July 31, 2026

# Hyderabad Institute of Oncology Private Limited: Rating reaffirmed and Outlook revised to Positive; rated amount enhanced

## Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action | Financial sector regulator# |
|---|---|---|---|---|
| Long-term – Fund-based – Term loan | 42.30 | 135.00 | [ICRA]A- (Positive); reaffirmed and assigned for enhanced amount and outlook revised to Positive from Stable | RBI |
| Long-term – Fund-based – Cash Credit | 25.00 | 65.00 | [ICRA]A- (Positive); reaffirmed and assigned for enhanced amount and outlook revised to Positive from Stable | RBI |
| Long-term – Interchangeable limits – Working capital demand loan | 0.00 | (25.00) | [ICRA]A- (Positive); assigned | RBI |
| Long-term – Unallocated | 0.40 | 32.70 | [ICRA]A- (Positive); reaffirmed and assigned for enhanced amount and outlook revised to Positive from Stable | RBI |
| **Total** | **67.70** | **232.70** | | |

**Instrument details are provided in Annexure I*

*#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.*

## Rationale

The revision in the outlook on the long-term rating to Positive reflects the expected improvement in Hyderabad Institute of Oncology Private Limited's (HIOPL) credit profile, supported by a healthy increase in revenue and earnings, leading to an enhancement in debt metrics. HIOPL, an oncology-focused hospital chain, expanded its bed capacity to 2,250 as on March 31, 2026, from 941 beds as on March 31, 2024, driven by the merger of its group company HEPL, which operated a chain of oncology hospitals in Telangana and Andhra Pradesh as well as a series of acquisitions. Expansion was financed through a fundraiser from Morgan Stanley PE Asia in the form of compulsorily convertible preference shares (CCPS). Consequently, HIOPL's consolidated operating income grew by around 53% in FY2026. The group is likely to add another 200-400 beds in FY2027, which, along with a healthy improvement in occupancy at the units added in FY2026, is likely to result in 15-20% revenue growth in FY2027. The operating margin moderated to 22.7% in FY2026 from 27.2% in FY2025, owing to losses incurred by the newly acquired hospitals during their integration and ramp-up phase. Margins are expected to remain range-bound in FY2027. The rating continues to derive strength from the extensive experience of the promoters in the healthcare sector, the established presence of Omega Hospitals in Telangana and Andhra Pradesh and the strong brand recognition of 'Omega Hospitals' in the oncology segment.

The company adopted an asset-light model for capacity expansion which resulted in low initial cash outflow. However, debt levels increased, owing to sizeable addition of lease liabilities, which led to moderation in leverage and coverage metrics over the past two years. Nevertheless, with the anticipated ramp-up of acquired facilities and growth in earnings, the company's debt metrics are expected to improve over the medium term.

The rating is constrained by the company's high working capital intensity as it derives a significant share (around 35%) of its revenues from empanelment, with cash and insurance accounting for around 65% of revenues. Moreover, given the material expansion plans, its ability to successfully scale up the new capacity while maintaining healthy margins remains critical for improvement in its financial profile. ICRA notes that the company has high segment and geographic concentration as it derives around 70% of its revenues from oncology and Telangana accounts for 70-75% of its revenue. However, its revenue base is expected to diversify in the medium term because of the new multi-speciality hospitals added across multiple locations in India. The rating also considers the intense competition in the healthcare sector. This apart, restrictive pricing regulations by the Central and state governments could constrain the profit margins.

## Key rating drivers and their description

### Credit strengths

**Established brand name of Omega Hospitals –** HIOPL started operating its hospital under the Omega brand in Hyderabad in 2011 and established itself as a quality healthcare provider for oncology-related cases. The group is a chain of 18 hospitals and has a total capacity of 2,250 beds as on March 31, 2026, spread across 16 cities in 10 states. The company is promoted by Dr. Mohan Vamsy, a reputed doctor for oncology in Andhra Pradesh and Telangana with more than 20 years of experience in the field. The established brand name of Omega Hospitals in the key markets of Telangana and Andhra Pradesh and extensive experience of the promoters in the healthcare industry continue to drive footfalls.

**Sizeable fund infusion to support growth in the medium term –** The company raised around Rs. 470 crore in the form of CCPS from Morgan Stanley PE Asia in FY2025, which was utilised towards funding its expansion plans, prepayment of a portion of its debt and meeting operational requirements. The equity infusion also provided financial flexibility to support its growth initiatives. In FY2026, the company added 1,300-1,400 beds, leading to a strong growth in revenue to Rs. 1132.5 crore in FY2026 from Rs. 622.4 crore in FY2024. It plans to add another 200-400 beds in FY2027. The planned expansion is expected to be funded through a combination of term debt and existing cash balances and is likely to support the company's growth trajectory over the near-to-medium term.

**Healthy revenue growth supported by sizeable bed additions –** The company's operating income grew by around 53% to Rs. 1132.5 crore in FY2026 from Rs. 738.7 crore in FY2025, supported by the increase in beds, healthy occupancy and favourable case mix. Going forward, ICRA expects its revenue to grow by 15-20% in FY2027, backed by the expanded bed capacity, ramp-up of newly acquired hospitals and strong occupancy levels.

### Credit challenges

**High working capital intensity –** The company's operations are working capital-intensive as it derives a significant share (around 35%) of its revenues from empanelment, where the receivables are normally stretched. This results in high working capital requirements. Around 11% of the company's receivables as on March 31, 2026, were due for more than 180 days.

**Margins impacted by high bed additions in the past 18 months; timely ramp-up of new capacities remains monitorable –** The company has increased its capacity to 2,250 beds as on March 31, 2026, from 941 beds as on March 31, 2024, driven by multiple inorganic expansions across Surat, Vijayawada and Bangalore. It adopted an asset-light model for these expansions which resulted in lower initial cash outflow; however, debt levels rose because of high lease liability additions. A sizeable part of the expansion has been funded through the around Rs. 470-crore fund infused in FY2025. The company's operating margin moderated to 22.7% in FY2026, from 27.2% in FY2025, owing to losses incurred by the recently acquired hospitals during their integration and ramp-up phase. Margins are expected to be range-bound in FY2027. While ramp-up of the new capacity is likely to support the margins, improvement could be restricted owing to the planned bed additions during the year. Given the sizeable scale-up in capacity, timely and successful ramp-up of operations in the new hospitals remains crucial to maintain the company's profitability and earnings profile.

**High geographic concentration -** The group's revenue profile remains geographically concentrated, with Telangana contributing 65-75% of consolidated revenues. Consequently, the business profile continues to be exposed to regional concentration risks, as any adverse developments in the healthcare sector, regulatory environment, economic conditions or competitive landscape in Telangana could have a material impact on its revenues and profitability. While the group benefits from a strong market position, established brand equity and a sizeable presence in Hyderabad and other parts of Telangana, the high dependence on a single state continues to constrain its business risk profile. Nevertheless, expected ramp-up of the hospitals acquired in other regions is likely to provide some degree of geographic diversification over the medium term.

**Exposed to regulatory risks** – Regulatory risks, in terms of restrictive pricing levied by government organisations, could constrain the profit margins of the healthcare industry and, consequently the company, going forward.

## Liquidity position: Adequate

HIOPL's liquidity position is Adequate, given the cash and bank balances of Rs. 148.2 crore and a buffer of Rs. 56.9 crore in working capital limits as on March 31, 2026. The company's retained cash flows are estimated at Rs. 90-120 in FY2027. Against these sources of funds, it has repayment obligations of Rs. 38-42 crore and capital expenditure (capex) plans of Rs. 70-90 crore in FY2027. The company also has lease payment obligations of Rs. 150–180 crore in FY2027.

## Rating sensitivities

**Positive factors –** ICRA could upgrade HIOPL's rating if the company demonstrates a strong operating performance across its expanded hospital network, including the successful integration and ramp-up of recently acquired entities, leading to further scale-up in revenues, healthy profitability and sustained improvement in leverage and coverage metrics

**Negative factors –** The rating may face pressure if HIOPL experiences a sustained deterioration in its operating performance owing to delays in the ramp-up of recently acquired or new hospitals, affecting its earnings or credit metrics. Any sizeable debt-funded acquisitions or expansion undertaken by the company, leading to a sustained weakening of its leverage or coverage indicators, or liquidity position, could also exert pressure on the rating.

## Analytical approach

| Analytical approach | Comments |
|---|---|
| **Applicable rating methodologies** | Corporate Credit Rating Methodology<br>Hospitals |
| **Parent/Group support** | Not applicable |
| **Consolidation/Standalone** | For arriving at the rating, ICRA has considered the consolidated financials of HIOPL. Details are enlisted in Annexure - II |

## About the company

Hyderabad Institute of Oncology Private Limited (HIOPL), promoted by Dr. Mohana Vamsy, has been operating a 175-bed super specialty oncology hospital by the name of 'Omega Hospitals' in Banjara Hills, Hyderabad since FY2011. It started another oncology hospital in December 2023 in Gachibowli, Hyderabad. Haragovind Enterprises Private Ltd. was a promoter-owned entity which acted as the holding company of the group. It had investments in HIOPL and multiple other entities which operate hospitals in Telangana and Andhra Pradesh. The National Company Law Tribunal (NCLT) order dated March 25, 2026 approved the merger of HEPL and HIOPL with effect from April 01, 2024.

HIOPL is a chain of 18 hospitals, with a 2,250-bed capacity as on March 31, 2026 spread across 16 cities in 10 states. While it started as a super specialty hospital specialised in oncology, recent acquisitions diversified its revenue base. However, oncology continues to be its major therapeutic segment, accounting for around 70% of its revenue in FY2026. The hospitals are empaneled with the Central Government Health Scheme (CGHS), Ex Servicemen Contributory Health Scheme (ECHS) and Employee State Insurance (ESI) and other Central and state government institutions.

### Key financial indicators

| HIOPL (consolidated) | FY2025* | FY2026* |
|---|---|---|
| **Operating income (OI)** | 738.7 | 1,132.5 |
| **PAT** | 69.9 | 36.5 |
| **OPBDIT/OI** | 27.2% | 22.7% |
| **PAT/OI** | 9.5% | 3.2% |
| **Total outside liabilities/Tangible net worth (times)** | 3.2 | 3.6 |
| **Total debt/OPBDIT (times)** | 5.3 | 5.4 |
| **Interest coverage (times)** | 3.8 | 3.4 |

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * Financials of HIOPL and its subsidiaries have been consolidated by ICRA for FY2025 and FY2026*

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

## Any other information: None

## Rating history for past three years

| Instrument | Current rating (FY2027) | | | Chronology of rating history for the past 3 years | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | FY2026 | | FY2025 | | FY2024 | |
| | Type | Amount rated (Rs. crore) | Jul 31, 2026 | Date | Rating | Date | Rating | Date | Rating |
| **Fund-based – Term loan** | Long term | 135.00 | [ICRA]A-(Positive) | Apr 08, 2025 | [ICRA]A-(Stable) | - | - | Jan 22, 2024 | [ICRA]A-; Rating Watch with Developing Implications |
| **Fund-based- Cash credit** | Long term | 65.00 | [ICRA]A-(Positive) | Apr 08, 2025 | [ICRA]A-(Stable) | - | - | Jan 22, 2024 | [ICRA]A-; Rating Watch with Developing Implications |
| **Interchangeable limits – Working capital demand loan** | Long term | (25.00) | [ICRA]A-(Positive) | - | - | - | - | - | - |
| **Unallocated** | Long term | 32.70 | [ICRA]A-(Positive) | Apr 08, 2025 | [ICRA]A-(Stable) | - | - | Jan 22, 2024 | [ICRA]A-; Rating Watch with Developing Implications |

## Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|---|
| **Long-term – Fund-based – Term loan** | Simple |
| **Long-term – Fund-based – Cash credit** | Simple |
| **Long-term – Interchangeable limits – Working capital demand loan** | Simple |
| **Long-term – Unallocated** | NA |

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 | Financial sector regulator# |
|---|---|---|---|---|---|---|---|
| NA | Term loan | Jun - 2022 | NA | Apr - 2033 | 135.00 | [ICRA]A- (Positive) | RBI |
| NA | Cash credit | NA | NA | NA | 65.00 | [ICRA]A- (Positive) | RBI |
| NA | Interchangeable limits – Working capital demand loan | NA | NA | NA | (25.00) | [ICRA]A- (Positive) | RBI |
| NA | Unallocated | NA | NA | NA | 32.70 | [ICRA]A- (Positive) | RBI |

*Source: Company*

*#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.*

*Please click here to view details of lender-wise facilities rated by ICRA*

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

| Company name | HIOPL Ownership | Consolidation approach |
|---|---|---|
| Kurnool Institute of Oncology Private Ltd | 63.00% | Full consolidation |
| Guntur Institute of Oncology Private Ltd | 80.00% | Full consolidation |
| Kakatiya Institute of Oncology Private Ltd | 100.00% | Full consolidation |
| Satavahana Institute of Oncology Private Ltd. | 99.00% | Full consolidation |
| Omega Century Institute of Oncology Private Ltd. | 90.00% | Full consolidation |
| Oncochain Healthcare Services Private Ltd. | 100.00% | Full consolidation |
| Bhimavaram Institute of Oncology Private Ltd. | 51.00% | Full consolidation |
| De Vita Bio Life Sciences LLP | 100.00% | Full consolidation |
| Vizag Specialty Hospitals | 80.00% | Full consolidation |
| Sri Lakshmi Venkateswara Institute of Oncology Private Ltd. | 51.00% | Full consolidation |
| Surat Institute of Oncology Private Limited | 51.00% | Full consolidation |
| Sri Anu Hospitals Private Limited | 57.00% | Full consolidation |
| Cytecare Hospitals Private Limited | 51.00% | Full consolidation |
| Jalandhar Institute of Oncology Private Limited | 51.00% | Full consolidation |
| Haragovind Institute of Oncology Private Limited | 51.00% | Full consolidation |
| Hare Krishna Super Speciality Hospitals Pvt Ltd | 100.00% | Full consolidation |
| Pondicherry Institute of Oncology Private Limited | 51.00% | Full consolidation |

*Source: Company Data*

## ANALYST CONTACTS

**Jitin Makkar**
012 4454 5368
jitinm@icraindia.com

**Srikumar Krishnamurthy**
044 4596 4318
ksrikumar@icraindia.com

**Nithya Debbadi**
040 6939 6416
nithya.debbadi@icraindia.com

**Etikala Ravi Teja**
040 6939 6418
etikala.teja@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