

Aster and Blackstone-backed Quality Care to Merge and Create One of the Top 3 Hospital Chains in India with 10,150+ beds

- Aster DM Healthcare and Quality Care India Limited have signed definitive agreements to merge, subject to regulatory, corporate and shareholders' approvals
- The resulting merged listed entity will be called Aster DM Quality Care Limited ("Merged Entity"), creating one of India's top 3 hospital chains in terms of revenue and bed capacity
- The merger is expected to result in significant strengths including scale, diversification, enhanced financial metrics, synergies, increased growth potential, and backing of marquee PE investors
- The transaction values Aster at 36.6x FY24 adjusted post INDAS EV/ EBITDA, which is 45% higher than the multiple ascribed to QCIL i.e. 25.2x FY24 adjusted post INDAS EV/ EBITDA
- Based on the agreed swap ratio, Aster shareholders will hold 57.3% and QCIL shareholders will hold 42.7% in the Merged Entity
- The Merged Entity will be jointly controlled by Aster promoters and Blackstone, holding 24.0% and 30.7% ownership respectively
- Dr. Azad Moopen will continue in his role as the Executive Chairman and will oversee the Merged Entity. Mr. Varun Khanna, Group MD of Quality Care, will be the MD and Group CEO of the Merged Entity
- The above is subject to necessary approvals

November 29, 2024, Bengaluru (India): Aster DM Healthcare Limited ("Aster"), one of India's largest and fastest growing integrated healthcare service providers, and Quality Care India Limited ("QCIL" or "Quality Care"), backed by Blackstone and TPG, one of the largest privately held hospital chains in India with a focus on emerging cities, have today 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.

Rationale for the merger:

1. Scale: Create one of the top 3 hospital chains in India in terms of revenue & number of beds (38 hospitals & 10,150+ beds) with strong presence across South & Central India
2. Enhanced Metrics: Strong financial and operational metrics with superior margins and returns post transaction
3. Accretive: Merger is expected to be EPS accretive
4. Diversification: Well-diversified presence across nine Indian states and a low overlap of hospitals along with a growing 360-degree ecosystem of labs, clinics and pharmacies
5. Synergies: Combination expected to result in synergies from revenue, procurement & supply chain, capex, and integration of corporate functions. The Merged Entity is positioned for substantial revenue growth, leveraging clinical depth to drive future success
6. Growth Potential: Significant opportunities for both brownfield and greenfield expansion (c.3,500 new beds expected between FY24-27)
7. Backed by global marquee investors: Blackstone and TPG, among the world's largest alternative asset managers, are highly reputed in the Indian public markets having backed numerous companies in the listed space

Dr. Azad Moopen, Founder and Chairman of Aster DM Healthcare, said: *“The new combined entity ‘Aster DM Quality Care Ltd.’ is poised to become one of the largest healthcare players in the industry, Aster with almost four decades of leadership in GCC and India continues to be one of the biggest healthcare leaders in both the regions. The Moopen family who has been instrumental in managing Aster’s India and GCC businesses will also lead the new merged entity. Thus, by combining the strengths of two pioneers, we are not only expanding our footprint but also creating a transformative force capable of reshaping the healthcare landscape. The integration of Aster and Quality Care’s extensive network and deep operational expertise with backing from Blackstone and TPG – among the most respected private equity firms will enhance our ability to deliver world-class healthcare services, drive innovation, and improve patient outcomes. The merger will also provide our medical professionals with an opportunity to cater to higher and diverse patient inflows.”*

Mr. Amit Dixit, Head of Asia for Blackstone Private Equity, said: *“We are committed to creating one of India’s leading platforms in the healthcare sector. It is in our DNA to be a builder of businesses – using our scale, operational expertise, and global life sciences insights, we will help grow the platform, expand its footprint, and develop it into a world-class healthcare institution. We are excited to partner with the Moopen family which shares our values and strong governance standards. We believe Varun Khanna is a terrific leader and can help build the combined entity.”*

Ms. Alisha Moopen, Deputy Managing Director of Aster DM Healthcare, said: *“Setting gold standards in global healthcare has always been our guiding motto at Aster. The accelerated growth of Aster over the last 10 years in India showcases our deep clinical leadership and our ability to respond and cater to the market demand ahead of the curve. Combining the highest standards of service excellence whilst setting benchmarks for clinical outcomes has been our hallmark, distinguishing us from our peers. Through this merger with Quality Care, backed by Blackstone and TPG, we are creating a powerful force that will elevate healthcare standards through this strategic partnership.”*

Mr. Ganesh Mani, Senior Managing Director at Blackstone Private Equity, said: *“Life sciences is a key investment theme for Blackstone globally. We have built a unique healthcare private equity practice in India including a transformative buy-and-build hospital chain platform at Quality Care. The partnership between Aster and Quality Care is expected to significantly benefit patients, clinicians, employees, the community, and shareholders. Our focus is on enhancing patient care and experience through investments in best-in-class infrastructure and technology, and ensuring that we deliver top-notch quality of care.”*

Mr. Vishal Bali, Senior Advisor at TPG, said: *“Healthcare has long been a thematic focus for TPG globally and in India, and we are pleased to see Quality Care’s partnership with Aster to create one of India’s top 3 multi-specialty hospital chains. TPG has been a long-term investor in the hospitals segment in India, and is focused on building institutions of healthcare with a foundation of continuous quality improvement and standardized care to improve clinical outcomes and patient safety.”*

Mr. Varun Khanna, Group Managing Director of Quality Care, said: *“This merger demonstrates our aligned cultures and value systems, and furthers our commitment to address bed shortage in India’s underserved regions. The teams at Aster and Quality Care have established a strong legacy of positively impacting patients’ lives and meeting the evolving needs of communities. I look forward to leading this platform into a new era focused on healthcare excellence and serving the best interests of the patients.”*

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.

Subject to necessary approvals, (i) Aster Promoters and Blackstone will hold equal representation on the board and jointly oversee the Merged Entity; (ii) Dr. Azad Moopen will continue as the Executive Chairman of the Merged Entity; (iii) Mr. Varun Khanna and Mr. Sunil Kumar will be promoted to the position of MD & Group Chief Executive Officer and Group Chief Financial Officer of the Merged Entity respectively.

Moelis & Company and Advay Capital acted as financial advisors, with Kotak Investment Banking as corporate advisor and Cyril Amarchand Mangaldas as legal counsel to Aster. Blackstone and TPG, on behalf of QCIL, was advised by NovaaOne Capital as their financial advisor with Trilegal and JSA acting as legal counsel. PwC recommended the swap ratio as an independent registered valuer and ICICI Securities provided the fairness opinion on the swap ratio.

About Aster DM Healthcare Limited in India

Aster DM Healthcare Limited is one of the largest & fastest growing integrated healthcare service providers operating in India with a strong presence across primary, secondary, tertiary, and quaternary healthcare through its growing network in 19 hospitals, 13 clinics, 212 pharmacies, and 232 labs and patient experience centers across 15 cities, delivering a simple yet strong promise to different stakeholders: “We’ll treat you well.”

About Quality Care India Limited

QCIL beginning in 1997, has grown into a leading multi-specialty healthcare provider. QCIL's healthcare troika includes CARE Hospitals, KIMSHEALTH and Evercare. With a network of 26 healthcare centers operating over 5,150+ beds across 14 cities, QCIL is one of the largest hospital networks in India focused on emerging markets. The group's facilities, accredited by NABH and JCI, offer over 30 medical specialties with a team of 2,500+ doctors. QCIL has pioneered numerous medical milestones, including India's first indigenous coronary stent, the first fetal heart surgery, and the first womb transplant. The group is driven by its core values of transparency, compassion, excellence, and equity, reflecting its dedication to ethical and patient centric care.

About Blackstone

Blackstone is the world's largest alternative asset manager. Blackstone seeks to deliver compelling returns for institutional and individual investors by strengthening the companies in which it invests. Its more than \$1.1 trillion in assets under management include global investment strategies focused on private equity, life sciences, growth equity, real estate, infrastructure, credit, secondaries and hedge funds.

About TPG

TPG is a leading global alternative asset management firm, founded in San Francisco in 1992, with \$239 billion of assets under management and investment and operational teams around the world. TPG invests across a broadly diversified set of strategies, including private equity, impact, credit, real estate, and market solutions, and our unique strategy is driven by collaboration, innovation and inclusion. Our teams combine deep product and sector experience with broad capabilities and expertise to develop differentiated insights and add value for our fund investors, portfolio companies, management teams,

Quality CARE India Ltd.



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