

Paras Healthcare Limited

September 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	561.55	CARE BBB; Negative	Reaffirmed
Long-term / Short-term bank facilities	32.64	CARE BBB; Negative / CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings assigned to bank facilities of Paras Healthcare Limited (PHL), while maintaining the outlook at Negative. The outlook reflects the company's leveraged capital structure and weak coverage indicators, with net leverage increasing to 7.17x in FY25 (FY24: 6.10x) and expected to remain elevated in the near term due to ongoing debt-funded capex. Given that net debt to profit before interest, lease rentals, depreciation and taxation (PBILDT) is already at these high levels, timely improvement in leverage and coverage metrics will remain a key rating monitorable, while delay in stabilisation of new hospitals or sustained pressure on accruals could weigh on ratings. Debt coverage has been further constrained by higher-than-envisaged losses from these hospitals in the initial ramp-up phase, which impacted cash accruals. Ratings also consider the fragmented nature of the healthcare sector, increasing competition from regional and national players, and challenges of attracting and retaining quality medical professionals, which remain critical to scaling operations.

Ratings also derive strength from PHL's established presence in north and east India with a diversified network of eight hospitals (2,145 beds as on June 30, 2025, of which 1,465 operational), strong and stable performance of its flagship Gurugram and Patna hospitals, and improving realisations with average revenue per occupied bed (ARPOB) rising to ₹47,668 in FY25 (FY24: ₹44,345), supported by a growing share of high-value critical care specialties such as oncology, cardiology, orthopaedics, and neurosurgery. The company also benefits from an experienced and professional management team with a proven track record of over two decades, steady ramp-up of its Udaipur, Panchkula, and Ranchi hospitals, and adequate liquidity with monthly collections of ₹100–120 crore and ₹92 crore in free cash/unencumbered fixed deposits (FDs) as of August 2025. In the medium term, CareEdge Ratings notes that timely execution and stabilisation of upcoming projects in Gurugram and Ludhiana, faster-than-envisaged turnaround of Srinagar and Kanpur, and continued improvement in leverage and coverage metrics will remain key monitorable for the credit profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Scaling-up of operations of existing hospitals and/ or stabilisation of new/ project-phase hospitals resulting in significant growth in its total operating income.
- Sustained improvement in debt coverage metrics, with net debt/PBILDT maintained below 4.0x.

Negative factors

- Delays in stabilisation of new or project-phase hospitals, leading to continued pressure on debt coverage metrics.
- Lower-than-expected profitability and/or higher debt-funded capex, resulting in net debt/PBILDT exceeding 4.5x beyond FY26 on a sustained basis.

Analytical approach: Consolidated

Consolidated (list of entities mentioned under Annexure 6), audited financials of PHL and its wholly owned subsidiaries Paras Healthcare (Ranchi) Private Limited and Plus Medicare Hospitals Private Limited as on March 31, 2025, are considered for analysis owing to strong management, operational and financial linkages.

Outlook: Negative

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

CareEdge Ratings believes that the company's debt coverage indicators shall be constrained considering the company's leveraged capital structure and subdued operational performance of the two recently operational hospitals, resulting in continuous requirement of financial support. The outlook may be revised to 'Stable' if the company is able to report faster-than-envisaged turnaround in the operational performance of Kanpur and Srinagar hospital, and significant improvement in capital structure on consolidated levels.

Detailed description of key rating drivers:

Key strengths

Diversified hospital network

PHL commenced operations in Gurugram in 2006 and has gradually expanded to eight multi-super specialty hospitals under the brand "Paras Health." The network includes two hospitals in Haryana, two in Bihar, and one each in Rajasthan, Jharkhand, Jammu & Kashmir, and Uttar Pradesh. The Gurugram and Udaipur facilities are owned by the company (Udaipur acquired in June 2022 through Plus Medicare Hospitals Private Limited), while the remaining hospitals operate under long-tenure lease arrangements of ~20–35 years. This diversified footprint provides resilience against region-specific risks and enables access to both metro and underserved Tier-II/Tier-III markets.

Established track record of flagship hospitals

Paras Hospital, Gurugram has been operational for over 18 years and Paras HMRI Hospital, Patna for ~11 years. Gurugram maintained healthy occupancy of ~76% in FY25, with ARPOB improving to ₹68,695, supported by strong contributions from tertiary care services such as neurosciences, oncology, cardiology, and orthopaedics. Patna maintained stable occupancy at ~65% with ARPOB of ₹43,069 in FY25. Panchkula and Udaipur hospitals reported occupancy of ~66% and ~49% with ARPOB of ₹45,764 and ₹35,682, respectively. Together, flagship units provide a strong base of stable cash flows and support gradual scale-up of newer facilities.

Experienced management and medical team

Led by Dr Dharminder Nagar, Managing Director, with over two decades of experience and advanced qualifications from BITS Pilani, Harvard Business School, and Imperial College London, PHL benefits from seasoned leadership. The company is supported by over 3,500 professionals, including doctors, nurses, and support staff. PHL has built strong credibility in multiple specialties, with renowned practitioners such as Padmashree Dr VS Mehta (Neurosciences), Padmashree Dr Alka Kriplani (Gynaecology), and Padmashree Dr MV Padma Shrivastava (Neurology). The presence of reputed specialists enhances brand equity, while continuous investment in state-of-the-art equipment positions the group competitively for advanced procedures.

Improving realisations and specialty mix

The company's ARPOB improved from ₹44,345 in FY24 to ₹47,668 in FY25, driven by a rising share of high-value critical care specialties such as oncology, cardiology, orthopaedics, and neurosurgery. The contribution of critical surgery segments to total revenues increased steadily from ~44% in FY20 to ~58% in FY25, reflecting the company's ability to capture higher-end demand. This improving specialty mix has supported profitability and is expected to further strengthen margins as new hospitals ramp up.

Key weaknesses

Leveraged capital structure and weak debt coverage indicators

PHL's overall gearing increased to 4.50x in FY25 (FY24: 2.79x) and net debt/PBILDT rose to 7.17x (FY24: 6.10x), reflecting elevated leverage levels. Debt coverage also remained weak with PBILDT interest coverage at 1.52x in FY25 (FY24: 1.80x), impacted by additional borrowings for capex and higher lease liabilities due to the revised Patna agreement. With further capex lined up in Gurugram and Ludhiana, funding mix and debt drawdown will be key drivers of future leverage. However, profitability is expected to improve as new hospitals stabilise, which should aid gradual deleveraging. Faster-than-expected improvement in coverage could support ratings, while sustained high leverage beyond projections would remain a negative sensitivity.

Challenges in attracting and retaining medical professionals

The availability and retention of senior doctors and specialists is critical for sustaining PHL's operational and financial performance. Given rising competition and limited supply of quality professionals, attrition could directly affect occupancy, patient inflows, and service mix, particularly in high-margin critical care specialties such as oncology, cardiology, and neurosciences. Recruiting talent in new geographies and retaining existing practitioners often necessitates higher compensation, which could pressure margins. PHL has partly mitigated this risk by choosing locations close to medical colleges and building its reputation with renowned consultants. Going forward, the company's ability to strengthen affiliations and maintain its medical leadership team will be vital to mitigate this risk.

Fragmented and competitive industry structure

The Indian healthcare industry remains fragmented, with strong competition from both organised chains and unorganised regional players. This structure often creates pricing pressure and impacts occupancy in competitive markets. Growing penetration of government healthcare schemes such as central government health scheme (CGHS) and Ayushman Bharat has increased price sensitivity, limiting the ability to fully pass on rising costs to patients. Differentiation in terms of clinical outcomes, advanced technology, and patient experience will be key for PHL to sustain profitability. The company's established brand in North and East India provides some cushion, but erosion in market share or decline in realisations would remain a downside risk. Sustained positioning in critical specialties and brand-led differentiation could support margin stability.

Execution and stabilisation risk from ongoing capex

PHL is undertaking significant expansion, including new 270-bedded hospitals in Gurugram and Ludhiana, with commissioning targeted in FY28–FY29. Timely execution within budget and smooth stabilisation of these units will be critical for achieving projected revenue and margin improvements. Given current high net debt/PBILDT levels, delays in ramp-up or cost overruns could materially weaken debt coverage metrics. At the same time, successful commissioning would diversify the hospital network, expand the revenue base, and strengthen geographic presence in high-demand regions. The company's past experience in scaling Udaipur and Panchkula hospitals provides some comfort, but larger greenfield projects carry higher operational and financial risks. Monitoring execution timelines, funding mix, and stabilisation pace will remain key rating monitorable.

Liquidity: Adequate

PHL's liquidity is supported by steady monthly collections of ~₹100–120 crore and free cash/unencumbered fixed deposits of ₹92 crore as on August 31, 2025. Average working capital utilisation for the last 11 months stood at ~68%, providing reasonable headroom. Debt repayments, excluding lease obligations, are moderate at ~₹65–75 crore in FY26–FY27 and are expected to be serviced from internal accruals. Overall liquidity is expected to remain adequate as cash accruals are broadly matched against total obligations, including lease liabilities, under the current profitability profile. However, accruals are expected to improve gradually as losses from the newly operational Srinagar and Kanpur hospitals reduce and margins strengthen. Sustained collections, profitability improvement at Gurugram and Patna, and faster stabilisation of new units will be crucial to maintaining adequate liquidity. Timely support from promoters/investors and prudent capex funding will also remain important rating sensitivities.

Applicable criteria

[Consolidation](#)

[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](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare services	Hospital

PHL was promoted by Dr Dharminder Nagar in 2006 having successful operational track record of over a decade in the healthcare industry. Presently, PHL operates seven multi-super specialty hospitals in north and east India with a total census inventory of 1,700 beds. In July 2017, Creador, a Southeast-Asia based, and India-focused private equity (PE) firm had invested ₹260.03 crore (through Commelina Limited, its investment vehicle) by subscribing 62,245 equity share and 10,22,182, 0.01% Series A, compulsory convertible preference shares (CCPS). These CCPS were converted into ordinary equity shares in September 2018. Post this conversion, Commelina Limited held 24.68% equity stake in PHL. Two more investors have come up in April 2025 one is 360 ONE Special Opportunities Fund with total shares of 71,94,093 which holds total of 7.12% and Axis New Opportunities AIF ~36,68,439 with holding of 3.63% also total shareholding of Commelina Limited has reduced to 16.44% also promoters has also diluted their shareholding by 2.52% for ₹80 crore which has come up as pre initial public offering (IPO) fund.

Brief Financials (Consolidated) (₹crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	1132.63	1297.81
PBILDT	125.03	143.06
PAT	-15.33	-57.98
Overall gearing (times)	2.79	4.50
Interest coverage (times)	1.80	1.52

A: Audited UA: Unaudited; Note: these are latest available financial results

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-Long Term		-	-	-	113.80	CARE BBB; Negative
Non-fund-based-LT/ST		-	-	-	32.64	CARE BBB; Negative / CARE A3+
Term Loan-Long Term		-	-	March, 2034	447.75	CARE BBB; Negative

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	Term Loan-Long Term	LT	447.75	CARE BBB; Negative	-	1)CARE BBB; Negative (31-Mar-25) 2)CARE BBB+; Stable (04-Jul-24)	1)CARE BBB+ (RWD) (22-Dec-23)	1)CARE BBB+; Stable (02-Dec-22)
2	Fund-based-Long Term	LT	113.80	CARE BBB; Negative	-	1)CARE BBB; Negative (31-Mar-25) 2)CARE BBB+; Stable (04-Jul-24)	1)CARE BBB+ (RWD) (22-Dec-23)	1)CARE BBB+; Stable (02-Dec-22)
3	Non-fund-based-LT/ST	LT/ST	32.64	CARE BBB; Negative / CARE A3+	-	1)CARE BBB; Negative / CARE A3+ (31-Mar-25) 2)CARE BBB+; Stable / CARE A2 (04-Jul-24)	1)CARE BBB+ / CARE A2 (RWD) (22-Dec-23)	1)CARE BBB+; Stable / CARE A2 (02-Dec-22)

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based-Long Term	Simple
2	Non-fund-based-LT/ST	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Paras Healthcare (Ranchi) Private Limited	Full	Wholly owned Subsidiary
2	Plus Medicare Hospitals Private Limited (PMHPL)	Full	Wholly owned Subsidiary

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.

Contact Us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Ravleen Sethi Director CARE Ratings Limited Phone: 91-120-4452016 E-mail: ravleen.sethi@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Anant Agarwal Associate Director CARE Ratings Limited Phone: 91-120-4452000 E-mail: Anant.Agarwal@careedge.in
	Utkarsh Sogani Analyst CARE Ratings Limited E-mail: Utkarsh.sogani@careedge.in

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