

May 27, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	620		555	
Sales (Rs. m)	25,160	28,949	25,556	28,049
% Chng.	(1.5)	3.2		
EBITDA (Rs. m)	4,874	5,844	4,939	5,912
% Chng.	(1.3)	(1.2)		
EPS (Rs.)	7.3	13.6	7.4	13.7
% Chng.	(0.8)	(1.0)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	19,121	22,229	25,160	28,949
EBITDA (Rs. m)	3,296	3,873	4,874	5,844
Margin (%)	17.2	17.4	19.4	20.2
PAT (Rs. m)	481	444	1,019	1,897
EPS (Rs.)	3.5	3.2	7.3	13.6
Gr. (%)	63.9	(7.8)	129.5	86.1
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	5.2	5.1	10.5	16.9
RoCE (%)	11.3	10.3	13.7	17.2
EV/Sales (x)	4.3	3.8	3.4	2.9
EV/EBITDA (x)	24.8	21.9	17.3	14.4
PE (x)	162.1	175.8	76.6	41.2
P/BV (x)	9.4	8.5	7.6	6.4

Key Data

HEAC.BO | HCG IN

52-W High / Low	Rs.639 / Rs.310
Sensex / Nifty	82,176 / 25,001
Market Cap	Rs.78bn / \$ 918m
Shares Outstanding	139m
3M Avg. Daily Value	Rs.181.69m

Shareholding Pattern (%)

Promoter's	71.22
Foreign	2.45
Domestic Institution	12.47
Public & Others	13.86
Promoter Pledge (Rs bn)	2.79

Stock Performance (%)

	1M	6M	12M
Absolute	0.3	17.8	54.7
Relative	(3.4)	14.7	42.0

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In line EBITDA; strong margin guidance

Quick Pointers:

- EBITDA margin guidance at ~20% over next 2 years.
- Reiterated expansion plan of 900 beds in 3 years

HealthCare Global Enterprises' (HCG) Q4 consolidated EBITDA grew by 15% YoY to Rs1.1bn; in line with our estimate. The company'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 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, rationalization of existing assets and scale up of margins. Our FY26/FY27E EBITDA broadly remains unchanged. We expect 23% EBITDA CAGR over FY25-27E. At CMP, the stock trades at 18.5x FY27E EV/EBITDA adjusted for rentals and minority. Maintain 'BUY' rating with a revised TP of Rs620/share valuing at 20x on FY27E EV/EBITDA.

In line EBITDA aided by mature centers: HCG reported post-IND AS EBITDA of Rs1.06bn, up 15% YoY. Adjusted for ESOP cost, EBITDA came in at Rs1.07mn with OPM of 18.3%. Existing centers reported healthy profitability with EBITDA growth of 19% YoY to Rs1.15bn, while new centers' (Kolkata, Borivali and South Mumbai) EBITDA was at Rs70mn with OPM at 11.9% vs Rs33mn in Q3. Consol margin was down by 50bps YoY to 18.1%.

Healthy ARPOB and occupancy: Existing centers grew by 18% YoY, while new centers continue to see healthy ramp-up with revenue growth of 32% YoY. Milann center's revenue decline by 18% YoY on account of discontinued operations of Delhi center. LINAC capacity utilization was at 60% (with 41 LINACs) vs 60% (with 36 LINACs) in Q4FY24; LINACs contributed 16% to total revenues. ARPOB improved by 4% YoY to Rs44.2k per day. Overall occupancy improved QoQ by 490 bps to 67% vs 63.2% in Q4FY24. Net debt decreased by Rs372mn QoQ to Rs6.3bn.

Key con-call takeaways: (1) **Bed expansion plan** – Reiterated the 3-year expansion plan of adding 900 beds. Of these, 350 beds have been fully capitalized, and the remaining 550 beds will require future capex. HCG have inaugurated its flagship 189-bed Ahmedabad center in Q1FY26 whereas two new hospitals in Bangalore (North Bangalore and Whitefield) to be operationalized in H2FY26. (2) **Capex**- HCG incurred CAPEX exceeding Rs2bn, which included Rs1bn for maintenance in FY25. Guided for ~Rs3bn of capex in FY26 for network expansion and technological upgrades. (3) **Vizag acquisition**- H2FY25 Revenue was at Rs 500mn with EBITDA of Rs 95mn. Loss of Orissa government scheme patients impacted Vizag revenue, while one-time integration and diligence-related costs of ~Rs 15mn further affected EBITDA. (4) **Emerging centers**- Emerging centers such as Borivali, South Mumbai and Kolkata grew 38% YoY, 37% YoY and 22% YoY in Q4. (5) **International Business**: Contributes ~4% to revenue; impacted by lower medical visa issuance from Bangladesh due to geopolitical reasons. Nairobi (Kenya) center showed strong performance with 24–25% EBITDA margin. Second

LINAC machine and further expansion under evaluation. **(6) Receivable days** temporarily spiked in Q4 due to election-related state delays and Vizag acquisition; expected to be normalised in FY26. **(7) Digital revenues** doubled YoY in FY25; driven by HCG mobile app, website, and social media **(8)** The outgoing promoter CVC has proposed making bonus payment to certain key personnel of company.

Exhibit 1: Q4FY25 Result Overview (Rs mn) – In-line EBITDA

Y/e March	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	5,852	4,946	18.3	5,586	4.8	22,229	19,121	16.3
COGS	1,540	1,227	25.5	1,491	3.3	5,806	4,754	22.1
<i>% of Net Sales</i>	<i>26.3</i>	<i>24.8</i>		<i>26.7</i>		<i>26.1</i>	<i>24.9</i>	
Employee Cost	928	769	20.8	902	2.8	3,535	3,082	14.7
<i>% of Net Sales</i>	<i>15.9</i>	<i>15.5</i>		<i>16.2</i>		<i>18.5</i>	<i>16.1</i>	
Other Expenses	2,326	2,030	14.6	2,308	0.8	9,015	7,989	12.8
<i>% of Net Sales</i>	<i>39.7</i>	<i>41.0</i>		<i>41.3</i>		<i>47.1</i>	<i>41.8</i>	
Total	4,794	4,026	19.1	4,702	2.0	18,356	15,825	16.0
EBITDA	1,057	920	14.9	884	19.6	3,873	3,296	17.5
<i>Margins (%)</i>	<i>18.1</i>	<i>18.6</i>		<i>15.8</i>		<i>17.4</i>	<i>17.2</i>	
Other Income	102	51	102.6	46	120.5	348	169	105.5
Interest	442	268	64.6	407	8.5	1,546	1,087	42.1
Depreciation	581	460	26.3	565	2.7	2,113	1,744	21.2
PBT	137	243	NA	(42)	(426.4)	562	634	(11.4)
Tax	69	48	43.9	(111)	(162.0)	81	264	(69.2)
<i>Tax rate %</i>	<i>50.0</i>	<i>19.6</i>		<i>263.1</i>		<i>14.5</i>	<i>41.6</i>	
PAT	69	195	NA	69	0.1	481	370	29.8
Share in (loss)/profit of associate	(1)	1		9		0	4	NA
Minority Interest	(6)	22		8		(13)	(68)	(80.8)
EO items	-	39		-		39	39	
Reported PAT	74	213	(65.4)	70	5.4	533	481	10.7

Source: Company, PL

Exhibit 2: Break-up of revenues (Rs mn) Emerging and matured centers grew healthy, while Milann rev continues to decline

Y/e March	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Existing cancer centers	5,124	4,330	18.4	4,931	3.9	19,540	16,822	16.2
<i>% of Total Sales</i>	<i>87.6%</i>	<i>87.5%</i>		<i>88.3%</i>		<i>87.9%</i>	<i>88.0%</i>	
Emerging centers	587	446	31.6	519	13.1	2,111	4,810	30.0
<i>% of Total Sales</i>	<i>10.0%</i>	<i>9.0%</i>		<i>9.3%</i>		<i>9.5%</i>	<i>8.5%</i>	
Milann centers	140	170	(17.6)	136	2.9	577	675	(14.4)
<i>% of Total Sales</i>	<i>2.4%</i>	<i>3.4%</i>		<i>2.4%</i>		<i>2.6%</i>	<i>3.5%</i>	
Total revenues	5,852	4,946	18.3	5,586	4.7	22,228	19,122	16.3

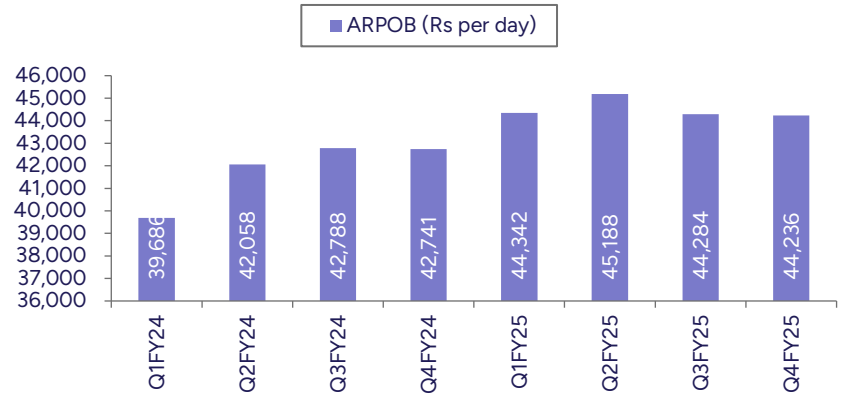
Source: Company, PL

Exhibit 3: Break-up of EBITDA (Rs mn) - Matured centers grew by 19% YoY

Y/e March	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Existing centers	1,154	970	19.0	1,057	9.2	4,366	3,682	18.6
Emerging centers	70	50	40.0	33	112.1	175	54	224.1

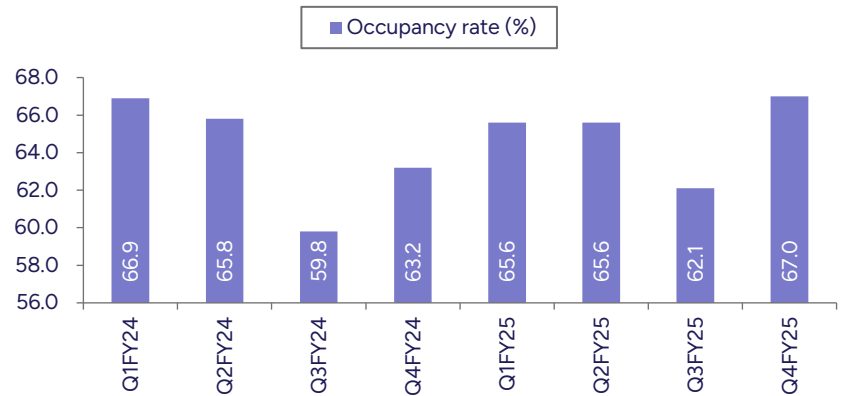
Source: Company, PL * (Note: Excl corporate expenses; Reclassification of centers - Emerging centers now consist of 3 centers – South Mumbai, Borivali & Kolkata. All other centers are classified as established centers)

Exhibit 4: ARPOB improved by ~4% YoY



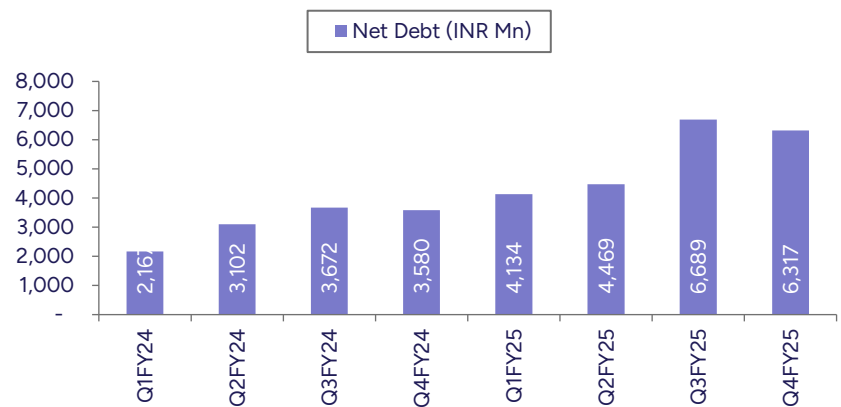
Source: Company, PL

Exhibit 5: Occupancy improved YoY & QoQ



Source: Company, PL

Exhibit 6: Net debt decreased by Rs372mn QoQ



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	19,121	22,229	25,160	28,949
YoY gr. (%)	12.8	16.3	13.2	15.1
Cost of Goods Sold	4,754	5,806	6,529	7,369
Gross Profit	14,367	16,423	18,632	21,580
Margin (%)	75.1	73.9	74.1	74.5
Employee Cost	3,082	3,535	3,888	4,355
Other Expenses	7,989	9,015	9,869	11,382
EBITDA	3,296	3,873	4,874	5,844
YoY gr. (%)	10.3	17.5	25.9	19.9
Margin (%)	17.2	17.4	19.4	20.2
Depreciation and Amortization	1,744	2,113	2,240	2,375
EBIT	1,552	1,759	2,634	3,469
Margin (%)	8.1	7.9	10.5	12.0
Net Interest	1,087	1,546	1,600	1,400
Other Income	169	348	350	450
Profit Before Tax	634	562	1,384	2,519
Margin (%)	3.3	2.5	5.5	8.7
Total Tax	264	81	304	579
Effective tax rate (%)	41.6	14.5	22.0	23.0
Profit after tax	370	481	1,079	1,940
Minority interest	(72)	37	60	43
Share Profit from Associate	-	-	-	-
Adjusted PAT	481	444	1,019	1,897
YoY gr. (%)	64.1	(7.7)	129.5	86.1
Margin (%)	2.5	2.0	4.1	6.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	481	444	1,019	1,897
YoY gr. (%)	64.1	(7.7)	129.5	86.1
Margin (%)	2.5	2.0	4.1	6.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	481	444	1,019	1,897
Equity Shares O/s (m)	139	139	139	139
EPS (Rs)	3.5	3.2	7.3	13.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	25,698	32,589	35,089	38,639
Tangibles	25,698	32,589	35,089	38,639
Intangibles	-	-	-	-
Acc: Dep / Amortization	10,313	12,426	14,666	17,041
Tangibles	10,313	12,426	14,666	17,041
Intangibles	-	-	-	-
Net fixed assets	15,386	20,163	20,422	21,598
Tangibles	15,386	20,163	20,422	21,598
Intangibles	-	-	-	-
Capital Work In Progress	832	248	248	248
Goodwill	2,229	4,300	4,300	4,300
Non-Current Investments	70	70	70	70
Net Deferred tax assets	10	215	215	215
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	427	530	688	792
Trade receivables	2,940	4,009	4,265	4,909
Cash & Bank Balance	3,031	3,477	2,788	3,146
Other Current Assets	2,090	2,387	3,096	3,563
Total Assets	27,075	35,432	36,127	38,874
Equity				
Equity Share Capital	1,393	1,394	1,394	1,394
Other Equity	6,865	7,830	8,850	10,747
Total Networth	8,258	9,225	10,244	12,141
Non-Current Liabilities				
Long Term borrowings	6,728	10,022	9,022	9,022
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	2,811	3,343	3,715	4,276
Other current liabilities	8,825	12,132	12,374	12,622
Total Equity & Liabilities	27,075	35,432	36,127	38,874

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	370	481	1,079	1,940
Add. Depreciation	1,744	2,113	2,240	2,375
Add. Interest	1,087	1,546	1,600	1,400
Less Financial Other Income	169	348	350	450
Add. Other	-	-	-	-
Op. profit before WC changes	3,201	4,140	4,920	5,714
Net Changes-WC	(798)	(969)	(508)	(407)
Direct tax	-	-	-	-
Net cash from Op. activities	2,404	3,171	4,411	5,308
Capital expenditures	(1,857)	(2,089)	(2,500)	(3,550)
Interest / Dividend Income	-	-	-	-
Others	(401)	(2,789)	-	-
Net Cash from Inv. activities	(2,257)	(4,878)	(2,500)	(3,550)
Issue of share cap. / premium	(403)	16	-	-
Debt changes	933	1,184	(1,000)	-
Dividend paid	-	-	-	-
Interest paid	(1,087)	(1,546)	(1,600)	(1,400)
Others	1,032	2,500	-	-
Net cash from Fin. activities	476	2,153	(2,600)	(1,400)
Net change in cash	622	446	(689)	358
Free Cash Flow	547	1,082	1,911	1,758

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	3.5	3.2	7.3	13.6
CEPS	16.0	18.3	23.4	30.6
BVPS	59.3	66.2	73.5	87.1
FCF	3.9	7.8	13.7	12.6
DPS	-	-	-	-
Return Ratio(%)				
RoCE	11.3	10.3	13.7	17.2
ROIC	6.5	5.5	7.9	9.7
RoE	5.2	5.1	10.5	16.9
Balance Sheet				
Net Debt : Equity (x)	0.4	0.7	0.6	0.5
Net Working Capital (Days)	11	20	18	18
Valuation(x)				
PER	162.1	175.8	76.6	41.2
P/B	9.4	8.5	7.6	6.4
P/CEPS	35.1	30.5	24.0	18.3
EV/EBITDA	24.8	21.9	17.3	14.4
EV/Sales	4.3	3.8	3.4	2.9
Dividend Yield (%)	-	-	-	-

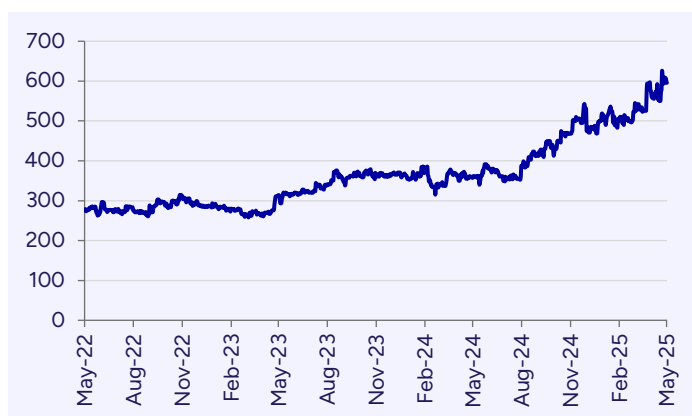
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	5,256	5,535	5,586	5,852
YoY gr. (%)	14.1	13.7	18.9	18.3
Raw Material Expenses	1,332	1,442	1,491	1,540
Gross Profit	3,924	4,093	4,095	4,311
Margin (%)	74.7	73.9	73.3	73.7
EBITDA	909	1,023	884	1,057
YoY gr. (%)	22.3	20.8	12.4	14.9
Margin (%)	17.3	18.5	15.8	18.1
Depreciation / Depletion	470	497	565	581
EBIT	439	525	319	477
Margin (%)	8.4	9.5	5.7	8.1
Net Interest	337	360	407	442
Other Income	88	111	46	102
Profit before Tax	190	277	(42)	137
Margin (%)	3.6	5.0	(0.8)	2.3
Total Tax	54	70	(111)	69
Effective tax rate (%)	28.2	25.2	263.1	50.0
Profit after Tax	136	207	69	69
Minority interest	16	27	8	(6)
Share Profit from Associates	-	-	9	(1)
Adjusted PAT	121	180	70	74
YoY gr. (%)	58.7	32.6	22.5	(65.4)
Margin (%)	2.3	3.2	1.2	1.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	121	180	70	74
YoY gr. (%)	58.7	32.6	22.5	(65.4)
Margin (%)	2.3	3.2	1.2	1.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	121	180	70	74
Avg. Shares O/s (m)	139	139	139	139
EPS (Rs)	0.9	1.3	0.5	0.5

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	555	523
2	28-Feb-25	BUY	555	504
3	08-Jan-25	BUY	535	488
4	12-Nov-24	BUY	535	469
5	07-Oct-24	BUY	420	430
6	12-Aug-24	BUY	420	362
7	08-Jul-24	BUY	420	377
8	31-May-24	BUY	420	358

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,100	6,683
2	Aster DM Healthcare	BUY	620	551
3	Aurobindo Pharma	BUY	1,510	1,097
4	Cipla	BUY	1,730	1,520
5	Divi's Laboratories	Accumulate	6,800	6,280
6	Dr. Reddy's Laboratories	Reduce	1,225	1,156
7	Eris Lifesciences	BUY	1,740	1,444
8	Fortis Healthcare	BUY	785	672
9	HealthCare Global Enterprises	BUY	555	523
10	Indoco Remedies	Hold	325	233
11	Ipca Laboratories	Accumulate	1,700	1,316
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,641
13	Jupiter Life Line Hospitals	BUY	1,720	1,422
14	Krishna Institute of Medical Sciences	BUY	725	656
15	Lupin	BUY	2,400	2,073
16	Max Healthcare Institute	BUY	1,300	1,142
17	Narayana Hrudayalaya	BUY	1,560	1,644
18	Rainbow Children's Medicare	BUY	1,785	1,406
19	Sun Pharmaceutical Industries	BUY	2,000	1,719
20	Sunteck Realty	BUY	650	401
21	Torrent Pharmaceuticals	Accumulate	3,670	3,233
22	Zydus Lifesciences	Accumulate	970	884

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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