March 06, 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 February 27, 2025***

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 February 27, 2025, with Analysts/Investors to discuss the Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 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: 2025.03.06 10:55:22 +05'30'

Sunu Manuel
Company Secretary & Compliance Officer

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"Healthcare Global Enterprises Limited

Q3 & 9 Months FY '25 Earnings Conference Call"

February 27, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on February 27, 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 — VP – STRATEGIC PLANNING & CORPORATE DEVELOPMENT – HEALTHCARE GLOBAL ENTERPRISES LIMITED
MS. RUBY RITOLIA – CHIEF FINANCIAL OFFICER – HEALTHCARE GLOBAL ENTERPRISES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9 Months 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 date of this call. These statements do not guarantee the future performance of the company and may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant line will be in listen-only mode and there will be an opportunity for you to ask question 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, Promoter of Healthcare Global Enterprises Limited. Thank you, and over to you, sir.

B. S. Ajaikumar: Thank you very much, and good morning to everyone. As we all know, HCG has been in the news recently and most of the news have been in the public in the last week. I would just like to reiterate as we know that there has been a change where CVC has sold its majority of the stake to KKR. And at this point, we welcome KKR as our partner. Since most of the news is out in the public, and we don't have any more to add to that, I will not discuss further about this matter.

And coming to the -- as we know, with KKR coming in, and we are certainly looking at a long-term horizon for how HCG can grow. As we're all well aware, oncology is growing rapidly in India. And particularly for a group like us who are dedicated to oncology with comprehensive cancer centers and setting up scopes and infusion centers.

It is a good growth opportunity strategically for us as we move forward. With already having close to 25 centers, opportunity for us to grow are significant to provide the right care to the patient at the right place and at the right time.

As I always say, cancer is a disease, which is, again, a disease which needs very personalized focused therapy. And in this regard, I always believe first time right treatment is critical. Because of that, precision oncology has taken hold today. And what we look at is how can we treat the patient the right first time to get the best benefit.

And in this regard, we like to minimize recurrence of cancer as we move forward. Enormous information is coming out in oncology care today. In the past, while we had randomized trials, we used to treat patients, say, 50% will respond or 50% will not respond, 50% used to get unnecessary treatment.

But today, with what we are able to deliver in precision oncology, with era of genomics, era of proteomics, and all of this has only expanded the role of comprehensive cancer centers to see the right treatment for the patient is done. And this has really come in the way of how HCG can deliver precision medicine. And because of this, HCG has integrated the part of research and academic into it.

Today, I believe no oncology center can really do the right thing for the patient unless they are involved in research, data collection, and academics. And HCG is in the forefront of that.

Technology, artificial intelligence, how we work on computational work, which we have partnered with Accenture will go a long, long way in developing this precision medicine to our own Indian patients.

Another angle I want to bring to you, most of you are well aware, Indian genomics is different from Caucasians. So, a lot of these trials which have been done in the past, treatment be given may be related to Caucasian. In this regard also, we have become forefront of analyzing genomics. Over 2,000 patients we have done, identified where the issues are and how we can do right treatment the first time.

So in this, I would like to say with new partners coming in, taking on long-term horizon, we will certainly focus apart from what areas are there for mergers, acquisition, through growth of HCG centers itself, which you will hear in the future, we will also be focusing significantly on academics and as well as research and precision medicine.

So I hope in my view, HCG has a great opportunity for this kind of growth, and we will continue to pursue this with over 400 oncologists being with us as well as a significant research division within us.

With these few words, I would now like to hand over to Mr. Raj Gore to talk about further on the operational and other issues. Thank you very much.

Raj Gore: Thank you, Dr. Ajai. A very warm welcome to all the participants on our Q3 FY '25 earnings conference call. We are proud to announce that we have once again been able to clock highest ever quarterly revenue of INR559 crores in the last quarter, indicating a strong growth of 19% on Y-o-Y basis.

Despite being a seasonally weak quarter due to festivities and holidays, we have been able to increase our volumes across modalities, indicating a growth in our market share across regions. Adjusted EBITDA margin stood at 16.5% for Q3 FY '25, with adjusted EBITDA of INR92.3 crores, a growth of 15% on a year-on-year basis and a PAT growth of 23%.

The oncology business post MG Hospital Vizag acquisition grew by 24%. Our emerging centers continued to perform well in Q3 with 25% year-on-year growth. Kolkata centers grew by 40% and South Mumbai center grew by 28%. South Mumbai center witnessed strong performance despite challenges in international business due to geopolitical issues, which we expect to recover by the upcoming quarter and will be key for the center's turnaround.

During the quarter, we consolidated operations of MG Hospital in Vizag. This acquisition has been instrumental in enhancing our footprint in the region, allowing us to further expand our services and strengthen our presence in one of the key markets for cancer care. We are confident of the robust growth in these centers with improving performance on the back of strong brand creation, quality clinical talent, and increased awareness programs for cancer care and early diagnosis.

At HCG, we believe that world-class cancer care should be patient-centric, accessible, and sustainable. Our asset-light model enables us to expand efficiently, ensuring that the cuttingedge treatment reaches more people without compromising quality. By integrating advanced technology, precision medicine, and compassionate care, we are not just treating cancer, we are redefining the patient experience. As we continue this journey, our focus remains on empowering patients with best possible outcomes while driving innovation and transforming cancer care across India.

Thank you for your continued trust and support in this journey. With this, I hand it over to Ms. Ruby, our CFO, for financial highlights.

Ruby Ritolia: Thank you, Raj, and a very good morning to everyone. As Raj highlighted, I'm pleased to share that our performance this quarter continues to reflect strong business momentum and sustained growth. We have achieved an impressive 19% year-on-year revenue growth, bringing our top line revenue to INR559 crores for the quarter. Furthermore, for the 9 months ended December 31, 2024, we delivered a solid 16% growth with total revenue reaching INR1,638 crores.

A key highlight of our performance has been the exceptional growth across our core HCG centers, excluding Milann, which recorded a remarkable 21% increase in revenue and 16% EBITDA growth year-on-year, which is 20% EBITDA margin. Highlighting our oncology centers, that is excluding Milann, multispecialty, and the new acquisition of MG Vizag, we recorded 18% increase in revenue and 14% EBITDA year-on-year with 21% EBITDA margin.

These numbers reaffirm our ability to consistently outperform industry growth, driven by our commitment to clinical excellence, operational efficiencies, and an unwavering focus on patient care. We are confident in our ability to deliver stronger growth for the quarter 4 of FY '25 with significant growth anticipated in both revenue as well as EBITDA.

One of the primary drivers of our sustained success has been the strong performance across multiple modalities, supported by increasing patient volumes and improved capacity utilization. Our investment in medical infrastructure, specialized treatments, strong clinical talent, and patient care continues to drive positive outcomes.

Additionally, during the quarter, we successfully consolidated revenue from Mahatma Gandhi Memorial Hospital, which contributed INR25 crores, with an impressive margin of 24%. This integration further strengthens our portfolio and aligns with our long-term growth strategy, enabling us to scale operations while maintaining strong financial discipline.

I would also like to highlight that the restructuring of our diagnostic business under the brand name Triesta has been successfully completed. This will help foster large scale and wider reach to noncaptive businesses as well. Our key operating metrics have demonstrated significant improvement this quarter.

OPD footfall, which is a crucial indicator of our conversion funnel, increased by 9%, highlighting rising patient trust and engagement. In medical oncology, we recorded a 19% growth in chemotherapy sessions, underscoring the continued expansion of our patient base.

Capacity utilization of our LINAC machine reached 60%. And despite the addition of 7 new LINAC machines in last 12 months, our ability to maintain this utilization rate showcases the efficiency and robustness of our operations. Additionally, our patient bed occupancy rate improved from 52% in quarter 3 of FY '24 to 55% in quarter 3 of FY '25, reinforcing our commitment to optimize facility utilization and enhancing patient access to world-class oncology care.

Turning to our core operations. Both our established and emerging centers have demonstrated strong performance this quarter. Our established centers continues to show steady growth, recording a 20% year-on-year increase in revenue along with a 14% growth in EBITDA. At the same time, our emerging centers have delivered exceptional results, achieving 25% revenue growth and an impressive 65% increase in EBITDA for the quarter.

Notably, our Kolkata center led the way with an outstanding 40% revenue growth and EBITDA growth by 42x, while our South Mumbai center posted strong 28% increase and our Borivali center registered 11% growth. These markets play a pivotal role in our expansion strategy as they are located in Tier 1 cities with large catchment areas and serve as key hubs for international patients. Their continued growth reaffirms our ability to cater to increasing demand while delivering advanced oncology care to a broader patient base.

Coming to ARPOB, total ARPOB grew by 3.5%, standing at INR44,284. Established centers witnessed an ARPOB growth of 2.8%, standing at INR42,798, whereas emerging centers witnessed a strong growth of 12.3%, standing at INR66,000. Our capital expenditure for the year is estimated to be INR275 crores, of which INR172 crores has already been deployed. Our effective tax rate for 9 months ended 31st December 2024 is 3% on account of deferred tax recognition in our subsidiary to the extent of INR12 crores.

This is the performance summary we had to share. Now I would like to invite the participants for any questions on the performance.

Moderator: The first question is from the line of Aditya Khemka from InCred PMS.

Aditya Khemka: Congratulations to the team on the deal. So, a couple of questions on the contours after the deal. So, CVC, we understand will continue to hold 9% stake and Dr. Ajai obviously retains a stake of 10.8-odd percent in the company. So, could you just help us understand if KKR makes you open offer of 26% post buying 51% in the company, and in terms of the total holding between CVC, KKR, and Dr. Ajai, will probably potentially go up to 95%, 96%, right?

Because it's 10 plus 9% plus potential 77% with KKR, including the open offer price. So how should we read that? I understand that Dr. Ajai and CVC are now classified as public shareholders. Does that also mean that in terms of operations of the business...

B. S. Ajaikumar: No, no, I...

Aditya Khemka: Sorry, sir. Go ahead, please.

B. S. Ajaikumar: I just want to correct you.

Aditya Khemka: Yes, sir.

B. S. Ajaikumar: The CVC will be classified as public shareholders.

Aditya Khemka: Okay.

B. S. Ajaikumar: I will be still a Promoter. So, the way it works is that as part of the transaction, KKR will acquire up to 54% of equity in HCG from CVC. Upon completion of the transaction and open offer, KKR is expected to hold an equity stake of between 54-77%, and this is based on what happens in the open offer. I will be also classified as co-promoter. So we will look at it at that situation.

In order to clarify, CVC will be only at 9.9% or even lesser depending on what happens with the open offer, and they may come down depending on the open offer, which we cannot really calculate now, as it all depends on how many people participate in the open offer. So I will leave it up to that. But essentially, together with KKR, we will be holding close to maximum promoter holding, it can come up to 77%. Then we have to decide what to do, okay?

Aditya Khemka: And sir, in terms of your role now at the organization, the press release mentions that you are no longer in executive capacity. So does that mean you'd be more like a financial investor with the company with limited routine operations, or how does that work?

B. S. Ajaikumar: Yes. Let me clarify that because having started being a founder of HCG and started and being in operations, Executive Chairman, I felt at this point, my interest has always been in research, patient clinical excellence and academics. So I will be Chairman of the Board, and with clear involvement in clinical excellence, research, and academics.

I will also be a co-promoter with them. And, of course, as promoters, we will be meeting and have a strategy for the growth we discuss with KKR as we move forward on a monthly basis. So we will have certain arrangements. But my role, certainly, I will not be -- as of now also, my role in operations is very limited. So certainly, I will be limited or not in operations, sir. As we move forward, I will not be in operations -- in the daily operations, okay?

But my interest, as I said, is in the research, academics, and I will be spending more time on that, taking the genomics, proteomics, all these things, data collection. Data is very important in oncology, as we know. How are we doing, again, in terms of outcomes. So I will focus on, publications and outcome.

And that is what I trained in MD Anderson several years ago. Outcome of cancer patient is the most important. If you know our outcome, how we deal with advanced and recurrent tumors, that itself is what makes it a center of excellence. So I'll be focusing on creating the center of excellences so that oncology patients feel comfortable in getting treatment in HCG throughout our HCG network.

Moderator: The next question is from the line of Gautam Rajesh from Leo Capital.

Gautam Rajesh: I had two questions. How do you see the margin trajectory shaping up over the next year? That would be my first question.

Ashutosh Kumar: This is Ashutosh from HCG. So, while we address this margin for the future years, I would just like to take this opportunity to also talk about the margins the way it has panned out in quarter 3 and how do we look at it in the upcoming quarters and then next year. Just to bring back the attention, our EBITDA margin in quarter 2 was 18.5%, which came down close to 16% in Q3.

And that has been primarily as we all know that quarter 3, because of festivities, we undergo little bit of seasonality and the revenue drops, which impacts operating leverage negatively. And as we move on to Q4 and our revenue scales up and our modality mix normalizes, we expect the margin to expand upwards of what we have reported in quarter 2.

We should be improving our EBITDA margin from these levels on our existing portfolio. And as we have announced that we would be operationalizing 2 new brownfield centers in Bangalore, those are expected to generate a some operating losses. However, it should get traded off largely by the EBITDA margin expansion happening in the current portfolio. So the margin from current levels, we should see expanding in the next financial year, close to about 1% to 1.5% compared to FY25

Gautam Rajesh: It will expand up to 1% to 1.5% is what you're saying?

Ashutosh Kumar: Yes, including the losses what we would be having from the new centers.

Gautam Rajesh: Understood. And my last question was, what rate are we expecting on same-store asset growing? And what rate do you expect these to sustain?

Ashutosh Kumar: Sorry, could you come up with your question again, please? It was little muffled.

Gautam Rajesh: Okay. What rates are existing same-store assets growing at? And what rate do we expect that to sustain?

Ashutosh Kumar: Our established centers have been growing upwards of 12%, 13%. And as we all know, the market growth rate had been close to about 11%. We have guided the Street that we would be growing faster than the market.-- our established centers should also grow faster than what the market growth rate is As we have made significant investment in our existing assets to ramp up the growth.

And today, we are not constrained by capacity at any locations other than 1 or 2. we are making investments to ensure that there is no bottleneck in terms of capacity. So I think we should continue to grow upwards of 13%, 14% in our established centers.

Gautam Rajesh: Can you repeat that, it got muffled, continue to grow at...?

B. S. Ajaikumar: 13%, 14% going forward.

Moderator: The next question is from the line of Sagar Tanna from Alchemie Ventures.

Sagar Tanna: If you can just mention how the Bombay centers are progressing both Borivali and the South Bombay center in terms of the EBITDA performance? And what was it last year? And what do we expect in the coming year? You mentioned 100, 150 bps EBITDA expansion. Would this also come from the turnaround in the Bombay centers, if you can elaborate on that?

Ashutosh Kumar: That's absolutely right. There will be a significant contribution coming in from our emerging centers. So just to remind you, we have classified 3 of our centers as emerging centers, one in Kolkata and 2 in Mumbai. Kolkata, we had announced that we had already broken even in quarter 1. We continue to take it positively from there.

As far as our Mumbai centers are concerned, Borivali is continuing to do good. What we have been trying to focus on is primarily on South Mumbai. As far as South Mumbai profitability is concerned, we did not see reduction of profitability of South Mumbai center in quarter 3, primarily because we had a subdued international business for the reasons Raj explained in his opening speech.

However, we do expect the reduction of losses in South Mumbai by at least INR1 crores, and by quarter 1 of next financial year, we should be seeing the center breaking even and expand from there. So obviously, the emerging centers, which is growing today at the rate of almost about 25%, we expect similar growth to continue and should result into reduction of losses and have an upward trajectory in terms of EBITDA margin.

Sagar Tanna: So sir, for the South Bombay center for the full year basis, FY '25, what kind of EBITDA loss are we estimating?

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Ashutosh Kumar: South Mumbai it will be in the range of almost about INR10 crores, INR10 crores to INR12 crores.

Sagar Tanna: Which was approximately INR35 crores loss last year, if I remember correctly. Is my memory right?

Ashutosh Kumar: No, it was not as high as INR35 crores. It was in the similar range

Sagar Tanna: Got it. And you expect that to break even next financial year?

B. S. Ajaikumar: It is coming down and yes.

Moderator: Sir, does that answer your question?

Sagar Tanna: Yes.

Moderator: Okay.

Sagar Tanna: Thank you.

Moderator: Thank you. The next question is from the line of Yash Sinha from MIPL.

Yash Sinha: Hi. First, congratulations on the acquisition and also for the great performance this quarter. I broadly wanted to understand two things. First, from all the guidance that you've been giving over the last 3 or 4 quarters, does anything specific change with the new acquisition? And second, I wanted some color on your capex guidance for the next 2 to 3 years. How is it looking like every year? And what are the specific areas that you're focusing on?

B. S. Ajaikumar: Can you clarify what are you talking about in terms of new acquisition?

Yash Sinha: With the KKR acquisition coming in, will there be any material change in your business plans than what you've been guiding over the last, say, 3 or 4 quarters or so?

B. S. Ajaikumar: I think, at this point, we have not had any detailed discussion with KKR. Only thing I can say is, since they are coming in as a new investor now, we will certainly be looking at a long-term plan, which we will lay out as we move forward and develop the partnership with them. And so, at that point, we can certainly elaborate when we have concrete plans.

But as of now, our priority is to stay on course to grow the existing centers and also to see that whatever recent acquisition we have done will meet our expectation and continue to focus on operational excellence, clinical excellence, and improve the margin as what Raj, Ruby, and Ashutosh have said, okay?

Yash Sinha: Got it.

B. S. Ajaikumar: And there was a second question.

Yash Sinha: Second one was about, I just wanted some guidance on your annual capex for the next 2 to 3 years and specific areas where this capex will be focused?

Ashutosh Kumar: So, we had guided on the capex front earlier on, and we are executing our plan accordingly. Primarily, in the current year, FY '25, and next financial year, FY '26, is where we are expecting lumpy capex to happen, which would be in the range of almost about INR275 crores to INR280 crores per annum. Of that, close to about INR100 crores per annum would be about our maintenance capex.

whatever growth plans we have laid down as on today, including the new centers, which would be operationalized in FY '26 and the expansion which has happened in FY '25, we should be more or less done with our growth capex plan. which exists today, by FY '26. Post that, it should normalize to around about INR100 crores of maintenance capex thereafter, with some inflation in that.

Moderator: The next question is from the line of Ravi Shah from VRS Capital.

Ravi Shah: Sir, I have two questions. Sir, what would be our outlook on the international patient business in South Mumbai center? And are we seeing any recovery on that front?

Raj Gore: Yes. So Raj here. What we have seen is in terms of international business, we started the year very well. Our Q1 was one of the highest. Q2 onwards, with Bangladesh unrest, we saw impact. Q3 was the lowest, as Indian government restricted the medical visas provided to Bangladesh patients coming to India. So Q3 was our lowest. We expect Q4 to go back to Q2 level, and then going forward, in the coming year, we feel that, that should get normalized.

B. S. Ajaikumar: And Raj, is that a right statement -- I just want to add to that, that most of the hospital industry are experiencing the same issue. Is that a right statement?

Raj Gore: Yes. As you know, Bangladesh is the majority and the largest contributor to medical tourism business to Indian hospitals. This is an industry phenomenon across the country. And we're hoping that as political relations get normalized, the normalcy of flow of Bangladeshi patients to India will resume, and we will be back on track.

Ravi Shah: Sir, my second question would be also on the international side. So what is the overall contribution of international patients in terms of revenue on a company level? And what would be our outlook going forward for the same?

Raj Gore: Yes. So it is about 3.5% to 4%, and we expect it to maintain that going forward. As you know, we are having very aggressive domestic growth agenda. So, we're expecting that to continue to be 3.5%, 4% going forward.

Ashutosh Kumar: Just to add to what Raj said. This year we probably may be subdued because of these reasons. However, we expect it to get back to 3.5%

Moderator: The next question is from the line of Devang Patel from Sameeksha Capital.

Devang Patel: Sir, my question was on the margins for established centers where we have seen a 20% revenue growth and 14% EBITDA growth as per the PPT, implying there is on a Y-o-Y basis, lower EBITDA margins. This is despite MG Hospitals getting added with higher 24%, 25% margins, as you mentioned earlier. So, what is the reason that margins on a Y-o-Y basis are lower?

Ashutosh Kumar: So, we just explained. While we explained in the context of overall margin dilution. However, that holds true for our established centers as well. sequentially, we see revenue going down in quarter 3, giving us a disadvantage in terms of not enjoying operating leverage.

That prevented operating leverage in quarter 3 resulting in lower EBITDA, including MGM. This is industry phenomenon and MGM is included in that. However, as we said that as we come in quarter 4, we have seen things getting normalized with our revenues also being higher compared to quarter 2 the way we are seeing it. We should see our margin expansion happening. So this was just a quarter 3 phenomenon, and we should be out of it in quarter 4.

Devang Patel: Sir, but q-o-q margin is -- you explained well. We understand the seasonality. I was asking on a Y-o-Y basis because seasonality would have affected last year also. On a Y-o-Y basis, EBITDA growth is lower than the revenue growth for established centers.

Ashutosh Kumar: So that's true. So in addition to that, we had also mentioned that what we have also seen, while the revenue q-o-q went down, we have seen that the revenue from pharmacy was relatively higher compared to our other modalities business, which typically is high gross margin business. Now as this gets normalized in the upcoming quarter, quarter 4, we should see our margin getting back. So it was primarily lower gross margin due to higher pharmacy business and lower operating leverage due to reduction in revenue.

Devang Patel: Okay. Sir, and the MG Hospital would have some drag at the PBT level after interest and depreciation. Could you give that number?

Ashutosh Kumar: Sorry, we have not disclosed any asset level information so far. So we would abstain from it at this point of time.

Devang Patel: Okay. Sir, and finally, on the Milann business, that revenue continues to decline. If you could just talk about what our strategy here is to turn around that business and after the stake sale, would we be having a fresh look at this business?

B. S. Ajaikumar: As we all know, in the past, we have looked at Milann and what is the future of Milann in terms of divestment. But meanwhile, as we have explained, the promoter, the original founder of Milann exited and also her phase of no compete is over. In view of that, she has started her own few centers very close to our center. So because of that, particularly in Kumara Park and J.P. Nagar, we have seen a dip in the revenue.

But I'm happy to say that things are turning around. And when we look at the next few quarters, particularly the last month and also the next few quarters, we should climb back up to where we are and continue to show improvement. But at the same time, there is a decision where we want to see what time to divest it, we will be looking at that also as we move forward.

One of the areas we have seen also strength in Milann now is andrology. As we move forward, we are very happy to report that we have a strong andrology department in Milann which will really propel our growth. Because in the past, we have always looked at female fertility issues. But when you look at the data, nearly 40% to 50% it's male-related issues, which has been totally ignored in the fertility.

So we have taken that up very seriously. We are integrating the two male and female fertility. So our centers will provide that kind of center of excellence we are trying to create, and also look at areas where they might have failed in the beginning, how we can integrate both and try to improve the outcomes. We are focusing like we have done in oncology, we are also focusing on the outcomes.

So this situation is a turnaround. We believe very strongly with this kind of advanced clinics what we are having, and we have a good opportunity to grow back. As we know in India, we believe infertility is becoming a major issue. Fertility will have to be addressed. For various reasons, which I have explained in the past, unfortunately, Milann went through a difficult cycle. And now I believe we are over that cycle, and we will see significant improvement as we move forward. And also, we will look at the opportunity to divest at the right time.

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

Sakshi Pratap: Wanted to ask two questions. Firstly, what would be our growth strategy going forward? Will it be acquisition led, if you could just throw some light on that?

B. S. Ajaikumar: Going forward -- yes. Can you hear me?

Sakshi Pratap: Yes.

B. S. Ajaikumar: Going forward, our strategy will be, as I said, certainly making sure existing centers reach the full potential of growth. And we do see centers of excellence, full potential. We have new centers coming up in Bangalore and our hub-and-spoke model infusion clinics. This is where we see significant growth happening. But at the same time, we will certainly look at merger acquisitions as we did in Vizag, where we will look at where there are strategic opportunities for us to see a dedicated oncology for us to grow.

As we know, in merger acquisition, dedicated oncology centers are not that many. So we will look at that as well as the combination of greenfield, brownfield, very limited, but we look at existing centers growth also. All of this will be discussed appropriately with our new partner as we move forward. In this regard, I would like to see if Raj Gore, you want to add anything, please do add.

Raj Gore: No, Dr. Ajai, you covered. As we've always told the market that with our brownfield expansion of capacities in our existing hospitals, we have enough headroom and with our dominant market share in each of our markets, enough potential to drive organic growth in our existing hospitals. That will continue to be the primary driver going forward, our organic plus brownfield growth. And then with the new partner, at an appropriate time, we will decide how to augment that with inorganic growth going forward.

Sakshi Pratap: And what would be the timeline for open offer?

Raj Gore: So I will try to answer. I think, look, the mandatory tendering of this offer is dictated by specific process and timelines laid down by the regulatory authority. It's the offer that KKR has to execute. And as and when they disclose more information as per the process that is laid out, you will get the answers in due course.

Moderator: The next question is from the line of Dhruv Shah from Dalal & Broacha.

Dhruv Shah: Sir, just one question on your debt level. So now it's at about INR1,500-odd crores, and we've seen in the past that it has been increasing consistently. So, what kind of debt levels would you be comfortable at, and when do we see debt repayment starting from?

Ruby Ritolia: Debt levels, currently, we are very comfortable with all the banking covenants that we have. What you mentioned includes capital leases. However, if we were to exclude capital leases, then our net debt, particularly from the banking, is about INR650-odd crores. We are very comfortable at this level and considering the growth and the capex investment that we have outlined for the current year as well as for the next year, we will be comfortable within our debt positions.

Dhruv Shah: And just one question regarding your ongoing capex. So, we stand with the current timeline, right? There is no delay in terms of opening of the ongoing capex, right?

Ashutosh Kumar: We are broadly on time on operationalizing our centers. Yes.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Raj Gore: So, thank you once again for your active participation in this call. As I mentioned, we are happy that we will be able to enhance shareholders' value in the right way by focusing on doing the right thing for cancer patients. We are very gung-ho about the potential of the organization and right now focusing on ending the year on a very strong note and planning for, again, a good year-on-year growth on top line and bottom line next year. We will keep you informed. Thank you for your support to the organization. Thank you.

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.