increase the margin, actually ARPOB increases as more footfall comes in and occupancy decreases because if ALOS is less, your ARPOB will increase and also ARPOB depends on the technology we use for the patients, so this is how they are related, so unlike multispecialty hospitals, we cannot correlate that. In fact if the patient stays longer for only care, actually your margin will come down so we have to be very clear in differentiating between occupancy and margin.

Kunal: Sure Sir, so ALOS would have also gone up this quarter. Sir just one more question, Dr. Ajai you are mentioning that you are investing in technology, so is there anything unique that you would like to share that is unique to HCG and puts you at an advantage versus big hospital chains?

B. S. Ajai Kumar: One of the things we are very clear is investment in the genomic biotechnology and also investment in certain technology which is very, very patient centric. I will give you two examples, one is at HCG we are very well known for very personalized care. For that, we need to do genomic analysis, so we are investing and we will continue to invest in that and some of the newer ways of doing the genomic analysis is phenomenal where we can identify mutations and through these mutations, we can identify what is the right kind of treatment through bioinformatics and that is where I believe future. If you attend our Tuesday Board meetings, tumor board you will see it is a genomic driven tumor board where we go into the depth of the patient, what are the cause of the cancer, what are the reasons for cancer coming on or recurrence and based on that we come up with solutions which is very genomic driven, which mutation tells us how to. For example, immunotherapy, today what was immunotherapy people who fit for that. Today, so much of genomic and understanding has happened, higher the mutation they have more response to immunotherapy, so without going into more details I will say that genomics is an important part.

The second part is we are working with like for example Microsoft teams, we have done lot of work. We are taking it to further where we will be using augmented reality, mixed reality, we are on the road to that where we can actually if a major surgery is performed let us say in the Tier-2, Tier-3 city, we are pioneered where our doctors in the Avatar form can actually participate in the surgery there. It could be Nasik, Ranchi where we actually help the local doctor to complicate the surgery without patient coming here, so that is where we are taking. Apart from the usual, we have the CyberKnife, radio surgery, we have digital PET, all of this are progressing, but these are all the future where it is very extremely patient-centric and we feel because of the 100,000 cancer patients we see, because of the protocols we have, we are in a big leadership position here which will continue to be like that.

Niraj Didwania: Thanks Doctor. Kunal I would just request you to also spend some time on this Slide #23 of the new deck what we try to do is compare HCG overall model, so like you asked the question on technology, but how we approach, what is our clinical offering in terms of Oncology, and how that stacks up to the other multispecialty models. We have tried to articulate on several parameters where we stand across the network and where we feel others can, so that will also give you an overview on not just technology but the entire business model that HCG following in terms of leadership and Oncology space.

Kunal: That is helpful, Sir do you have any budget set for some of these technology R&D?

B. S. Ajai Kumar: I cannot give you exact numbers, but obviously there will be a budget and we are in the process of allotting when it comes to the next year budget. We have already done some, so we will announce it as and when we do, we are moving forward for this genomic lab and as well as other areas, and we will certainly make it known as we move along. It is not going to be very heavy budget, it is not that CAPEX intensive.

Kunal: Sir, just one more question, since barring a couple of centers, most of the centers are now breakeven now profitable, have you thought about some expansion plans beyond FY '22 let us say for the period FY '23 to '25?

B. S. Ajai Kumar: I just want to say as we have said we are in a consolidation phase and right now after the funding we got, the COVID situation, we have deleveraged, but we are very clear we want to consolidate, but we are in a strategic way we are looking at how to move forward. Certainly, our main goal is Oncology focused now. We want Oncology and Oncology, so our core work is Oncology, Oncology related, and we will look at strategic opportunities, but right now we want to consolidate like what you said, we want to make sure capacity utilization happens at all centers, that itself is very big post COVID. Once we reach capacity utilization, then you know as we go along and we are obviously you know very good in financial situation, we will then look at opportunities for example M&A opportunities how we can do, but Oncology focused. At this point, we are in a consolidation phase and we think we are very well positioned to reach the capacity utilization level this year.

Moderator: Thank you. The next question is from the line of Aditya Bajolia, an Individual Investor. Please go ahead.

Aditya Bajolia: Good Afternoon Sir, thank you for the presentation, Srini Sir just I would like to add in the upcoming quarter if you can also share the quarter-on-quarter presentation, I mean comparison so that it becomes easier for us to understand because last year being an exceptional year, I mean comparison of growth does not seem much realistic, so if you can just share QOQ details as well. Sir, my first question is I see that ARPOB for I mean East part of India and other parts of the country vary by a big margin, so what is the reason because in Eastern part of India I see there is a huge competition also and we also understand that international patients would be coming up, might not be now, and also I see that with many hospitals close by to the locality of HCG Kolkata and many competitions coming up in Assam as well, so I mean how do we plan to increase the ARPOB or the revenue, so how do we see that?

Raj Gore: Different regions have different pair mix, our dependence on scheme business in East India is relatively higher than the business we get through schemes in Karnataka and that is one of the reason. Second, Karnataka region is largely for example is a big city Tier-1 city, whereas East is distributed across several locations, so it is a factor of different things. Our kind of complexity of work that we do in Karnataka is much high end, and therefore, revenue realization is higher versus the kind of work we do in some of the smaller cities, so the variance in ARPOB is function of these different things.

Aditya Bajolia: Sir, with so much of competition in Eastern part of the country and upcoming competition as well because I understand that there are 20 more hospitals coming up in Assam with the tie-up with Tata Group, so how do we overcome those competition and pass through that?

B. S. Ajai Kumar: One of the thing I want to tell you is when you are in a leadership position with a dedicated cancer center, I do not think we worry about competition. We always welcome competition because we are the leaders, in fact in a way competition enhances awareness about cancer, so with this awareness more and more patients actually will come. This is what history has taught us, so we think we welcome, I do not think that is an issue. First of all I think Assam I do not know whether Tata is doing because they have withdrawn some of the things recently, so they may, so the incidence of cancer also is increasing. For example, you look at big cities like Kolkata, Bangalore and all. As the cities grow and also urbanization happens, obviously more cancer the people who come their parents will also come here for treatment and all, so I do not think we should be historically the growth of HCG as you see from early 2000 to now. I can tell you whatever competition have come we have continued to grow, we are a focused factory approach. Being Oncology focused factory, I do not think multispecialty will be a competition for us. They will cover whatever the multispecialty Oncology they generate, 100,000 new cases we see increasing at a very good rate is definitely going to happen for various reasons I mentioned above, so we are well positioned.

One of the things is our network of Oncology's ability to provide super specialty in a team. They may be in Ranchi, but still we have 300 Oncology backing them, this kind of phenomenon and genomics and all I have mentioned is not available, so this is well recognized by the people as patients has to come, so that is why we are growing quite well and we will continue to grow. If you take Mumbai, for example, Mumbai our center is the only private dedicated cancer center and one in South Mumbai in the heart, so people now want to go to dedicated cancer center because it is like you know you go to a place multi-cuisine restaurant versus specialty restaurant, we have like that so that is where cancer care is changing every three months, how can people keep up with that, how can one Oncology see a specialist in all that, it is not possible so when people want that kind of care and also recurrence, when cancer comes back where will I like to go, to the Center of Excellence, so this is where I think we will shine and we are well on the road to that.

Aditya Bajolia: Sir, one more thing, do we plan to come through the Management contract sort of set up wherein we do a tie-up with big investors who invest in the hospitals and we provide the services in terms of management contract, so is there any plan or progress for that?

Raj Gore: I do not think we are very keen on growing through O&M route. In our experience, we found that is not necessarily the best way to expand for us, so right now as Dr. Ajai mentioned we are consolidating and if there are opportunities which are value accretive, we will look at it.

Aditya Bajolia: Sir, I see a CAPEX plan of around 35 CR for the year, so do we plan to utilize the cash and cash equivalent, which is present in the balance sheet or take up fresh loans or fresh debt for that?

B. S. Ajai Kumar: As far as the CAPEX is concerned, some of them will be replacement CAPEX. Obviously, it will be dipping below the EBITDA where we will have cash flow, we have positive cash flow we will use that. At this point, we really do not intend to take any loan if we can avoid, but there may be circumstances where we may have to, but also we have got significant liquidity and as you know we are also put up with the warrants are also, we will be quite cash rich, so we will take a decision at that time based on the need of the particular CAPEX.

Moderator: Thank you. The next question is from the line of Amit Singh, an Individual Investor. Please go ahead.

Amit Singh: Sir, what is the COVID and non-COVID bifurcation in revenue for Q1 FY '22 as well as in Q4 FY '21?

Raj Gore: As you know, our core focus is Oncology and all our Oncology centers continues to maintain that focus, however, we have few multispecialty hospitals largely there are in Gujarat region where we had COVID patients and the impact of that has been 22% of top line of our Gujarat revenue.

Amit Singh: On overall basis, what is the COVID percentage in revenue not just Gujarat region?

Raj Gore: Percentage of Gujarat revenue it will be 22% because three of our multispecialty hospitals, three out of four are in Gujarat. As a percentage of overall top line, it will be about 8% at a group level.

Amit Singh: Secondly, what is the mix between insurance and cash in our revenue line in this quarter?

Raj Gore: For COVID?

Amit Singh: No, overall revenue.

Srinivasa Raghavan: Overall, cash is around 53%-54% and balance is equally between PPA, corporate, and Government schemes.

Moderator: Thank you. The next question is from the line of Aditya Khemka from Incred AMC. Please go ahead.

Aditya Khemka: Thanks for the opportunity. Raj, question specifically to you and I think I asked you this last con call as well, but you were relatively newer to the organization so maybe a repetition, but since you have joined HCG, what is that are the key initiatives that you have taken and how independently are you being empowered by the Management to make the strategic decisions?

Raj Gore: Thank you for that question, I think agenda that we have for the organization is developed in consensus with all stakeholders, it is not just my agenda. The agenda is same that we will be disciplined in our capital allocation. We are going to focus on execution in how do we ramp up revenue growth especially in the new centers, how do we bring cost efficiency everywhere to bring profitability, and therefore, I think it is our collective agenda and since it is collective, question of independence does not arrive, we are driving it together.

Aditya Khemka: Question to Dr. Rao, when you are evaluating Raj's performance say one year two years down the road, what are the key performance parameters for Raj, what are the key performance indicators that he needs to deliver on to ensure that he has done what he came to the organization to do?

B. S. Ajai Kumar: As you know this is a Board, Raj reports to the Board and we have as a Board evaluation we do, and most important thing is being a CEO in the past, we are really very happy to have Raj who has taken on with his vast experience when coming from operations and other areas in digital, marketing, branding. I think it is a great thing to have a colleague of Raj and as Raj said, we have set our goals on how to bring capacity utilization, increase our revenue, move forward, and in those areas, Raj is really putting lot of systems in place. He is a very system-oriented person, as an entrepreneur we are different as you know. We are little bit like free spirited, but Raj has got definite guidelines from the Board, from the strategic committee and his own input is very important, it is collective. It is not just what we tell him to do, but his ideas and inputs are critical for us and that he has provided and it is a great start in the last six months and we look forward to and he sees lot of areas where he can contribute and which he has already done and he is very excited about this whole enterprise single focused specialty, how to drive, so we are putting all that things put together. He is a dynamic individual, so we are sure he will achieve bigger goal, and with this in mind, I think we are moving along and so far it has been very good. We do evaluate, as a Board we do evaluate as you know nowadays, independent Board Members also have, but we have a strategic committee which involves us and the new investor. Together, we give our strategic direction along with his input, so that is how we are driving and it is really transformational and it is very good for the company at this point.

Aditya Khemka: Sir, just one last question, on the Strand bit, you explained throughout this call how you are focusing on bioinformatics, genome sequencing, and this modernistic technologies to help you to help the patient better, in that context is there any synergy between the genomics analysis that you guys do and the bioinformatics arm of Strand?

B. S. Ajai Kumar: Definitely there is, we do wet lab what we call it. We do the gene analysis, for bioinformatics strand has multiple Ph.D. where they give the interpretation, so it is a combination of two and what we do in HCG is really analyze who are the patients who require genetic interpretation, how do we get the tissue, how do we do the wet lab to analyze. For example we do a very high end called TSO500, so based on that when we send it to Strand, Strand will give an interpretation of that and say okay these are the mutations. Based on these mutations, what are the possible therapy we can do, what are the actionable mutations, what are non-actionable, and we collect the data and look at it to see, we in HCG collect data and put it in terms with the patients file, Radiology, everything, and what he should consider actionable where we should deliver treatment, what we should do. It is a complete total thing, what stands for us is one arm of it, which is very important and we will continue to, obviously that is an important part of us.

Aditya Khemka: Sir, what I hear from you is that Strand seems to be an integral part of your company and we still are a minority shareholder in Strand, are we comfortable with that position because that seems to be a?

B. S. Ajai Kumar: At this point, we are about 34% owner of the Strand and we have entire lab part, entire wet part and everything is actually managed by HCG, so what they do is only the interpretation for us, the bioinformatics arm, so we have no issues in that honestly. One of the other investor is Quadria, which is a financial investor, together we are about 68%-70%.

Aditya Khemka: My question was that would you be comfortable continuing this 34% holding in Strand, would it make a difference if you were to divest Strand and just consult them as a third party or would it make a difference if you were to subsidiarized Strand and take a majority shareholding in Strand and then sort of do it in-house, is there a difference in doing any of these?

B. S. Ajai Kumar: Obviously, right now we are comfortable at this point and we are moving along, but if there is any other thing we do, certainly at the right time we will make announcements.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. Niraj Didwania for closing comments.

Niraj Didwania: Thank you so much for active participation from all the participants. I just want to highlight I think some of you had some questions on the occupancies. We have moved from capacity bed to operational bed where Kunal from Edelweiss also had a question on occupancies looking higher. FY '21 occupancies that we had reported in the past are not comparable to this current quarter's occupancy, but on a year-on-year, we have illustrated those, so just make a note of this point when you are looking at the financials, and with that I would like to say thank you for the participation and we are available offline for any further questions.

Moderator: Thank you. Ladies and Gentlemen, on behalf of HealthCare Global Enterprises Limited, that concludes this conference. We thank you all for joining us and you may now disconnect your lines.