

March 05, 2025

## HCG Eko Oncology LLP: Update on entity

### Summary of rating(s) outstanding

| Instrument*                          | Previous rated amount<br>(Rs. crore) | Current rated amount<br>(Rs. crore) | Rating outstanding |
|--------------------------------------|--------------------------------------|-------------------------------------|--------------------|
| Long Term – Fund based – Cash Credit | 1.00                                 | 1.00                                | [ICRA]A+ (Stable)  |
| Long Term - Fund based – Term Loan   | 28.21                                | 28.21                               | [ICRA]A+ (Stable)  |
| Short Term - Non-fund based          | 6.00                                 | 6.00                                | [ICRA]A1           |
| <b>Total</b>                         | <b>35.21</b>                         | <b>35.21</b>                        |                    |

\*Instrument details are provided in Annexure I

### Rationale

### Material Event

On February 23, 2025, Healthcare Global Enterprises Limited (HCG) informed the stock exchanges about the signing of definitive agreements between HCG, KKR group (KKR) and Aceso Company Pte Ltd. (CVC), through which KKR will become the largest shareholder in HCG and assume sole control of HCG’s operations.

ICRA notes that as part of the transaction, KKR will acquire up to 54% of equity in HCG from CVC once the necessary regulatory approvals are received. Pursuant to the Securities and Exchange Board of India’s (SEBI) takeover regulations, an open offer will be conducted by KKR to purchase additional equity shares in HCG from public shareholders. Upon completion of the open offer, KKR is expected to hold an equity stake of between 54-77%. ICRA also understands that Dr. BS Ajaikumar, promoter of HCG, will take on the role of Non-Executive Chairman and will be focused on driving clinical, academic and research and development going forward.

ICRA has noted the above event and expects the same to remain credit neutral for HCG. That said, ICRA will continue to monitor any development in this regard and take appropriate rating action, if necessary.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

### Analytical approach

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">Hospitals</a>   |
| Parent/Group support            | Not applicable   |
| Consolidation/Standalone        | ICRA has taken a consolidated view on HCG, which includes its subsidiaries and associate companies, while assigning the credit ratings, given the common management and significant operational and financial linkages among them. |

## About the company

Healthcare Global Enterprises Limited, established in 1989, is present primarily in oncology with the largest cancer care network (21 cancer care centres including Center of Excellence as on September 30, 2024) and three multi-speciality hospitals. It is promoted by Dr. B.S. Ajai Kumar, a radiation and medical oncologist with over 30 years of experience. It was started by Dr. Kumar and four other oncologists as a single cancer care centre, namely Bangalore Institute of Oncology. Thereafter, the company rapidly expanded its presence to Ahmedabad, Chennai, Nasik, Kolkata, Ranchi, Rajkot, Cuttack, Hubli, Mumbai, Nagpur, Vizag, and Vijayawada, among others. The company is present across the oncology value chain, offering services from prevention, screening, diagnosis and treatment to rehabilitation, supportive care, and palliative care.

Before the recent announcement, the company and its promoter has an investment agreement with Aceso Company Pte Ltd. (CVC Group) which was signed in June 2020. After subsequent equity infusion, a majority stake of 60.4% (on fully diluted basis) of HCG was held by the CVC Group. Following the investment, KKR, which is a leading global investment firm, will become the largest shareholder in HCG and assume sole control of HCG's operations.

HCG Eko is a limited liability partnership registered under the Limited Liability Partnership Act, 2008 and commenced operations in Q1 FY2020. HCG had entered into a partnership with Eko Diagnostics Private Limited to set up HCG Eko. In March 2024, HCG announced that it would be acquiring the entire partnership stake of Eko Diagnostics Private Limited in HCG Eko which will increase HCG's ownership in the entity to 100%.

## Key financial indicators (audited)

| HCG Consolidated                                     | FY2023  | FY2024  | 9M FY2025* |
|--|---------|---------|------------|
| Operating income (Rs. crore)                         | 1,694.4 | 1,912.1 | 1634.7     |
| PAT (Rs. crore)                                      | 17.6    | 40.9    | 41.2       |
| OPBDIT/OI (%)  | 17.7%   | 17.3%   | 17.2%      |
| PAT/OI (%)   | 1.0%    | 2.1%    | 2.5%       |
| Total outside liabilities/Tangible net worth (times) | 1.7     | 2.1     | -          |
| Total debt/OPBDIT (times)                            | 2.9     | 3.8     | -          |
| Interest coverage (times)                            | 2.9     | 3.0     | 2.5        |

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: Not applicable

## Rating history for past three years

| Instrument  | Current (FY2025) |                         |              |                   | Chronology of rating history for the past 3 years |                   |              |                        |              |                        |
|-------------|------------------|-------------------------|--------------|-------------------|---|-------------------|--------------|------------------------|--------------|------------------------|
|             | Type             | Amount Rated (Rs crore) | FY2025       |                   | FY2024  |                   | FY2023       |                        | FY2022       |                        |
|             |                  |                         | Date         | Rating            | Date  | Rating            | Date         | Rating                 | Date         | Rating                 |
| Cash Credit | Long-Term        | 1.00                    | Dec 31, 2024 | [ICRA]A+ (Stable) | Mar 28, 2024                                      | [ICRA]A+ (Stable) | Dec 22, 2022 | [ICRA]A+ (CE) (Stable) | Sep 27, 2021 | [ICRA]A+ (CE) (Stable) |

|                       |            |       |              |                   |              |                   |              |  |              |               |
|-----------------------|------------|-------|--------------|-------------------|--------------|-------------------|--------------|--|--------------|---------------|
|                       |            |       | Mar 05, 2025 | [ICRA]A+ (Stable) |              |                   |              | withdrawn and [ICRA]A+ (Stable) assigned simultaneously      |              |               |
| <b>Term Loan</b>      | Long-Term  | 28.21 | Dec 31, 2024 | [ICRA]A+ (Stable) | Mar 28, 2024 | [ICRA]A+ (Stable) | Dec 22, 2022 |  | Sep 27, 2021 | -             |
|                       |            |       | Mar 05, 2025 | [ICRA]A+ (Stable) |              |                   |              |  |              |               |
| <b>Non-fund based</b> | Short-Term | 6.00  | Dec 31, 2024 | [ICRA]A1          | Mar 28, 2024 | [ICRA]A1          | Dec 22, 2022 | [ICRA]A1 (CE) withdrawn and [ICRA]A1 assigned simultaneously | Sep 27, 2021 | [ICRA]A1 (CE) |
|                       |            |       | Mar 05, 2025 | [ICRA]A1          |              |                   |              |  |              |               |

### Complexity level of the rated instrument

| Instrument                           | Complexity Indicator |
|--------------------------------------|----------------------|
| Long Term – Fund based – Cash Credit | Simple               |
| Long Term - Fund based – Term Loan   | Simple               |
| Short Term - Non-fund based          | Very Simple          |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

| ISIN | Instrument Name                      | Date of Issuance | Coupon Rate | Maturity | Amount Rated (Rs. crore) | Current Outlook   | Rating and |
|------|--------------------------------------|------------------|-------------|----------|--------------------------|-------------------|------------|
| NA   | Long Term – Fund based – Cash Credit | -                | -           | -        | 1.00                     | [ICRA]A+ (Stable) |            |
| NA   | Long Term - Fund based – Term Loan   | FY2015           | -           | FY2028   | 28.21                    | [ICRA]A+ (Stable) |            |
| NA   | Short Term - Non-fund based          | -                | -           | -        | 6.00                     | [ICRA]A1          |            |

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

| Company Name   | Ownership | Consolidation Approach |
|--|-----------|------------------------|
| HCG Medi-Surge Hospitals Private Limited                           | 74.00%    | Full Consolidation     |
| Malnad Hospital & Institute of Oncology Private Limited            | 70.25%    | Full Consolidation     |
| Healthcare Global Senthil Multi Specialty Hospital Private Limited | 100.00%   | Full Consolidation     |
| Niruja Product Development and Research Private Limited            | 100.00%   | Full Consolidation     |
| BACC Healthcare Private Limited                                    | 100.00%   | Full Consolidation     |
| Healthcare Diwan Chand Imaging LLP                                 | 75.00%    | Full Consolidation     |
| HCG Oncology Hospitals LLP   | 100.00%   | Full Consolidation     |
| HCG Oncology LLP   | 74.00%    | Full Consolidation     |
| HCG NCHRI Oncology LLP   | 100.00%   | Full Consolidation     |
| HCG Manavata Oncology LLP  | 51.00%    | Full Consolidation     |
| HCG EKO Oncology LLP   | 100.00%   | Full Consolidation     |
| HCG (Mauritius) Private Limited                                    | 100.00%   | Full Consolidation     |
| HCG Sun Hospitals LLP  | 100.00%   | Full Consolidation     |
| Healthcare Global (Africa) Private Limited                         | 100.00%   | Full Consolidation     |
| HealthCare Global (Uganda) Private Limited                         | 100.00%   | Full Consolidation     |
| HealthCare Global (Kenya) Private Limited                          | 100.00%   | Full Consolidation     |
| HealthCare Global (Tanzania) Private Limited                       | 100.00%   | Full Consolidation     |
| Cancer Care Kenya Limited  | 100.00%   | Full Consolidation     |
| Suchirayu Health Care Solutions Limited                            | 78.60%    | Full Consolidation     |
| Advanced Molecular Imaging Limited – Joint venture                 | 50.00%    | Limited Consolidation  |
| Nagpur Cancer Hospital & Research Institute Private Limited        | 100.00%   | Full Consolidation     |

Source: Annual Report 2024

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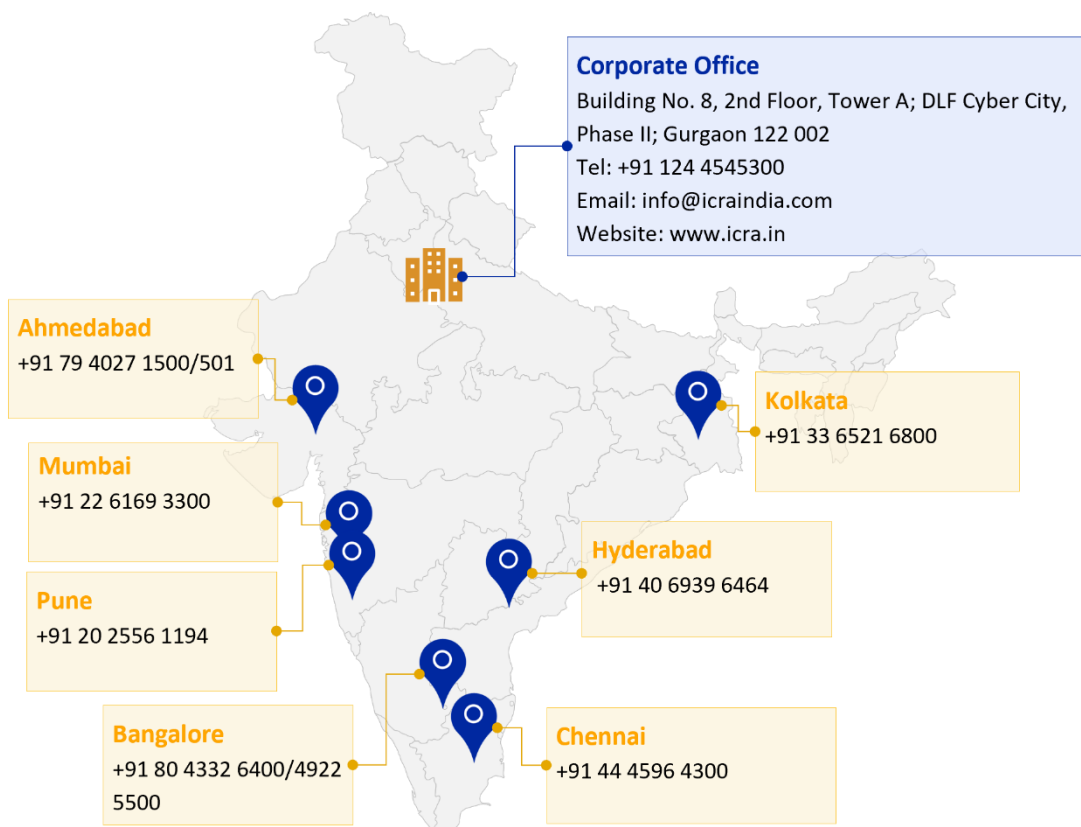
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