

October 03, 2025

Aster DM Healthcare Limited: Long-term rating upgraded and continues on Rating Watch with Positive Implications; Short-term rating upgraded and removed from Rating Watch with Positive Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based –Term Loan	382.00	382.00	[ICRA]A+; upgraded from [ICRA]A and continues on Rating Watch with Positive Implications
Short-term – Fund-based – Working Capital Facilities	190.00	190.00	[ICRA]A1+; upgraded from [ICRA]A1 and removed from Rating watch with Positive Implications
Short-term – Non-fund Based – Working Capital Facilities	30.00	30.00	[ICRA]A1+; upgraded from [ICRA]A1 and removed from Rating watch with Positive Implications
Total	602.00	602.00	

*Instrument details are provided in Annexure I

Rationale

The upgrade in the ratings on the bank lines of Aster DM Healthcare Limited (Aster/the company) considers the increasing scale of operations, improvement in its credit profile in FY2025 and FY2026 and expectation of sustained growth in its revenues and earnings going forward. Aster witnessed a healthy revenue growth of 11.9% in FY2025, primarily supported by improvement in the company's ARPOB and growth in inpatient volumes. Supported by an increasing scale, improving case mix and cost rationalisations to drive internal efficiencies, Aster's operating profit margin (OPM) improved to 19.2% in Q1 FY2026 and 18.7% in FY2025 from 15.9% in FY2024. Excluding non-operating items such as ESOPs, fair valuation of derivatives and variable O&M fee, the adjusted OPM of the company improved to 20% in Q1 FY2026 and 19.5% in FY2025 from 16.8% in FY2024. The ratings also continue to consider Aster's established presence in the south Indian market, the promoters' extensive experience in the healthcare sector and the overall healthy long-term demand outlook for the healthcare industry.

The company announced the sale of its GCC business on November 28, 2023, and the sale was completed in April 2024. The company received a consideration of Rs. 7,767.7 crore towards sale of the GCC business, on which a gain of around Rs. 5,148.1 crore was recognized by the company in FY2025. Post receipt of the inflows from the GCC sale, the company paid out a dividend of Rs. 6,174.2 crore (including special dividend of Rs. 5,894.3 crore) in FY2025. Consequently, the company had a strong liquidity position with free cash and bank balance and liquid investments of Rs.1,380.5 crore as on March 31, 2025.

The ratings take into account the moderate return indicators, an outcome of the company's sustained expansion strategy aimed at strengthening its long-term business profile. ICRA notes that the company derived 53% of its revenues in FY2025 and Q1 FY2026 from the Kerala market. That said, ICRA notes that strong brand position in Kerala allows the company to attract and retain top medical talent. Further, ICRA also notes the sizeable capacity additions undertaken by the company in non-Kerala markets over the last few years and its plans to expand in other clusters going forward as well. The company's Total Debt/OPBDITA and Net Debt/OPBDITA stood at 2.3 times and 0.8 times as on March 31, 2025. Going forward, the company plans to add around 2,600 beds in phases by FY2029. This planned capex is expected to result in cumulative cash outflows of around Rs. 2,500 crore, of which ~Rs. 400 crore has already been incurred by the company as on June 30, 2025. In addition to the planned capacity expansion, the company is also expected to incur growth and maintenance capex of around 2-2.5% of its revenues every fiscal. The company is expected to fund this planned capex through a mix of existing cash balances, internal accruals and incremental debt (in case required). While ICRA does not expect the capex to impact the company's debt metrics

significantly, timely commencement and ramp-up of the newly added beds and its impact on the credit metrics remain a key monitorable. The ratings also consider the intense competition in the healthcare industry. Moreover, in line with other industry players, the company's operations remain exposed to regulatory risks wherein any restrictive pricing guidelines would impact the company's margins.

Aster's ratings were placed on watch with positive implications following an announcement on November 29, 2024, that its board approved the merger between the company and Quality Care India Limited (QCIL), subject to completion of customary conditions and receipt of requisite regulatory approvals.

QCIL operates three brands namely CARE Hospitals, KIMSHEALTH and Evercare in India and Bangladesh. It operates a network of 19 hospitals across 14 cities in India and Bangladesh. The first stage of the merger is complete wherein the company acquired a 5% stake in QCIL from Blackstone and TPG through a share-swap agreement. The merger is expected to be completed in Q4 FY2026. The continuation of the rating watch with positive implications reflects ICRA's opinion that the merger with QCIL is expected to lead to significant improvement in the company's credit profile.

The merged entity is expected to be one of the largest hospital chains in the country with strong presence in South India. The transaction is also expected to trigger scale-related synergies in addition to increasing geographical presence and penetration, which will improve the company's market position. The management also intends to integrate the backend operations of all the four brands, to rationalise procurement cost, improve material margins, reduce corporate overheads, and facilitate better vendor management leading to improvement in operating margins. The extent of the positive impact on the credit profile of the merged entity would be ascertained upon successful completion of the merger. ICRA would continue to monitor the developments related to the transaction and take appropriate rating action, as required.

Key rating drivers and their description

Credit strengths

Established presence in the south Indian market; promoter's extensive experience in the sector – The company's established footprint in south India, supported by the promoter's extensive sector experience, has led to a significant improvement in Aster's operational and financial profile over the past few years. At present, the company operates 19 hospitals, 10 clinics, 203 pharmacies and 259 labs across five Indian states. The Group is promoted by Dr. Azad Moopen and family, with more than three decades of experience in the healthcare industry, which will support its operations going forward.

Strong financial profile characterised by increasing scale and improving operating margins – The increased efficiency in existing units and ramp-up of newer units have led to healthy revenue growth for the company's hospital business in FY2025 and Q1 FY2026. In FY2025, Aster's revenues grew by 11.9% mainly driven by higher operational beds, improving ARPOB, along with increased inpatient and outpatient volumes. The growth momentum also continued in Q1 FY2026, with YoY revenue growth of 8%. The capacity additions over the years and improvement in key parameters such as occupancies and ARPOB have allowed the hospital business to enjoy a better operating leverage, reflected in the improving operating margin to 18.7% during FY2025 from 15.9% in FY2024. In Q1 FY2026, the operating margin improved further to 19.2% driven by improvement in key parameters for the hospitals and clinics segment along with healthy improvements in margins for the Aster labs segment. Going forward, the company is expected to witness healthy revenue growth, supported by incremental operational beds, stable occupancy and improving ARPOB.

Aster's total debt increased to Rs. 2,017.8 crore (including lease liabilities of Rs. 1,375.6 crore) as on March 31, 2025 from Rs. 1,383.8 crore (including lease liabilities of Rs. 714.4 crore) as on March 31, 2024 on account of sizeable additions to its lease liabilities during the fiscal. Consequently, Aster's Total Debt/OPBDITA stood at 2.6 times as on March 31, 2025. However, driven by significant net inflows from sale of its GCC business, the company's Net Debt/OPBDITA improved to 0.8 times as on March 31, 2025 from 2.1 times as on March 31, 2024. Aster's interest coverage also improved to 5.8 times as in FY2025 from 4.9 times in FY2024. Going forward, while ICRA does not expect the ongoing sizeable capex to impact the company's debt metrics significantly on account of healthy cash balances from the GCC sale and strong expected cash flows from operations, timely commencement and ramp-up of the newly added beds and its impact on the credit metrics remain a key monitorable.

Healthy long term demand outlook for the healthcare industry – The demand outlook for the healthcare industry continues to remain favourable due to factors such as better affordability, widening medical insurance coverage, growing awareness and under-penetration of healthcare services, is expected to benefit the company and the industry at large. Further, Kerala being one of the preferred states in India for medical value travel continues to support the company's business prospects.

Credit challenges

Sizeable capex plans towards capacity expansion – Over the past few years, Aster India has made substantial investments to expand its capacity in India through both organic and inorganic routes with the total bed capacity increasing to 5,197 beds (in 19 hospitals) as on June 30, 2025. Going forward, the company plans to add around 2,600 beds in phases by FY2029. This planned capex is expected to result in cumulative cash outflows of around Rs. 2,500 crore, of which Rs. 400 crore has already been incurred by the company as on June 30, 2025. In addition to the planned capacity expansion, the company is also expected to incur growth and maintenance capex of around 2-2.5% of its revenues every fiscal. The company is expected to fund this planned capex through a mix of its strong cash balances (Rs. 1,380.5 crore as on March 31, 2025), strong internal accruals (supported by healthy operating margins in line with recent trends) and incremental debt (in case required). While ICRA does not expect the capex to impact the company's debt metrics significantly on account of healthy cash balances from the GCC sale, timely commencement and ramp-up of the newly added beds and its impact on the credit metrics remain a key monitorable. ICRA notes that the company has adopted an asset-light model for its expansion wherein the company's upfront investment towards setting up a new hospital is much lower compared to a model in which it would also own the land and building.

Albeit improving, return indicators remain moderate– Albeit improving, the return indicators (RoCE) for the company's operations are moderate wherein the company owns the land and building of some of its major revenue contributing hospitals and the continuous expansion undertaken by the company over the last few years. Going forward, impact of the sizeable ongoing capacity additions on the return metrics of the company will remain a key monitorable.

Environmental and social risks

Environmental considerations: Although exposure to environmental risks remains low for the companies operating in healthcare industry, Aster is exposed to the risk of environmental impact arising from their discharge of bio-medical, pollutant and hazardous waste.

Social considerations: Exposure to social risks is moderate for the healthcare sector. Social risks for industry players include litigation exposure, and high compliance standard requirements given the importance of the service being provided. Further, the regulatory nature such as price-control measures, could impact the earnings of industry players. Additionally, hiring and retaining quality human capital, who could drive patient footfalls, are key to earnings of industry players.

Liquidity position: Strong

Aster's liquidity position remains strong with free cash and bank balance and liquid investments of Rs.1,380.5 crore as on March 31, 2025. Going forward, the company plans to add around 2,600 beds in phases by FY2029. This planned capex is expected to result in cumulative cash outflows of around Rs. 2,500 crore of which Rs. 400 crore has already been incurred by the company as on June 30, 2025. In addition to the planned capacity expansion, the company is also expected to incur growth and maintenance capex of around 2-2.5% of its revenues every fiscal. The company is expected to fund this planned capex through a mix of existing cash balances, internal accruals and incremental debt (in case required). The company has debt repayment obligations of Rs. 113 crore, Rs. 111 crore, and Rs. 109 crore during FY2026, FY2027 and FY2028 respectively for its existing debt. ICRA expects Aster's liquidity position to remain strong despite the significant capex at the back of sizeable existing cash balances and expected healthy cash flows from operations.

Rating sensitivities

Positive factors – ICRA could upgrade the company’s rating if it demonstrates significant growth in revenues and improvement in the profitability and debt metrics while maintaining its liquidity position. Aster’s rating could also be upgraded upon the successful merger with QCIL which would substantially increase the scale of operations and accord diversification benefits, assuming the company continues to maintain a strong balance sheet post the merger.

Negative factors – Negative pressure on ADHL’s ratings could arise if there is any material deterioration in revenues, margins and debt-funded capex or acquisitions leading to deterioration of the company’s credit profile with TD (including lease liabilities) /OPBDITA being higher than 3.5x on a sustained basis.

Analytical approach

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

About the company

Aster DM Healthcare Limited (ADHL / the company - formerly, DM Healthcare Pvt Ltd), established in 1987, is the holding company of the Aster Group, which provides healthcare services through hospitals, clinics and pharmacies. Following a reorganization of its structure in 2008, the Group’s operations across the Gulf co-operation council (GCC) countries and India were consolidated under ADHL. On November 29, 2024, ADHL announced that its Board of Directors approved a scheme of merger between the company and Quality Care India Limited (QCIL). The merger is expected to be completed in Q4 FY2026, subject to regulatory approvals.

Key financial indicators (audited)

Aster India Consolidated	FY2024	FY2025	Q1 FY2026*
Operating income	3698.9	4138.5	1077.9
PAT	222.9	5426.8	93.6
OPBDIT/OI	15.9%	18.7%	19.2%
PAT/OI	6.0%	131.1%	8.7%
Total outside liabilities/Tangible net worth (times)	2.8	0.9	
Total debt/OPBDIT (times)	2.4	2.6	
Interest coverage (times)	4.9	5.8	

Source: Company, ICRA Research; * Results numbers; All ratios as per ICRA’s calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: 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

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 03, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long term	382.00	[ICRA]A+ Rating Watch with Positive Implications	Dec 10, 2024	[ICRA]A; Rating watch with Positive Implications	Dec 07, 2023	[ICRA]A-; Rating watch with Positive Implications	Oct 20, 2022	[ICRA]A- (Stable)
				Apr 16, 2024	[ICRA]A (Stable)				
Fund-based – Working Capital Facilities	Short term	190.00	[ICRA]A1+	Dec 10, 2024	[ICRA]A1; Rating watch with Positive Implications	Dec 07, 2023	[ICRA]A2+; Rating watch with Positive Implications	-	-
				Apr 16, 2024	[ICRA]A1				
Non-fund Based – Working Capital Facilities	Short term	30.00	[ICRA]A1+	Dec 10, 2024	[ICRA]A1; Rating watch with Positive Implications	Dec 07, 2023	[ICRA]A2+; Rating watch with Positive Implications	Oct 20, 2022	[ICRA]A2+
				Apr 16, 2024	[ICRA]A1				
Working capital	Long term	-	-	-	-	-	-	Oct 20, 2022	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Term loan	Simple
Short-term – Fund-based – Working Capital Facilities	Simple
Short-term – Non-fund Based – Working Capital Facilities	Very simple

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
NA	Long-term fund-based – Term loan	FY2017-FY2024	8.43%	FY2032	382.0	[ICRA]A+ Rating Watch with Positive Implications
NA	Short-term – Fund-based – Working Capital Facilities	NA	NA	NA	190.0	[ICRA]A1+
NA	Short-term – Non-fund Based – Working Capital Facilities	NA	NA	NA	30.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership as on March 31, 2025	Consolidation Approach
Direct Subsidiaries		
DM Med City Hospitals (India) Pvt Ltd	100%	Full Consolidation
Aster DM Healthcare (Trivandrum) Pvt Ltd	100%	Full Consolidation
Ambady Infrastructure Pvt Ltd	100%	Full Consolidation
Prerana Hospital Limited	94%	Full Consolidation
Sri Sainatha Multispeciality Hospitals Private Limited	100%	Full Consolidation
Malabar Institute of Medical Sciences Limited	79%	Full Consolidation
Dr. Ramesh Cardiac and Multispeciality Hospitals Private Limited	57%	Full Consolidation
Aster Clinical Lab LLP	100%	Full Consolidation
Hindustan Pharma Distributors Private Limited	86%	Full Consolidation
Affinity Holdings Private Limited	100%	Full Consolidation
Step-down Subsidiaries		
EMED Human Resources (India) Private Limited	100%	Full Consolidation
Warseps Healthcare LLP	100%	Full Consolidation
Cantwon Infra Developer LLP	80%	Full Consolidation
Ezhimala Infrastructure LLP	80%	Full Consolidation
Sanghamitra Hospitals Private Limited*	57%	Full Consolidation
Aster Ramesh Duhita LLP*	29%	Full Consolidation
Komali Fertility Centre LLP (Formerly known as Ramesh Fertility Centre LLP) *	29%	Full Consolidation
Adirian IB Healthcare Private Ltd	57%	Full Consolidation
Komali Fertility Centre Ongole LLP*	29%	Full Consolidation
Aasraya Healthcare LLP	29%	Full Consolidation
Associates		

Company Name	Ownership as on March 31, 2025	Consolidation Approach
MIMS Infrastructure and Properties Private Limited	39%	Equity Method
Alfaone Retail Pharmacies Private Limited**	48%	Equity Method
Alfaone Medicals Private Limited**	48%	Equity Method
Mindriot Research and Innovation Foundation	49%	Equity Method

Source: Company; *Subsidiary due to Board control; ** Associate due to control over management and policy decisions by Aster DM

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Mythri Macherla

+91 22 6114 3435

mythri.macherla@icraindia.com

Tanvir Singh

+91 7009417559

tanvir.singh@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



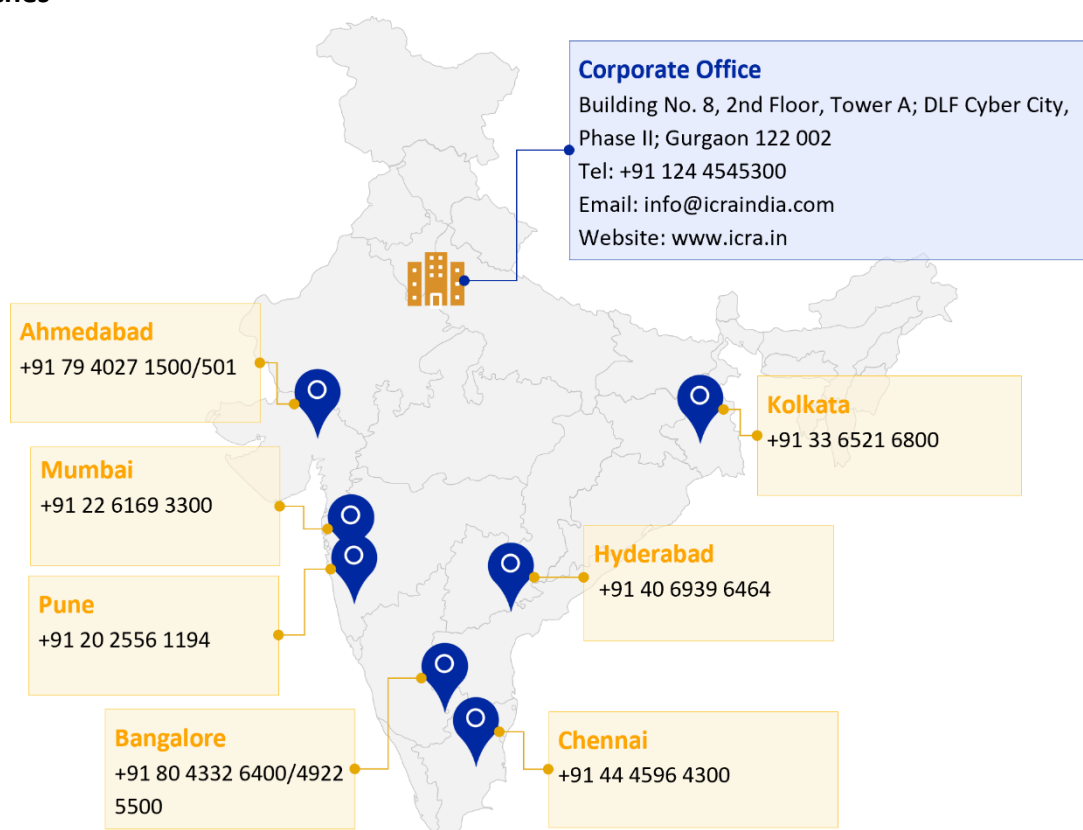
Registered Office

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

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.