

Growth Visible; Maintain BUY
Est. Vs. Actual for Q1FY26: Revenue – **BEAT**; EBITDA Margin – **INLINE**; PAT – **MISS**
Changes in Estimates post Q1FY26
FY26E/FY27E: Revenue: 1.0%/0.8%; EBITDA: 0.9%/0.9%; PAT: 2.8%/1.8%

Recommendation Rationale:

- **Inline Revenue Performance:** HCG reported revenue higher than expectations, registering a 16.7% growth YoY. This was driven by higher bed additions of 257 beds over the period, leading to 15.7% growth in occupied days with a flattish ARPOB. ARPOB stood at Rs 44,751, remained flat both YoY and QoQ, reflecting healthy growth. Occupancy improved to 67%, marking a 150 bps YoY increase, and on a like-for-like basis, AOR stood at 76%.
- **PAT Lower than Expected:** The company reported EBITDA margins of 17.6%, down 50 bps QoQ but up 30 bps YoY. It reported EBITDA of 108 Cr, grew by 18.6% YOY and 2% QoQ. Adjusted EBITDA margins stood at 18%. Its PAT increased to Rs 6 Cr, which was lower than expected due to higher tax expenses and lower other income.

Sector Outlook: Positive

Company Outlook & Guidance: The cancer industry is growing at a CAGR of 17%, and HCG is outpacing this growth. The company plans to add 900 incremental beds over the next 4 to 5 years to capitalise on emerging opportunities. Several margin improvement levers are in place, as most emerging centres have matured with margins exceeding 20%. HCG has strengthened its infrastructure and expanded its network through acquisitions and new investments, positioning itself for long-term growth and enhanced patient outcomes. The recent entry of new investors such as KKR, replacing CVC, signals confidence in the company's strategic vision and growth prospects.

Current Valuation: EV/EBITDA 17x for FY27E (Earlier 16x/FY26E)

Current TP: Rs 680/share (Earlier TP: Rs 620/share)

Recommendation: We maintain our **BUY** recommendation on the stock.

Financial Performance

HCG reported revenue ahead of expectations, registering a strong 16.7% YoY growth. The performance was primarily driven by the addition of 257 beds over the period, which led to a 15.7% increase in occupied bed days. ARPOB remained steady at Rs 44,751, showing a flat trend both YoY and QoQ, yet reflecting healthy underlying growth. Occupancy improved to 67%, up 150 bps YoY, while on a like-for-like basis, the Average Occupancy Rate (AOR) stood at a robust 76%.

The company reported EBITDA margins of 17.6%, down 50 bps QoQ but up 30 bps YoY. Reported EBITDA of 108 Cr grew by 18.6% YOY and 2% QoQ. Adjusted EBITDA margins stood at 18%. Its PAT increased to Rs 6 Cr, which was lower than expected due to higher tax expenses and lower other income.

HCG's established centres delivered an excellent 16.4% revenue increase and an 18% rise in EBITDA, reflecting its mature operations and reliable performance. The ARPOB for these centres reached Rs 43,068, with a flat growth, underscoring their steady occupancy and service efficiency. Moreover, emerging centres acted as key growth drivers, posting a remarkable 23.6% revenue growth and an 86% jump in EBITDA for the quarter. The ARPOB was significantly higher at Rs 69,856, up 11.6% YoY, driven by increased pricing power and a growing share of advanced treatments. This strong performance from emerging centres, especially in Tier 1 cities, highlights their strategic importance and role in boosting HCG's overall profitability and future growth.

Key Financials (Consolidated)

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Axis Est.	Variance %
Net Sales	613	4.8%	16.7%	579	5.9%
EBITDA	108	2.0%	18.6%	108	-0.2%
EBITDA Margin	17.6%	-49	28	18.7%	
Net Profit	6	-12%	-56%	15	-60%
EPS (Rs)	0.4			1.1	-60%

Source: Company, Axis Securities Research

(CMP as of 04th August, 2025)

CMP (Rs)	608
Upside /Downside (%)	12%
High/Low (Rs)	639/349
Market cap (Cr)	8,480
Avg daily vol. (6m) Shrs.	80,000
No. of shares (Cr)	13.8

Shareholding (%)

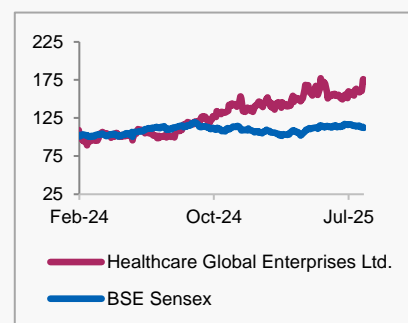
	Dec-24	Mar-25	Jun-25
Promoter	71.2	71.2	62.5
FII's	2.8	2.4	2.2
MFs / UTI	10.0	9.2	9.4
Others	16.0	17.2	26.0

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	2,223	2,707	3,096
EBITDA	387	530	625
Net Profit	49	149	223
EPS	3.5	10.7	16.0
PE (x)	155.6	51.0	34.1
P/BV (x)	8.2	7.1	5.9
EV/ EBITDA	23.5	16.8	13.6
RoE (%)	5.3	13.9	17.2

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	1.0%	0.8%
EBITDA	0.9%	0.9%
PAT	2.8%	1.8%

Relative Performance


Source: ACE Equity, Axis Securities

Aman Goyal
Research Associate
Email: aman.goyal@axissecurities.in

Outlook

The cancer industry is growing at a CAGR of 17%, and HCG is outpacing this growth. The company plans to add 900 beds over the next 4 to 5 years to capitalise on emerging opportunities. Multiple levers exist for margin expansion, with most new centres now mature and delivering margins above 20%. Additionally, operating leverage and contributions from MG Hospital are expected to add 300 bps to margins over the next three years.

Valuation & Recommendation

In light of strong traction in the oncology industry and HCG's optimism about sustaining its robust growth trajectory in both revenue and profitability, the company has earmarked a capex of Rs 286 Cr for FY26. This will entail plans to operationalise over 900 beds across its network within the next three years, including the new flagship Ahmedabad center and two additional hospitals in Bangalore. This will be directed towards network expansion and technology upgrades. We retain our **BUY** rating with a target price of Rs 680/share, implying an upside potential of 12% from the CMP.

Key Risks to our Estimates and TP

- Economic Slowdown may impact the overall revenue growth of the company.
- A high attrition rate of doctors may impact the company's revenue growth.
- Unplanned Capex may lead to a weak balance sheet for the company.

Change in Estimates

(Rs Cr)	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	2,707	3,096	2,681	3,071	1.0%	0.8%
EBITDA	530	625	526	620	0.9%	0.9%
PAT	149	223	145	219	2.8%	1.8%

Source: Company, Axis Securities Research

Q1FY26 Result Update

Particulars (Rs Cr)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Net Sales	526	554	559	585	613	16.7%	4.8%
Growth (YoY%)	14.1%	13.7%	18.9%	18.3%	16.7%		
Total Expenditure	435	451	470	479	505	16.3%	5.pdate4%
Raw Material Consumed	136	149	152	154	166		
Gross margins (%)	74.7%	73.9%	73.3%	73.7%	73.6%	-105	-8
Employee Expenses	85	85	90	93	98		
% of sales	16.2%	15.4%	16.2%	15.9%	15.9%		
Medical consultancy charges	112	118	123	129	133		
% of sales	21.3%	21.3%	21.9%	22.1%	21.7%		
Other Expenses	104	104	108	103	113		
% of sales	19.8%	18.8%	19.4%	17.7%	18.4%		
EBITDA	91	102	88	106	108	18.6%	2.0%
EBITDA Margins	14.2%	18.5%	17.0%	18.7%	18.0%	444	
Interest	34	36	41	44	45		
Depreciation	47	50	57	58	58		
Other Income	9	11	5	10	7		
Associate PL	0	-0	1	-0	1		
Exceptional Items	0	0	0	0	0		
PBT	19	28	-3	14	12	-37.5%	-12.5%
Tax	5	7	-11	7	6		
Tax (%)	28.1%	25.2%	334.8%	50.3%	49.8%		
Reported PAT	13.70	20.68	7.75	6.77	5.98	-56.4%	-11.7%

Source: Company, Axis Securities Research

Occupancies and ARPOB

Particulars (Rs Cr)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Avg. Occupancy Rate (AOR)	65.7%	65.6%	62.1%	67.0%	67.1%	140	10
ARPOB (Rs)	44,342	45,188	44,284	44,236	44,751	0.9%	1.2%
Revenue*	464	485	493	526	540	16.4%	2.5%
EBITDA*	102	113	106	115	121	18.4%	5.0%
Existing Centres EBITDA margins	22.1%	23.3%	21.4%	21.9%	22.5%		
Revenue*	47.5	53.0	51.9	58.7	58.7	23.6%	0.0%
EBITDA*	4.2	3.0	3.3	7.0	7.8	85.7%	11.4%
New Centre EBITDA margins	8.8%	5.7%	6.4%	11.9%	13.3%		

*Reclassification done by HCG; Emerging Centres now moved to Established Centre in Q1FY25

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Particulars (Rs Cr)	FY25	FY26E	FY27E	FY28E
Net Sales	2,223	2,707	3,096	3,439
Growth (%)	16.3%	21.8%	14.4%	11.1%
Total Expenditure	1,836	2,176	2,471	2,731
Raw Material Consumed	590	687	774	860
% of sales	26.1%	25.4%	25.0%	25.0%
Gross margins (%)	73.9%	74.6%	75.0%	75.0%
Employee Expenses	353	406	458	502
% of sales	15.9%	15.0%	14.8%	14.6%
Other Expenses	901	1,083	1,239	1,369
% of sales	40.6%	40.0%	40.0%	39.8%
EBITDA	387	530	625	709
EBITDAM (%)	17.4%	19.6%	20.2%	20.6%
EBIT	176	314	399	473
EBITM (%)	7.9%	11.6%	12.9%	13.8%
Other Income	35	40	40	40
Exceptional Items	0	0	0	0
Share of P/L of Associates	1	1	1	1
PBT	57	199	297	384
Tax Rate (%)	14.3%	25.0%	25.0%	25.0%
Tax	8	50	74	96
Reported PAT	49	149	223	288

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar, Rs. Cr	FY25	FY26E	FY27E	FY28E
Share Capital	139	139	139	139
Reserves & Surplus	783	932	1,155	1,443
Shareholders Fund	922	1,072	1,295	1,583
Minority Interest	67	68	69	70
- Long Term Borrowings	1,380	1,350	1,270	1,190
- Deferred Tax Liabilities (Net)	4	4	4	4
- Other Long-Term Liabilities	102	59	68	75
- Long Term Provisions	21	21	21	21
Total Non-Current Liabilities	1,507	1,434	1,363	1,290
- Short-Term Borrowings	398	368	338	308
- Trade Payables	334	400	458	509
- Other Current Liabilities	235	274	314	349
- Short Term Provisions	19	19	19	19
Total Current Liabilities	1,046	1,117	1,179	1,229
Total Liabilities	3,543	3,690	3,905	4,172
Gross Block	2,165	2,358	2,458	2,558
Depreciation	896	1,113	1,339	1,574
% of GB	41.4%	47.2%	54.5%	61.6%
- Fixed Assets	2,471	2,447	2,321	2,186
- Non-Current Investments	7	7	7	7
- Deferred Tax Asset (Net)	25	25	25	25
- Long Term Loans & Advances	86	86	86	86
- Other Non-Current Assets	111	111	111	111
Total Non-Current Assets	2,699	2,676	2,549	2,414
- Inventories	53	56	64	72
- Trade Receivables	401	445	509	565
- Cash & Cash Equivalents	348	472	740	1,079
- Short Term Loans & Advances	3	3	3	3
- Other Current Assets	39	39	39	39
Total Current Assets	844	1,015	1,356	1,758
TOTAL ASSETS	3,543	3,691	3,905	4,172

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E Mar, Rs. Cr	FY25	FY26E	FY27E	FY28E
PBT	57	199	297	384
Add: Depreciation	211	217	226	235
Add: Interest	155	156	143	130
Cash flow from operations	423	571	666	749
Change in working capital	-3	-15	-34	-30
Taxes	8	50	74	96
Miscellaneous expenses	0	0	0	0
Net cash from operations	418	537	625	683
Capital expenditure	-838	-193	-100	-100
Change in Investments	-0	0	0	0
Net cash from investing	-838	-193	-100	-100
Increase/Decrease in debt	563	-65	-115	-115
Dividends	0	0	0	0
Proceedings from equity	0	0	0	0
Interest	-155	-156	-143	-130
Others	55	1	1	1
Net cash from financing	464	-220	-257	-244
Net Inc./(Dec.) in Cash	44	124	268	339
Opening cash balance	303	348	472	740
Closing cash balance	347	472	740	1,079

Source: Company, Axis Securities Research

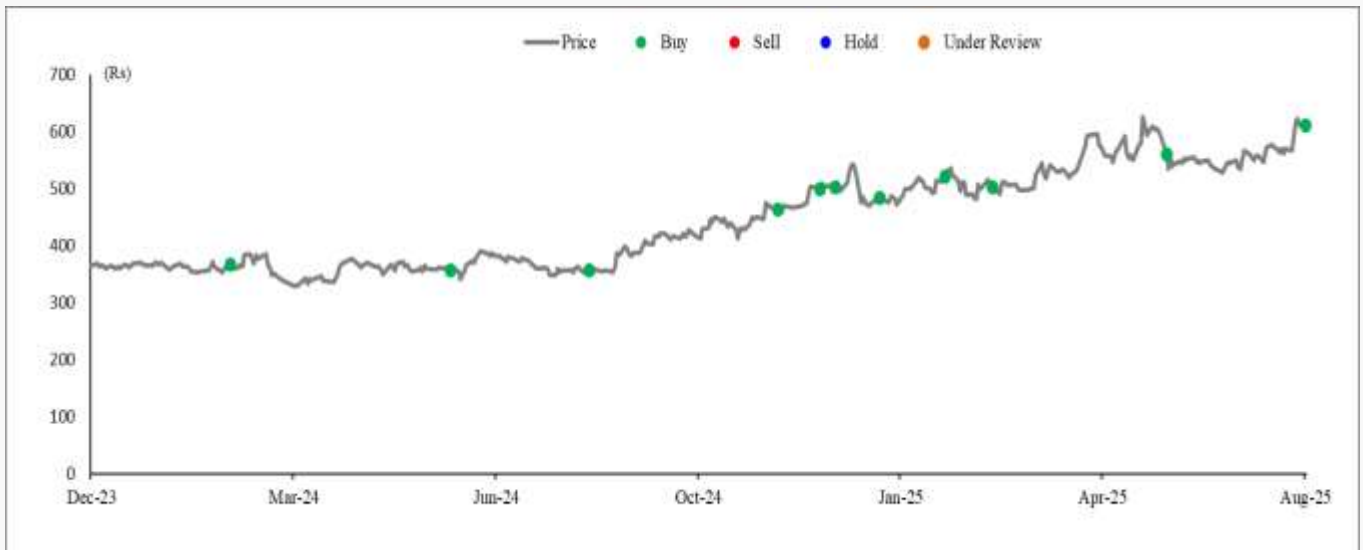
Ratio Analysis

(%)

Y/E March	FY25	FY26E	FY27E	FY28E
Sales growth	16.3%	21.8%	14.4%	11.1%
OPM	17.4%	19.6%	20.2%	20.6%
Oper. profit growth	17.5%	37.0%	17.9%	13.3%
COGS / Net sales	26.1%	25.4%	25.0%	25.0%
Overheads/Net sales	40.6%	40.0%	40.0%	39.8%
Depreciation / G. block	-	-	-	-
Effective interest rate	-	-	-	-
Net wkg.cap / Net sales	-0.9%	-1.3%	-2.2%	0.0%
Net sales / Gr block (x)	1.0	1.1	1.3	1.3
RoCE	6.8	12.3	16.4	20.5
Debt/equity (x)	2.0	1.7	1.3	1.0
Effective tax rate	0.1	0.3	0.3	0.3
RoE	5.3	13.9	17.2	18.2
Payout ratio (Div/NP)	4.0	4.0	4.0	4.0
EPS (Rs.)	3.5	10.7	16.0	20.7
EPS Growth	18%	205%	50%	29%
CEPS (Rs.)	14.6	21.8	26.2	30.0
DPS (Rs.)	0.0	0.0	0.0	0.0

Source: Company, Axis Securities Research

Healthcare Global Enterprise Price Chart and Recommendation History



Date	Reco	TP	Research
12-Feb-24	BUY	405	Result Update
31-May-24	BUY	400	Result Update
09-Aug-24	BUY	395	Result Update
12-Nov-24	BUY	535	Result Update
02-Dec-24	BUY	575	Top Picks
11-Dec-24	BUY	575	Company Update
01-Jan-25	BUY	575	Top Picks
03-Feb-25	BUY	575	Top Picks
28-Feb-25	BUY	555	Result Update
01-Mar-25	BUY	575	Top Picks
27-May-25	BUY	620	Result Update
05-Aug-25	BUY	680	Result Update

Source: Axis Securities Research

DISCLAIMER:

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has various subsidiaries engaged in businesses of Asset Management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073 | PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Paré, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages

independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and / or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.