BioSpectrum
the business of Bi
24 years of leveraging the business of Bio
www.biospectrumindia.co

Aster DM Healthcare and Quality Care India ink definitive agreements for merger

29 November 2024 | News

Aster DM Quality Care Limited will have a combined portfolio of four leading brands



Aster DM Healthcare, one of India's largest and fastest growing integrated healthcare service providers, and Quality Care India Limited (QCIL), backed by Blackstone and TPG, one of the largest privately held hospital chains in India with a focus on emerging cities, have signed definitive agreements for a merger.

The merger has been approved by the Board of Directors of the respective companies and is subject to regulatory, corporate and shareholders' approvals. The merged listed entity will be named Aster DM Quality Care Limited.

Aster DM Quality Care Limited will have a combined portfolio of four leading brands: Aster DM, CARE Hospitals, KIMSHEALTH and Evercare. The combined entity will have a of network of 38 hospitals and 10,150+ beds spread across 27 cities making it one of the top 3 hospital chains in India.

Aster is valued at a multiple of 36.6x on FY24 adjusted post IND AS EV/ EBITDA. In comparison, QCIL is valued at a multiple of 25.2x based on FY24 adjusted post IND AS EV/ EBITDA. Based on the swap ratio recommended in the valuation report, the resultant shareholding of the Merged Entity will be 24.0% and 30.7% held by Aster Promoters and Blackstone respectively, with the balance 45.3% being held by public and other shareholders.

Ahead of this merger, Aster shall purchase 5.0% stake in QCIL from Blackstone and TPG in consideration of primary share issuance by Aster for 3.6% stake ("Initial Share Acquisition"). Post the Initial Share Acquisition, QCIL will be merged into Aster by way of a scheme of amalgamation. The transaction is subject to shareholder & regulatory approvals, and other customary conditions to closing. Aster expects the merger transaction to close by Q3 FY26. The ratio for the Initial Share Acquisition is the same as proposed for the merger.