

## HCG Manavata Oncology LLP

January 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	41.70	CARE A+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of the rating assigned to bank facilities of HCG Manavata Oncology LLP (HMOL) continues to factor in its strong linkages with Healthcare Global Enterprises Limited (HCGEL; rated 'CARE A+; Stable') and the demonstrated support it has received from HCGEL in the past, which is expected to continue in the future.

As stated by HCGEL's management and further demonstrated in the past, CARE Ratings Limited (CareEdge Ratings) believes all subsidiaries including HMOL (51% holding by HCGEL) are strategically important to the parent (HCGEL) and will continue to get operational, financial and managerial support for the parent entity HCGEL. For arriving at the parent HCGEL's credit rating, CareEdge Ratings has considered the consolidated performance of HCGEL and its subsidiaries / step-down subsidiaries / joint ventures owing to strong managerial, operational and financial linkages between them. Rating reaffirmation of HCGEL, on consolidated basis, factors in established brand and strong market position of HCGEL in cancer care treatment. HCGEL's rating further derives support from continuous addition of capacities by HCGEL and increase in patient footfalls, which with growing average revenue per occupied bed (ARPOB) translated into healthy growth in revenues in FY25 (refers to April 01 to March 31) and in H1FY26 (refers to April 01 to September 30), while maintaining profitability and strong cash flow from operations. The rating also factors in HCGEL's healthy financial risk profile, despite moderation in debt service coverage indicators in FY25 and H1FY26 owing to rise in debt levels considering several acquisitions and large capex. However, this is expected to improve in the near-to-medium term with stabilisation of ongoing capex and gradual increase in profitability from new capacity additions.

CareEdge Ratings also notes that Kohlberg Kravis Roberts & Co. (KKR) has acquired a controlling stake of 53.84% in Healthcare Global Enterprises (HCG) from CVC Capital Partners in June 2025. KKR also has an established track record in the Indian healthcare industry.

HMOL's rating also positively factors in the steady occupancy levels and stable ARPOB for the hospital in FY25, resulting in sustained scale of operations. The rating derives strength from promoters' extensive experience and long track record in the healthcare industry, and their demonstrated ability to support group entities.

However, the rating is constrained by HMOL's moderate financial risk profile, low interest coverage, geographical concentration risk with a single facility, exposure to the highly regulated healthcare industry, and competition from other hospitals.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in credit profile of the parent, HCGEL

#### Negative factors

- Change in support philosophy or ownership structure with HCGEL share declining to below 50% in the rated entity, weakening linkages
- Deterioration in credit profile of HCGEL.

#### Analytical approach: Standalone

However, the rating factors in the parentage of HCGEL, from which it derives managerial, operational and financial support.

#### Outlook: Stable

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

Stable outlook reflects CareEdge Ratings' expectations that credit profile of HCGEL and its subsidiaries will continue to benefit from its brand recall and technical expertise in oncology.

## Detailed description of key rating drivers:

### Key strengths

#### Strategic importance and strong operational linkages with the parent

As stated by the HCGEL management and demonstrated in the past, all subsidiaries are strategically important and have strong linkages with the parent. HMOL constituted ~5% of the total consolidated operating income and ~8% of operational beds operated under HCG. HMOL is held 51% by HCGEL and operates an oncology hospital in Nashik. HCGEL has also stated its commitment to provide need-based financial support for working capital and expansion. HCGEL has demonstrated its support to HMOL in the form of corporate guarantee towards credit facilities and provide undertaking to cover shortfalls in debt servicing. Going forward, CareEdge Ratings expects HMOL to continue getting managerial, operational and financial support from the parent, HCGEL.

#### Established brand and strong market position of the parent HCGEL in cancer care treatment

HCGEL is the leading provider of cancer care in India with presence across the entire oncology treatment value chain and runs 22 cancer care hospitals and four multi-specialty hospitals under the brand 'HCG', with a total number of 2189 operational beds as on September 30, 2025. HCGEL is on expansion mode in the last few years, which further strengthens its market position. In October 24, HCGEL acquired another oncology specialty hospital in Vizag, having bed capacity of 196. HCGEL has presence in 10 states, with predominance in Karnataka, Gujarat and Maharashtra clusters. HCGEL provides medical, surgical and radiation oncology across all centres and deploys latest machines of Cyberknife, Linac, and PET-CT, among others. HCGEL employs over 400 oncologists across departments. Its dominant presence in cancer care treatment is driven by strong brand equity and superior quality of service and partnership with other established medical professionals. The company also operates seven IVF fertility centres under the brand 'Milann' through its wholly owned subsidiary, BACC Healthcare Private Limited (BACC).

CareEdge Ratings takes note of the exit of CVC and the entry of KKR, an established global private equity investor with a strong track record in scaling healthcare and consumer businesses. As announced on February 23, 2025, Hector Asia Holdings II Private Limited, an affiliate of KKR, entered a definitive agreement to acquire a controlling stake of up to 54% in HCG from CVC at a purchase price of ₹445 per share, translating into a total consideration of ~US\$400 million (₹3,400 crore). The acquisition of a 51.41% equity stake was successfully completed on June 10, 2025, pursuant to the Share Purchase Agreement dated February 23, 2025, following which KKR became the largest shareholder and promoter of HCG and assumed sole operational control of the company. CareEdge Ratings expects HCG to further benefit from KKR's managerial oversight, strengthened governance, and operational expertise, supporting improvement in brand positioning and achievement of operational efficiencies in the medium term.

#### Consistent improvement in scale of operations supported with improved operational metrics

Total operating income (TOI) increased by annualised compound annual growth rate (CAGR) of ~12% in the last four years and y-o-y growth rate of 16.23% in FY25 to reach ₹2218.22 crore in FY25 (PY: ₹1908.32 crore). The company has registered consistent increase in income primarily attributable to increased patient footfalls, addition of beds, addition of radiation and robotic machines resulting in increased capacity, with growing ARPOB in FY25. ARPOB increased from ₹41802 in FY24 to ₹44,041 in FY25 with majority increase coming from its emerging centre (particularly Borivali centre and HCC). ARPOB remained moderate in H1FY26 of ~₹44,355 (H1FY25: ₹45188). Average occupancy rate (AOR) increased to 65.7% in FY25 from 64.2% in FY24 owing to increase in operational beds in FY24 and now they have stabilised a bit. However, AOR increased to 68.70% in H1FY26 which increased from 65.6 in H1FY25. The company's profit before interest, lease rentals, depreciation and taxation (PBILDT) margins remains ~17% in the last three years. PBILDT margins were ~18.10% in FY25 (PY: 17.22%) with increasing AOR and ARPOB for emerging and established centres. With addition of Vizag in October 2024 (With revenue of ₹50 crore in H1FY26 and expected revenue of ₹100-120 crore in full year) revenue is expected to improve. The company has already achieved ₹1260 crore of revenue with improving PBILDT margins of 18.5% in H1FY26. Going forward, with the stabilisation of operations in emerging centres with higher ARPOB, addition of Cuttack and Bangalore hospital and higher footfalls with increase in capacities, which is expected to be sustained over time with growing incidences of cancer, TOI is expected to reach ₹2650 crore in FY26.

At a standalone level, HMOL reported revenue of ₹130.34 crore in FY25, which is ~ 25% growth over FY24 revenue of ₹104 crore. PBILDT margin improved from 7.81% in FY24 to 9.11% in FY24 due to increase in AOR, as hospitals increased operational beds in FY24. Going forward, with stabilisation of recently added beds and expected increase in AOR and ARPOB, the company's PBILDT margins are expected to improve further.

## Key weaknesses

### Exposure to regulatory risk and competition from other hospital chains

The company remains exposed to competition from other hospital chains. The company operates in a regulated industry that has continuous regulatory intervention in the last couple of years. Regulations such as restrictive pricing regulations instated by central and state governments and stricter compliance norms can have adverse impact on the company's margins. However, consumption of tobacco, obesity, and unhealthy lifestyles have largely contributed to growing incidences of cancer in India. Lack of access to quality healthcare facilities and under penetration of healthcare service in India bodes well for the company's operations with strong brand image and geographical diversification, which is expected to aid in improvement in occupancy levels.

### Recent capex outlays and acquisitions led to increased debt levels and moderation in its credit metrics at HCGEL's, though remains adequate with expectation to improve in the near-to-medium term

HCGEL's capital structure remains moderate, with net debt increasing from ₹1,001.75 crore as on March 31, 2024, to ₹1,601 crore as on March 31, 2025, primarily due to debt-funded capex and acquisitions undertaken in the year. Consequently, overall gearing (on net debt basis) moderated to 3.59x as on March 31, 2025 (from 2.59x as on March 31, 2024), while net debt to PBILDT increased to 3.98x in FY25 (from 3.04x in FY24). Increase in leverage is largely attributable to recognition of debt and lease liabilities related to new assets and under-construction hospitals which is expected to improve going forward with stabilisation of these properties and growth in the operations of HCGEL at a consolidated level. Improvement in the leverage profile remains a key monitorable.

At a standalone level, HMOL's debt service coverage ratios had slightly moderated, characterised by increase in net debt to PBILDT from 2.68x in FY24 to 3.07x in FY25, owing to increase in debt due to capex done. Net worth remains moderate and remained at ₹37.92 crore as on March 31, 2025 (as compared to ₹42.02 crore as on March 31, 2024). Going forward, profitability and debt metrics are expected to improve with ramping up of operations. Further, comfort is derived from the parentage of HCGEL.

### Liquidity: Adequate

HMOL's liquidity position is marked by free cash and bank balance of ₹6.43 crore as on March 31, 2025 (₹12.68 crore as on March 31, 2024). Liquidity is supported by expected adequate cash generation (gross cash accruals [GCA] was around ~₹9.06 crore in FY25), which is sufficient to cover scheduled repayment obligations of ₹5 crore with its minimal capex requirements. HMOL's net cashflow from operations (CFO) declined from ₹10.56 crore in FY24 to -ve ₹12.43 crore in FY25. It has a nil working cycle of 0 days, which also supports its working capital needs.

HCGEL's liquidity is adequate as marked by healthy cash accruals of ₹247 crore in FY25 against which, its scheduled bank debt repayment obligations aggregating to ₹130 crore (₹160 crore including lease liabilities) in FY26. Part of cash accruals in the coming years will be also utilised towards growth capex commitments involving total outlay of ~₹200-260 crore) in the next two years (FY26-FY27) for brownfield expansion and greenfield expansion. Liquidity is well-aided by un-encumbered cash and cash equivalents of ₹238 crore as on September 30, 2025. Liquidity is supported by average available limits under its cash credit limits to the tune of ₹127 crore (average for 12 months ending November 30, 2025). CareEdge Ratings believes that the company is well-positioned with strong accruals expectations, which with its cash balances, will be sufficient to meet its capex commitments and debt repayment obligations. While the company has debt-funded capex plans in place, the company's liquidity profile is likely to remain intact.

## Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare services	Hospital

Incorporated on August 10, 2016, HMOL, is a limited liability partnership between HCGEL and Raj Vasantao Nagarkar having profit-sharing ratio of 51:49 respectively. The entity operates a 207-bed hospital in Nasik, Maharashtra providing cancer care through surgical oncology, radiation oncology, PET CT, bone marrow transplant, medical oncology among others.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	104.41	130.34
PBILDT*	8.15	11.88
Profit after tax (PAT)	-7.79	-4.11
Overall gearing (x)	0.80	0.74
Interest coverage (x)	1.52	2.95

A: Audited Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

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

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	1.00	CARE A+; Stable
Fund-based - LT-Term Loan		-	-	November 2028	32.70	CARE A+; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	8.00	CARE A+; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	32.70	CARE A+; Stable	-	1)CARE A+; Stable (10-Jan-25)	1)CARE A+; Stable (05-Jan-24)	1)CARE A+; Stable (01-Dec-22)
2	Fund-based - LT-Cash Credit	LT	1.00	CARE A+; Stable	-	1)CARE A+; Stable (10-Jan-25)	1)CARE A+; Stable (05-Jan-24)	1)CARE A+; Stable (01-Dec-22)
3	Non-fund-based - LT-Bank Guarantee	LT	8.00	CARE A+; Stable	-	1)CARE A+; Stable (10-Jan-25)	1)CARE A+; Stable (05-Jan-24)	1)CARE A+; Stable (01-Dec-22)
4	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	-	-	-	1)Withdrawn (01-Dec-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA**
**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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