

The Indian Hospital sector, currently worth USD 25 bn, is highly fragmented and dominated by private hospitals. The sector has grown from being largely public funded before 1980s to a developing sector fueled by large investments from existing corporate hospital chains and new corporate houses entering the healthcare sector.

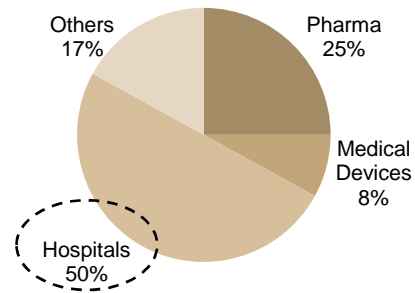
Increasing prevalence of lifestyle diseases, larger proportion of senior citizen population, increase in the coverage of health insurance and government initiatives are some of the factors fuelling the growth of the healthcare sector.

Most major hospital chains have aggressive Greenfield and Brownfield expansion plans to scale up their activities and establish a pan India presence. Based on the ongoing expansion plans, the sector is expected to grow at 14% p.a. for the next 3 years.

Indian hospitals are also exploring other innovative methods to improve their performance metrics. Some hospitals are now getting into tele-medicine and the establishment of 'health cities'. Hospitals are increasingly focusing on specialty centers such as those for eye care, dental care as well as day care surgeries.

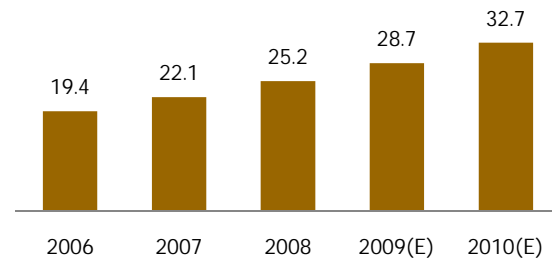
In comparison to the hospital sector of a developed country like the US, the Indian hospital sector is growing at a faster pace and exhibits a much better operational and financial performance. India has the key advantage of significantly lower healthcare costs, fueling the medical tourism industry which is poised to grow at a CAGR of over 27% from CY09-CY12E.

Exhibit 1: Indian Healthcare Sector, 2008



Source: o3 Capital Analysis

Exhibit 2: Indian Hospital Sector, 2008



Note: Figures in USD bn; Source: o3 Capital Analysis

However, Indian hospitals are plagued with various structural and operational problems that put pressure on their margins while they remain a stable income business.

Against this backdrop, o3 Capital has come up with an industry analysis of hospital sector in India. The report comprises eight sections and discusses in detail the overall Indian hospital sector, with brief discussion on the market players, industry growth drivers, key challenges faced, emerging trends, demand supply situation, growth strategies, deal activities and past transactions.

For a detailed report, please mail to gawir.baig@o3capital.com