



# Healthcare Industry Update

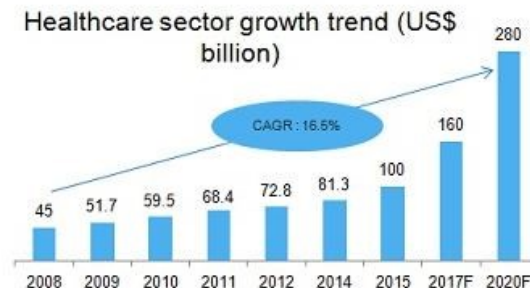
## Healthcare Industry in India

The Indian healthcare sector is expected to register a compound annual growth rate (CAGR) of 22.9 per cent during 2015-20 to US\$ 280 billion. Rising income level, greater health awareness, increased prevalence of lifestyle diseases and improved access to insurance would be the key contributors to growth.

The private sector has emerged as a vibrant force in India's healthcare industry, lending it both national and international repute. It accounts for almost 74 per cent of the country's total healthcare expenditure. Telemedicine is a fast-emerging trend in India; major hospitals (Apollo, AIIMS, Narayana Hrudayalaya) have adopted telemedicine services and entered into a number of public-private partnerships (PPP). The telemedicine market in India is valued at US\$ 7.5 million currently and is expected to grow at a CAGR of 20 per cent to reach US\$ 18.7 million by

Source: IBEF

Healthcare sector growth trend (US\$ billion)



Source: Frost & Sullivan, LSI Financial Services, Deloitte, TechSci Research

Notes: E - Estimate, F - Forecast, CAGR - Compound Annual Growth Rate

2017. Further, presence of world-class hospitals and skilled medical professionals has strengthened India's position as a preferred destination for medical tourism.

The Government of India aims to develop India as a global healthcare hub. It has created the National Health Mission (NHM) for providing effective healthcare to both the urban and rural population. The Government is also providing policy

support in the form of reduced excise and customs duty, and exemption in service tax, to support growth in healthcare.

Investment in healthcare infrastructure is set to rise, benefiting both 'hard' (hospitals) and 'soft' (R&D, education) infrastructure.

## Healthcare Industry—Road ahead

India is a land full of opportunities for players in the medical devices industry. The country has also become one of the leading destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities, thus catering to a greater proportion of

population. Besides, Indian medical service consumers have become more conscious towards their healthcare upkeep.

India's competitive advantage also lies in the increased success rate of Indian companies in getting Abbreviated New

Drug Application (ANDA) approvals. India also offers vast opportunities in R&D as well as medical tourism. To sum up, there are vast opportunities for investment in healthcare infrastructure in both urban and rural India.

Source: IBEF

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### Special points of interest:

- Healthcare IBEF Report
- Top 10 Indian Healthcare companies
- Top health industry issues of 2016: Thriving in the New Health Economy
- Crisil Opinion - Rx Higher Innovation Dose

# Industry Trends—Whitepapers

| Title   | Source                  | Abstract  | Link                       |
|---|-------------------------|---|----------------------------|
| How Emerging Markets Use Partnerships to Leapfrog in Health Innovation        | Boston Consulting Group | Building sustainable health systems in emerging economies is one of the biggest challenges of our time. And following the path of established health systems in developed economies is not the answer.  | <a href="#">Click here</a> |
| Medtech Companies Need to Transform While Times Are Still Good                | Boston Consulting Group | The medical technology (medtech) sector of the health care industry has been highly attractive to investors for more than a decade, delivering total shareholder returns of nearly 350% between 2001 and 2015.  | <a href="#">Click here</a> |
| Why digital transformation should be a strategic priority for health insurers | McKinsey                | Digital technologies and applications have the potential to markedly enhance a payor's profits. Leadership from the top is necessary to overcome the organizational resistance to change that can make a digital transformation difficult.  | <a href="#">Click here</a> |
| How healthcare systems can become digital-health leaders                      | McKinsey                | The potential of digitization is well understood, yet healthcare systems are struggling to convert ambition into reality. Here's what we recommend.   | <a href="#">Click here</a> |
| Healthcare: The neglected GDP driver_Need for a paradigm shift                | KPMG                    | A robust healthcare system drives GDP growth in the presence of adequate investments and a conducive environment by not only acting as a productivity and employment generator, but also as a magnet to attract foreign exchange earnings and provide opportunities for innovation and entrepreneurship.                        | <a href="#">Click here</a> |
| Digital health: heaven or hell?   | KPMG                    | The approach of most healthcare providers to extracting productivity improvements through technology so far has focused on back office efficiency and improving simple transactions, while leaving the vast majority of patient facing activity unchanged.  | <a href="#">Click here</a> |
| 2015 health care outlook  | Deloitte                | Industry chamber Assocham estimates that India's medical tourism sector is likely to more than double between 2011 and 2015, from \$980 million to \$1.8 billion.   | <a href="#">Click here</a> |
| Top health industry issues of 2016: Thriving in the New Health Economy        | PwC                     | In 2016, millions of American consumers will have their first video consults, be prescribed their first health apps and use their smartphones as diagnostic tools for the first time. These new experiences will begin to make real the dream of care anywhere, anytime, changing consumer expectations and fueling innovation. | <a href="#">Click here</a> |

## Crisil Opinion

### Rx Higher Innovation Dose May 2016

The Indian pharmaceutical industry needs to urgently step up focus and investment on new drug development and biosimilars if it is to sustain the current pace of growth in exports. This is because the contribution of generics, which has been the growth engine so far, is expected to taper as the value of drugs going off patent declines and pricing pressures shoot up.

### ‘Eyeing’ the gains in healthcare May 2014

Until a few years ago, words like ‘cataract’, corneal implant, surgery, conjured images of long-drawn operations. No more. With private eye care chains widening their presence in India, all treatments — from optical treatments or cataract surgeries — take only a few hours at the most.

### Boosting healthcare coverage: PPP model the way ahead

Jan 2012

India fares poorly on healthcare indicators and universal health coverage still appears to be a distant goal. Not only is public spending on health as a percentage of GDP far below that of other nations, both physical and human infrastructure are severely inadequate.

## Top 10 companies in Healthcare Industry

| Company                             | Listed/Unlisted | Total Assets | Total Liabilities | Total Operating Revenue | Fiscal Year |
|-------------------------------------|-----------------|--------------|-------------------|-------------------------|-------------|
| Max Financial Services Ltd.         | Listed          | 355,029.62   | 315,838.82        | 100,661.90              | 2015        |
| Apollo Hospitals Enterprise Ltd.    | Listed          | 66,808.60    | 68,384.30         | 54,090.70               | 2016        |
| Fortis Healthcare Ltd.              | Listed          | 76,155.76    | 27,450.04         | 39,720.84               | 2015        |
| Wipro Ge Healthcare Private Limited | Unlisted        | 19,497.70    | 13,008.40         | 36,293.00               | 2015        |
| Fortis Hospitals Limited            | Unlisted        | 21,273.36    | 16,400.25         | 20,051.87               | 2015        |
| Novartis Healthcare Pvt.Ltd.        | Unlisted        | 6,081.60     | 3,041.30          | 17,107.30               | 2015        |
| Narayana Hrudayalaya Ltd.           | Listed          | 13,370.90    | 13,681.90         | 14,636.30               | 2016        |
| Global Health Private Limited       | Unlisted        | 11,016.30    | 5,372.84          | 9,420.68                | 2013        |

Source: EMIS

## Healthcare Report—India Brand Equity Foundation

|                                   |   |
|-----------------------------------|---|
| Sixth largest in the world        | <ul style="list-style-type: none"> <li>India is expected to rank amongst the top three healthcare markets in terms of incremental growth by 2020</li> <li>India was the sixth largest market globally in terms of size in 2014</li> </ul>   |
| Impressive growth prospects       | <ul style="list-style-type: none"> <li>Indian healthcare sector, one of the fastest growing industry, is expected to advance at a CAGR of 22.87 per cent during 2015–20 to reach USD280 billion. There is immense scope for enhancing healthcare services penetration in India, this presents ample opportunity for development of the healthcare industry</li> </ul> |
| Strong fundamentals               | <ul style="list-style-type: none"> <li>Rising income levels, ageing population, growing health awareness and changing attitude towards preventive healthcare is expected to boost healthcare services demand in future</li> </ul>   |
| Cost advantage                    | <ul style="list-style-type: none"> <li>The low cost of medical services has resulted in a rise in the country's medical tourism, attracting patients from across the world. Moreover, India has emerged as a hub for R&amp;D activities for international players due to its relatively low cost of clinical research</li> </ul>                                      |
| Favourable investment environment | <ul style="list-style-type: none"> <li>Conducive policies for encouraging FDI, tax benefits, favourable government policies coupled with promising growth prospects have helped the industry attract private equity, venture capitals and foreign players</li> </ul>  |

To get the entire report [click here](#)

## Healthcare—News & Deals

### News

- [Welingkar Institute to host health hackathon with Tel Aviv University, Israel](#)
- [Health care needs Skill India too](#)
- [At last, India caps prices of stents](#)
- [India to establish Medical Technology Assessment Board](#)
- [Dalmia's plan to disrupt the Indian healthcare industry](#)
- [Twitter can help spread healthcare -related news: Study](#)

### Deals

- [Max Healthcare to acquire remaining 49% stake in Saket City Hospital for Rs 300 crore](#)
- [VCs invest \\$1.6 billion in Healthcare IT firms in April-June quarter](#)
- [Azim Premji vies with buyout funds for \\$220 million KIMS hospitals deal](#)
- [Granules acquires 12.5% stake in USpharma](#)

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## Healthcare Infographics—Click to view the larger image

