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India Inc high on healthcare business opportunity

P B Jayakumar & Abhineet Kumar / Mumbai June 29, 2010, 1:22 IST

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The Ambani brothers have done it and so have a host of leading corporate houses. India Inc's love affair with the health care business has just begun to blossom

Mukesh Ambani is going to set up one of the best world-class hospitals in India at Sir Hurkisondas Nurrotumdas Hospital (HNH), under his Reliance Foundation. "This new facility, fully integrated with technology and high-quality diagnostics, is expected to be functional within the next two years", Ambani told shareholders two weeks ago.

His younger brother, Anil Ambani has already ventured into the health care space by setting up the Kokilaben Dhirubhai Ambani Hospital and Research Institute in Mumbai, a 750-bed tertiary care hospital with one of the largest health care infrastructure facilities in the country.

Anil Ambani's Reliance Health is now planning to step up its presence in the health care space in a big way. Others who are eyeing the business potential of health care in India include names like the Hindujas, Sahara Group, Emami, Apollo Tyres and the Panacea Group.

They have enough reasons for doing so. A study conducted by Ficci and Ernst & Young suggests that by the end of 2025, India will need as many as 1.75 million additional beds and the public sector is expected to contribute only 15-20 per cent to the \$86-billion investment required. At present, India has only 860 hospital beds per million population against a world average of 2,600 per million population.

So the Subrato Roy-led Sahara Group, which has a couple of hospitals already, is stepping on the gas. The group is planning to set up a 1,500-bed multi super-specialty, tertiary care hospital at Aamby Valley City, a 200-bed multi-specialty tertiary care hospital at Gorakhpur in Uttar Pradesh and 30-bed multi-speciality secondary care hospitals across all the 217 Sahara City Homes Townships. Of these 217 hospitals, the first phase comprises 88 townships of which the first nine hospitals will soon come up at Ahmadabad, Aurangabad, Coimbatore, Indore, Gwalior, Jaipur, Lucknow, Nagpur and Solapur.

This will require an investment of about Rs 3,000 crore-4,000 crore.

"We have been in advanced stages of discussions with several hospital operators for strategic partnerships. We are also in talks with several financial institutions and private equity players for investments into these projects," said Sushanto Roy, chief executive officer of Sahara Prime City, the Group's flagship housing company.

Changes in demographics is leading to an altered mix of disease profiles and increasing incidences of lifestyle-related diseases. Rising literacy rates and growing awareness is leading to an increased demand for quality health care. Of late, the penetration of health insurance has also resulted in greater awareness, as well as availing of health care facilities, says Roy.

Artemis Health Sciences (AHS), a health care venture launched by promoters of the Apollo Tyres Group, is also on an expansion spree. Its first project, Artemis Health Institute at Gurgaon, a 260-bed tertiary care super-specialty hospital set up with an investment of Rs 260 crore, is already up and running. The Group is planning to build four to eight multi-specialty hospitals in the next three years in north India in Uttar Pradesh, Punjab, Haryana, Rajasthan and Madhya Pradesh, said Kushagra Katariya, chief executive of Artemis Health Institute.

“At present, only 10 per cent of the total one million beds in India are managed by the private sector. The average life span of people is growing and lifestyle diseases are becoming more common, fueling the need of corporate entry into territory health care,” said .

Fast growing beauty care product maker Emami, which ventured into creating quality healthcare facilities in eastern India in Orissa and West Bengal, is also on an expansion spree.