



December 11, 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 December 04, 2025*

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

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

Further to our intimation dated November 22, 2025, please see enclosed the Transcript of the Earnings Call held on December 04, 2025, with Analysts/Investors to discuss the Company's business strategy and long-term growth plans.

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
Company Secretary & Compliance Officer

Encl: a/a.



“Healthcare Global Enterprises Limited’s Virtual Investor and Analyst Meet”

December 4, 2025

MANAGEMENT: DR. MANISH MATTOO - EXECUTIVE DIRECTOR & CEO

Moderator:

Ladies and gentlemen good day and welcome to Healthcare Global Enterprises Limited's Virtual Investor and Analyst Meet. Please also note that this session is being recorded. Before we begin, we would like to highlight that certain statements made during today's discussion may be forward-looking in nature. A disclaimer to this effect has been included in the presentation. We will begin the meeting with a short video followed by opening remarks from Dr. Manish Mattoo.

Welcome back, everyone. I now hand over the proceedings to Dr. Manish Mattoo.

Manish Mattoo:

Good evening, everyone, and thank you for joining in. I am Dr. Manish Mattoo, CEO of HCG. I welcome you all to HCG's Virtual Investor and Analyst Meet. Today, I would like to take the opportunity to walk you through HCG's journey as leaders in cancer care, how we are thinking about our value proposition, our clinical differentiation, our patient care and outcomes, and more importantly, what is our vision for the future. How are we thinking ahead to advance our mission, backed by a clear strategy to compound our EBITDA with a disciplined approach to capital allocation. Today, HCG is India's largest cancer-focused oncology platform, with deep presence across India in metros as well as non-metros. Backed by 20 years of experience, HCG has built one of the most extensive and talented pool of clinicians in the country. Our patient-centric approach backed by focused tumour board approach and well-defined treatment protocols enable industry-leading gross mortality rate of 0.9%, which is one-half to one-third of other multispecialty peers. The thesis is simple: Specialist focus leads to better outcomes, stronger doctor performance, and strong economics.

Today, HCG operates 25 hospitals across 10 states and 19 cities. And out of these 19 markets that we operate in, we have a leading position in 16 cities. Not just that, we have a comprehensive infrastructure spread across 2,500 beds, and we have the largest LINAC installation base of 38 LINACs in the country. Besides this, we have c.100 fully operating operative theatres and also 400-plus experienced oncologists in our network. This depth allows us to consistently deliver great clinical outcomes, a good operating leverage, and access to some very interesting markets, which are growing quite well of late.

If I look back 15 years, HCG's journey can be broken up into three phases. In the first phase, which was from 2010 to 2015, we really consolidated our base in Karnataka and also expanded to a few markets outside the state through our doctor partner model. This phase saw a revenue CAGR of 27% and an EBITDA CAGR of 30%. The next phase was from 2015 to 2020, which saw us expanding rapidly into eight new cities, eight new markets and we saw a shift from a doctor-operated model to a fully-owned model. And this phase gave us a revenue CAGR of 16% and an EBITDA CAGR of 14%.

The last five years, from FY2020 to FY2025, have really been about consolidation, capital preservation, and operational efficiency. But this phase also saw a revenue CAGR of 15 % and an EBITDA CAGR of 18%, but throughout these phases, what has been important is the expansion of the capacity. Our platforms, our hospitals, almost doubled in size from 14 hospitals we went up to 25. Our LINAC installation base increased threefold. Our bed capacity increased fivefold and today, we are at 2,500 plus beds. Our revenue increased 15-fold in this same time frame and grew at a CAGR of 15% and EBITDA grew at 16-fold at a CAGR of 18%. But while we were expanding across these years, one thing was very clear, that we continued to dominate the markets that we were in, and we continued to build a large talent pool and delivering great outcomes. Based on this historical context, we now stand at a unique position of rising demand and constrained supply for high quality cancer care in India and HCG is exceptionally well positioned to capture this opportunity.

We are truly excited to have KKR as a majority shareholder and promoter. KKR brings with it a wealth of experience in building and scaling some of the world's leading healthcare platforms and something that is going to augment HCG's journey ahead. This partnership gives us access to global expertise, long-term capital, and proven operating frameworks, strengthening our focus on performance, governance, and discipline value creation. With KKR's support, we are now well positioned to scale and advance our mission of transforming cancer care in India.

A little bit about myself, I am a trained anaesthesiologist with an MD from B. J Medical College Ahmedabad. I also have an MBA in Finance from Indian School of Business. I have had the privilege of working across healthcare majors like Apollo Hospitals and Fortis Healthcare, across geographies and functions. In my last role at Apollo Hospitals, I was overseeing a network of 2,000 beds in the time spent in Apollo, I have been able to double the business and increase EBITDA two-and-a-half times, essentially by deepening our clinical expertise, expanding our clinical programs and reach, and boarding several clinical teams who shared our mission and clinical vision. But these experiences have taught me some important things, that a strong focus on patients and clinicians can drive transformation growth, and I am truly delighted to be part of HCG and, in some form or shape, contribute in shaping the next wave of cancer care in India.

Before we get talking about HCG, it is important to understand the broader context of cancer care in India. Despite several advancements, cancer remains an underpenetrated and underserved disease. If you see on the left-hand side of slide #8, our cancer coverage by the National Cancer Registry is only 10%, whereas in China it is about 40% and US is about 90%. What that means is a large portion of population is beyond the formal cancer care ecosystem and that leads to underreporting. The fact that in 2020, only 56% of cancer cases were actually reported, a total 1.7 million cases were reported, whereas the real incidence was

about 3 million. By 2030, the number is going to swell up further. We are going to have a reported incidence of 4 million cases likely, but the real incidence will be around 6 million, which is a huge number.

Another challenge that we are facing is lack of early detection. As you can see in the slide, even in breast cancer cases, for example, which is a large part of cancer incidence in this country, only 29% cases come in at the right stage. The other big cancer incidences in lung and head and neck cancer cases, the reported incidence is even lower. Now, that leads to a high mortality to incidence ratio, which is quite serious for a country like us. This underscores the urgent need for immediate intervention, broader access, and consistent quality of care and this is leading to oncology becoming the fastest growing specialty driven by rising incidence, narrowing diagnosis gap, and improving access.

And as I was saying, it is not just an underpenetrated disease it is also an underserved disease in this country. As you can see on the left-hand side of the slide, we have only 0.3 PET scans and 0.3 LINACs per million population in this country and the similar corresponding number in US is 6 to 12 respectively. Now what that does is increase the burden of volume on our equipment. Today in India, for example, each LINAC takes care of 3,000 patients. In US, the number is about 400. On the right-hand side, you see a similar issue when it comes to capacity and talent. Out of the overall 500-plus districts that we have, only about 175 have comprehensive cancer centres. It is a big demand -supply gap. When it comes to oncologists, out of the need of 12,000 oncologists in the country, we only have 8,000 oncologists. Now, this is translating into tangible growth headroom for players with scale like HCG. And we can see cancer is a fast-growing speciality in this country, probably the fastest, growing at a 13% to 14% growth per annum, out of which 9% to 10% is driven by volume alone, because of factors like aging, demographic change, rise in risk factors, and so on and so forth, as well as affordability. So on the supply side, rapid improvements in technology and infrastructure are making advanced cancer care accessible, while on the demand side, because of these factors, the demand is increasing by the day and in this environment, HCG is at a vantage point because of our oncology-only focus, our clinical depth and pan-India presence, we are in a strong position not just to participate in this growth, but to lead this growth cycle. It is important to understand the disease as well, the disease that we are tackling, the disease that we are focused on.

Now, cancer is a complex, chronic, recurring, heterogeneous disease, and the disease landscape is changing every day. Now, it demands a super-specialized, focused approach to deliver superior clinical outcomes, which is very, very important because the margin for error in this specialty is very narrow for the patient. And HCG's model of a comprehensive cancer centre is especially suited for oncology because we integrate advanced diagnostics, genomics, proteomics, organ-based histopathology, theranostics, and a multi-specialty,

multi-modality treatment, and even post-care therapies like nutrition, rehabilitation, and so on and so forth. And the result is a gross mortality rate of just 0.9%, which is industry-leading. As I had mentioned earlier, it is one half to one third of multi-specialty peer and it is something very difficult to replicate. So in summary on this slide, cancer requires a coordinated, multi-modality care only a focused, single-specialty platform can deliver this seamlessly and that is the foundation of HCG's clinical strength and market leadership.

Globally too, if you look around and see which are the leading, the best cancer centres globally, who are the gold standard of care, you can think of a few. Whether it is Memorial Sloan Kettering, it is MD Anderson, and closer home, whether it is Tata Memorial, Rajiv Gandhi, and of course, HCG on the private side, they all have one thing in common all follow the single speciality model that delivers great outcomes for patients and have a superior brand recall. And HCG has demonstrated this effectively at scale over the last 20, 25 years, holding leading positions in 16 out of the 19 markets. In fact, as you can see on the slide, there was a study conducted in the US comparing outcomes in dedicated cancer hospitals versus multispeciality hospitals and it was clearly evident that the first-year mortality rate and a five-year survival rate were significantly better in dedicated cancer hospitals vis-a-vis multispeciality hospitals and this data, whether it is global or from the Indian context, reinforces our belief that when care is focused, concentrated and specialized patient outcomes improve. And that is the currency going forward that hospitals will have to build. It is not just the scale and footprint. It is going to be our clinical outcomes and quality of care and that is the approach guiding HCG's model and continuous focus on improving cancer care quality and consistency.

In fact, feedback from the medical community echoes the same thing, that their preference for single speciality model for referring their cases because of the factors that we mentioned about comprehensiveness, clinical outcomes, focus, latest treatment options, and so on and so forth. Now, HCG has been driven by a strong clinical philosophy of delivering great clinical care, great outcomes, especially in high-need areas. While growth has been important to us, we have stood true to our values of ethical practice, integrity, and high quality. And because of a combination of strong clinical vision, mission, and our values, today, HCG is India's most trusted oncology platform based on the volumes and our reach and outcomes. Not only are we India's most trusted oncology platform, we are also the destination of cancer care in this country, as I mentioned, because of the shared volumes and outcomes, because we provide end-to-end cancer care, organ-specific, personalised care, through a fully integrated system. We have to understand that when a patient walks into HCG hospitals, every step in the patient's journey, whether it is diagnostics, whether it is genomics, molecular diagnostics, high-end theranostics, preventive oncology, or the whole spectrum of multimodality care through medical oncology, radiation oncology, surgical oncology, or the

post-care treatment options in rehabilitation and nutrition, and so on and so forth, or even targeted follow-up everything is delivered under one roof.

Even our histopathology today is organ specific and that is something very, very difficult to replicate. Hence, it is this comprehensiveness and completeness along with superior clinical outcomes that we have delivered consistently that makes us the destination for cancer care in this country. We have also been ahead of the curve when it comes to investing in technology. When India was delivering cancer care through cobalt machines, HCG was one of the first institutions to start LINAC installations. When LINAC became common, that is when HCG moved ahead and started installing Tomotherapy and CyberKnife units. And today, as we speak, we are going to install an MR LINAC in our upcoming hospital in North Bangalore. So suffice to say that we have always invested in cutting edge technology like AI and diagnostic, robotic surgery, genomics, adaptive radiation therapy that we have in our centres of excellence. All this while contributing to building the most technologically advanced oncology platform in the country. And this early and continuous investment in technology has not just delivered superior outcomes for our patients, they have also helped us attract and retain some of the best clinical talent as well.

One of HCG's strongest clinical differentiators has been the Tumour Board platform, the Tumour Board program, which we have been running consistently for the last 17 years, which ensures that every patient, every complex case, every challenging, rare, difficult case undergoes a multi-specialist review. And what that does is, this collaborative approach has delivered very superior and consistent clinical outcomes for us and setting us apart from our multi-speciality peers. Over the years, we have built a rich repository of insights through this Tumour Board platform with over 40,000 cases that we have discussed and about 400 oncologists and other specialists who have participated in this platform, in these discussions, come out with deep insights. And over a period of time, we have systematically embedded these insights into our treatment protocols. And every year, hundreds and thousands of patients across the network benefit from these insights, and hence, again points out to the fact of delivering superior clinical outcomes. Hence, in that sense, our tumour board is not just a discussion forum it is really a powerful clinical engine, where oncologists and other specialists come together to tackle rare and challenging cases. And it is also very important to note that our platform does not just employ oncologists we have other specialists too taking care of patients and improving outcomes, like radiologists, intensivists, physicians, surgeons. We have the whole gamut of specialists across modalities coming together to take care of our patients and ensuring that they get the best under one roof. And these insights, like I was mentioning about the Tumour Board, have directly contributed to a low mortality rate, low relapse rate, and a high survival rate, a reflection of how well our clinical ecosystem is working for our patients. And you can see this whole clinical engine driving statistics too. Like I had mentioned, a comprehensive baselining, a deep baselining that we do for our

patients on the diagnostic side, and when it comes to multidisciplinary decision-making through the Tumour Board, a multimodality treatment, and a targeted follow-up coming together, delivering great outcomes, as you can see on the right hand of the slide, in spite of a fourfold increase in our volumes over the last 10 years, our gross mortality rate has decreased by 74% to come down to less than 1% at 0.9%, which is really, really remarkable. In fact, our outcomes are perhaps at par with some of the best cancer institutes in the world. In a comparative study of five-year survival rates in a cohort of breast cancer patients, we found out that our survival rates were actually a couple of percentage points higher than the leading global cancer institute that I am talking about. Just goes on to show that not just in our country, in India, but globally also our outcomes are something to reckon with.

And just before we move forward, a quick recap and overview of our Board and Management Team. Our Board brings together deep expertise, across finance, healthcare, investment, consumer sectors and governance, and combining clinical leadership, investment acumen, and strong audit and governance experience. And this diverse and highly experienced Board provides strategic oversight to us and is helping us strengthen HCG's performance and governance framework. HCG has built a strong team culture over the years and it has always been known for cohesive teamwork and integrity and that is something we are going to build on and evolve as it goes forward because it is very critical to have a high performing team, which is delivering on key metrics. Now over the past five months we have hired five senior leaders in critical functions including a Head of Clinical Strategy who will drive identification of high potential clinicians and onboarding them onto the network, a Chief Marketing Officer, whom we are hiring for the first time in HCG's history, who will drive brand amplification and patient engagement, a CIO who is going to drive the mandate of digital transformation, a Head of Investor Relations who is going to deepen stakeholder communication, and also Heads for International Business and Domestic Sales who are going to sharpen our commercial execution. Now, these additions who come from reputed organizations in the healthcare sector and come with diverse deep experience, combined with their existing leadership at HCG will bring together strong operational, clinical and strategic expertise positioning us well for the next wave of growth and transformation.

This slide reflects what HCG has really built over the last 20 to 25 years, which is a clear leadership position in cancer care by virtue of the large coverage we have, or by virtue of the operational capacity, by virtue of the volumes, clearly HCG is the leader in this space. As an example, if I were to tell you on the left hand side of the slide, if you can see, as compared to our closest competitor in this space, HCG, the installed LINAC base, we have three times that competitor, our revenue is two-and-a-half times that competitor, and our clinical density measured by the number of clinicians oncologists we have on Board is actually two times just goes on to show that we are miles ahead of our closest competitors in Oncology. And not just

that, we are ahead of other large multi-specialty players as well, underscoring the strength and scale of our focused model.

This slide captures our journey in figures largely and if you can see, we have had a proven track record of profitable growth over cycles as well. But particularly in the last five years, we have delivered consistent growth. In FY2025, we achieved a revenue of over Rs.2,200 crore at a CAGR of 15%. That growth was contributed by a good delivery of performance by our mature centres and also a ramp up of our relatively newer centres. Our EBITDA in the same time frame of FY20-25 actually doubled to Rs.396 crore and grew at a CAGR of 18% really through a sharper focus on operational efficiency, on cost discipline, and also the improving maturity of our network. And going forward as well, we expect to maintain a similar trajectory in the coming quarters.

I want to take a step back now and walk you through how we are thinking about tracking our business and structurally how we are thinking about our business. In the past, we classified our business as established and emerging, but as most of our centres have now matured or are near maturity, I think this metrics or this classification no longer relevant and hence, we are moving to a new region-based, cluster-based framework, essentially grouping our markets into three main clusters, the South, the West, and the East and we have one international cluster which combines Milann as well and I will talk about that separately. And this cluster-based framework essentially will help us leverage regional synergies. It is also in line with our organizational structure and it will also help us understand the local dynamics better and help them address it so that we can improve accountability and performance.

Now, on the metric side that you can see on the right hand of the slide, we have simplified our performance tracking a little bit. Instead of the traditional multi-speciality metrics like occupancy and ARPOB, which do not fully represent our business because a large chunk of our business is on the outpatient side, like radiation and chemo modalities, we propose to focus on two new metrics. One is patient volumes, and the other is average realization per patient, or ARPP. Now, together, we are confident that these two metrics will give you a comprehensive view of all revenue streams and all modalities and help us track scale and realisation both. On an overall basis we will show you EBITDA margins for profitability and ROCE for capital efficiency and I will be discussing these metrics with you every quarter. I will now quickly introduce you to the clusters that we just spoke about.

The first cluster is the South cluster, which is a major cluster for us. It represents 10 hospitals across four states, Karnataka, Tamil Nadu, Telangana, and Andhra Pradesh, covering key cities like Bangalore, Hubli, Vijayawada, Vizag, and Ongole. And this cluster has, as I said, 10 hospitals, 870 operating beds, and 16 LINAC installations, and major markets being Bangalore and Vizag and I will talk about that a little later. And in FY2025, the cluster

delivered a revenue of Rs.875 crore, growing at a 13% revenue CAGR since FY2020, driven by 11% volume growth in the same time period and a ARPP improvement of 2%.

This cluster has a centre of excellence in Bangalore, where we will deepen our presence by adding two more hospitals and dominate the landscape of the city as far as cancer is concerned and the other major market of Vizag, where we already have a 50% market share, we want to deepen our presence in the surrounding areas. We want to increase the market share further. And we want, by doing more complex, more specialized work, by increasing our clinical depth, we want to become a centre of excellence in that city as well.

The second cluster is the West cluster, which represents 11 hospitals that we have across four states again of Maharashtra, MP, Gujarat and Rajasthan covering major markets like Mumbai, Ahmedabad, Nashik, Nagpur, Jaipur and Baroda so that is the West clusters. And this cluster has an operating bed base of 990 beds, and an overall revenue contribution of about 45% and the fact is that this West cluster has been a good engine for growth for us in the past and will continue to be. As you can see on the statistics, the overall revenue in FY2025 was Rs.990 crore from this cluster, and the revenue grew at 17% CAGR driven by a 10% increased growth in volumes, and a 6% growth in ARPP. And going forward, how we are thinking about this cluster is that it will continue to be a growth engine for us. The major market of Ahmedabad, where we have a centre of excellence, we will continue to maintain our leadership there. And also the other markets, like Mumbai, where we are forced to reckon with now the top market shares of that city. Mumbai will scale up, and so will Nashik and Nagpur. So that is how we are thinking about the West cluster.

The third cluster is our East cluster, which has three centres across Ranchi, Cuttack, and Calcutta, with an installed operating bed capacity of 280 and five LINAC installations. This cluster has also had a robust growth of 26% revenue CAGR since FY2020, driven by a 15% growth in patient volumes and 9% growth in ARPP. This cluster delivered a revenue of Rs.255 crore in FY2025. Going ahead, we have a major presence in Cuttack and Ranchi. We are the dominant player because of the trust that patients have on us or the clinical expertise that we have. So we will continue to dominate that market by expanding our capacity, work on that has already started. At the same time, we want to strengthen our positioning in Calcutta, which we foresee being the hub of growth for our East cluster in the days ahead.

On the international front, we have one centre in Kenya, which has a one LINAC installed. This centre has done really well for us in the last couple of years. We recorded a revenue of Rs.43 crore in FY2025. And this centre continues to do well this year as well and I think the momentum is going to continue. Besides growing organically, that centre also continues to feed high-complex work into our centres of excellence in India, like Bangalore and Ahmedabad. Lastly, as you are aware, Milann is our fertility business, which we acquired in

2019. And our focus in the last few quarters has really been about stabilizing operations, revenue, and profitability, which we have done now. But going forward, our focus will be on cancer care. And hence, we are evaluating several strategic options on the way ahead for Milann.

As far as our balance sheet is concerned, we have constantly been focused on deleveraging our balance sheet. In the last five years, our cumulative EBITDA was Rs.1,050 crore. With a healthy EBITDA to cash flow from operations profile of 72%, we have been able to generate Rs.754 crore of cumulative operating cash flow in the same time period. And our capex spend has been about Rs.659 crore, out of which Rs.353 crore has been spent on maintenance capex alone. Now, despite undertaking two acquisitions in Vizag and Indore, overall, our net debt to EBITDA ratio, which was 6.2x, in FY2020 has come down to 2.3x in FY2025.

Now, how are we thinking about the future? I think it is a very, very important conversation. We are very focused on several parameters going forward, and we have a clear strategy in our mind. We have four pillars of strategy that we have identified. The aim is really to improve clinical outcomes from where we are, because that is at the core of what we do. The focus is also on improving our growth and profitability, but all of it is underpinned by prudent capital allocation. So, I will give you a summary of our strategy going forward, and I will touch upon some of these pillars in detail in the subsequent slide. Now, our first strategic pillar is to optimize our existing network. Today, we have a large headroom for growth in our existing hospitals and we are going to deploy several measures to really unlock that growth. We are going to deepen our clinical presence, we are going to improve our quality of clinical talent, we are going to expand our clinical domains, we are going to unlock the potential of sales and marketing engine, we are going to amplify our brand and marketing efforts, and we are also going to scale our international business. Now, all these put together are definitely going to optimize our network going forward.

The second pillar is growth. While a big chunk of our growth is going to come from our existing network, we are anticipating a good a chunk of growth coming from two other levers, two other channels. One is the brownfield expansion, which will happen in our key high potential markets like Ahmedabad, Cuttack, Baroda, Vizag so that is a big channel for our growth. And the other channel is greenfield expansion. We have identified 10 to 12 markets, 10 to 12 cities, which we feel are attractive, which fit into our strategic and financial framework where we feel HCG has a right to win, where we feel we can ramp up quite well and deliver on unit economics in a reasonable time frame. And out of these 10 to 12 cities, we are confident that in at least two to three cities, we should be able to start something in the next two, three years. And that will be the other engine of growth that we are looking forward to.

The third strategic pillar is going to be our network efficiency, where we feel we have the potential to improve that as well. We have undertaken cost measures in the past, and we are continuing that journey in the future as well. We feel there are several levers that we can unlock to give us this efficiency. And also, we want to focus on operating leverage to improve our margins. We are also consciously moving in asset light adjacencies, investing in them, like day care and diagnostics, which we feel have high potential and are complementary to our business, and they can also help us grow in the days ahead. And last but not the least, that is a big lever for us, a big strategic pillar for us, is about enhancing patient experience. We are going to invest in upgrading our infrastructure. We are investing in digitizing patient experience inside the hospital and outside as well. We have invested in the past on our digital infrastructure, like a patient app, our CRM, our doctor portal. And we want to increase adoption so that we can get the benefits of that to improve overall patient satisfaction, but underpinning philosophy is going to be prudent capital allocation.

I will now walk you through some of the pillars in detail. This slide on growth potential of our existing hospitals is essentially talking about the revenue potential of these hospitals at current pricing levels, assuming optimal occupancy and utilization. This metric while it may be new, is taking into account all the revenue streams of a particular hospital across OP, IP, along with the capacity limitations. And please remember, this is a point in time metric. And it will scale up as our price realizations improve. And you will notice across all the clusters, on average we are operating at about 50% to 60% of our overall revenue potential. So that is the key message I want to leave you with. These are hospitals where majority of the investments have happened, both in infrastructure and medical technology. And as we expand capacity at very incremental capex by unlocking the revenue and growth drivers that I spoke about in the previous slide, this metric is going to improve quite a bit in the future. This is another lever that we are going to focus on, optimizing our payor mix. Currently our cash insurance and corporate business is about 63% of our overall business. And our institutional business is about 34%. And that has happened over a period of time, the reliance on institutional business in some of our non-metro markets has been there historically because the idea was to ramp up those hospitals. Now that we have reached a maturity stage in most of our markets, we are going to consciously move away from this segment of the business by focusing on infrastructure upgrade, by getting on board expert clinical talent, really focusing on sales, marketing, brand amplification, improving patient experience. And with those measures, we are confident of improving our cash and insurance business quite favourably in future. The other lever that we are going to focus on is International. It has been in the past a good contributor to our overall sales, but is now at only 3% of our overall sales, which we feel is well below potential given HCG's clinical quality and brand equity. Over the next couple of quarters, we are going to focus on building our relationships in key markets, international markets like Africa, Middle East, Southeast Asia. We are going to work directly with the Ministries of Health in these markets. We already have existing relationships. We

want to activate them further. We want to build on the digital platform to attract international patients. Also, the insurance piece is going to come in handy and get activated. We have, as I said, on-boarded an international sales leader who comes with extensive experience in this field and we are confident that with all this collective effort, we should be able to increase international sales channels contribution in the future.

I spoke about this in brief in, in my previous slide on strategic pillars, but as I had mentioned, a big chunk of our growth will come from our existing network, existing footprint, but we are looking at brownfield expansion and greenfield expansion. Greenfield expansion could come through two routes. One is that we set up our own hospitals, or if we have good value accretive acquisitions in the pipeline. So between brownfield and greenfield expansions, we are anticipating that we will add about 1,000 beds to our current capacity and add 10 additional LINACs in the future.

This slide actually displays how we are thinking about improving profitability and ROCE and how the drivers are already in place and how we see the shift happening in the next four to five years. If you can see the correlation in this slide, the relationship between scale and profitability is quite evident. In the top bracket, if you see, there are hospitals with a monthly revenue of Rs.10 crore plus. In the top left-hand corner, if you see. Now, these mature hospitals pre-corporate costs are delivering an EBITDA margin of 25% and a ROCE of about 27%, which is a strong benchmark for mature facilities in our network. Now, the other important thing is we have seen the progress in this bucket in the last couple of years. In FY20, we had just one centre in this bucket. Today, there are three. The second bucket, if you see below that topmost bucket, is a group of 11 hospitals today, which are in the range of Rs. 5 crore to Rs.10 crore monthly revenue. Now, this bucket is also delivering an EBITDA margin of 20% pre-corporate cost and a ROCE of 12%, which is quite in a reasonable state as well. But the good thing about this bucket is that it is growing at a very healthy CAGR of 18%. Now, in all these hospitals, most of the investments have been made. So the growth that we are talking about is going to come at a minimal incremental capital spend. And as these hospitals show growth as we, at a network level push and drive these levers for revenue and volume growth in the range of high teens, they will migrate to the first bucket. So the hospitals in the second bucket will migrate into the first bucket over a period of time, because of this push on growth and volume, and eventually improving the overall profitability and ROCE of the company. Even our smaller centres which are doing less than Rs.5 crore per month, revenue per month, as you can see in the bottom most bucket, are improving and will show a steady improvement over a period of time as we put all these levers together to improve volumes and revenue.

As we look ahead, our vision is very clear to ensure that HCG remains at the forefront of cancer care in the country, combining scale, compassion and scalability. We aim not just to

be the largest cancer player in this country, but to be the most trusted with patient experience and superior clinical outcomes at the heart of what we do. Our focus will continue to be on profitable growth, underpinned by disciplined capital allocation. We are confident of delivering revenue growth ahead of industry, supported by an operating leverage that will drive EBITDA growth faster than historical CAGR that we have seen. And at the same time, our ROCE is expected to improve as the profile of our higher yielding centres improves in the company and that reflects the strength of our model and our capital efficiency. In a sense, we are building a platform that is not only delivering outstanding clinical outcomes for patients, but is also creating sustained long-term value for all our stakeholders. Thank you so much for your patience and listening in. With that, I end my presentation, and I will be happy to take any questions that you may have. Thank you so much.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from Gaurav Tinani of Ambit Capital.

Gaurav Tinani: Thank you for the opportunity and thank you for the presentation, sir. First question would be, you have laid out a strategy, but if you could speak more about the future outlook for the business, what kind of revenue growth do you expect over the medium-to-long term? If you can speak more about that, please.

Manish Mattoo: Yes, sure, Gaurav. Thank you for the question. See, over the last five years, we have consistently delivered revenue growth of over 15% per annum, and that has outpaced the broader industry trajectory. Looking ahead, we aim to sustain if not exceed this momentum and continue to grow faster than the overall market that is a key direction that we are going in and this will be driven by a couple of factors first, we want to realise the full potential of our existing network. There is the brownfield expansion in play in our existing markets and high potential markets. And we aim to improve our case mix. We aim to improve our payor mix going forward and that will lead to higher realisation and this will be underpinned by the fact that we are building and focusing on centres of excellence in most of our markets. So all of this should lead to the number that I just alluded to.

Gaurav Tinani: Understood. Another question would be, how do you see our EBITDA margin trajectory going forward? How do you see EBITDA margin improving going forward,?

Manish Mattoo: Right. Yes that is an important question. And I would, again, allude to our historical growth of EBITDA in the last five years particularly, our EBITDA CAGR has been 18% per annum. And we expect our EBITDA to grow at a faster pace than this historical CAGR and which will be driven by a couple of measures again. We will be sweating out our existing infrastructure. We will be bringing in operational efficiencies. There will be operating leverage that will come into play by improvement in our payor mix, by improvement in our

case mix. And as I had said the investment, whether on the opex or capex side has already been made to a large extent in these centres and that should improve our EBITDA CAGR going forward. And as I had mentioned in my presentation, our mature centres doing more than Rs.10 crore of revenue are already delivering an EBITDA of 25% pre corporate cost. So as more and more centres come into this bucket, our EBITDA margins would grow at a healthy CAGR, more than the historical number that I just discussed.

Gaurav Tinani: Okay, so with higher growth and EBITDA growing faster, and operating leverage also kicking in, how do you expect ROCEs or return on capital employed to look like in the next three to five years? What is the sustainable ROCE that you see in the business or the medium to long term?

Manish Mattoo: Yes, thanks. Gaurav, for that question. And see, I would like to talk about the centres today, the mature centres who are delivering more than Rs.10 crore per month. Our pre-corporate ROCE for those centres is around 27% and it is a strong benchmark for mature facilities. And we have seen progress that these centres are increasing in number, and there will be more centres getting added to this. So overall, I feel we expect a trend of at least a 20% plus ROCE over the next five years.

Gaurav Tinani: Got it. Okay, I have more questions and I will join back the queue you, sir, but wish you best in this new role. Thank you.

Manish Mattoo: Thank you, Gaurav.

Moderator: Thank you. We take the next question from Param Desai of PL Capital.

Param Desai: Thank you for the opportunity. Manish, if you can just highlight that if you see a lot of multi-speciality hospitals are also stepping up the investments in the Oncology. So how are we positioned against them and what will be our value proposition?

Manish Mattoo: Thanks, Param. Again, a very relevant question. See, I think as I alluded to in my presentation as well, cancer is a very complex disease to handle and it requires a super-speciality focus, which we have delivered and shown that clinical outcomes that we deliver are far superior to multi-speciality hospitals. Now, it is incumbent on us to actually deliver this message to patients over and over again and reinforce on this, which we see happening today. We get a lot of patients for second opinions, third opinions that come to our centres because they believe that what we deliver is definitely superior. Now, as this message percolates further, because the incidence is rising, awareness is rising, we feel a lot of volume shift happening to our single speciality centres, more than multi-speciality. So our value proposition is really the integrated care that we deliver through our diagnostics, precision medicine, multimodality

care, great technology, which delivers superior outcomes. And I had mentioned this too. Globally, if you see, it has been proven time and again by dedicated cancer centres being regarded as the gold standard. So, while there is the cancer burden is increasing at a very brisk pace. I think we do not have enough quality care beds in the foreseeable future as well, despite our own plan to expand. There is room for growth for everybody but we definitely hold an edge as far as outcomes are concerned, as far as quality of life is concerned for patients, and as far as survival rate is concerned for patients. And that is something incumbent on us to communicate more aggressively to the market.

Param Desai: Got it. And we alluded that we will be doing 1000-bed addition, largely brownfield but what will be our approach to the greenfield-led or say inorganic route? Because historically, some of the new centres we have started in the last few years have not performed to our expectations. So what will you do differently on that part?

Manish Mattoo: Yes. So I think it is important to identify the right markets, the right spec, so that we can tie in the right clinical talent coming in because that is important in the initial phase. And, from the learning of the past, and the due diligence that we have done, as I said, we have identified a couple of markets where we feel confident of them being attractive, whether it is high cancer incidence, low penetration of cancer care beds, or availability of clinical talent. So, we have a pipeline of these markets where we will at least be, looking actively in to expand. And based on our past experience, I think we will be getting the specifications right, the size of the hospital right, the talent pipeline right, so that we can ramp up fast and deliver on the unit economics that I mentioned in my presentation, because we definitely have to have those metrics in mind as we go into any market.

Param Desai: Got it. And what is the kind of capital outlay we envisage in the next three to five years to achieve the growth targets we have mentioned?

Manish Mattoo: So, Param, over the last five years, HCG has incurred a total capex of Rs.660 crore, out of which Rs.350 crore was towards maintenance capex. Now, as the size of the network has grown, we expect maintenance capex to be in the range of Rs.90 crore to Rs.100 crore annually. In addition, we would like to spend additional Rs.500 crore to Rs.600 crore over the next two, three years to fund expansion. Each centre with our specifications will cost us about Rs.100 crore or in that range, depending on the market. We want to spend capex on increasing our existing capacity. And also, most importantly, is to upgrade facilities and infrastructure so that they are in line with patient expectations, post which we expect a total capex to be around 30% to 35% of our EBITDA.

Param Desai: Got it. That is all from my side. If I have more questions, I will join again. Thank you so much.

- Manish Mattoo:** Thanks Param.
- Moderator:** Thank you. Our next question is from Sumit Gupta from Centrum Broking Ltd. Please go ahead.
- Sumit Gupta:** Hi, good evening. Thank you for the detailed presentation. Sir a few questions. First is on the payor mix. Like over the next three to four years, how do you plan to optimize the payor mix currently as like in FY2025, your institutional mix was 34%. So can we expect that to reduce? And within this, how much is CGHS?
- Manish Mattoo:** Gaurav, thanks for that question. In that institutional business, CGHS is in the range of 12% to 13% from the institutional business. And as far as optimizing the payor mix is concerned, as I had mentioned, it will be driven by a couple of factors. One is the kind of infrastructure that we are upgrading it to. Second how are you focusing on optimizing and enhancing patient experience significantly? Cancer patients have special needs. How we understand those needs and deliver on improving their experience through multiple cycles that they come to the hospital for? Third is, how do we activate our sales and marketing engine aggressively, especially the marketing part? Because as we speak and amplify our message around our clinical outcomes, around our superior clinical sets, around our technology, I think we can see that shift happening. So I think these are the couple of measures. And fourth is obviously the corporate awareness part. I think we have to spend a lot of time and effort on building awareness in the right pockets for us. And fifth, I would say is the day care centres that I referred to. These are adjacencies that will help us enter micro markets of affluence, increase the feeder into our major centres, and they come at a marginal capex investment. So I think these four or five measures, I would say dominantly the execution rigour has to be much, much better and I am very confident that we should be able to optimize the payor mix with these measures in place.
- Sumit Gupta:** Understood. And so, going forward, how are you building the team below you to drive the growth? And second is, are you looking to raise equity to fund future endeavours?
- Manish Mattoo:** So as far as the team is concerned, Gaurav, we have added some new roles in the team and we have on-boarded some senior leaders, from a reputed organization in the sector into the team. As I said, and I want to just reiterate that, roles like Head of Clinical Strategy to drive focus on identifying good clinical talent, good oncologists across our network and on-board them because it is a constant process. It is a long process. Every good clinical hire takes anywhere between six to eight months from the start. So I think to drive focus on that, we have got this experienced person on board who happens to be a very senior clinician himself. Second is our, the Chief Marketing Officer who is going to drive a lot of work around patient communication and brand amplification and other hires like CIO, Head of Investor Relations,

and two heads for International and Domestic Sales. These are the kind of roles that we have got good people to join us for. And that is with the existing team, combined with the existing team members who had already been here, I mean this team coming together should be able to drive the next wave of transformation.

Sumit Gupta: Thank you, also, are you looking to raise equity to fund future expansion or any growth, basically?

Manish Mattoo: So, we are evaluating our equity and debt ratio. And at an appropriate time, we will take an appropriate call on that.

Sumit Gupta: Thank you. All the best.

Manish Mattoo: Thank you. We will take our next question from Ritika Khandelwal from Perpetuity Ventures LLP. Please go ahead with your question.

Ritika Khandelwal: So how well equipped is HCG to deal with the comorbidities and other complications that comes with cancer? And also, what would be our radiation, surgical and medical oncology split?

Manish Mattoo: Okay, so Ritika, as I had mentioned in my presentation, while we are oncology focused, but we do not do just oncology. We have other specialists too in our centres who take care of our patients, like intensivists, gastroenterologists, physicians, surgeons, orthopaedists, we have the whole gamut because oncology today is a multi-modality treatment and oncologists alone cannot handle that. So we are well equipped from that perspective. And you can see that in our outcomes as well. I spoke about the mortality rate that cannot happen, that would not have happened if we did not have the whole gamut of services to address patient needs. So that is point number one. As far as your question on the split is concerned, radiation is today 20% of our overall revenue, medical is about 42%, and the balance is driven by diagnostics and surgeries, surgical.

Ritika Khandelwal: Okay, thank you. And also one more question. Are you planning on closing any centres which you have identified which is not doing that well?

Manish Mattoo: So, Ritika, we want to refrain from giving centre-wise guidance today. We are looking at a cluster-based approach to our business. And all the clusters have done well in the past. However, to answer this question specifically, there have been concerns in the past about some of our centres. And we are looking at ways and means to improve profitability and improve the growth there, like expansion of our clinical our team members, improving our clinical programs, activating our sales and marketing, as I said, overall. So that work is happening at a network level and at a central level as well. And hopefully, that should give

us the necessary desired outcomes. But as I said, the centres that you perhaps were alluding to form a very small fraction of our overall enterprise revenue and volume. And as I said, going forward, we will be talking about the cluster level structure that I spoke about in the presentation.

Ritika Khandelwal: Ok, makes sense. Thank you.

Manish Mattoo: Thank you, Ritika.

Moderator: Thank you. We have also received some questions via text from Mr. Varun Bang from Bandhan Life Insurance. His first question is, what does gross mortality rate mean in our industry? Is there a standard practice of calculating this number across industry?

Manish Mattoo: So, the mortality rate is actually calculated as the number of deaths inside the hospital over the total number of discharges that we have in that hospital in that specific time frame. So that is how it is calculated. And it is a standard metric that is calculated across all hospitals.

Moderator: Thank you, sir. He has two more questions. Can you help us understand the broader pricing strategy? How are we thinking about pricing at present? And is there an opportunity to improve or recalibrate service pricing in certain regions based on market response and value delivered?

Manish Mattoo: So, from time to time, we undertake an exercise to understand where we are, in terms of pricing vis-à-vis our competitors, and currently also we have undertaken that exercise which should get over in the next couple of weeks, which will give us our positioning in each market, and then the opportunities that lie in front of us but it is a very scientific exercise, and we want to rely on data coming from proper due diligence. So we will take an appropriate call on that once we have that research and we want to do that exercise annually and not just every two, three years.

Moderator: Thank you. And sir his last question is how is the current incentive structure for doctors designed? And are there plans to revisit or modify it going forward?

Manish Mattoo: I think many of our doctors are on a retainer fixed model. And I think that is the preferred model that we have in our system, people who are full timers with us. But of course, different markets have different nuances, like the Western cluster, many of the doctors prefer to be on a fee for service model, which is a reality and constraint of that market, and we have to align to that but in many of our centres, the model is a fixed retainer model and unless there is a necessity and need, we do not intend to change that going forward. And multimodality suits a full-time model. Since we have a multimodality model of clinical care, we want to stick to

that model so that doctors remain focused on patient outcomes and patient care and sometimes the incentive model can be an undesirable distraction.

Moderator: Thank you, sir. We will take the next question that is from Kunal Randeria from Axis Capital. Please go ahead with your question.

Kunal Randeria: Yes, good evening. And thank you for the opportunity, sir. So just, what explains the fact that some of the multi-specialty hospitals have seen their revenue growth to be slightly faster than your growth? Is it to do with the case mix? There may be some higher end surgeries, a lot of patients in metros prefer to go there and maybe follow up chemo or prefer to come to a city. Is it something like that? Or what can you attribute it to?

Manish Mattoo: I think the 15% revenue growth that we have delivered at a network level, I would say is marginally higher than industry. There may be one odd player who is probably delivered a higher revenue growth because of the certain markets that they are present in. That could be one of the factors responsible.

Kunal Randeria: Sure. You in the presentation mentioned the number of centres that you have, right?

Manish Mattoo: Yes.

Kunal Randeria: But can you share because I am sure not all centres would be having all the services on offer because it would be very expensive, to have doctors across all modalities in one centre.

Manish Mattoo: Right.

Kunal Randeria: So, perhaps that could also explain the reason. But going forward, what should we take? So for example, the South, a Bangalore and a Chennai would have a lot more service offerings from your end vis-a-vis, let's say, Ongole or a Hubli or a Gulbarga. Would my understanding be correct?

Manish Mattoo: So the way we approach these is that in our all mature centres and all, we have comprehensive services and doctors are on full-time basis. But in some of our centres, like you said, Ongole and all, they will be on a visiting models, but see the comprehensiveness is not compromised. In some of the smaller centres and all it may not be possible to get a full time endocrinologist, for example, but we will have a visiting endocrinologist, because at no point is clinical care compromised and I have said it again, at this cost of sounding repetitive. If you look at our mortality rates, they are far superior to multi-speciality hospitals without doubt. So, in none of our centres is comprehensiveness compromised and we have clinician availability and the full-time or the part-time model may just a model may just vary, but otherwise all the centres have these service offerings.

- Kunal Randeria:** And just one more, if you do not mind, can you explain how the mature centres that is centres, let's say which are two to three years old, how do they grow and what are the growth drivers after let's say three years?
- Manish Mattoo:** 1x asset turnover in four to five years and that is the typical growth trajectory we take. Also a 15% to 20% EBITDA margin in the same time period and 15% to 20% ROCE in the same time period.
- Kunal Randeria:** I am sorry, I meant to ask not from a financial perspective, but after three years what are the drivers? Do you kind of, let's say, add more specialties there or, it is just a normal price hike driven what exactly, because I am assuming volumes will kind of taper off after three years.
- Manish Mattoo:** Yes, you are right. See, it is driven by a couple of levers. One is capacity expansion, right? Second is addition of clinical teams. In many of our centres, we had to start with two medical oncologists in a centre of, say, 100 beds. Today, we have four. Third is specialty mix changing. In one of our centres, for example, we did not have a bone marrow transplant unit sometime back in the initial phases but after two, three years, we added the bone marrow transplant, which really contributed significantly to the revenue ramp up. Fourth is addition of technology from LINAC, we move to a CyberKnife, we move to a Tomotherapy, from regular surgeries we move to a surgical robot. And from chemotherapy, we move along that curve to immunotherapy, and so on and so forth. For example, infrastructure upgrade, payor mix change. So I would say all of these factors keep on getting added. And, every two, three years, and changing the revenue profile of the centre but I think essentially, it is about deepening our clinical teams and deepening our complexity of the programs that we run. So these are the two drivers that really improve the revenue profile of the centres in every three, four years.
- Kunal Randeria:** All right. Ok, sir thank you very much and all the best.
- Manish Mattoo:** Thank you. We take the next question from Rahul Agrawal from EverFlow Partners. Please go ahead.
- Rahul Agrawal:** Thanks for the opportunity. Manish, you alluded to the growth outlook for the company. Can you also detail like what sort of growth do you expect from organic same centres that you have today versus the expansion in newer centres that you are planning? And second, over the next three odd years, what sort of EBITDA margin do you aspire to get to at a corporate level?
- Manish Mattoo:** Thank you for that question. See, as far as we are looking at the growth four or five years out, our big part of our incremental revenue, about 70% -75% of our incremental revenue is going

to come from existing centres, right? 10%-15% is going to come from brownfield expansion, and about 8%-10% is going to come from the greenfield expansion that we have, planned for. So that is the split of our incremental revenue coming in. As far as EBITDA margins are concerned, we are at 19% in Q2. We have delivered an EBITDA margin of 19% in Q2. And as I had said, based on our higher-than-market revenue growth and operating leverage, we expect the margins to grow faster than the historical trend. Obviously, it is upwards of 21%, 22%. We expect to be in that range at a corporate level.

Rahul Agrawal: All right, thank you. And also on the capex, I do not think I got the numbers right. Can you just clarify that again? Over the next three odd years, what sort of capex plans did you highlight? Did I get the number of Rs.600 crore right? And how much of that would be maintenance capex on existing centres versus what you expect as greenfield capex?

Manish Mattoo: So in the next two to three years, it is about Rs. 600 crore to Rs.700 crore, out of which about Rs.300 crore will be maintenance capex. And the rest will be for upgrading our infrastructure, increasing our existing capacity, and so on and so forth. So that is the number we are looking at.

Rahul Agrawal: Got it. Rs.600 crore over two to three years and Rs. 300 crore being maintenance and the rest being incremental facilities and brownfield.

Manish Mattoo: That is right. Thank you so much.

Moderator: Thank you. Our next question is from Rajas Joshi from Chrys Capital. Please go ahead.

Rajas Joshi: Yes, thank you. Firstly on some centres, as someone alluded to earlier, some centres, especially, for example, the South Bombay Centre, have been a drag on the profitability metrics. So, given how some cities like Mumbai, the treatment protocol is different, what would be your strategy going ahead for these specific cities and these specific centres to be precise?

Manish Mattoo: Thank you for your question. See as I had mentioned earlier as response to another question earlier also, we will refrain from giving central level guidance going forward but however, to quickly answer your question. South Mumbai has historically faced some challenges in ramping up as compared to our other centres, but if you look at the overall Bombay cluster today, HCG is now among the top oncology players in that market. But at a network level, we are working through several initiatives to improve the performance of our centres, as I had mentioned, by augmenting the clinical talent, by introducing new programs, by improving our efficiencies in that centre, upgrading the infrastructure or technology, or international business, for example, which is very relevant for South Mumbai. All these put

together should help us turn these centres around. But as I said, we are looking at a regional level performance of the clusters and not necessarily at the centre level.

Rajas Joshi: Understood. Secondly, on Milann, you earlier alluded that looking at all the strategic options. So, what do we have a sense on the options available there?

Manish Mattoo: I think one of the options, while we are still evaluating, just to be very clear, could be divestment of this vertical. But again, not a definitive answer at this point in time, because we are evaluating various options.

Rajas Joshi: And lastly, on margins. So you have given a lot of qualitative colour on margins. And you also answered, the previous participant a bit on the number side. So I mean, breaking down the margin expansion into probably cost and realisations. How, is there room for price hikes per se in some of our existing regions when we benchmark ourselves to our peers?

Manish Mattoo: That is right. There is, in our mature markets, there is definitely an opportunity and we will keep evaluating these opportunities every year. And that some similar exercises actually is already underway right now as we speak across the network.

Rajas Joshi: Okay and if I look at some of your peers, right, their margin profile is somewhere in the, let's say, 25% to 35% odd range. And you just mentioned that, you are looking at somewhere close to around 21%-22%. So, I mean, what would really be driving that delta from 22% to let's say 25, 30 odd percent? I mean, any specific reasons that you would like to call out for that and how we can further move up the ladder there?

Manish Mattoo: So in near term, as I had given the margin guidance, that is the near term guidance of 21% to 22%. But as you see, some of our mature centres are delivering 27%-28% margin as well on a pre-corporate cost basis and that is the long term vision for the company overall. And in my presentation, I alluded to the path towards that as well. So with more focus on these levers, I am sure we are hopeful of driving towards that number in the long term.

Rajas Joshi: I understood. Got it. All right. And so this margin profile that you earlier alluded to, that is for the next three odd years, you reckon?

Manish Mattoo: I would say this journey is around four to five years. That is the timeline we have in mind for delivering these margins similar to mature centres on a pre-corporate cost basis.

Rajas Joshi: Okay. And in terms of costs related margin, so be it in terms of procurement or otherwise, any levers there on that side as well? I mean, that you would like to exploit and something coming from there as well probably?

- Manish Mattoo:** That is right. Procurement is going to be also one of the levers that we are going to work on to improve margins.
- Rajas Joshi:** Okay. Alright. Thanks a lot.
- Moderator:** Thank you. We take the next question from Ankush Mahajan from Sanctum Wealth. Please go ahead.
- Ankush Mahajan:** Sir, most of my questions are answered. Just trying to understand, sir, what kind of realisation growth exactly we can expect in upcoming years? What kind of the inpatient volume growth that we can look for the existing centres in the upcoming years?
- Manish Mattoo:** Overall, we are looking at 4% to 5% realisation improvement every year. And the volume growth will be in the region of 9% to 10%. And that is what we are anticipating in the near to midterm.
- Ankush Mahajan:** And sir this Rs.600 crore of capex plan, how could we see the funding about this Rs.600 crore capex and debt position in next three to four years?
- Manish Mattoo:** Net debt to EBITDA ratio is two-and-a-half times today and we are comfortable with that right now. And a lot of this capex funding is going to come from internal accruals, because we are mindful of this leverage ratio. We are able to fund our growth capex through a combination of free cash flow and available borrowing headroom, because we want to prudently maintain our net debt to EBITDA threshold at 2 to 2.5x on a pre-Ind AS basis in the near term.
- Ankush Mahajan:** Thank you sir. That is from my side.
- Moderator:** Thank you. We take the next question from Dheeresh Pathak from Whiteoak Capital. Please go ahead.
- Dheeresh Pathak:** Yes. Hi. Thank you. I am referring to the slide that you had shared, slide number 38, which gives a cut off, the facilities in terms of revenue per month, right? So you show about Rs.10 centres which are less than Rs.5 crore a month and 11 centres which are between Rs.5 crore to Rs.10 crore a month. So what is the vintage of these two buckets and are there particular reasons that you identified that despite long vintage they are in this bucket? Is there a particular reason or is just that these are not matured? Because my impression was that not many new assets have been added in the portfolio. So the vintage alone cannot be the reason. There must be other reasons. So what are the other reasons?

- Manish Mattoo:** The bucket which has centres doing more than Rs.10 crore per month are about 10 years plus vintage and the middle bucket that I mentioned are about six to seven years.
- Dheeresh Pathak:** What about the last bucket?
- Manish Mattoo:** It is less than five years that mostly but it is not just a function of vintage alone, it is also a function of size. So some of the centres may be old but may be smaller in size and hence delivering less than Rs.5 crore per month revenue. Ongole for example is an example which is an old centre but delivering less than it because of the size of the hospital.
- Dheeresh Pathak:** Okay, thank you for that answer. There is one slide, slide 35 which talks about the revenue potential so at an aggregate portfolio level the yellow bar on the right hand side if I understand this correctly you are saying that we are doing Rs.2,200 crore revenue in FY2025 and that is only 56% of our potential revenue right.
- Manish Mattoo:** At the current pricing levels.
- Dheeresh Pathak:** That you mean at a theoretical level or at a revenue which is at, something which is practically doable?
- Manish Mattoo:** It is practical and doable because we have taken optimal occupancy and utilisation. We have not taken 100% occupancy and 100% utilisation. These are practically doable revenue numbers at existing price points.
- Dheeresh Pathak:** Given what is the time frame that you have in mind to achieve that potential then?
- Manish Mattoo:** Four to five years.
- Dheeresh Pathak:** Four to five years. Why is that? Because I know it sounds, maybe I do not understand the nuance of the business that much, but given that a lot of our assets, most of the assets would be at least five years old vintage. So a lot of the hospitals that we are seeing, they will start going towards mature economics towards five years. So, and you are saying there is demand supply gap, there is higher incidence of cancer. So why is it going to take longer? Because these are not new assets you are talking about. These are most assets which are more than five years old. And correct me if I am wrong. So why does it take five years out then if there is so much demand supply gap, good brand equity, good clinical outcomes?
- Manish Mattoo:** So I think the timeline I gave is on the outer side. Of course, in some of the centres where the investments in some of the markets which are expanding rapidly, in some of the centres where the investment has already been made, this centre-wise realization can happen sooner than that. But at a network level, because some of the centres will require some upgradation, some

of the centres will require some payor mix optimization, which may take some time but that time frame that I gave you was at an outer level. But we could achieve, this potential, a higher potential in some of the centres in the near term as well in next two to three years, like, for example, Ahmedabad, we have transitioned to a new hospital there with 100 new beds and all. So I think that that will also take some time, but largely at a network level, that is the timeline I had in mind, but some centres will mature faster.

Dheeresh Pathak: Thank you so much.

Moderator: Thank you. Sir we have received a text question from Mr. Rishit Parikh from Nippon India Mutual Fund. The first question is, capital has been a constraint in the past. How do you plan to address that? Split of 1K beds between green and brownfield, which hospitals have scope?

Manish Mattoo: Yes. So as far as capital is concerned, we have actually conserved capital in the last five years. Our net debt to EBITDA ratio, if you see, has come down quite significantly in the last five years. And to answer your next question, the split between brownfield and greenfield on those 1,000 beds, I think brownfield will add about 700 beds through that route. And in markets like Ahmedabad, Vizag, Baroda, Cuttack, so that is our brownfield expansion plan. And as far as greenfield expansion is concerned, in newer cities like Pune, Surat, Varanasi, Kanpur, to name a few, while it is just indicative, we have identified 10 to 12 cities in that bucket, that will be about 200 to 400 beds.

Moderator: Thank you, sir. His second question is do we have capital availability for greenfield or acquisitions and is there a capex number for those investments? Is there a timeline to reach 21%-22% margins?

Manish Mattoo: Yes for our greenfield expansion will largely happen through our internal accruals so we are very clear about it. And as far as margin forecast is concerned, as I had mentioned earlier, that is the timeline of roughly three years that we have in mind to reach that number.

Moderator: Thank you. Sir we have a question from Shyam Srinivasan of Goldman Sachs (India) Securities Pvt Ltd. His question is, you have served previously as Head of Apollo Karnataka. What are the key differences on operations, clinical, focus culture that you noticed when you took over this leadership role at HCG. What are key learnings that you plan to bring from your previous experience?

Manish Mattoo: Well, I think culturally, both organizations are very similar, if you ask me, because the focus is on hiring of good clinical talent, developing clinical programs, high on ethics and integrity, and really focusing on clinical outcomes. And also, expansion at a pan India scale. These are similarities. Differences on account of the fact that Apollo is a multi-specialty chain vis-à-

vis, HCG being a single speciality oncology-focused chain, there are some differences in terms of the variables at play in both these organizations in terms of scale and size. But other than that, if you ask me, not much of a difference as far as the core DNA is concerned. Both organizations are focused on driving outcomes. Both organizations are compassionate and focus on compassion, scale, and clinical excellence. So that has been my learning in the last five months that I have been here.

Moderator: What are the key learnings that you plan to bring from your previous experience?

Manish Mattoo: Yes, I think the big learning in my stint at Apollo was that how to deepen clinical programs, and how to make organizations attractive for clinicians to come on board. What kind of support do the clinicians need really, when they transition from a different organization to yours? How do you help promote them? How do you help them with technology, the right infrastructure in place? And how do you really scale up medical programs? That really was my learning. And that was the reason we were able to deliver what we were able to deliver in that three, four-year time frame that I was with Apollo. And how do you leverage the brand? How do you really create brand resilience around clinical outcomes, clinical excellence, outreach. So many learnings, really to speak, which I am hoping I will be able to implement effectively at HCG.

Moderator: Thank you. Ladies and gentlemen, that brings us to the end of question-and-answer session. I now request Dr. Mattoo to add a few closing comments. Over to you, sir.

Manish Mattoo: Thank you so much, everyone. I think it was a wonderful interaction and a very interesting and insightful set of questions. I really enjoyed presenting HCG's vision to you and I look forward to interacting with you in the future and really deliver on the numbers that we have spoken about, really excited about the path that HCG is taking now in partnership with KKR and I look forward to more such fruitful and engaging interactions. Thank you so much. Have a good evening.

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