

December 5, 2025

Analyst Meet Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	850		620	
Sales (Rs. m)	29,254	33,524	28,949	32,414
% Chng.	1.1	3.4		
EBITDA (Rs. m)	5,799	7,050	5,844	6,693
% Chng.	(0.8)	5.3		
EPS (Rs.)	10.2	17.9	13.6	18.1
% Chng.	(24.9)	(1.0)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	22,229	25,524	29,254	33,524
EBITDA (Rs. m)	3,873	4,728	5,799	7,050
Margin (%)	17.4	18.5	19.8	21.0
PAT (Rs. m)	444	629	1,425	2,501
EPS (Rs.)	3.2	4.5	10.2	17.9
Gr. (%)	(7.8)	41.6	126.7	75.6
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	5.1	6.6	13.5	20.0
RoCE (%)	10.3	12.4	16.8	21.5
EV/Sales (x)	4.8	4.2	3.6	3.1
EV/EBITDA (x)	27.5	22.5	18.4	14.7
PE (x)	225.0	158.9	70.1	39.9
P/BV (x)	10.8	10.1	8.9	7.3

Key Data

HEAC.BO | HCG IN

52-W High / Low	Rs.805 / Rs.457
Sensex / Nifty	85,265 / 26,034
Market Cap	Rs.101bn/ \$ 1,123m
Shares Outstanding	141m
3M Avg. Daily Value	Rs.248.94m

Shareholding Pattern (%)

Promoter's	63.78
Foreign	3.59
Domestic Institution	18.36
Public & Others	14.27
Promoter Pledge (Rs bn)	3.55

Stock Performance (%)

	1M	6M	12M
Absolute	(6.0)	29.6	42.7
Relative	(8.0)	23.1	35.5

Param Desai

paramdesai@plindia.com | 91-22-66322259

Sanketa Kohale

sanketakohale@plindia.com | 91-22-66322426

Multiple levers to drive growth

Quick Pointers:

- Medium-term EBITDA margin guidance of 21–22% (22–23% in 4–5 years)
- Expansion plan of 1,000 beds in 4–5 years

We attended HealthCare Global Enterprises' (HCG) virtual analyst meet. HCG 1HFY26 consolidated EBITDA grew by ~20% YoY and 14% CAGR over FY23–25. Mgmt guided higher EBITDA growth than historical growth in coming years. HCG's asset-light approach with a focus on partnerships has made its business model more capital efficient and scalable, in our view. We believe the recent strategic investment by KKR will bring in more operational and financial efficiency. Currently, HCG enjoys 13–14% PRE IND-AS margin, which is lower than its peers. We expect KKR to drive growth through bed expansion largely brownfield, better payor mix, focused marketing initiatives and scale up of margins. We expect ~22% EBITDA CAGR over FY25–28E. At CMP, the stock trades at 20x EV/EBITDA adjusted for rentals and minority. Recommend 'BUY' rating with a TP of Rs850/share valuing at 25x on Sept FY27E EV/EBITDA.

■ **Multi-lever growth engines strengthen visibility:** HCG outlined a multi-lever growth strategy that materially enhances medium-term growth visibility. Company intends to optimize existing network backed by improved case mix, focus marketing efforts to become provider of choice across payor types and scale up international business. HCG will develop day care and diagnostic centers which will also free up space in existing network. Company will also leverage its technology leadership with advanced platforms such as CyberKnife and Tomo therapy. With most newer centres turning profitable post-FY22, we believe HCG is structurally well-placed to deliver sustained growth with consistent margin expansion.

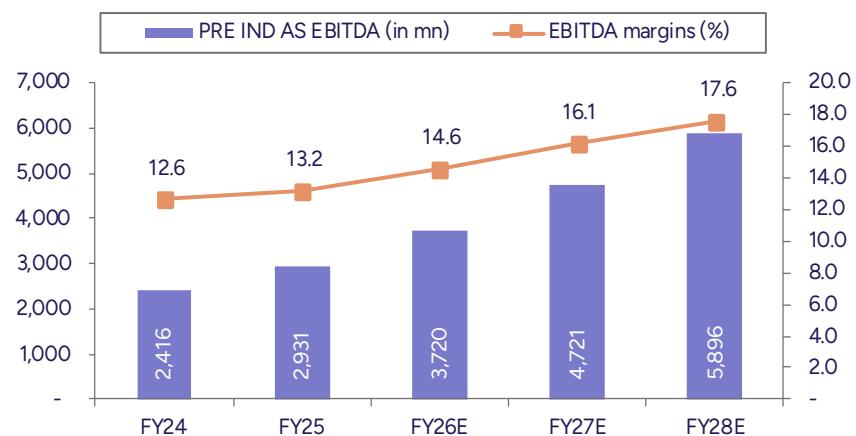
■ **Bed expansion plan of 1,000+ over next 4–5 years:** HCG plans to add 1,000+ beds and 10+ LINACs over the next five years, strengthening its oncology leadership across proven and underpenetrated markets. The expansion plan largely is brownfield-led, with ~700 beds planned across Ahmedabad, Vizag, Baroda, Cuttack and greenfield additions of ~200–400 beds in high-potential cities such as Pune, Varanasi supplemented by accretive M&A opportunities. HCG's capex requirements can be comfortably met through combination of internal accruals and debt. Guided for Rs6bn of capex over next 2–3 years.

■ **Margins set to accelerate meaningfully:** HCG's pre-Ind AS EBITDA margin of ~13–14% offers significant scope for improvement as the company enters a margin-accretive phase led by base business, brownfield expansions, operating leverage from new LINAC installations, and optimizing case/payor mix. Further GMs to see improvement with better cost procurement mechanisms. We believe KKR's involvement will accelerate execution and value unlocking, structurally repositioning HCG for long-term growth. Mgmt guided post IND AS margins at 21–22% from current level of 18–19% over next 2–3 years.

Other highlights:

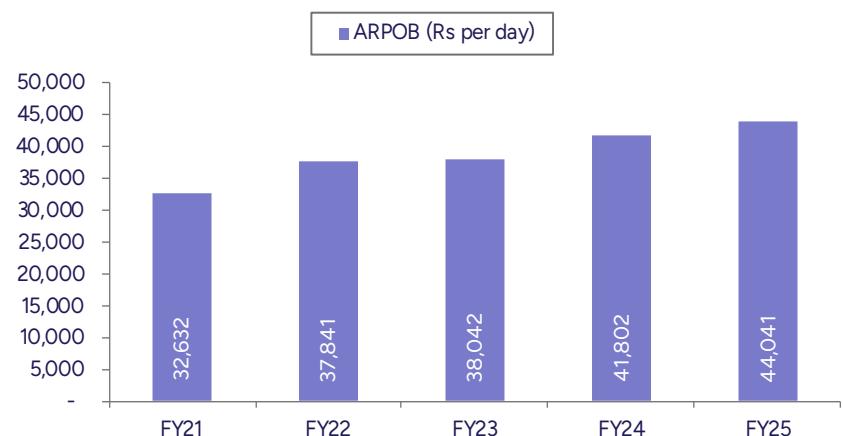
- **Margin guidance:** Management reiterated medium-term EBITDA post IND AS margin guidance of 21–22% (22–23% in 4–5 years); supported by centres already delivering Rs 50–100 mn monthly revenue which are fully built out and growing at 18% CAGR. Further improvement in payor mix, better cost procurement should aid margins
- **Payor mix:** Management intends to structurally improve realizations by reducing the low-yield institutional share (34%), while increasing the mix of cash and corporate/TPA patients. CGHS stands at 12-13% of institutional share.
- **International business:** HCG aims to scale international revenues from 3% to 6–8%, supported by a newly appointed international business head and targeted sales & marketing initiatives.
- **ARPOB Guidance:** Mgmt guided for 4–5% annual ARPOB growth, supported by improved case mix and payor optimization, alongside 9–10% near-term volume growth as brownfield expansions ramps up.
- **Greenfield expansion:** Mgmt. plans for a structured entry into 10–12 identified high-potential cities for 200-400 beds greenfield expansion, with 2–3 centres to be finalized (such as Pune, Varanasi and Kanpur etc) in the next 2–3 years.
- **Capex:** HCG has deployed Rs6.6bn in capex over the past five years, including Rs 3.5bn in maintenance. Further Rs2.5bn was used for acquisition was used for Indore and Vizag acquisition. Management has guided to Rs 900mn–1bn of annual maintenance capex. Growth capex planned at Rs 6–7bn over 2–3 years, of which Rs 3bn is maintenance; balance for brownfield/greenfield expansion. Capex will be funded largely through internal accruals.
- **Revenue profile:** remains well diversified, with radiation contributing ~20%, medical oncology ~42%, and the balance driven by diagnostics (~20%) and surgical services. This mix provides a stable earnings base while enabling margin accretion from high-value oncology modalities.
- Continued investments in LINACs, robotics, MR-LINAC, digital PET, genomics, and planned infra updates across hubs.
- HCG has strengthened its senior talent pipeline with five leadership hires in five months, including CIO, Head Marketing for domestic business, Head Clinical Strategy and Head Investor Relations.

Exhibit 1: PRE IND AS EBITDA margins to improve by ~300 bps over FY26-28E



Source: Company, PL

Exhibit 2: ARPOB improved at ~5% CAGR over FY22-25



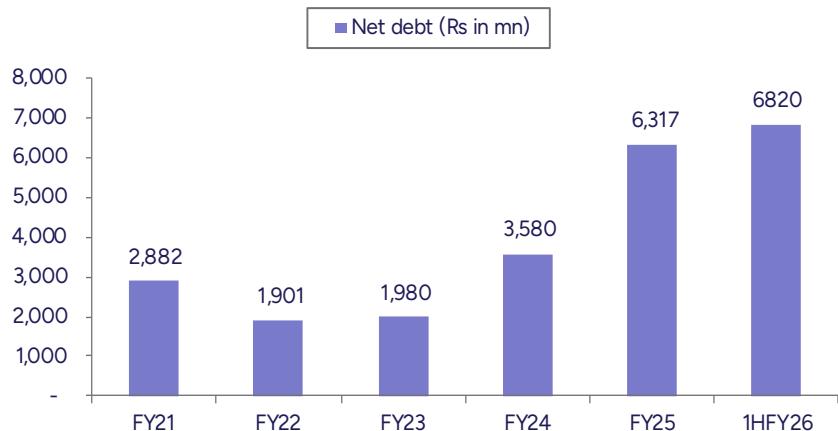
Source: Company, PL

Exhibit 3: Occupancy stable at 65% over last 3 years



Source: Company, PL

Exhibit 4: Net debt stands at Rs6.8bn



Source: Company, PL

Exhibit 5: Payor mix to improve



Source: Company, PL

Exhibit 6: Centre wise margin and RoCE profile

Revenue Per Month	FY25		# of Centres		Revenue CAGR (FY20-25)
	OPM (%)	ROCE (%)	FY20	FY25	
>INR 100Mn	25%	27%	1	3	14%
INR 50-100Mn	20%	12%	3	11	18%
<INR 50Mn	15%	-4%	20	10	19%
Total	17%	13%	24	24	

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	22,229	25,524	29,254	33,524
YoY gr. (%)	16.3	14.8	14.6	14.6
Cost of Goods Sold	5,806	6,623	7,447	8,369
Gross Profit	16,423	18,900	21,807	25,156
Margin (%)	73.9	74.1	74.5	75.0
Employee Cost	3,535	3,888	4,355	4,877
Other Expenses	9,015	10,284	11,653	13,229
EBITDA	3,873	4,728	5,799	7,050
YoY gr. (%)	17.5	22.1	22.7	21.6
Margin (%)	17.4	18.5	19.8	21.0
Depreciation and Amortization	2,113	2,367	2,509	2,634
EBIT	1,759	2,361	3,290	4,415
Margin (%)	7.9	9.2	11.2	13.2
Net Interest	1,546	1,750	1,750	1,500
Other Income	348	250	350	500
Profit Before Tax	562	861	1,890	3,415
Margin (%)	2.5	3.4	6.5	10.2
Total Tax	81	172	435	854
Effective tax rate (%)	14.5	20.0	23.0	25.0
Profit after tax	481	689	1,455	2,561
Minority interest	37	60	31	60
Share Profit from Associate	-	-	-	-
Adjusted PAT	444	629	1,425	2,501
YoY gr. (%)	(7.7)	41.6	126.7	75.6
Margin (%)	2.0	2.5	4.9	7.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	444	629	1,425	2,501
YoY gr. (%)	(7.7)	41.6	126.7	75.6
Margin (%)	2.0	2.5	4.9	7.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	444	629	1,425	2,501
Equity Shares O/s (m)	139	139	139	139
EPS (Rs)	3.2	4.5	10.2	17.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	32,589	35,089	38,639	40,639
Tangibles	32,589	35,089	38,639	40,639
Intangibles	-	-	-	-
Acc: Dep / Amortization	12,426	14,793	17,302	19,937
Tangibles	12,426	14,793	17,302	19,937
Intangibles	-	-	-	-
Net fixed assets	20,163	20,295	21,336	20,702
Goodwill	20,163	20,295	21,336	20,702
Non-Current Investments	70	70	70	70
Net Deferred tax assets	215	215	215	215
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	530	698	800	917
Trade receivables	4,009	4,327	4,961	5,686
Cash & Bank Balance	3,477	2,462	2,480	3,191
Other Current Assets	2,387	3,141	3,601	4,127
Total Assets	35,432	35,790	38,045	39,490
Equity				
Equity Share Capital	1,394	1,394	1,394	1,394
Other Equity	7,830	8,459	9,884	12,385
Total Networth	9,225	9,853	11,278	13,779
Non-Current Liabilities				
Long Term borrowings	10,022	9,022	9,022	7,022
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	3,343	3,769	4,321	4,952
Other current liabilities	12,132	12,374	12,622	12,874
Total Equity & Liabilities	35,432	35,790	38,045	39,490

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	481	689	1,455	2,561
Add. Depreciation	2,113	2,367	2,509	2,634
Add. Interest	1,546	1,750	1,750	1,500
Less Financial Other Income	348	250	350	500
Add. Other	-	-	-	-
Op. profit before WC changes	4,140	4,806	5,714	6,696
Net Changes-WC	(969)	(571)	(396)	(485)
Direct tax	-	-	-	-
Net cash from Op. activities	3,171	4,235	5,318	6,211
Capital expenditures	(2,089)	(2,500)	(3,550)	(2,000)
Interest / Dividend Income	-	-	-	-
Others	(2,789)	-	-	-
Net Cash from Inv. activities	(4,878)	(2,500)	(3,550)	(2,000)
Issue of share cap. / premium	16	-	-	-
Debt changes	1,184	(1,000)	-	(2,000)
Dividend paid	-	-	-	-
Interest paid	(1,546)	(1,750)	(1,750)	(1,500)
Others	2,500	-	-	-
Net cash from Fin. activities	2,153	(2,750)	(1,750)	(3,500)
Net change in cash	446	(1,015)	18	711
Free Cash Flow	1,082	1,735	1,768	4,211

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E	
Per Share(Rs)					
EPS		3.2	4.5	10.2	17.9
CEPS		18.3	21.5	28.2	36.8
BVPS		66.2	70.7	80.9	98.8
FCF		7.8	12.4	12.7	30.2
DPS		-	-	-	-
Return Ratio(%)					
RoCE		10.3	12.4	16.8	21.5
ROIC		5.5	7.1	9.3	12.2
RoE		5.1	6.6	13.5	20.0
Balance Sheet					
Net Debt : Equity (x)		0.7	0.7	0.6	0.3
Net Working Capital (Days)		20	18	18	18
Valuation(x)					
PER		225.0	158.9	70.1	39.9
P/B		10.8	10.1	8.9	7.3
P/CEPS		39.1	33.3	25.4	19.5
EV/EBITDA		27.5	22.5	18.4	14.7
EV/Sales		4.8	4.2	3.6	3.1
Dividend Yield (%)		-	-	-	-

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	5,586	5,852	6,132	6,469
YoY gr. (%)	18.9	18.3	16.7	16.9
Raw Material Expenses	1,491	1,540	1,619	1,772
Gross Profit	4,095	4,311	4,513	4,697
Margin (%)	73.3	73.7	73.6	72.6
EBITDA	884	1,057	1,078	1,233
YoY gr. (%)	12.4	14.9	18.6	20.6
Margin (%)	15.8	18.1	17.6	19.1
Depreciation / Depletion	565	581	579	628
EBIT	319	477	499	605
Margin (%)	5.7	8.1	8.1	9.4
Net Interest	407	442	455	436
Other Income	46	102	68	26
Profit before Tax	(42)	137	112	195
Margin (%)	(0.8)	2.3	1.8	3.0
Total Tax	(111)	69	59	(8)
Effective tax rate (%)	263.1	50.0	52.8	(4.3)
Profit after Tax	69	69	53	204
Minority interest	8	(6)	12	44
Share Profit from Associates	9	(1)	7	3
Adjusted PAT	70	74	47	163
YoY gr. (%)	22.5	(65.4)	(60.7)	(9.6)
Margin (%)	1.2	1.3	0.8	2.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	70	74	47	163
YoY gr. (%)	22.5	(65.4)	(60.7)	(9.6)
Margin (%)	1.2	1.3	0.8	2.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	70	74	47	163
Avg. Shares O/s (m)	139	139	139	139
EPS (Rs)	0.5	0.5	0.3	1.2

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	BUY	620	651
2	08-Jul-25	BUY	620	560
3	27-May-25	BUY	620	560
4	08-Apr-25	BUY	555	523
5	28-Feb-25	BUY	555	504
6	08-Jan-25	BUY	535	488

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,539
2	Apollo Hospitals Enterprise	BUY	9,300	7,642
3	Aster DM Healthcare	BUY	775	693
4	Aurobindo Pharma	BUY	1,300	1,141
5	Cipla	Accumulate	1,675	1,541
6	Divi's Laboratories	Accumulate	7,050	6,657
7	Dr. Reddy's Laboratories	Reduce	1,270	1,284
8	Eris Lifesciences	BUY	1,900	1,575
9	Fortis Healthcare	BUY	1,150	969
10	HealthCare Global Enterprises	BUY	620	651
11	Indoco Remedies	Hold	325	290
12	Ipca Laboratories	BUY	1,600	1,302
13	J.B. Chemicals & Pharmaceuticals	BUY	2,100	1,820
14	Jupiter Life Line Hospitals	BUY	1,800	1,519
15	Krishna Institute of Medical Sciences	BUY	840	701
16	Lupin	BUY	2,400	1,972
17	Max Healthcare Institute	BUY	1,400	1,122
18	Narayana Hrudayalaya	BUY	2,100	1,952
19	Rainbow Children's Medicare	BUY	1,600	1,342
20	Sun Pharmaceutical Industries	BUY	1,875	1,703
21	Sunteck Realty	BUY	600	432
22	Torrent Pharmaceuticals	Accumulate	4,200	3,580
23	Zydus Lifesciences	Accumulate	1,020	937

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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