

Paras Healthcare Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
21 October 2026	23 October 2026	₹660-693	Neutral

Investment Summary

Paras Healthcare Limited is a multi-specialty hospital chain operating under the Paras Health brand, providing tertiary and quaternary healthcare services across **North and East India**. The company operates **8 hospitals** with a total capacity of **2,211 beds**, including **1,502 operational beds** as of June 2026, offering specialized treatments in cardiology, oncology, neurology, gastroenterology, orthopaedics and renal sciences. Revenue from operations increased from **₹1,129.04 Cr** in FY24 to **₹1,605.95 Cr** in FY26, while operating EBITDA grew from **₹119.04 Cr to ₹312.75 Cr**, with margins improving from **10.54% to 19.47%**. The company turned profitable in FY26, reporting PAT of ₹43.83 Cr, compared with a loss of ₹57.98 Cr in FY25, supported by improving occupancy and operational efficiency across its hospital network. However, high borrowings, substantial finance costs and losses at certain newer hospitals remain key concerns. The IPO comprises a Fresh Issue of ₹500 Cr and an OFS of ₹950 Cr, aggregating to ₹1,450 Cr, with fresh proceeds primarily allocated towards ₹375 Cr of debt repayment and the balance towards general corporate purposes and issue expenses. At the upper price band of ₹693, the company commands a relatively expensive valuation of approximately 171x FY26 earnings on a post-issue market-capitalization basis. Considering its improving operating performance and long-term healthcare growth opportunities, we maintain a Neutral stance, preferring to monitor earnings sustainability, occupancy improvements, debt reduction and valuations before considering a long-term investment.

Company Overview

Paras Healthcare Limited was incorporated on December 21, 1987, originally as 'Arbian Frozen Foods Private Limited', and was subsequently renamed 'Paras Healthcare Private Limited' in July 2003. The company established its first hospital in Gurugram in 2006 and was converted into a public limited company in July 2024. It operates a network of multi-specialty hospitals under the 'Paras Health' brand, providing tertiary and quaternary healthcare services across cardiac sciences, oncology, neurosciences, gastroenterology, orthopaedics, renal sciences and other medical specialties. As of June 30, 2026, the company operated 8 hospitals across five states and one union territory, including Gurugram, Panchkula, Patna, Darbhanga, Udaipur, Ranchi, Srinagar and Kanpur, with a total bed capacity of 2,211 beds, of which 1,502 were operational. Its portfolio comprises four mature hospitals, two emerging hospitals and two newer hospitals, providing opportunities for growth through higher occupancy and operating leverage. The six core medical specialties contributed 74.70% of FY26 revenue from operations. The company had 1,084 doctors and 1,937 nurses as of June 2026. It plans to add 800 beds through proposed hospitals in Gurugram and Ludhiana by FY28, taking total capacity to approximately 3,011 beds. The company is promoted by Dr. Dharminder Kumar Nagar, who also serves as its Managing Director.

Business Model

Paras Healthcare Limited operates a multi-specialty hospital network across North and East India, providing inpatient services such as surgeries, ICU admissions and specialized treatments, along with outpatient consultations, diagnostics and pharmacy services. Its six core specialties, including cardiology, oncology and neurosciences, contributed 74.70% of FY26 revenue. Revenue is generated through self-paying patients (33.88%), insurance companies and TPAs (24.84%), and government schemes and PSUs (41.28%). The company follows a mix of owned, leased and revenue-sharing hospital models to optimize capital requirements. Growth is driven by higher bed occupancy, increasing patient volumes, improved average revenue per occupied bed (ARPOB) and expansion of specialized treatments, while newer hospitals offer opportunities for improving profitability as utilization increases.

Investment Rationale

Established Regional Presence and Strong Brand Positioning: Paras Healthcare operates 8 hospitals with a total capacity of 2,211 beds across North and East India. The company has established a strong presence in underserved healthcare markets, having been the first corporate hospital entrant among listed peers in Gurugram (2006) and Patna (2013), supporting brand recognition and patient acquisition.

Diversified Specialties and Advanced Healthcare Capabilities: The company provides specialized treatments across cardiology, oncology, neurosciences, gastroenterology, orthopaedics and renal sciences, collectively contributing 74.70% of FY26 revenue. Its network is supported by 1,084 doctors, advanced medical equipment and NABH accreditation across seven hospitals, strengthening its competitive positioning.

Improving Occupancy and Operating Efficiency: Bed occupancy improved from 50.78% in FY25 to 61.75% in FY26, supported by increasing patient volumes across its hospital network. The company has 1,502 operational beds against a total capacity of 2,211 beds, providing opportunities for further utilization improvements and operating leverage.

Expansion Plans and Flexible Operating Model: Paras Healthcare operates through a combination of owned, leased and revenue-sharing hospital models, allowing relatively flexible capital deployment. It plans to add 800 beds through proposed hospitals in Gurugram and Ludhiana by FY28, increasing total bed capacity to approximately 3,011 beds and supporting future revenue growth.

Strong Revenue Growth and Improving Profitability: Revenue from operations increased from ₹1,129.04 Cr in FY24 to ₹1,605.95 Cr in FY26, while operating EBITDA reached ₹312.75 Cr, representing a 19.47% margin. The company turned profitable in FY26 with PAT of ₹43.83 Cr, compared with a loss of ₹57.98 Cr in FY25, supported by improving occupancy and operating efficiencies.

Key Risk Factors

High Debt and Finance Costs: Paras Healthcare had total borrowings of ₹854.10 Cr as of March 2026, excluding lease liabilities, with a debt-to-equity ratio of 3.53x including lease liabilities. Finance costs increased from ₹90.92 Cr in FY25 to ₹115.98 Cr in FY26, creating pressure on profitability and limiting financial flexibility for future expansion.

Loss-Making Hospitals and Expansion Risk: The company's subsidiaries operating the Ranchi and Srinagar hospitals collectively reported losses of ₹52.09 Cr in FY26. Only 1,502 of its 2,211 beds were operational as of June 2026. Delays in increasing occupancy or commissioning new hospitals could affect profitability and returns on capital.

High Dependence on Government Healthcare Schemes: Government schemes and PSUs contributed 41.28% of FY26 revenue, increasing from 29.76% in FY24. These arrangements expose the company to regulated treatment pricing, reimbursement delays and collection risks, which could adversely affect revenue realization, working capital and cash flows.

High Employee Attrition and Dependence on Medical Professionals: The company reported an overall employee attrition rate of 60.38% in FY26, including 81.82% for nurses and 49.28% for doctors. Difficulty retaining qualified medical professionals could increase recruitment expenses, disrupt operations and impact the quality of healthcare services.

Dependence on Leased Hospitals and Revenue-Sharing Arrangements: Six of the company's eight hospitals operate on leased premises and contributed 60.53% of FY26 revenue. Certain facilities operate through fixed-rent, revenue-sharing or public-private partnership arrangements. Lease renewal difficulties, contractual disputes or rising rental costs could affect operations and profitability.

Geographical Concentration Risk: Five of the eight hospitals are located in North India, contributing 66.07% of FY26 revenue. The business remains exposed to regional healthcare demand, competition, regulatory changes and operational disruptions. Any adverse developments in these markets could materially affect revenue growth and profitability.

Financial Snapshot

Metric	FY24	FY25	In Cr FY26
Revenue from Operations	1,129.04	1,294.06	1,605.95
Operating EBITDA	119.04	136.32	312.75
Operating EBITDA Margin	10.54%	10.53%	19.47%
Profit After Tax (PAT)	-15.33	-57.98	43.83
PAT Margin	-1.36%	-4.48%	2.73%
Basic EPS (₹)	-1.57	-5.94	4.34

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Paras Healthcare Limited
IPO Issue Size	2,09,23,520 shares (aggregating up to ₹1,450 Cr) Fresh Issue 72,15,007 shares (aggregating up to ₹500 Cr) Offer for Sale (OFS) 1,37,08,513 shares (aggregating up to ₹950 Cr), comprising ₹300 Cr by promoter Dr. Dharminder Kumar Nagar and ₹650 Cr by Commelina Ltd
Price Band	₹660 – ₹693 per share
Face Value	₹1 per share
IPO Opening Date	21 October 2026
IPO Closing Date	23 October 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: 72.80% → Post-IPO: ~63.95% (computed at upper price band)
Book Running Lead Managers	JM Financial Limited, BofA Securities India Limited, Nuvama Wealth Management Limited
Use of Proceeds	₹320.90 Cr towards repayment/prepayment of certain borrowings of the company; ₹54.10 Cr towards investment, by way of debt, in wholly owned subsidiary Plus Medicare Hospitals Private Limited (operator of the Srinagar Hospital) for repayment/prepayment of its borrowings; balance towards general corporate purposes and applicable issue expenses. The company will not receive proceeds from the OFS.

Valuation and Outlook

At the upper price band of **₹693**, Paras Healthcare Limited is valued at a **FY26 P/E** of approximately **171.1x**, based on a post-issue **market capitalization of ~₹7,498 Cr**. The valuation appears expensive despite improving profitability, with FY26 operating EBITDA margins of 19.47% and a turnaround to PAT of ₹43.83 Cr. The company benefits from an established hospital network, rising bed occupancy, improving operating efficiency and planned capacity expansion from 2,211 to 3,011 beds by FY28. While these factors support long-term growth prospects, high debt, dependence on government healthcare schemes and profitability risks at newer hospitals remain key concerns. Considering the premium valuation, we recommend a **Neutral stance**, while monitoring occupancy growth, debt reduction, earnings sustainability and execution of expansion plans.

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