




Healthcare Global Enterprises Ltd.

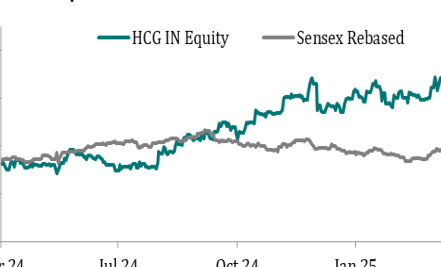
Sector: Healthcare Services

21st April 2025

HOLD

Key Changes		Target		Rating		Earnings		Target	Rs.628
Stock Type	Bloomberg Code	Sensex		NSE Code		BSE Code	Time Frame	CMP	Rs.594
Small Cap	HCG:IN	74,115		HCG		539787	12 Months	Return	6%

Data as of: 17-04-2025

Company Data			
Market Cap (Rs. cr)	7,115		
52 Week High — Low (Rs.)	606 — 310		
Enterprise Value (Rs. cr)	7,619		
Outstanding Shares (cr)	13.9		
Free Float (%)	28.8		
Dividend Yield (%)	0.0		
6m average volume (cr)	0.03		
Beta	0.37		
Face value (Rs.)	10.0		
Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	71.3	71.2	71.2
FII's	3.9	4.3	2.8
MFs/Institutions	10.9	11.6	12.9
Public	13.9	12.9	13.1
Total	100.0	100.0	100.0
Price Performance	3 Month	6 Month	1 Year
Absolute Return	1.1%	26.4%	50.2%
Absolute Sensex	-9.0%	-8.4%	0.3%
Relative Return	10.2%	34.8%	49.8%
*over or under performance to benchmark index			
			
Y.E March (cr)	FY25E	FY25E	FY27E
Sales	2,245	2,545	2,864
Growth (%)	17.4	13.4	12.5
EBITDA	392	486	590
EBITDA Margin (%)	17.5	19.1	20.6
PAT Adjusted	43	72	120
Growth (%)	-2.0	66.8	65.5
Adjusted EPS	3.1	5.2	8.6
Growth (%)	-2.0	66.8	65.5
P/E	190.1	114.0	68.8
P/B	9.5	8.8	7.8
EV/EBITDA	22.3	17.8	14.8
ROE (%)	5.1	8.0	12.0
D/E	1.8	1.7	1.6

Encouraging Growth, Valuation Worries.

Healthcare Global Enterprises Ltd. (HCG) is one of India's leading oncology treatment specialists with a presence across the country.

- For the first nine months of FY25, the company reported a 16% YoY increase in revenue, reaching Rs. 1,637cr. This growth was driven by a 7.5% YoY increase in ARPOB to Rs. 44,605 (9M average), stable occupancy rates of ~60%, and the addition of 220 beds.
- EBITDA for the three quarters combined was Rs. 289cr, reflecting a +19% YOY compared to 9MFY24. The EBITDA margin improved by 43bps, now standing at 17.2%.
- Due to higher depreciation expenses and finance costs, EBT decreased to Rs. 18cr in 9MFY25, a decline of 35% YoY.
- Reported PAT increased to Rs. 42cr in 9MFY25, marking a 135% increase, primarily driven by a 107% growth in other non-operating income.
- New development: KKR is set to acquire a 51% stake in HCG from CVC Capital Partners and will subsequently launch an open offer for an additional 26%. If successful, KKR will own 77% of the company.

Outlook & Valuation

Top-line growth is expected to improve, although EBITDA margin pressure may arise from the delayed performance of emerging centers and new brownfield expansions in Bangalore. However, this could be offset by EBITDA expansions within the matured portfolio, resulting in slight margin movement. Due to increased non-operational expenses, we are reducing our earnings in FY25&FY26. The acquisition by new partners is anticipated to bring more efficiency. **Given the stretched valuations, we are maintaining our Hold rating with an updated target price of Rs.628, derived from a 17x FY27E EV/EBITDA multiple.**

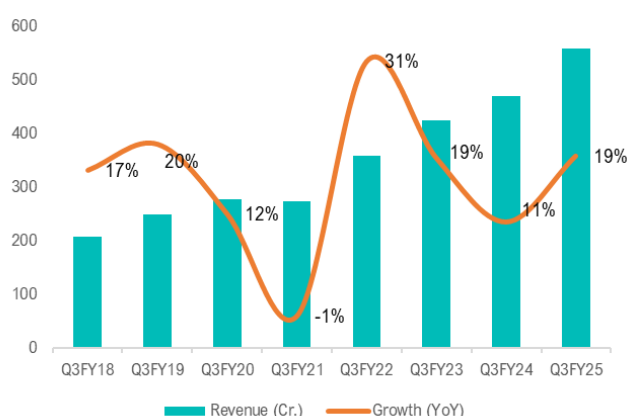
Quarterly Financials Consol.

Rs.cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Sales	559	470	18.9	554	0.9	1,638	1,417	15.5
EBITDA	88	79	12.4	102	-13.6	282	238	18.5
Margin (%)	15.8	16.7	-91bps	18.5	-265bps	17.2	16.8	43bps
EBIT	32	34	-7.7	53	-39.4	128	109	17.5
PBT	-4	11	-138.4	28	-115.4	42	39	8.3
Rep. PAT	8	3	124.5	21	-62.8	42	18	135.2
Adj PAT	8	3	124.5	18	-57.2	39	21	90.4
EPS (Rs.)	0.6	0.2	124.5	1.3	-57.2	3	1	90.4

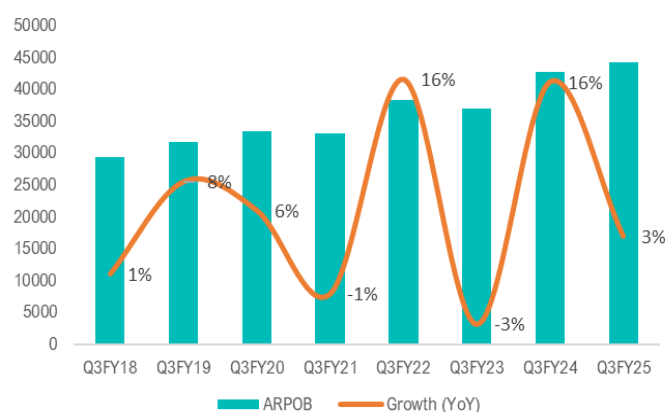
Key concall highlights

- Q3 margins were impacted by seasonal factors and a higher proportion of lower-margin pharmacy revenue. Management expects margin recovery in Q4 as revenue scales up and modality mix normalizes.
- Estimated capital expenditure for FY25 is Rs. 275 cr, with Rs. 172 cr already deployed. Future capex is projected to be Rs. 275 cr to Rs. 280 cr per annum, with approximately Rs. 100 cr per annum allocated for maintenance.
- Post-acquisition of MG Hospital in Vizag, the oncology business grew by 24%, with emerging centers performing well with 25% YoY growth. The Kolkata center grew by 40%.
- Management is focused on organic growth through existing centers and brownfield expansions. Strategic acquisitions will be considered to enhance dedicated oncology services.
- KKR's involvement is expected to shape long-term strategic plans, although specific details are yet to be outlined.
- The international patient business faced setbacks due to restrictions on medical visas, particularly affecting the South Mumbai center. Recovery is anticipated as geopolitical conditions stabilize and patient flow resumes.

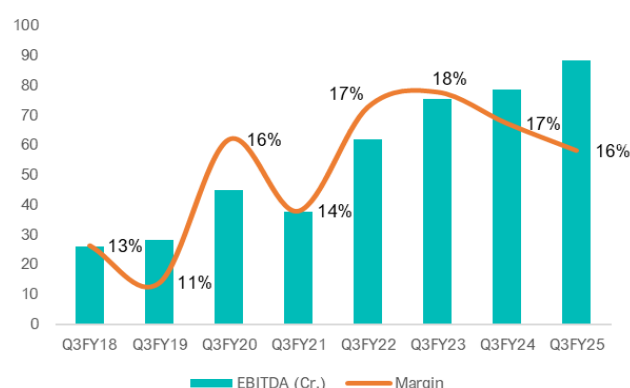
Revenue



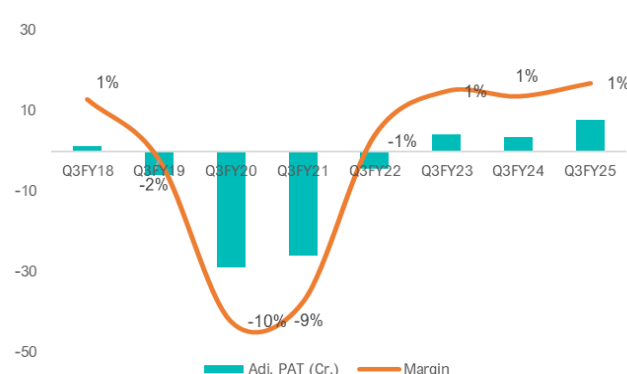
ARPOB



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY27E	FY25E	FY26E
Revenue	2,161	2,373	2,245	2,545	2,864	3.9%	7.2%
EBITDA	409	458	392	486	590	-4.2%	6.1%
Margins (%)	18.9	19.3	17.5	19.1	20.6	-145bps	-20bps
Adj. PAT	70	87	43	72	120	-38.1%	-16.9%
EPS	5.0	6.0	3.1	5.2	8.6	-37.6%	-13.3%



Consolidated Financials

Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	1,694	1,912	2,245	2,545	2,864
% change	21.2	12.8	17.4	13.4	12.5
EBITDA	299	330	392	486	590
% change	25.5	10.3	18.8	24.1	21.4
Depreciation	163	174	210	244	275
EBIT	135	155	182	242	315
Interest	104	109	152	166	174
Other Income	13	17	29	25	29
PBT	45	68	60	103	171
% change	-48.9	50.9	-11.1	71.6	65.5
Tax	27	26	17	31	51
Tax Rate (%)	60.7	39.0	28.0	30.0	30.0
Reported PAT	18	41	43	72	120
Adj.*	-12	4	0	0	0
Adj. PAT	29	44	43	72	120
% change	171.8	50.8	-2.0	66.8	65.5
No. of shares (cr)	13.9	13.9	13.9	13.9	13.9
Adj EPS (Rs)	2	3	3	5	9
% change	171.8	50.8	-2.0	66.8	65.5
DPS (Rs)	0.0	0.0	0.0	0.0	0.0

Cashflow

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	208	242	270	347	446
Non-cash adj.	89	70	106	110	94
Changes in W.C	-46	-27	-2	82	-49
C.F. Operation	251	285	374	540	492
Capital exp.	-135	-231	-562	-305	-385
Change in inv.	-5	-4	0	0	0
Other inv.	8	8	0	-2	11
C.F - Investment	-133	-226	-562	-307	-374
Issue of equity	1	-40	0	0	0
Issue/repay debt	-45	139	310	-11	156
Dividends paid	0	0	0	0	0
Other finance.CF	-96	-163	-149	-165	-170
C.F - Finance	-140	-64	161	-175	-14
Chg. in cash	-22	-5	-27	58	104
Closing Cash	197	166	246	303	407

Balance Sheet

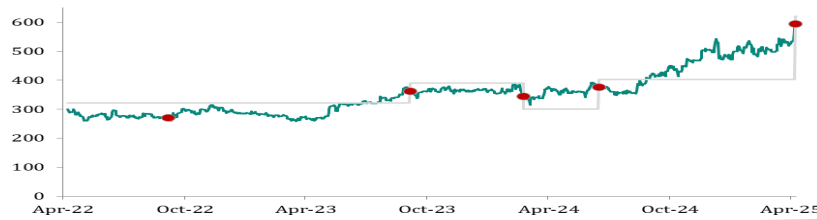
Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash eq.	197	303	276	334	437
Accts. Receivable	303	294	369	390	439
Inventories	38	43	52	55	62
Other Cur. Assets	63	57	58	66	75
Investments	10	10	10	10	10
Gross Fixed Assets	1,563	1,712	1,992	2,172	2,422
Net Fixed Assets	1,353	1,505	1,882	1,938	2,089
CWIP	18	83	45	50	20
Intangible Assets	200	253	267	267	255
Def. Tax (Net)	-7	7	8	9	9
Other Assets	129	152	181	208	226
Total Assets	2,304	2,708	3,149	3,327	3,624
Current Liabilities	459	493	573	686	698
Provisions	30	34	38	40	45
Debt Funds	906	1,280	1,591	1,580	1,737
Other Liabilities	38	35	38	40	44
Equity Capital	139	139	139	139	139
Res. & Surplus	730	726	769	842	961
Shareholder Funds	861	826	869	941	1,061
Total Liabilities	2,304	2,708	3,149	3,327	3,624
BVPS	62	59	63	68	76

Ratios

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	17.6	17.2	17.5	19.1	20.6
EBIT margin (%)	8.0	8.1	8.1	9.5	11.0
Net profit mgn.(%)	1.7	2.3	1.9	2.8	4.2
ROE (%)	3.4	5.2	5.1	8.0	12.0
ROCE (%)	15.7	18.8	21.0	25.8	29.6
W.C & Liquidity					
Receivables (days)	56	57	54	54	53
Inventory (days)	29	31	29	30	30
Payables (days)	9	9	8	8	7
Current ratio (x)	1.2	1.3	1.2	1.2	1.4
Quick ratio (x)	1.1	1.2	1.1	1.1	1.3
Turnover & Leverage					
Gross asset T.O (x)	1.1	1.2	1.2	1.2	1.2
Total asset T.O (x)	0.7	0.8	0.8	0.8	0.8
Int. covge. ratio (x)	1.3	1.4	1.2	1.5	1.8
Adj. debt/equity (x)	1.1	1.6	1.8	1.7	1.6
Valuation					
EV/Sales (x)	3.1	3.7	3.9	3.4	3.0
EV/EBITDA (x)	17.7	21.5	22.3	17.8	14.8
P/E (x)	173.1	153.7	190.1	114.0	68.8
P/BV (x)	5.9	8.2	9.5	8.8	7.8



Recommendation Summary (last 3 years)



Dates	Rating	Target
15.Sep.22	BUY	337
21.Mar.23	ACCUMULATE	303
18.Sep.23	ACCUMULATE	402
12.Mar.24	SELL	301
18.Jun.24	HOLD	407
21.Apr.25	HOLD	628

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: ▲ Upgrade ● No Change ▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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