March 25, 2026

HCG Medi-Surge Hospitals Private Limited: Ratings Reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term – Fund-based Cash credit	7.00	7.00	[ICRA]A+ (Stable); reaffirmed
Long Term – Fund Based Term loan	100.68	100.68	[ICRA]A+ (Stable); reaffirmed
Short Term – Non-fund Based	16.00	16.00	[ICRA]A1; reaffirmed
Total	**123.68**	**123.68**	

**Instrument details are provided in Annexure-I*

Rationale

For arriving at the ratings, ICRA has taken a consolidated view of Healthcare Global Enterprises Limited along with HCG Medi-Surge Hospitals Private Limited (HCG Medi-Surge) as ICRA believes HCG Medi-Surge is an integral part of HCG and operates like its extended arm. ICRA also draws comfort from HCG's long track record of support to HCG Medi-Surge and the close business, financial and management linkages between. ICRA expects the linkages between HCG and HCG Medi-Surge to remain strong on various dimensions, including business ties, financial aspects, and management support.

The ratings reaffirmation continues to factor in Healthcare Global Enterprises Limited's (HCG) strong market position and established track record in the domestic oncology segment, its improving patient mix and diverse footprint across the country. The company's business prospects are also supported by its ability to attract and retain reputed medical professionals which, in addition to the aforementioned strengths, lead to healthy operational metrics such as an occupancy rate of 65.7% in FY2025 and 9M FY2026 and average revenue per occupied bed (ARPOB) of Rs. 44,041 in FY2025 and Rs. 47,242 in 9M FY2026. ICRA also notes that it has announced a rights issue and anticipates raising up to Rs. 424.68 crore through the same by end of March 2026. ICRA expects the company to use a sizeable portion of the same towards deleveraging, driving an improvement in debt metrics.

HCG witnessed a revenue growth of 16.3% in FY2025 compared to 12.8% in FY2024. The revenue growth in FY2025 is slightly higher than past trends, primarily driven by the acquisition of Vizag Hospital and Cancer Research Centre Private Limited (Vizag Hospital) in October 2024 and an increase in operational beds from 1,943 in FY2024 to 2,140 beds in FY2025 following capacity expansion. Going forward, the company's revenue growth is anticipated to be supported by two greenfield facilities in Bangalore, which are expected to become operational in Q4 FY2026 and FY2027. HCG's revenues also continue to benefit from a favourable demand outlook for healthcare services in the country, driven by rising per-capita income, widening medical insurance coverage, growing awareness and the under-penetration of healthcare services, in addition to increasing cancer incidence in the country. The operating profit margin (OPM) remained healthy at 17.3% in FY2025 and improved to 18% in 9M FY2025, led by OPBDITA breakeven in some of its new centres and improvement in payor mix alongside an increase in high-value services with continued investment in advanced medical technology. Going forward, while the company is expected to witness an improvement in its profitability margins, supported by improving operating leverage, reduction in losses, turnaround of its emerging centres and continued healthy payor mix in the medium term, the operating margins are anticipated to be impacted slightly in the near term with the commencement of operations at its greenfield projects in Bangalore and the relatively higher fixed expenses in the initial period of operations.

While the operating margins have improved over the years, HGC's return on capital employed (RoCE) remains constrained, largely due to operating losses incurred at its emerging centres. For 9M FY2026, RoCE for HCG's established and emerging centres stood at around 17% and -14.2%, respectively. However, the same is expected to improve over the near-to-medium term, backed by ramp-up of new centres, planned asset-light expansion and improvement in profit margins. However, timely ramp-up of operations at its upcoming centres in Bengaluru and the impact of the same on the company's overall operating profits and RoCE will remain a key monitorable.

While the company has been increasing its footprint by setting up new centres across the country, it derived around 54% of its revenues from Karnataka and Gujarat during H1 FY2026, thereby remaining exposed to significant geographic concentration risks. However, there has been a reduction in revenue share from these two states in H1 FY2026 compared to FY2025 and FY2024. HCG, in line with all other industry players, is exposed to regulatory risks pertaining to any restrictive pricing regulations imposed by the Central and state governments in India, such as the Clinical Establishment Act, 2010.

During H1 FY2025, the company expanded its footprint in Andhra Pradesh by acquiring shareholding in MG Hospital, a 120-bed cancer care hospital in Vizag. HCG completed the first tranche of acquisition by acquiring 51% shareholding in the aforesaid entity in October 2024. The second tranche of the acquisition which will entail acquisition of an incremental 34% stake in the entity is anticipated to happen in April 2026 for a consideration of around Rs. 154 crore. ICRA expects the same to be funded through proceeds of the ongoing rights issue. The company is also undertaking capital expenditure (capex) towards two greenfield projects, one in North Bengaluru and the other in Whitefield, Bengaluru, which will act as an extension of the Bangalore Centre of Excellence (CoE). Overall, it is expected to incur Rs. 250-300 crore towards capex in FY2026 and Rs. 300-350 crore in FY2027.

Given the outflows towards the acquisitions/incremental stake acquisitions in its subsidiaries, along with regular maintenance capex and ongoing capex towards greenfield/brownfield projects, the company's total debt increased from Rs. 1,274.4 crore as March 31, 2024, to Rs. 1,837.2 crore as on March 31, 2025, and around Rs. 1,849 crore as on September 30, 2025. This has resulted in total debt/OPBDITA deteriorating to 4.0 times as September 30, 2025. However, ICRA expects the company to use a sizeable portion of the equity raised through the ongoing rights issue towards deleveraging, leading to an improvement in debt metrics going forward. That said, its overall debt levels, the margin trajectory at its upcoming centres, and the consequent impact on the overall profitability and debt metrics will be key rating monitorables.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company's revenues and earnings are likely to witness a robust growth, supported by its upcoming hospitals, while maintaining healthy margins, leading to an improved financial profile.

Key rating drivers and their description

Credit strengths

Strong market position in oncology segment and partnership with reputed medical professionals – HCG's long-standing presence, niche focus on cancer therapy and established brand equity of the hospital chain in the field of oncology support its business prospects. The company's business strategy includes partnerships with eminent oncologists as it sets up new cancer care centres, especially in tier-II and III cities. While a doctor's reputation plays a significant role in attracting patients, HCG's strong brand recognition in oncology has been supporting revenue growth over the last few years. Over time, the company has also increased its footprint across the country, which has further strengthened its market position.

Strong improvement in operational performance supported by improvement in occupancy and ARPOB – The company witnessed year-over-year (YoY) revenue growth of 16.3% in FY2025 and 15.5% in 9M FY2026, supported by improvements in operational parameters such as ARPOB and Occupancy. Its average occupancy rate (AOR) increased from 64.2% in FY2024 to 65.7% in FY2025 and 68.9% in 9M FY2026. The company's ARPOB witnessed YoY growth of 5.4% and 0.8% in FY2025 and 9M FY2026, respectively. Going forward, while the operational parameters are expected to moderate slightly on account of commencement in operations of new projects, the same is anticipated to improve over the medium term with ramp-up in emerging centres.

Favourable demand outlook for healthcare services – The demand outlook for the healthcare industry remains favourable due to factors such as improved affordability, widening medical insurance coverage, growing awareness and under-penetration of healthcare services. The same is expected to benefit the company and the industry at large.

Credit challenges

Recent acquisitions and ongoing organic capex have resulted in increased net debt levels; planned equity raise expected to support improvement in debt metrics going forward – During H1 FY2025, the company expanded its footprint in Andhra Pradesh by acquiring the business of MG Hospital, a 120-bed cancer care hospital in Vizag. HCG completed the first tranche of the acquisition in October 2024. The second tranche of the acquisition is expected to be paid in April 2026 for consideration of around Rs. 154 crore. The company has also acquired the remaining partnership stake in HCG NCHRI Oncology LLP as well as a 100% stake in NCHRI Pvt. Ltd., which has the lease for the land of HCG Cancer Centre in Nagpur. It is also undertaking two greenfield projects, one in North Bengaluru and the other in Whitefield, Bengaluru, which will act as an extension of the Bangalore CoE. Given the outflows towards the acquisitions/incremental stake acquisitions in its subsidiaries, along with regular maintenance capex and ongoing capex towards greenfield/brownfield projects, the company's total debt increased from Rs. 1,274.4 crore as March 31, 2024, to Rs. 1,837.2 crore as on March 31, 2025, and around Rs. 1,849 crore as on September 30, 2025. Overall, it is expected to incur Rs. 250-300 crore towards capex in FY2026 and Rs. 300-350 crore in FY2027. Amid this sizeable ongoing capex, the company's overall debt levels post deleveraging from the proceeds of the right issue, and margin trajectory at its upcoming centres, and the consequent impact on the overall profitability and debt metrics will be key rating monitorables.

Exposed to regulatory risks inherent in the sector – Going forward, regulatory risks pertaining to restrictive pricing regulations levied by the Central and state governments and stricter compliance norms could constrain the company's profit margins.

Stiff competition in the healthcare industry – HCG is exposed to competition from other hospital chains in the industry. However, the company's established market position in the oncology segment is expected to aid its performance going forward.

Liquidity position: Adequate

HCG's liquidity profile is adequate, characterised by free cash and liquid investments of Rs. 142.2 crore as on December 31, 2025. Average utilisation of the working capital limits was around 79.2% for the 12 months ending on January 31, 2026, with undrawn working capital limits of Rs. 22 crore as on January 31, 2026. The repayment obligations pertaining to term loans of the company are around Rs. 104 crore in FY2026 and Rs. 115 crore in FY2027. It has capex plans of Rs. 200-250 crore in FY2026 and Rs. 250-350 crore in FY2027. The company's planned equity raise of up to Rs. 424.68 crore in March 2026 is also anticipated to support the liquidity levels and deleveraging going forward. Overall, ICRA expects it to be able to service its near-term repayment obligations and capex commitments through available liquidity, proceeds from the ongoing rights issue and internal accruals.

Rating sensitivities

Positive factors – HCG's ratings could be upgraded, if there is considerable improvement in profitability and debt coverage metrics on a sustained basis, aided by ramp–up of new centres, while maintaining its liquidity position.

Negative factors – Pressure on HCG's ratings could arise, if there is any material deterioration in earnings and/or debt-funded capex or acquisitions weakens the company's credit profile with Gross Debt/OPBDITA (Gross debt including lease liabilities) more than 4.0x, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Hospitals Corporate Credit Rating Methodology
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 the field of oncology with the largest cancer care network (22 cancer care centres including 2 CoEs as on September 30, 2025) and 4 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. It is present across the oncology value chain, offering services from prevention, screening, diagnosis and treatment to rehabilitation, supportive care and palliative care.

Healthcare Global Enterprises Limited is the holding company of the Group. Acquired in the year 2000, as Curie Centre of Oncology Private Limited, Bangalore, the company was renamed HealthCare Global Enterprises Private Limited in 2005. Thereafter, in the following year, it was converted to a public limited company. In FY2011, Banashankari Medical and Oncology Research Centre Limited (BMORCL), the HCG Group's oldest entity, was merged with HCG to form a single large holding company.

In February 2025, KKR Group, a global investment firm, signed a share purchase agreement to acquire a majority stake in the company from CVC (Aceso), thereby becoming the largest and controlling shareholder. As of May 30, 2025, KKR had acquired around 51.59% of shares from the CVC. KKR's total shareholding increased to 54.01% as of December 31, 2025.

Key financial indicators (audited/provisional)

HCG (consolidated)	FY2024	FY2025	9M FY2026*
Operating income (OI, Rs. crore)	1,912.1	2,222.9	1,893.1
PAT (Rs. crore)	40.9	48.1	17.8
OPBDIT/OI (%)	17.3%	17.5%	18.0%
PAT/OI (%)	2.1%	2.2%	0.9%
Total outside liabilities/Tangible net worth (times)	2.1	2.6	-
Total debt/OPBDIT (times)	3.8	4.7	-
Interest coverage (times)	3.0	2.5	-

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: A Member of the Board of Directors of ICRA Limited is also an Independent Director on the Board of Directors of Healthcare Global Enterprises Limited. This Director was not involved in any of the discussions and processes related to the rating of the instrument(s) mentioned herein.

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs crore)**	**Mar 25, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund-based-Cash credit	Long Term	7.00	[ICRA]A+ (Stable)	Dec 31, 2024	[ICRA]A+ (Stable)	Mar 28, 2024	[ICRA]A+ (Stable)	Dec 22, 2022	[ICRA]A+ (Stable)
				Mar 05, 2025	[ICRA]A+ (Stable)	-	-	-	-
Fund-based-Term loan	Long Term	100.68	[ICRA]A+ (Stable)	Dec 31, 2024	[ICRA]A+ (Stable)	Mar 28, 2024	[ICRA]A+ (Stable)	Dec 22, 2022	[ICRA]A+ (Stable)
				Mar 05, 2025	[ICRA]A+ (Stable)	-	-	-	-
Non-fund based-Others	Short Term	16.00	[ICRA]A1	Dec 31, 2024	[ICRA]A1	Mar 28, 2024	[ICRA]A1	Dec 22, 2022	[ICRA]A1
				Mar 05, 2025	[ICRA]A1	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term-Fund-based-Cash credit	Simple
Long-term-Fund-based-Term loan	Simple
Short-term-Non-fund based-Others	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 Rating and Outlook
NA	Long Term – Fund based – Cash Credit	-	-	-	7.00	[ICRA]A+ (Stable)
NA	Long Term - Fund based – Term Loan	FY2015	-	FY2029	100.68	[ICRA]A+ (Stable)
NA	Short Term - Non-fund based	-	-	-	16.00	[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 Kolkata Cancer Care LLP	100.00%	Full Consolidation
HCG (Mauritius) Private Limited	100.00%	Full Consolidation
HCG Rajkot Hospitals LLP	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
Vizag Hospital and Cancer Research Centre Pvt. Ltd.	51.00%	Full Consolidation

Source: Annual Report 2025

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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

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