July 10, 2026(Revised)

Aster DM Quality Care Limited (formerly known as Aster DM Healthcare Limited): Long-term rating upgraded to [ICRA]AA, removed from Rating Watch with Positive Implications and Stable outlook assigned; short-term rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term – Fund-based – Term Loan	382.00	1607.00	[ICRA]AA (Stable); Upgraded from [ICRA]A+; removed from Rating Watch with Positive Implications and Stable outlook assigned; assigned for enhanced amount	RBI
Short-term – Fund-based – Working Capital Facilities	190.00	190.00	[ICRA]A1+; Reaffirmed	RBI
Short-term – Non-fund Based – Working Capital Facilities	30.00	30.00	[ICRA]A1+; Reaffirmed	RBI
Total	**602.00**	**1827.00**		

**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.

Rationale

ICRA had earlier placed Aster DM Quality Care Limited's (formerly known as Aster DM Healthcare Limited) (ADMQCL/the merged entity/the combined entity) ratings on Watch with Positive Implications following the announcement of its proposed merger with Quality Care India Limited (QCIL). The merger has since been successfully completed and the legal entity's name has changed from Aster DM Healthcare Limited (ADMHL) to ADMQCL, a significantly larger and more diversified healthcare service provider.

The merged entity now operates under four established healthcare brands — Aster, CARE Hospitals, KIMSHEALTH, and Evercare — across India and Bangladesh, with a network of 39 hospitals. ADMQCL has a total bed capacity of over 10,000 across nine states and 28 cities in India, making it one of the largest hospital chains in the country. The scale and geographic diversification of the merged entity are further strengthened by its operations in Bangladesh, enhancing its market position and operational resilience.

The rating upgrade factors in the significant strengthening of the merged entity's business and financial risk profile, underpinned by its larger scale of operations, enhanced geographic diversification, and the complementary operating strengths of ADMHL and QCIL. The combined entity benefits from ADMHL's strong presence in metro and urban markets, supported by relatively high realisations and ARPOB-led growth, while QCIL's wider presence across Tier-II and III cities drives volume-led growth, resulting in a well-balanced and diversified operating model. Further, the merger materially reduces ADMHL's geographic concentration in South India, particularly Kerala, while broadening the combined entity's footprint across multiple regions. The strengthened presence in Central and eastern India, along with operations in Bangladesh, enhances geographic diversification and improves market positioning.

On a pro forma basis, the merged entity reported an occupancy of 62% and an average revenue per occupied bed (ARPOB) of Rs. 49,500 in FY2026. The operating performance of both ADMHL and QCIL remained healthy in FY2026, supported by the addition of operational bed capacity, sustained growth in patient volumes, and an improvement in ARPOB. On a combined pro forma basis, ADMHL and QCIL generated revenues of over Rs. 9,200 crore in FY2026, with operating margins of around 21% (on a reported basis), supported by scale benefits, an improving case mix, and operational efficiencies. Going forward, the merged entity is expected to benefit from stronger bargaining power with insurers and suppliers, as well as synergies arising from the sharing of clinical, operational, and managerial best practices across the hospital network. Overall, ADMQCL is expected to witness robust growth in revenues and earnings, supported by its expanded scale, diversified presence, and continued ramp-up of facilities. Consequently, the merged entity is estimated to generate OPBDITA of over Rs. 2,000 crore in FY2027.

The ratings also reflect the established operating track record of both ADMHL and QCIL in the healthcare sector, the strong brand equity of the multiple brands under the merged entity and the favourable long-term demand outlook for the industry. The sector's growth prospects remain supported by increasing health insurance penetration, rising healthcare awareness, growing affordability, and the increasing prevalence of lifestyle and chronic disease related ailments.

The ratings, however, remain constrained by ADMQCL's sizeable expansion plans involving significant bed additions, which are likely to keep debt levels (including lease liabilities) elevated over the near term. Nevertheless, the company's debt protection metrics are expected to improve over the medium term, supported by healthy growth in earnings and cash accruals. While ICRA does not anticipate the planned capital expenditure (capex) to materially weaken the company's credit profile, the timely commissioning and ramp-up of the new facilities, and their consequent impact on operating performance and leverage metrics, remain key monitorable factors.

The ratings also factor in the intense competition faced by ADMQCL from other large hospital chains as well as regional and mid-sized healthcare providers. In this context, the ability to attract and retain qualified doctors and clinical talent remains critical to sustaining growth and maintaining profitability. Further, the ratings consider the regulatory risks inherent in the healthcare sector, including the possibility of price-control measures and other policy interventions by the Central and state governments. Additionally, the successful integration of the merged operations and the extent and timing of post-merger synergy realisation will remain important monitorables from a credit perspective.

The Stable outlook reflects ICRA's expectation that ADMQCL will maintain credit metrics commensurate with the current rating despite significant expansion plans. Further, the outlook underlines ICRA's expectation of timely ramp-up of new facilities and that the merged entity will be able to manage its debt levels without material weakening in its financial profile.

Key rating drivers and their description

Credit strengths

Significantly enhanced scale and market position post-merger, with presence across multiple geographies and specialities – ADMQCL is now one of the largest hospital chains in India. The merged entity operates a network of 39 hospitals with a bed capacity of 10,623 across 28 cities and nine states, positioning it among the largest hospital chains in the country by bed capacity. The merged entity will operate through four brands – namely, Aster, CARE Hospitals, KIMSHEALTH and Evercare. The various brands will continue to operate independently and serve distinct patient segments in their respective markets. The merger also provides significant geographical diversification benefits. While Aster has a strong presence in urban markets across South India, especially in Kerala, Karnataka and Andhra Pradesh, QCIL complements this with a sizeable footprint across Telangana, Odisha, Chhattisgarh, Madhya Pradesh, Maharashtra and Bangladesh. The limited overlap between the two networks reduces cannibalisation risk and enhances the combined entity's ability to satisfy the growing healthcare demand across multiple regions. As a result, Kerala's contribution to the overall revenue moderates, while the merged entity benefits from a more balanced regional mix and lower dependence on any single market. ADMHL's presence in premium urban markets supports higher realisations, while QCIL's leadership across Tier-II and III cities drives patient volumes and market penetration.

This complementary operating model of the two entities is expected to strengthen the overall market position of the merged entity.

The combined entity further benefits from a well-diversified speciality mix, with established capabilities across cardiology, oncology, neurosciences, gastroenterology, orthopaedics, nephrology, critical care and other tertiary/quaternary care services. The merger combines ADMHL's strength in higher-acuity tertiary and quaternary care services with QCIL's strong franchise across multiple speciality and volume-driven segments, supporting stable revenues, improved patient retention and broader clinical capabilities.

Strong financial profile with healthy revenue growth and improving margins – The merged entity benefits from a strong financial profile, supported by the healthy operating performance of both ADMHL and QCIL. ADMHL reported a revenue growth of 12% in FY2026, with operating income increasing to Rs. 4,643 crore from Rs. 4,138 crore in FY2025, driven by higher patient volumes, improvement in ARPOB to Rs. 51,800, and continued ramp-up of existing and newly commissioned facilities. QCIL also demonstrated strong momentum, reporting revenues of around Rs. 4,630 crore in FY2026, reflecting a growth of 17% over its FY2025 revenues. For ADMHL, the operating profit margin improved to 19.4% (on a reported basis) in FY2026. QCIL's operating profit margin remains comparable to ADMHL's margins for FY2026.

ADMHL's Total Gross Debt/OPBDITA (on a reported basis) stood at 2.5 times as on March 31, 2026, over 2.6 times as on March 31, 2025. While the Total Gross Debt/OPBDITA is expected to remain elevated as on FY2027 end on account of only partial consolidation of QCIL's revenues and profits, the same is expected to normalise in FY2028 with full consolidation of QCIL. For the merged entity, the Total Gross Debt/OPBDITA on a pre-IND AS basis stood at 2.12 times as on March 31, 2026, and the same is expected to remain below 3.0 times even as the large capex continues to be incurred towards capacity expansion. Going forward, while the company has sizeable capex plans, ICRA expects the impact on the credit profile to remain manageable, supported by healthy internal accrual generation, comfortable liquidity and the expected ramp-up of newly commissioned capacities. However, timely execution of the planned expansions remains a key monitorable.

Healthy long-term demand outlook for the healthcare industry – The demand outlook for the healthcare industry remains favourable owing to factors such as better affordability, widening medical insurance coverage, growing awareness and under-penetration of healthcare services. This 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 result in elevated debt levels – ADMHL and QCIL together had debt (including lease liabilities) of more than Rs. 5,600 crore (of which around Rs. 1,780 crore is lease liabilities) as on March 31, 2026. The combined entity has plans to add about 4,445 beds between FY2026 and FY2030, which is expected to increase the combined bed capacity to over 15,000 beds. The total capex requirement for this addition is estimated at more than Rs. 4,000 crore. The expansion pipeline includes nearly 2,700 additional beds under ADMHL, across a mix of greenfield and brownfield projects. QCIL is also undertaking several expansion initiatives across its network, including capacity additions at Bhubaneshwar, Raipur and Hyderabad and further expansion of the KIMSHEALTH platform. This expansion would be largely funded through internal accruals and sizeable cash balances, thereby limiting the requirement for significant incremental borrowings. Timely commissioning and ramp-up of the planned capacities will remain a key monitorable.

Regulatory risk and competition inherent in the healthcare sector – ADMQCL remains exposed to regulatory risks inherent in the healthcare sector, with the possibility of adverse actions by the Central and state governments impacting its operating and financial profiles. These include price caps on medical procedures and consumables (such as implants, stents and diagnostics), revisions to reimbursement rates under Government schemes (including Ayushman Bharat and state-sponsored insurance programmes), and potential regulatory oversight on hospital tariffs. Additionally, the increasing policy focus on affordability and accessibility of healthcare services could lead to greater intervention in pricing, standardisation of treatment costs, and tighter compliance requirements. Such measures could constrain revenue growth and profitability, particularly in high-margin specialities, while also resulting in higher compliance costs and operational complexities. Consequently, any tightening of

regulatory controls or adverse changes in reimbursement frameworks could exert pressure on ADMQCL's margins and cash flows, going forward. While the strong brand equity, diversified network, established clinical capabilities and multi-regional presence of ADMQCL provide competitive advantages, it faces intense competition from organised healthcare chains and moderate-sized hospitals. The retention of doctors also remains critical, given the intense competition.

Liquidity position: Adequate

The merged entity's liquidity position remains adequate with cumulative free cash and bank balance and liquid investments of more than Rs. 2,500 crore and unutilised working capital limits of more than Rs. 350 crore as on March 31, 2026, in addition to expected healthy cash flow from operations. The company has sizeable capex plans to add more than 4,000 beds between FY2026 and FY2030. The combined entity has debt repayment obligations of Rs. 350-400 crore each during FY2027 and FY2028 for its existing debt. ICRA expects the combined entity's liquidity position to remain adequate despite the significant capex on the back of sizeable cash and liquid investment balances and healthy cash flows from operations.

Rating sensitivities

Positive factors – The ratings could see further upside if the merged entity demonstrates a sustained improvement in scale, profitability and debt metrics, supported by effective integration and tangible realisation of expected synergies.

Negative factors – The ratings could face downward pressure in case of significant debt-funded capex or acquisitions leading to a deterioration in leverage metrics, with net debt to OPBDITA exceeding 2.0x on a sustained basis. Any sustained decline in operating margins or cash flows, or delays in realisation of merger synergies due to integration challenges, could also adversely impact the ratings.

Environmental and social risks

Environmental considerations: Although exposure to environmental risks remains low for the companies operating in healthcare industry, ADMQCL is exposed to the risk of environmental impact arising from their discharge of biomedical, 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 environment, including 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.

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 ADMHL. Details are enlisted in Annexure-II.

About the company

Aster DM Quality Care Limited (erstwhile Aster DM Healthcare Limited), established in 1987, is the holding company of the Aster Group, which provides healthcare services through hospitals, clinics and pharmacies. The company had a presence across India and Gulf Cooperation Council (GCC) countries. Following the sale of its GCC business in April 2024, the company focused entirely on the Indian healthcare market. On November 29, 2024, ADMHL's Board of Directors approved a scheme of merger between the company and Quality Care India Limited. Further to all regulatory approvals being received, the merger became

effective from July 1, 2026 and the legal entity's name has changed from Aster DM Healthcare Limited (ADMHL) to ADMQCL. ADMQCL now operates under four established healthcare brands — Aster, CARE Hospitals, KIMSHEALTH, and Evercare — across India and Bangladesh, with a network of 39 hospitals. ADMQCL has a total bed capacity of over 10,000 and a presence across nine states and 28 cities in India.

Key financial indicators (audited):

ADMHL Consolidated	FY2025	FY2026
Operating income	4138.5	4643.2
PAT	5426.8	464.1
OPBDITA/OI	18.7%	19.4%
PAT/OI	131.1%	10.0%
Total outside liabilities/Tangible net worth (times)	0.9	0.7
Total gross debt/OPBDITA (times)	2.6	2.5
Interest coverage (times)	5.8	6.9

Source: Company, ICRA Research; 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 (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Jul 10, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long term	1607.00	[ICRA]AA (Stable)	Oct 03, 2025	[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
						Apr 16, 2024	[ICRA]A (Stable)		
Fund-based – Working Capital Facilities	Short term	190.00	[ICRA]A1+	Oct 03, 2025	[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+	Oct 03, 2025	[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		

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	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	NA	FY2032	1607.0	[ICRA]AA (Stable)
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 data

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, 2026	Consolidation Approach
Direct Subsidiaries		
Aster DM Super Specialty Hospital (Sarjapur) Pvt. Ltd	100%	Full Consolidation
Aster DM Super Specialty Hospital Private Limited (Yeswanthpur)	100%	Full Consolidation
DM Med City Hospitals (India) Pvt Ltd	100%	Full Consolidation
Aster DM Multispecialty Hospital Pvt Ltd	100%	Full Consolidation
Ambady Infrastructure Pvt Ltd	100%	Full Consolidation
Prerana Hospital Limited	98.92%	Full Consolidation
Sri Sainatha Multispeciality Hospitals Private Limited	100%	Full Consolidation
Malabar Institute of Medical Sciences Limited	79.75%	Full Consolidation
Dr. Ramesh Cardiac and Multispeciality Hospitals Private Limited	70.48%	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	79.74%	Full Consolidation
Ezhimala Infrastructure LLP	79.70%	Full Consolidation
Sanghamitra Hospitals Private Limited*	70.48%	Full Consolidation
Aster Ramesh Duhita LLP*	35.94%	Full Consolidation
Komali Fertility Centre LLP (Formerly known as Ramesh Fertility Centre LLP) *	35.24%	Full Consolidation
Adirian IB Healthcare Private Ltd	70.48%	Full Consolidation
Komali Fertility Centre Ongole LLP*	35.94%	Full Consolidation
Aasraya Healthcare LLP	35.94%	Full Consolidation
Associates		

Company Name	Ownership as on March 31, 2026	Consolidation Approach
MIMS Infrastructure and Properties Private Limited	39.08%	Equity Method
Alfaone Retail Pharmacies Private Limited**	48.43%	Equity Method
Alfaone Medicals Private Limited**	48.91%	Equity Method
Mindriot Research and Innovation Foundation	49%	Equity Method
Trust		
DM Healthcare Employee Welfare Trust	100%	Full Consolidation (ESOP Trust)

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

Corrigendum: The rating rationale dated July 10, 2026, has been revised to include the environmental and social risks. No other changes have been made to the document.

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Kinjal Shah
+91 022 6114 3400
kinjal.shah@icraindia.com

Mythri Macheri
+91 22 6114 3435
mythri.macherla@icraindia.com

Kartik Hase
+91 22 6114 3470
kartik.hase@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.

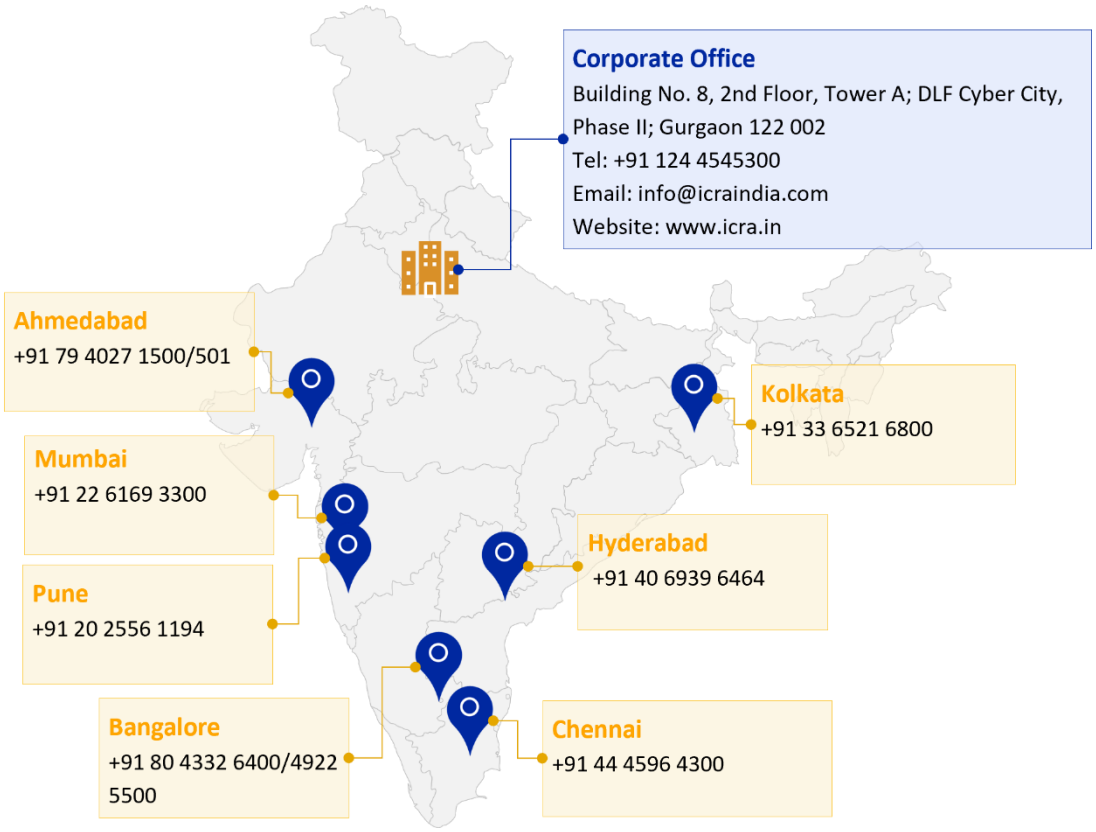
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



© Copyright, 2026 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.