November 17, 2023

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 November 10, 2023***

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 November 10, 2023, with Analysts/Investors to discuss the Unaudited Financial Results of the quarter and half year ended September 30, 2023.

This is also available on the website of the Company www.hcgoncology.com.

Kindly take the intimation on record.

Thanking you,

For **HealthCare Global Enterprises Limited**

SUNU MANUEL ABEY Digitally signed by SUNU MANUEL ABEY Date: 2023.11.17 21:51:34 +05'30'

Sunu Manuel
Company Secretary & Compliance Officer

"Healthcare Global Enterprises Limited Q2 and H1 FY '24 Earnings Conference Call"

November 10, 2023

MANAGEMENT: **DR. B.S. AJAIKUMAR – EXECUTIVE CHAIRMAN – HEALTHCARE GLOBAL ENTERPRISES LIMITED**
MR. RAJ GORE – CHIEF EXECUTIVE OFFICER – HEALTHCARE GLOBAL ENTERPRISES LIMITED
MS. RUBY RITOLIA – CHIEF FINANCIAL OFFICER – HEALTHCARE GLOBAL ENTERPRISES LIMITED

Moderator: Ladies and gentlemen, welcome to the Q2 and H1 FY '24 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 it may involve risks and uncertainties that are difficult to predict.

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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Dr. B. S. Ajai Kumar, Executive Chairman for HealthCare Global Enterprises Limited. Thank you, and over to you, sir.

Ajai Kumar: Thank you very much, and good morning, and a warm welcome to all present on this Q2 H1 FY '24 Earnings Conference for Healthcare Global Enterprises Limited.

Today, I am here joined by Mr. Raj Gore, our Chief Executive Officer, and Ms. Ruby Ritolia, Chief Finance Officer. Ruby has been recently appointed as CFO, and she brings with herself an unparallel experience in the field of finance and investor relations and will join us in our journey to take HCG to its desired goals.

Along with them, we also have a few members of our HCG Senior Management Team. At this time, I would also like to thank our Srinivasa Raghavan, our former CFO, for his valuable services for the company, and wish him luck for his future endeavors.

Since our inception, we started with a single cancer hospital with an aim of providing world class cancer care service to people of our country. Today, we proudly reflect on our substantial growth, having expanded our presence across the country, to become one of the largest providers of cancer services, not only in the country, but globally.

HCG has challenged the practice of relying on multi-specialty hospitals for cancer care. Achieving sustainable outcomes is feasible when patients receive optimal treatment delivered with topnotch talent, knowledge, technology, and infrastructure at the right time. World's renowned cancer care institutes are those which specialize only in cancer care, and we are one such.

For HCG focusing on single specialty helps us to concentrate our expertise and our resources, our dedicated deployed in understanding, diagnosing, and treating only cancer. This focused factory approach enables us to stay at the forefront of advancement in oncology, attracting top talent, and also fostering talent, and collaborative environment dedicated to tracking the complexities of cancer.

Clinical excellence is the hallmark of successful cancer institutions or any medical center, and we are such. Our commitment to excellence in cancer care has been unwavering, and we stand proud as a beacon of hope for patients and their families. In a landscape where the prevalence of cancer is ever increasing, our mission has been to provide not just treatment, but holistic approach to healing and adding life to years.

Further, we aim to expand our footprint strategically, reaching underserved areas and ensuring that quality of cancer care is accessible to all. We will continue to invest in research and development academics and pushing boundaries of medical science to discover new treatment, and of course, improve the quality of life to all our patients.

Lastly, our journey is not just about building hospitals, and it is about building a legacy of innovation. We are confident of making HCG an epitome of excellence in fight against cancer in India.

I now hand over the call to Mr. Raj Gore, our CEO for HCG for his comments on the strategies going forward and operational performance for the quarter gone by. Thank you. Raj?

Raj Gore: Thank you, Dr. Ajai. A very warm welcome to all the participants on the call. Let me take this opportunity to wish all of you happiness, good health, prosperity on the occasion of Diwali on behalf of HCG.

HCG has consistently led the way in the battle against cancer in India, constantly adapting the latest advancement in technology and treatment methods through ongoing research and development in the extensive realm of cancer care. We have effectively demonstrated our expertise in efficiently operating single specialty hospitals nationwide, achieving superior outcomes and aligning our treatments with global standards.

Speaking of the quarter gone by, we are happy to report yet another quarter of strong performance. Our revenues for quarter 2 in FY '24 grew by 16% with EBITDA excluding ESOP cost growing by 14% and PAT growing by 84% on year-on-year basis. Our performance is a culmination of our brand strength in cancer care to generate higher footfalls and operational excellence, which has been delivered by our excellent team.

Speaking of our recent acquisitions, we have successfully consummated transactions at NCHRI in Nagpur and SRJ CBCC Hospital in Indore. Our strategy in Indore involved entering a non-metro city with a high-quality asset and integrating it under the HCG banner. This was a strategic move given the absence of major players in the region for cancer care and a growing market for cancer treatment.

We are in the process of effectively integrating systems and processes across these hospitals with HCG, envisioning significant synergies in terms of management efficiency, treatment upgradation, procurement optimization, and increased patient traffic bolstered by our local marketing initiative and the strong pan India brand presence.

Our emerging centers, that are the centers which opened after 2017, have been demonstrating strong performance and are progressing towards maturity. In particular, our revenues in Mumbai and Kolkata have shown impressive growth of 42% and 41% respectively, year-on-year, resulting in faster expansion of our oncology market share compared to our peers.

We are happy to announce that we have launched an additional dedicated women's cancer wing in our center in South Mumbai. Furthermore, we have been enhancing the infrastructure of our established hospitals by introducing significant upgrades.

In the most recent quarter, we operationalized three new LINAC machines. We have observed a rising demand for radiation therapy, and there exist a gap between this demand and the available supply of this treatment modality throughout India. In response to this, we have formulated a plan to install additional six LINAC machines in various hospitals over the next 18 months, aiming to bridge the gap between demand and supply.

Further, all our LINACs, which were under installation in Q1, have been operationalized in Q2 except Ongole which has been done in the month of October.

In addition to LINAC machines, we have also operationalized three robotic surgery machines at our hospitals in Baroda, Mumbai, and Kolkata. This expansion is in direct response to the increasing demand for high quality cancer care ensuring that patients have access to the best possible treatments, ultimately leading to superior outcomes.

To conclude, I want to emphasize that our substantial infrastructure improvements, our innovative hub and spoke model for delivering accessible cancer care nationwide, and our ongoing research endeavors aimed at advancing treatment options, all contribute to our confidence in elevating the HCG brand to the level of top tier global hospitals. We anticipate that these efforts will ultimately enhance company's financial performance in the years to come.

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

Ruby Ritolia: Thank you, Raj. Good morning, everyone. Firstly, I would like to thank HCG and the Management team to add me to the HCG family. I am honored to be part of the cause of this esteemed organization to fight cancer and bring the global standard of cancer care in India.

We have uploaded our quarter 2 and H1 FY '24 financial results and updated investor presentation on the stock exchange and company's website, and I hope everybody had an opportunity to go through the same.

In reviewing our performance for the quarter, I am pleased to report a remarkable 16% year-on-year growth culminating in a top line figure of 487 crores. Our HCG Center contributed significantly generating revenue totaling 469 crores. Milann achieved 18 crores, reflecting a 7% year-on-year growth.

Our operational matrix, crucial indicators of our performance, are showing positive trend across the board. Chemo sessions witnessed a robust 8% year-on-year increase, reaching a total of 36,500 in the quarter. While our radiation services experienced healthy growth, the decline in capacity utilization from 67% to 61% is attributed to our proactive expansion efforts and incorporation of three new linear accelerators during the quarter. We have strategic plans in place to optimize our average utilization and a targeted ramp up by the end of the financial year.

Inpatient oncology and occupancy stood at 56% for the quarter as compared to 61% for quarter two of the previous financial year on account of expanding bed capacity by 64 numbers and better bed turnaround resulting into lower average length of stay. Overall, average occupancy rate for the quarter stood at 63.6% as compared to 66.4% in the same quarter of the previous financial year. ARPOB stood at 42,054 as compared to 36,914, registering a growth of 14% on a Y-o-Y basis.

Let me speak about our performance for matured and emerging centers. Matured centers continued the study trajectory growing healthily at 13% driven by healthy volume growth across modalities. ARPOB grew by 10% to reach at 43,460, and despite the addition of beds, the ARPOB, the average occupancy rate increased by 14 bips to reach 65.1% for the quarter. Our annualized ROCE for matured centers stood at 21.2% and ROCE pre-corporate allocation was 25.5% for the quarter of Financial Year FY '24.

Coming to emerging centers, I am pleased to announce a substantial 29% year-on-year growth in this segment. We are observing a consistent update in our emerging centers marked by increased footfall across various cancer treatment modalities. The average occupancy rate for emerging centers declined 60.1%. However, this was resultant of mixed optimization, particularly at our Jaipur Center in North India.

The optimization is also reflected in our 28% year-on-year growth in average revenue for occupied bed, indicating a positive trajectory of our operations. Annualized ROCE for emerging centers stood at minus 3.9%, and ROCE pre-corporate allocation stands at 0.8% for the quarter of Financial Year FY '24.

In our Investor Presentation, we have retailed the revenue breakdown across various geographies. I would like to emphasize on some key highlights.

Nagpur experienced a remarkable 60% increase in revenue. Kolkata saw a substantial growth of 42%. Mumbai exhibited a strong growth of 41%. Ranchi grew by 48% in quarter two of

Financial Year FY '24 compared to the same period last year. These numbers underscore our robust performance and market presence in these regions.

On the EBITDA front, our EBITDA excluding ESOP grew by 14% Y-o-Y and stood at 86.4 crores as compared to 76 crores in the same quarter previous year. PAT for this quarter post Ind-AS stood at 13.6 crores as compared to 7.4 crores in quarter two of Financial Year FY '23. Our PAT pre-Ind-AS adjustment for the quarter stood at 17.1 crore as compared to 10.5 crore registering a growth of 63% Y-o-Y. Our CAPEX for H1 of Financial Year FY '24 stood at 64 crore. Net debt excluding leases stood at 310 crores as at September 2023.

We have also given bifurcation of our EBITDA across matured and emerging centers and detailed numbers on the H1 financials in our uploaded investor deck for further details. At last, I would like to open the floor for further question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Karan Vidan Chandra Surana from Monarch AiF. Please go ahead.

Karan Surana: Sir, first, my first question would be, can you provide specific details on the number of new beds and facility expansions which are projected to come and become operational in FY '25?

Ajai Kumar: Can you just repeat the question?

Karan Surana: Could you provide specific details on the number of new beds and facility expansions that are projected to come and become operational in FY '25?

Ajai Kumar: I think this is around 200 to 250 beds. However, we can connect offline to get exact details.

Karan Surana: And sir, my second question would be on our EBITDA margin expectations, right. So given our prior discussions and earnings call, we have been anticipating achieving approximately 20% post Ind-AS EBITDA margins, right? However, in recent quarters, we have seen that we may be undershooting that guidance a little bit. So sir, can you discuss the feasibility and maybe that 200 to 300 beds, you know, that gap that we are seeing, what the feasibility of this is reaching in the second half of FY '24, especially like we would, I am assuming we would be expecting a 15% kind of an EBITDA growth for FY '24. So sir, any color or any light on that when we can achieve that kind of an EBITDA margin? And why exactly are we undershooting that? What cost line items are we seeing, you know, impacting that number, sir?

Ajai Kumar: Regarding the EBITDA margin as we have told in the last call also, we are moving upward. As you can see, there has been a substantial growth in the margin compared to the first quarter to this quarter. We expect the same trend to continue, and we feel, you know, towards the end of the fourth quarter at beginning of the first quarter of next year, we will be close to 20% margin. And you had another question I think on the PBT. Was there another question?

Karan Surana: So just my last question I would squeeze in is that, what would be our EBITDA pre-Ind-AS for first half of FY '24? And could you provide the lease cost figures for the same period?

Ajai Kumar: Our annual lease cost is close to about 75 crore. So that you may just it's about 3% to 4%, I guess, 4%, 4.5%.

Karan Surana: 4% of revenue, sir? 3.5%, 4% of revenue?

Ajai Kumar: Yes. About 3.5% to 4%. 3.5%.

Moderator: Thank you. The next question is from the line of Dhara Patwa from SMIFS Limited. Please go ahead.

Dhara Patwa: Sir, in the last call, you highlighted that, you know, we hired some senior Onco surgeons at a Mumbai unit. So what's the progress over there in terms of revenue? And the high growth which we are seeing in Maharashtra, so is it because of Mumbai and Nagpur? Or is there anything more to go? That's my first question.

Raj Gore: Thank you for that question. You are right. We have always said that we want to invest in our clinical talent as well as our go-to-market efforts in markets like Mumbai and Kolkata. You can see the results. This quarter, Mumbai has delivered 41% year-on-year growth in revenue. Kolkata also has delivered 42%. Nagpur, in fact, has delivered 60% year-on-year growth. That was our rational behind the acquisition that we made last quarter. I think you will continue to see the upward trend.

In my comment, I also mentioned that we are gaining market share in Mumbai faster than, you know, most of our peers. We will continue to add additional capabilities. In Borivali Hospital, we have added one additional linear accelerator because our prior linear accelerator was fully utilized. As that ramps up, again, it not only gives us revenue but improved margins.

We have also operationalized a robotic program, our first robotic program in Borivali. And in Colaba, South Mumbai Center, we have launched a dedicated women's cancer care center to meet the exclusive needs of our women cancer patient. So, we are very confident and very optimistic of our growth in Mumbai market.

Dhara Patwa: Thanks for that explanation. And one question was a general question. Since oncology as a market is growing. So, I guess, everybody now is investing on the equipment for robotic surgery and radiation therapy, like whenever we see in your any call, they all are investing in it. So, do you think that could affect HCG going forward? I understand that we are a total cancer care hospital, and there are not more of immunologist, people who could understand immunotherapy, those kinds of surgeons are present, and we have that. So will that be so that going ahead will have edge over immunotherapy and other, but we won't have edge in the radiation or robotic surgery because everybody is investing, so the volumes might get spread across these hospitals?

Ajai Kumar: Yes, I feel that with the growing, you know, as we know, with the population dynamics of India, as people become aged, also number of cancer patients increasing, we believe the number of centers which are there compared to the population growth is still not in parity.

Having said that, we being a dedicated oncology center, what we have shown in the last 15 years, that our growth will be far more than a multi-specialty putting up a linear accelerator or a robotic because, you know, usually the patients who go to multi-specialty, let us say, they go with an abdominal pain. They are diagnosed with cancer. They stay there. But for a dedicated, it is a globally proven fact what I am saying, But if you have a dedicated cancer center, people all from other hospitals, multi-Specialty hospital, referral from doctors come to the dedicated cancer center. Normally, they don't go to the multi-specialty center. So we believe because we are not only in Metro cities but also in tier 1 and tier 2 cities, we don't have a really credible competitor for us in these areas.

Regarding the linear accelerators, that is our greatest strength. As Raj Gore said, we are installing more units because we are running in majority of places capacity utilization. This kind of capacity utilization, you know, if you look at it rarely seen in a multi-specialty hospital.

Other thing is, we are one of the pioneers now going into the tier 1, tier 2 cities with robotic. So that also, as we go forward, will put us in a very leadership position. So I feel honestly, people can follow us. We are not followers, and we are in such a leading position. Our growth as we have indicated will sustain and grow, and as our new centers also grow, we will continue to be in a dominant position in oncology.

And more importantly, it is not just equipments. It is also clinical excellence, which is important. We have 400 oncologists under HCG, and nobody can really talk about it like that. And in our own Bangalore center, we have 100 oncologists dedicated for organs specific. We are also big in research genomics.

So it is like somebody told me, you know, one of the other hospital to do something like HCG, for us it will take minimum several decades. So, in the past, it has not happened. In the future, with our focus factory approach, I think we are very confident we will continue to grow and provide this kind of excellence in quality care to our patients.

And recently, there was a major conference in Mumbai where HCG was a major contributor participating in various meetings, keynote address, and research activities. So we are now certainly a dominant force in this field.

Dhara Patwa: Thank you for the detailed explanation. Just last bookkeeping question. Sir, what will be the effective tax rate for FY '24 for us?

Ruby Ritolia: So in the current quarter, we have it at around 50%, but for the full year, we will be somewhere between 40% to 50%.

Dhara Patwa: 40 to 50, okay. That's what my last question is.

Moderator: Thank you. The next question is from the line of Ravish Shah from Opal Securities. Please go ahead.

Ravish Shah: So, I had two questions. First would be, how have our emerging centers been performing? And are the Mumbai and Kolkata centers at EBITDA breakeven level? And when can they achieve the whole company level EBITDA margins?

Raj Gore: So, as I mentioned earlier, we are seeing very fantastic response to our efforts in driving revenue growth. Mumbai has delivered 41% year- on-year growth. Kolkata has delivered 42% year-on-year growth. We have done further seeding by adding technology capability, physical talent in these two markets.

Our international business is also ramping up in these two markets. Just to give an idea, this last quarter was our highest in international business, but we are actually nearly doubling our pre-COVID quarterly rate in our international business.

You know, South Mumbai is an excellent facility with excellent technology, excellent clinical talent trained in UK and in U.S. We are seeding, we are opening information centers in Middle East, in Bangladesh, in Africa. So we feel that those two cities will continue to benefit from our international business going forward.

If you look at overall emerging centers, the growth has been in mid-20s, nearly mid 20s year-on-year. The profitability has improved, and you will see, you know, I think, we will continue this positive trajectory going forward.

Ravish Shah: My next question would be can you throw some color on the acquisitions that we recently did in Indore and Nagpur? How well are they doing? And what are our strategy for those assets that we have taken?

Raj Gore: So Indore, as we mentioned in our announcement, it's a 50 bedded comprehensive cancer care center, purely, you know, this is the only private comprehensive or this is the first private comprehensive cancer care center in the market. I think we concluded the transaction in the beginning of October. Currently, you know, we are focusing on upgrading our clinical capabilities talent wise as well as technology wise.

We have a value creation plan across improving revenue to optimizing cost through integration or plugging it in on our HCG capabilities, network capabilities. It's early days but we are seeing good response from our clinicians, our employees, as well as market. As we ramp up our brand marketing effort, we will see growth in that market.

Moderator: Thank you so much. The next question is from the line of Ankit Pandya from InCred Asset Management. Please go ahead.

Ankit Pandya: Sir, I have two questions regarding the Indore Hospital. Sir, can you give us some ballpark number on what is the margin profile of the hospital? And also you have mentioned that there is space to further increase the capacity by 100 beds. So what will be the CAPEX regarding this 100 beds? And by when do you think you will be investing for the 100 beds?

Raj Gore: So, thank you for that question. As you can see from our Investor Presentation, Indore Hospital does about 30 Cr annual revenue. The margin profile is in mid-teens. We see a lot of opportunity to improve that margin as we integrate that with HCG Network. It is a 50 bedded hospital. We have a plan to add 50 more beds. The CAPEX for those will be about 40 to 50 crores, and it will come in next 2.5, 3 years. It will get completed in next two to three years. And that will position us in future to scale up in those markets.

Moderator: Thank you. The next question is from the line of Viraj Shah from Shah Investments. Please go ahead.

Viraj Shah: Sir, I have two questions. Are we looking out for any other inorganic opportunities? And if yes, then what would be our ideal size of that asset in terms of bed and location? And any new geographies?

Ajai Kumar: Yes we are, as you know, Mr. Shah, we are now gone into Madhya Pradesh for the first time, and with the Nagpur being there, we will now consolidate. As we have said in the past, we are definitely looking for strategic locations, primarily across the country, and we believe, you know, if we see some opportunities, certainly we will work and make the information known.

At this point, we are not doing any Greenfield except our Bangalore, which is an extension of our Bangalore centered with White Field. Otherwise, we want to look at any M&A activities and future, primarily we like to work with maybe established oncology like what we did with CBCC on those models. We will try to see whether there is an opportunity for us to grow in several regions of the country. As it is now, we have nearly 24 oncology centers, and obviously, you know, India is a big enough country for future growth, but we have to consolidate and then look at our situation and see which is an applicable India activities we can do.

Viraj Shah: And second is, what are we doing to increase our footfall and patient count in our new centers? We understand that HCG has a strong brand strength in the core regions, but what about outside the core regions? How do we generate more footfalls?

Raj Gore: So our emerging centers, we have shown, you know, 29% year-on-year growth, and we expect it to continue going forward. And I already, in my previous question, I explained that in Mumbai and Kolkata, which are Metro markets where there is established competition. In spite of that, our revenue growth has been more than 40%, and we are rapidly gaining market share in those markets which shows the strength of HCG brand even in the new markets that we have entered.

Moderator: Thank you so much. The next question is from the line of Karan Vidan Chandra Surana from Monarch AiF. Please go ahead.

Karan Surana: Sir, can you just disclose the absolute EBITDA figures for the Indore and Nagpur centers as individual entities that we just acquired? And what margins are they operating at, sir, if you can just give some color?

Raj Gore: Nagpur actually we consolidated which is, so as I mentioned earlier, Nagpur, we see full impact for a quarter for about 2 Cr gain, 2.1 Cr gain out of that transaction going forward in EBITDA. Indore, as I mentioned, it's about a 30 crore top line asset with about EBITDA in mid-teens.

Karan Surana: So anything between 14%, 15%, sir? That would be reasonable assumption, EBITDA margin, sir?

Ashutosh: Yes. EBITDA margin will be in the range of 17% to 18% at Indore. And just to mention when Raj said 2 million, sorry, 2 crore impact for the quarter two, we had only partial impact in quarter two. So the full impact would come from quarter 3 onwards.

Karan Surana: So, basically, we are expecting Q3, Q4 EBITDA to consolidate much better than Q1, Q2. Is my assumption okay, sir?

Raj Gore: Yes. Q4 definitely better. Much better.

Moderator: Thank you. The next question is from the line of G. Asha from wealth Securities. Please go ahead.

G. Asha: So my question is, what are our views on the Milann Center? Are we going to diverse it? And what are the plans for it? Do we not see any substantial performance happening in that business?

Ajai Kumar: No, Milann Center as we have said before, post-COVID, we went through a very tough time, and we are now working on it to bring some improvement, and as you can see, we are on the right path. It has come, it is coming up the ladder, and we are looking at it in the future for divesting, but we cannot give any firm timeline for it. But certainly, we want to see how it can grow, and we have worked very hard to consolidate with the doctors, improve the outcome. We are now focusing on quality outcome with existing centers. We have also decided to close down a center to bring about efficiency in other Delhi centers. So all of this will only improve our EBITDA, and our margins, and also the quality of care. So we will, of course, inform when we make a firm decision about the future of Milann.

G. Asha: I have another question. So growth for the matured and emerging centers have been good, but the same has not reflected in our margin flow. When can we start seeing the operating leverage playing out?

Ashutosh: So, see, if you refer to the slide where your emerging centers' revenue has grown by 13% and EBITDA has grown only by 7%, we had done some operational efficiency exercise in last financial year which wherein we did some rejig in terms of centralization and decentralization. That has resulted into reduction of our corporate cost. While it is not visible at the unit levels, we have our overall corporate cost has gone down, and that's why you would see that at overall level, our margin impacts are not much.

Having said that, as we have been growing our revenues on quarter-on-quarter basis, as Dr. Ajai mentioned that we should be looking at close to 20% margin by quarter four end or at the beginning of next financial year.

Ajai Kumar: I think just to add to what Ashutosh said, as you know, our mature centers' EBITDA margins are over 20%. In fact, our Center of Excellence is in the high 20s. So, what is happening is the centers which are new, once they breakeven, automatically, it will pull up the overall margin for the entire group, and beyond breakeven, we expect that to reach higher maybe in 11% to 15%. Once it reaches that at a group level, we will reach over 20%, and that is what we are predicting will happen either in the last part of the last quarter or the beginning of the first quarter of next year.

G. Asha: I have one last question. So there are certain rumors about CVC exit. Can you throw some light on this, like what are their plans, and what is happening on this?

Ajai Kumar: I was wondering when somebody will ask that question. I just want to say that as a shareholder, they have every right to come in, and if they feel they have got their return, they will look at exit. Best persons to answer that will be CVC. For us, really, it is nonissue. They have been a good partner. We have worked with them very well. They came at a very difficult time, and as you can see, we have grown very well with partnering with them, and I would not like to say any further comment in this matter.

Moderator: Thank you so much. The next question is from the line of Karan Vidan Chandra Surana from Monarch AiF. Please go ahead.

Karan Surana: Sir, one more question I had was on the total debt that we have right now. We have a net debt of around 310 crores as of September '23. So, sir, do we have any plans of, you know, maybe deleveraging it or maybe our debt, net debt will continue rising up when we look for inorganic kind of opportunities? So that's question number one.

And sir, question number two I had was on the emerging centers. So I see that a lot of our emerging centers have been operational for four to five years, right. So just getting some sense that when can they be classified as mature centers? Because I am assuming that 4 to 5 years is a good time period for any centers to kind of mature and become, you know, get into like high teens kind of EBITDA margins etc. So, if you can just call out, sir, what would be a new centers and, you know, number of new centers and the year of operational they have been operational, you know, so that would really help, sir? That's it from my side.

Ashutosh: So, Karan, to answer your first question on leverage, today, our net date of 310 crores results into a net debt to EBITDA of sub 1, which is less than 1x. And I think, I mean, we have a lot of headroom there, and whatever because we are sort of able to internally generate and fund our maintenance CAPEX. Any growth CAPEX or any inorganic expansions would lead to increase in the net debt for which we feel there is a lot of headroom available with us. So this is as far as the net debt condition is concerned and how it can go pan out in the future.

So you also sort of touched upon the question on the vintage of the hospitals, the way we look at for our emerging centers. What we have been doing so far is that we have been consistently categorizing certain sets of centers post 2017 so that the profile, EBITDA profile of those centers can be reflected appropriately, and people can compare its progress on quarter-on-quarter basis. While you are right that these are not new centers per se, we have classified them as an emerging center. The latest additions in our portfolio have been at Kolkata and South Mumbai Center, which is like right now over three years old.

Moderator: Thank you so much. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Raj Gore: Once again, thank you everyone for joining, having an active discussion. I want to thank you for your continued interest in HCG. We are confident as a management that we have the right differentiated specialized cancer care product for India. We have been a leader and pioneer, and we will continue to grow our market share in all our markets. The future is definitely brighter. Once again, thank you, and I wish you a Happy Diwali. Have a good festival season.

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.