

October 08, 2026

Dakshayani Healthcare Services Private Limited: [ICRA]BBB- (Stable); assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Issuer rating	-	[ICRA]BBB-(Stable); assigned	-@
Total	-		

*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.

@Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Rationale

The rating assigned considers extensive experience of Dakshayani Healthcare Services Private Limited's (DHSPL) promoter in the healthcare industry and established brand presence of Renova Hospitals in the oncology segment. Incorporated in 2018 by Mr. Sridhar Peddireddy, DHSPL operates a chain of multispecialty and oncology hospitals under the brand, Renova Hospitals. Mr. Peddireddy has over two decades of experience in oncology and hospital management through his association with reputed hospital chains such as Basavataarakam Indo American Cancer Hospital & Research Institute and Hyderabad Institute of Oncology Private Limited, which enabled DHSPL in expanding its presence through collaborations with several regional doctors and standalone hospitals. DHSPL started as a Hyderabad-based chain and derived around 93% of its revenue from Telangana in FY2025. Over the years, the hospital chain has expanded by setting up several greenfield hospitals and acquiring many standalone hospitals. In December 2025, it acquired a majority stake of 50.1% in International Oncology Services Private Limited (IOSPL), which operates eight oncology units under a franchisee/revenue-sharing model, for a total consideration of around Rs. 115 crore. This acquisition expanded the company's presence and diversified its revenue base to an extent. As on June 30, 2026, Renova Hospitals chain comprises 18 operating hospitals with aggregate bed capacity of 1,135 spread across 15 cities.

Fuelled by capacity expansion, the company's revenue rose at a robust pace with a compounded annual growth rate of around 46% to Rs. 530.9 crore in the last five years ended in FY2026. However, the operating performance, including occupancy and average revenue per occupied bed day (ARPOB) of several hospitals was subdued, which led to a thin operating margin of 2.8% in FY2026. Nevertheless, investments in equipment and infrastructure, and medical team, led to a healthy growth in patient footfalls and a material improvement in the operating margin (to around 10-12%) in Q1 FY2027. The full-year impact of IOSPL's acquisition and planned addition of 340-380 beds in FY2027 are expected to result in a robust revenue growth of over 50% for the year. Margins may moderate marginally from Q1 FY2027 with the bed additions but are expected to be materially higher than 2.8% recorded in FY2026.

The rating also draws comfort from the company's healthy financial flexibility, as reflected in its ability to raise funds from high net worth individuals (HNIs). In the last three years, the company raised around Rs. 566.0 crore in the form of equity, hybrid instruments and unsecured loans from several HNIs, including promoters and doctors associated with reputed hospital chain, Krishna Institute of Medical Sciences Limited (KIMS). These funds were utilised towards acquisitions, capacity expansion and liquidity management.

The rating is, however, constrained by the Group's leveraged capital structure and moderate debt coverage metrics owing to its aggressive debt-funded expansion in the past few years and delayed ramp-up of the new hospitals. As on March 31, 2026,

the total debt stood at around Rs. 519.4 crore, which included unsecured loans of Rs. 167.2 crore. Out of these unsecured loans, around Rs. 150.0 crore were refinanced as equity in Q1 FY2027. The company's leverage is likely to remain elevated in the near-to-medium term, given its capex plans of Rs. 540-580 crore in the next two years. However, its coverage metrics are expected to improve (expected DSCR of 1.3-1.6 times in FY2027) with the likely increase in the operating margins. Sustenance of improved profitability witnessed in Q1 FY2027 and successful and timely ramp-up of new hospitals remain critical for improvement of the company's financial profile.

The Group's revenue profile, although improving, is geographically concentrated, with Telangana estimated to account for 40-45% of the consolidated revenues in FY2027. While the acquisition of IOSPL and the proposed capacity additions across multiple states are expected to improve diversification over the medium term, the Group's revenues and earnings continue to remain dependent on the performance of its key facilities and operating geographies.

The Stable outlook reflects ICRA's expectation that the Group's revenues and earnings will increase with the improvement in the operating metrics of its existing hospitals and healthy performance of its recently acquired hospitals, supported by favourable industry dynamics. The Group is likely to continue to enjoy healthy financial flexibility.

Key rating drivers and their description

Credit strengths

Reputed brand and experience of promoters in healthcare industry – The company benefits from the extensive experience of its promoter, Sridhar Peddireddy. He has over 28 years of experience in the healthcare industry and has been associated with the oncology segment since 2002. The promoter's experience in the oncology and healthcare segment and healthy brand reputation of Renova helped the company grow by collaborating with several local doctors and standalone hospitals. Over the years, the hospital chain has expanded by setting up several greenfield hospitals and by acquiring several standalone hospitals. In December 2025, it acquired International Oncology Services Private Limited (IOSPL), which operates eight hospitals in the franchisee model, across seven different cities with 320 beds, for a total consideration of around Rs. 115.0 crore. This acquisition expanded the company's presence and diversified its revenue base to an extent. As on June 30, 2026, Renova Hospitals chain comprised 18 operating hospitals with an aggregate bed capacity of 1,135 spread across 15 cities.

Favourable demand outlook for healthcare services – The company operates in the healthcare sector, which is expected to benefit from favourable long-term industry fundamentals, including rising healthcare awareness, increasing incidence of lifestyle diseases and cancer-related ailments, higher health insurance penetration and growing preference for organised healthcare providers. Further, the demand outlook for specialised oncology services remains favourable, given the under-penetration of quality cancer care infrastructure in several Tier-II and Tier-III cities. The group's focus on oncology services, coupled with its expanding geographical footprint and revenue-sharing business model, positions it favourably to benefit from the expected growth in healthcare demand over the medium term.

Healthy financial flexibility – The Group has demonstrated a strong ability to attract capital to support its growth and expansion plans, indicating healthy financial flexibility. It has received significant funds (around Rs. 566.0 crore raised in the past three years) in the form of equity, optionally convertible preference shares (OCRPS), non-convertible debentures, and unsecured loans from several high net worth individuals, including promoters and doctors associated with the reputed hospital chain, Krishna Institute of Medical Sciences Limited (KIMS). These funds were utilised towards acquisitions, hospital expansion and strengthening the balance sheet.

Credit challenges

Leveraged capital structure and debt coverage indicators – The Group's capital structure remains leveraged owing to its aggressive debt-funded growth strategy over the last few years. The total debt stood at around Rs. 519.4 crore as on March 31, 2026, comprising unsecured loans of Rs. 167.2 crore, optionally convertible preference shares of Rs. 110.6 crore and term debt of Rs. 231.7 crore. It needs to be noted that around Rs. 150.0 crore of unsecured loans were refinanced as equity in Q1 FY2027. Despite the same, its debt levels are expected to remain elevated given the capex plans of Rs. 540-580 crore per annum in FY2027 and FY2028. However, ICRA notes that the operating performance of several hospitals improved over the last two quarters, which led to an improvement in the operating margin to 10-12% in Q1 FY2027 from 2.8% in FY2026. Improved margins is likely to result in improvement in leverage and coverage metrics, going forward.

High concentration of revenues – The Group's revenue profile, although improving, remains characterised by geographical concentration, with Telangana estimated to account for 40-45% of the consolidated revenues in FY2027. However, the concentration has reduced significantly from FY2025 levels following the acquisition of International Oncology Services Private Limited (IOSPL), which expanded the Group's presence across multiple states. While the planned expansion and ramp-up of facilities outside Telangana are expected to further diversify the revenue base over the medium term, the Group's revenues and earnings continue to remain dependent on the performance of its key facilities and operating geographies.

Exposed to regulatory risks – The healthcare industry remains exposed to regulatory risks relating to treatment pricing, oversight relating to specialised medical equipment, healthcare standards and clinical practices. Moreover, a part of the Group's receivables is linked to government healthcare schemes, which have longer collection cycles. Any adverse regulatory changes or delays in reimbursement from such schemes could impact profitability, cash flows and working capital requirements.

Liquidity position: Adequate

DHSPL's liquidity position is adequate, supported by moderate free cash balances of Rs. 31.5 crore as on March 31, 2026, and unutilised working capital lines of around Rs. 7.1 crore. The company's retained cash flows are estimated at Rs. 15-25 crore in FY2027. The company is likely to incur capex of Rs. 300-330 crore in FY2027 and has debt repayments of Rs. 24-28 crore during the period, which are expected to be met through a mix of debt and existing cash flows. In 5M FY2027, it raised NCD of Rs. 125 crore, equity of around Rs. 50 crore (excluding the conversion of unsecured loans to equity/hybrid instruments), and it has undrawn term debt, which is expected to fund the capex.

Rating sensitivities

Positive factors – ICRA may upgrade DHSPL's rating if a healthy improvement in operating margins and cash flows, aided by the improved performance of old/existing hospitals and successful ramp-up of the newly launched or proposed hospitals result in improved debt metrics and overall credit profile.

Negative factors – The rating could face downward pressure if delay or inadequate ramp-up of new hospitals constraints margin improvement, affecting its debt metrics. Besides, higher-than-expected debt-funded capex or inorganic expansion affecting its liquidity or debt metrics or weakening of financial flexibility could also exert pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Hospitals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of DHSPL. As on March 31, 2026, it had 15 subsidiaries that are enlisted in Annexure-II

About the company

Dakshayani Healthcare Services Private Limited (DHSPL), incorporated in 2018 by Mr. Sridhar Peddireddy, operates a network of oncology and multi-speciality hospitals under the brand, Renova Hospitals. Mr. Sridhar Peddireddy, founder and CEO of the Group, has over 28 years of experience in the healthcare industry and has been associated with the oncology hospitals such as Basavatarakam Indo American Cancer Hospital & Research Institute, Hyderabad. He is also the co-founder and CEO of Hyderabad Institute of Oncology Private Limited. DHSPL does not have any operation at the standalone level. It acts a holding company for Renova Hospitals chain, wherein it holds a majority stake in 15 entities, while the rest of the stake in the hospitals is held by the founding /local doctors. As on June 30, 2026, the Group operated 18 hospitals across Hyderabad, Warangal, Jaipur, Noida, Mumbai, Aurangabad, Kanpur, Indore, Jodhpur, Agartala and Alwar, with an aggregate capacity of 1,135 beds (including 320 beds under IOSPL).

Key financial indicators (audited)

Dakshayani Healthcare Services Private Limited (Consolidated)	FY2025	FY2026*
Operating income	316.6	530.9
PAT	-81.2	-51.1
OPBDITA/OI	-6.7%	2.8%
PAT/OI	-25.6%	-9.6%
Total outside liabilities/tangible net worth (times)	82.3	37.5
Total debt/OPBDITA (times)	-10.9	34.5
Interest coverage (times)	-1.4	0.8

Source: Company, ICRA Research; *Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	October 08, 2026	Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long Term	-	[ICRA]BBB- (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	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	Issuer rating	NA	NA	NA	0.00	[ICRA]BBB- (Stable)	-@

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company name	ownership	Consolidation approach
Dakshayani Healthcare Services Private Limited	Rated entity	Consolidation
Kathayani Medcare Services Private Limited	50.22%	Consolidation
Shakhambhari Healthcare Services Private Limited	51.91%	Consolidation
Tejaswini Healthcare Services Private Limited	60.00%	Consolidation
Bhavani Healthcare Services Private Limited	75.00%	Consolidation
Dikshitha Healthcare Services Private Limited	74.10%	Consolidation
Bhargavi Healthcare Services Private Limited	85.00%	Consolidation
Dharani Healthcare Services Private Limited	99.00%	Consolidation
Mitakshi Healthcare Services Private Limited	78.34%	Consolidation
Bhadrakali Healthcare Services Private Limited	85.00%	Consolidation
Sheetla Maa Healthcare Services Private Limited	100.00%	Consolidation
Bhagyalakshmi Healthcare Services Private Limited	68.00%	Consolidation

Company name	ownership	Consolidation approach
Gnana Shakthi Healthcare Services Private Limited	99.00%	Consolidation
Kriti Dakshayani Healthcare Services Private Limited	50.50%	Consolidation
Medirad Tech India Limited	100.00%	Consolidation
International Oncology Services Private Limited	50.10%	Consolidation

Source: Company

ANALYST CONTACTS

Jitin Makkar
+91 124 4545368
jitinm@icraindia.com

Nithya Debbadi
+91 40 69396416
nithya.debbadi@icraindia.com

Srikumar Krishnamurthy
+91 44 4596 4318
ksrikumar@icraindia.com

Etikala Ravi Teja
+91 40 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

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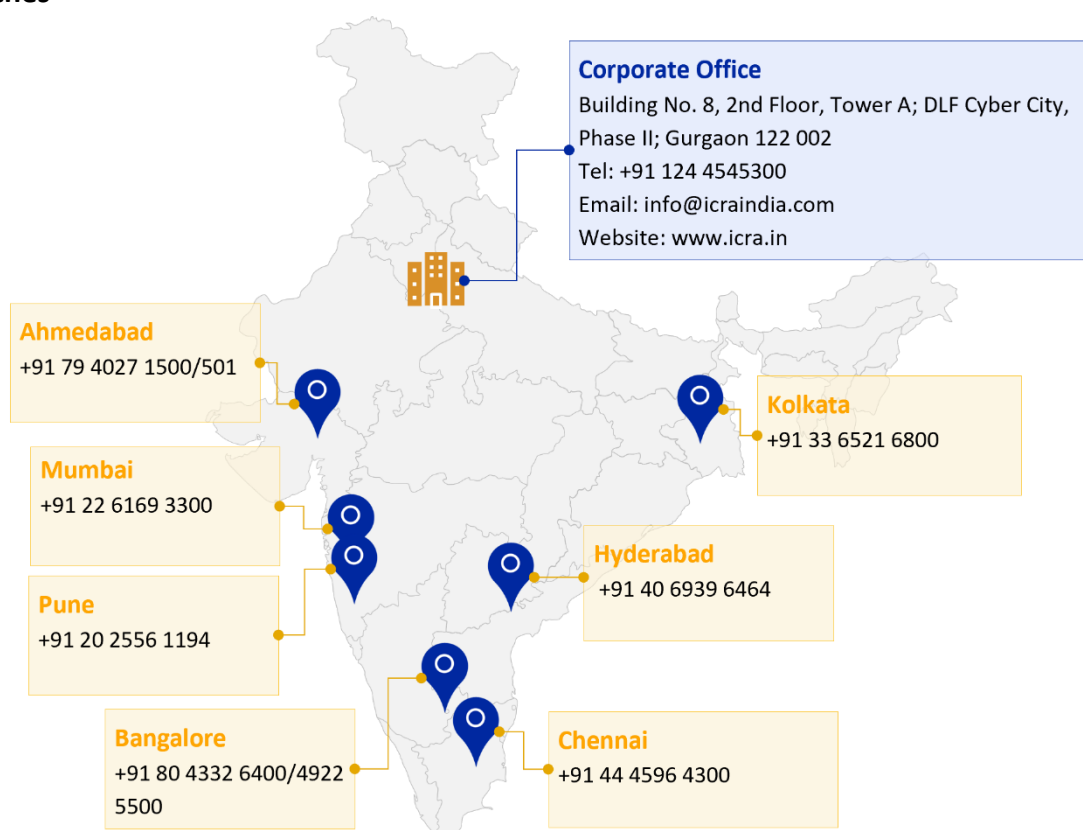
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



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