

March 05, 2025

HCG Oncology LLP: Update on entity

Summary of rating(s) outstanding

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating outstanding |
|--------------------------------------|--------------------------------------|-------------------------------------|--------------------|
| Long Term – Fund based – Cash Credit | 3.00 | 3.00 | [ICRA]A+ (Stable) |
| Long Term - Fund based – Term Loan | 30.65 | 30.65 | [ICRA]A+ (Stable) |
| Short Term - Non-fund based | 5.50 | 5.50 | [ICRA]A1 |
| Total | 39.15 | 39.15 | |

*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 | Corporate Credit Rating Methodology Hospitals |
| 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 Oncology is a limited liability partnership registered under the Limited Liability Partnership Act, 2008 and incorporated in 2012. It commenced operations in FY2017 and has 69 bed capacity. The entity provides services related to cancer care. HCG has entered into a partnership with Dr. Rajiv Bhatt to establish HCG Oncology LLP.

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

| Current (FY2025) | | | Chronology of rating history for the past 3 years | | | | | | | |
|------------------|-----------|-------------------------|---|-------------------|--------------|-------------------|--------------|------------------------|--------------|------------------------|
| | | | FY2025 | | FY2024 | | FY2023 | | FY2022 | |
| Instrument | Type | Amount Rated (Rs crore) | Date | Rating | Date | Rating | Date | Rating | Date | Rating |
| Cash Credit | Long-Term | 3.00 | 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 | | |

| | | | | | | | | | | |
|-----------------------|------------|-------|--------------|-------------------|--------------|-------------------|--------------|--|--------------|------------------------|
| Term Loan | Long-Term | 30.65 | Dec 31, 2024 | [ICRA]A+ (Stable) | Mar 28, 2024 | [ICRA]A+ (Stable) | Dec 22, 2022 | [ICRA]A+ (Stable) assigned simultaneously | Sep 27, 2021 | [ICRA]A+ (CE) (Stable) |
| | | | Mar 05, 2025 | [ICRA]A+ (Stable) | | | | | | |
| Non-fund based | Short-Term | 5.50 | 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 | - | - | - | 3.00 | [ICRA]A+ (Stable) | |
| NA | Long Term - Fund based – Term Loan | FY2015 | - | FY2031 | 30.65 | [ICRA]A+ (Stable) | |
| NA | Short Term - Non-fund based | - | - | - | 5.50 | [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

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545 5328
shamsherd@icraindia.com

Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Mythri Macherla
+91 22 6114 3435
mythri.macherla@icraindia.com

Nishant Misra
+91 124 4545 862
nishant.misra@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

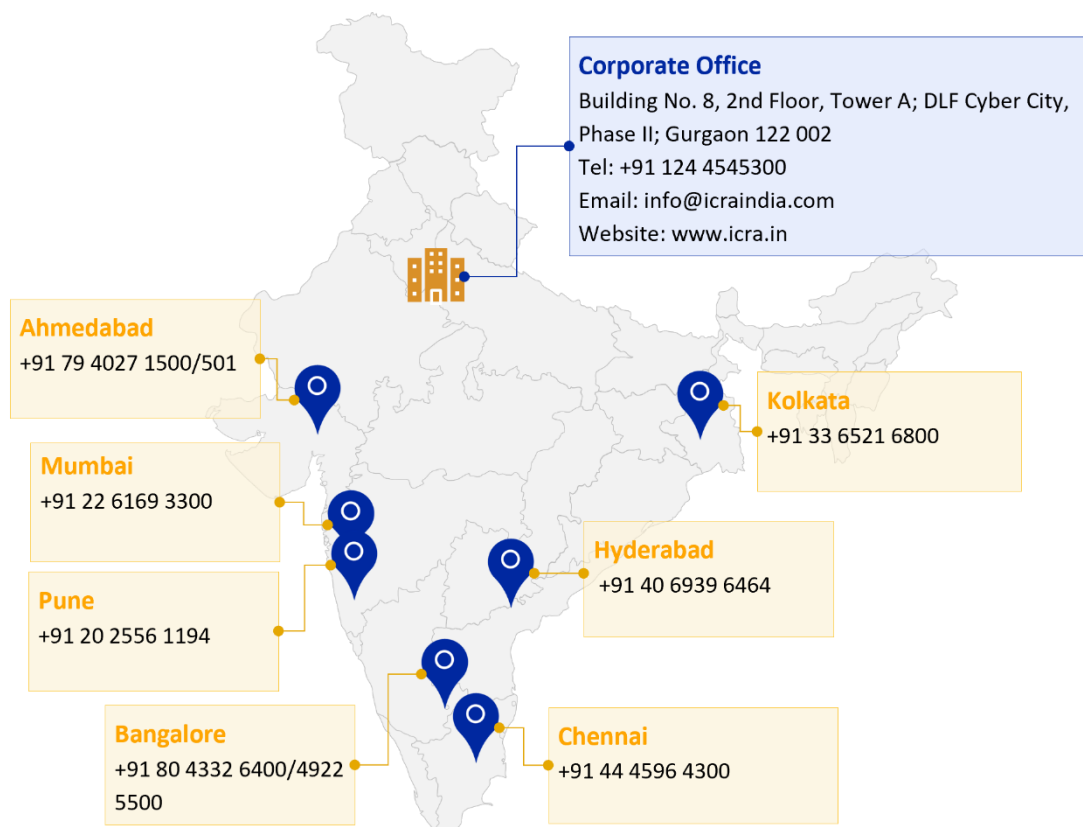


Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.