

March 16, 2026

Quality Care India Limited: Rating assigned and Placed on Rating Watch with Positive Implications

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	1225.00	[ICRA]AA-; Rating Watch with Positive Implications; assigned
Total	1225.00	

*Instrument details are provided in Annexure I

Rationale

The rating factors in Quality Care India Limited's (QCIL's) operational track record of around three decades in the healthcare industry and its strong brand equity and established market position in its key markets. It operates 19 hospitals with a total bed capacity of over 5,150 (as on December 31, 2025) spread across 14 cities and 11 states in India and Bangladesh under three hospital chains, namely, CARE Hospitals, KIMS Health and Evercare brands. The rating also reflects QCIL's diversified speciality mix, with the top two specialities accounting for 21–23% of revenues in the past four years, thereby reducing the concentration risk.

The rating is placed on Watch with Positive Implications on account of the ongoing merger of QCIL with Aster DM Healthcare Limited (Aster). The transaction has been approved by the Competition Commission of India (CCI), the Securities and Exchange Board of India (SEBI), and the stock exchanges, but yet to be approved by the National Company Law Tribunal (NCLT). The merged entity is expected to be one of the largest hospital chains in India with a strong presence in Central and South India. The realisation of operational synergies from the merger will remain a key monitorable.

The company recorded a healthy revenue CAGR of around 40% during FY2021 to FY2025, aided by inorganic expansions and improvement in the performance of existing hospitals. In October 2023, Blackstone Inc. acquired majority stake of 71.8% in the company. Subsequently, QCIL acquired majority stake in Kims Healthcare Management Limited (KHML /KIMS Health) and STS Holdings Limited and STS Hospital Chittagong Limited (Evercare hospitals) in October 2023, which led to bed addition of around 1,800. These acquisitions were largely funded through equity infusion from Blackstone Inc and TPG Rise Fund (TPG). The company's operating performance improved in the past three years with increase in occupancy to 64% in 9M FY2026 from 59% in FY2023 and a healthy 5-6% growth (per annum) in average revenue per occupied bed day (ARPOB). ICRA expects the company to record revenue growth of 15–20% in FY2026 and 14–18% in FY2027, aided by expected improvement in occupancy and steady growth in ARPOB. The favourable demand outlook for healthcare services in India supported by rising per-capita income, expanding health insurance coverage, and growing awareness amid continued under-penetration augurs well for the company's growth prospects. QCIL's operating margins improved to 19.0% in FY2025, after a dip in FY2024, aided by scale benefits and strong ARPOB. Cost optimisation through business synergies with KHML, given the centralised procurement and process efficiencies, is expected to improve operating margin to 20–22% in FY2026 and FY2027. The rating, however, remains constrained by the sizeable debt-funded expansion plans in FY2026 and FY2027, including bed additions and increasing its stake in subsidiary entities, which results in elevated debt levels in the near term. However, debt metrics are likely to improve over the medium term with expected healthy growth in earnings. The rating is constrained by intense competition faced by QCIL from established hospital chains and moderate-sized hospitals, wherein retention of doctors remains critical. Further, the ratings factor in the regulatory risks inherent in the hospital sector, including the possibility of restrictive pricing interventions by Central and State governments.

Key rating drivers and their description

Credit strengths

Established brand presence and long track record in healthcare industry – QCIL has a track record of around three decades in the healthcare industry. It started its first hospital in 1997, Hyderabad under the brand name CARE Hospitals and subsequently expanded to 11 states and 14 cities, operating hospitals under three brands - CARE Hospitals, KIMS Health and Evercare. In most of the cities in which QCIL operates, it is one of the largest and reputed hospitals, which supported its operational performance and strong growth over the years.

Healthy scale of operations with diverse geography and speciality mix – The company's revenue increased at a strong compounded annual growth rate of around 40% during FY2021 to FY2025, on the back of inorganic expansion (around 1,800 beds added through acquisition of KIMS Health and Evercare Hospitals), and steady bed additions, along with consistent improvement in ARPOB. The company's total revenue improved by 15.5% (on annualised basis) in 9M FY2026 and growth rate is expected to sustain in Q4 FY2026. The revenue growth is estimated to remain healthy at 14-18% in FY2027 and FY2028, supported by expected improvement in occupancy and growth in ARPOBs. The operating margins improved to 20.2% in 9M FY2026 from 19.0% in FY2025 and 15.7% in FY2024, on the back of healthy growth in ARPOBs with better case mix and revision in tariffs. Going forward, OPM is expected to improve to 20-22% in the near to medium term supported by healthy occupancy and ARPOBs, and benefits of operating leverage. The company has a diversified revenue mix with the top two specialities, accounting for 22% of its total revenues in 9M FY2026 and FY2025. QCIL's sizeable presence across multiple specialities helps it minimise the concentration risk.

Healthy long-term demand outlook for healthcare industry – The demand outlook for the healthcare industry remains favourable, supported by better affordability, widening medical insurance coverage, growing awareness and the continued under-penetration of healthcare services, which is expected to benefit the company and the industry at large.

Credit challenges

Sizeable expansion plans result in elevated debt levels – The company has sizeable expansion plans as it intends to add around 200 beds in the next 12 – 18 months at an estimated cost of Rs. 180-190 crore. The company is also acquiring incremental stake in its subsidiaries. It has been sanctioned Rs. 1,225 crore of term loan and has issued Rs. 1,225 crore of non-convertible debentures (NCDs) via its subsidiary, to fund its expansion plans. Given the debt-funded bed additions and stake acquisition plans, the company's debt levels are expected to be elevated, impacting its debt metrics like Total Debt/OPBITDA and DSCR in the near term. However, its debt metrics are expected to improve going forward, with healthy earnings.

Regulatory risk and competition inherent in healthcare sector – The company is exposed to regulatory risks as any restrictive pricing on treatments and pharma sales would impact its margins. Moreover, it faces intense competition from organised healthcare chains and moderate-sized hospitals. The retention of doctors remains critical, given the intense competition.

Liquidity position: Adequate

QCIL's liquidity position is Adequate, supported by healthy free cash balances (excluding the cash earmarked for acquisitions and capex) of Rs. 350-370.0 crore and unutilised working capital lines of Rs. 120-125.0 crore as on December 31, 2025, and expected cash flow from operations of Rs. 640-680.0 crore over the next 12 months. In comparison, QCIL's cumulative funding requirements for capital expenditure and repayment obligations are projected at Rs. 1,450–1,500 crore over the next 12 months, funded through a mix of term debt, cash earmarked for capex, and internal accruals, providing comfort to its liquidity profile. The company is also evaluating additional stake acquisition in its subsidiaries, funded through debt, which has been tied up.

Rating sensitivities

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

Negative factors – Pressure on the rating could emerge if there is a material deterioration in operational performance, leading to a sustained decline in profitability or if sizeable debt-funded capex weakens its debt metrics. The rating could also be downgraded if the liquidity profile of the company is adversely impacted 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 rating, ICRA has considered the consolidated financials of Quality Care India Limited. As on December 31, 2025, the company had eight subsidiaries and one joint venture which are enlisted in Annexure-2

About the company

Incorporated in 1997 by Dr. Soma Raju and a team of cardiologists, Quality Care India Limited (QCIL) is one of the leading hospital chains spread across India and Bangladesh spanning 14 cities with a network of 19 hospitals under three hospital chain brands, namely, CARE Hospitals, KIMS Health, and Evercare Hospitals. It has a total capacity of 5,150+ beds with 20+ Cathlabs, 6 LINACs, 15+ MRI machines and 10 robots. It is also a leading multi-specialty hospital network in Bangladesh with 500+ beds in two cities (Dhaka and Chattogram). In October 2023, Blackstone Inc. acquired a 71.84% stake in QCIL, becoming the majority shareholder. It also acquired KIMS Healthcare Management Limited and STS Holdings Limited and STS Hospital Chittagong Limited (Evercare hospitals) in October 2023, which was funded through equity infusion from Blackstone and TPG. In November 2024, QCIL approved a merger with Aster DM Healthcare, subject to completion of customary conditions and receipt of requisite. As on December 31, 2025, the merger has been approved by CCI, SEBI and the stock exchanges, while the approval from the NCLT is awaited. As on December 31, 2025, Blackstone Inc. and TPG hold around 90.8% stake in QCIL.

Key financial indicators (audited)

QCIL – Consolidated	FY2024	FY2025
Operating income	2,126.6	4,003.9
PAT	18.8	311.8
OPBDITA/OI (%)	15.7%	19.0%
PAT/OI (%)	0.9%	7.8%
Total outside liabilities/Tangible net worth (times)	0.4	0.4
Total debt/OPBDITA (times)	2.4	1.4
Interest coverage (times)	3.8	5.5

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; NA - Not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Mar 16, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long-term	1,225.00	[ICRA]AA-; Rating Watch with Positive Implications	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	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	Nov 2025	NA	FY2031	1,225.00	[ICRA]AA-; Rating Watch with Positive Implications

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*	Consolidation approach
Ganga Care Hospital Limited	74.13%	Full consolidation
Ramkrishna Care Medical Sciences Private Limited	56.33%	Full consolidation
Quality Care Jharsuguda Private Limited	100.00%	Full consolidation
Culinary Cure Foods Private Limited	100.00%	Full consolidation
Convenient Hospitals Limited	100.00%	Full consolidation
United CIIGMA Institute of Medical Sciences Private Limited	76.00%	Full consolidation
Condis India Healthcare Private Limited	90.34%	Full consolidation
Chemistry Intermediary Holdings Limited	100.00%	Full consolidation
Quality Care Health Services India Private Limited (Joint Venture)	50.00%	Full consolidation

Source: Company; *ownership as on March 31, 2025

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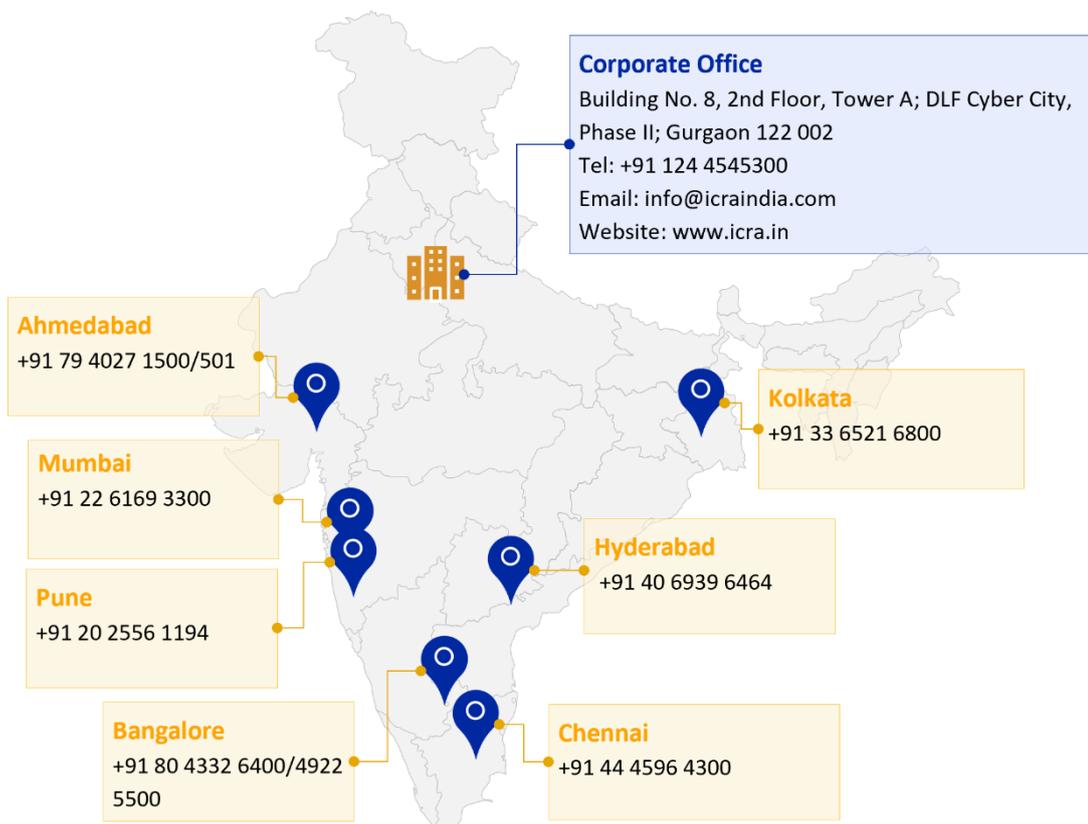
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