

# PICK OF THE WEEK

04<sup>th</sup> October, 2025

Healthcare Global Enterprise Ltd

Sector: Hospital

BUY

CMP

638

Target Price

702

Upside

10%

CMP as on 03<sup>rd</sup> October 2025 | Time horizon: 6-9 Months

## Why HCG Ltd.

- Healthy Track Record
- Operational Excellence
- Specialty Focused with Leadership in Oncology

## About the Company

HCG is one of India's leading cancer care providers, operating 21 comprehensive centres dedicated to advanced treatment. Its multidisciplinary team uses evidence to create treatment plans that are likely to be successful.

## Investment Rationale

### A. An Excellent Performance

- HCG delivered a strong revenue beat with 16.7% YoY growth, supported by 257 new beds, a 15.7% rise in occupied bed days, and improved occupancy of 67% (like-for-like AOR at 76%), while ARPOB remained stable at Rs 44,751.
- EBITDA rose 18.6% YoY to Rs 108 Cr with margins at 17.6% (up 30 bps YoY), though PAT fell to Rs 6 Cr due to higher tax and lower other income.

### B. Operational Excellence

- Mature HCG centres showed operational strength with 16.4% revenue growth and 18% EBITDA rise, maintaining steady ARPOB at Rs 43,068.
- Emerging centres drove growth with 23.6% revenue increase and 86% EBITDA surge, alongside an ARPOB of Rs 69,856 (+11.6% YoY), highlighting their strategic impact on profitability and expansion.

## C. Beneficiary of Industry Consolidation

- HCG leverages a hub-and-spoke, asset-light model and partnerships to scale faster and expand reach beyond standalone and multi-speciality oncology players.
- With improved leverage (net debt/EBITDA down from 7.4x in FY21 to 3.7x in FY25) and new leadership under KKR, HCG is poised for disciplined growth, margin expansion,

## Outlook & Valuation

- HCG is outpacing the 17% CAGR growth of the cancer industry, with plans to add 900 beds over the next 4–5 years and benefiting from margin levers as emerging centres mature above 20%.
- Network expansion through acquisitions and investments, coupled with new investor confidence from KKR, positions HCG for long-term growth.
- HCG Currently trading at 20x/16x EV/EBITDA for FY26E/FY27E

## Analyst Insights

**BUY** with a target price of Rs 702, implying an upside of ~10% from the CMP.

### Research Analysts

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## Financial Summary

	FY25	FY26E	FY27E
Net Sales (Rs Cr)	2,223	2,707	3,096
EBITDA (Rs Cr)	387	530	625
Net Profit (Rs Cr)	49	149	223
EPS (Rs)	3.5	10.7	16.0
PER (x)	185.6	60.8	40.6
EV/EBITDA (x)	27	20	16
P/BV (x)	9.8	8.5	7.0
RoE (%)	5.3	13.9	17.2

## Market Data

No. of Shares	13.9 Cr
Market Cap	9,060 Cr
52-week High	708
52-week Low	405
PER(x)	220
BSE Code	539787
NSE Code	HCG



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