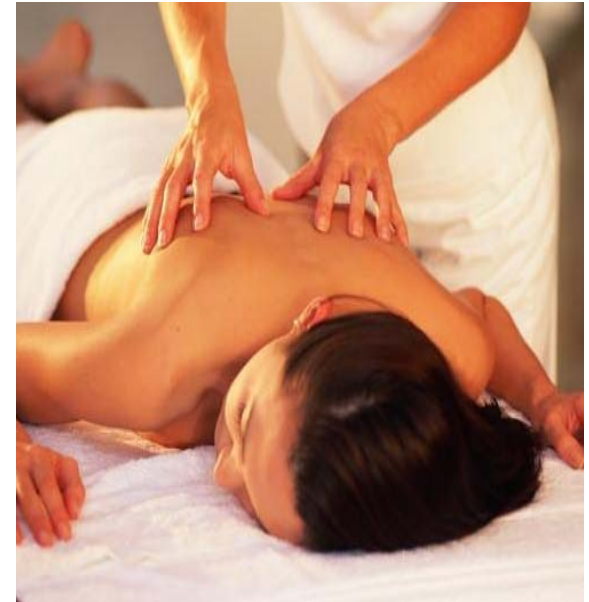


WHERE IS INDIA'S HEALTHCARE REVOLUTION HEADED?



*Thursday, April 19, 2007
IFC, USA*



*Harpal Singh
Chairman
Fortis Healthcare Ltd & Escorts Heart*

“There is growing evidence that the current health systems of nations around the world will be unsustainable if unchanged over the next 15 years. *Globally, healthcare is threatened by a confluence of powerful trends - increasing demand, rising costs, uneven quality, misaligned incentives.* If ignored, they will overwhelm health systems, creating massive financial burdens for individual countries and devastating health problems for the individuals who live in them.”

PwC HealthCast 2020: Creating a Sustainable Future

CURRENT INDIAN HEALTHCARE LANDSCAPE

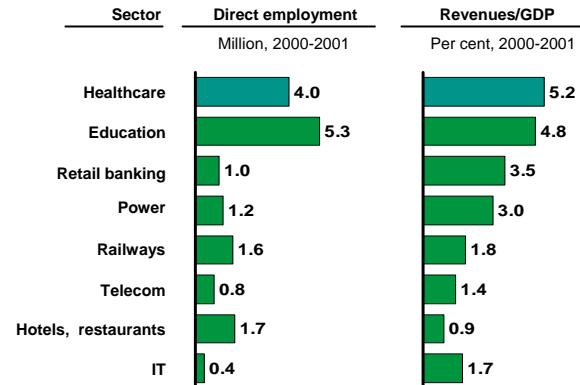
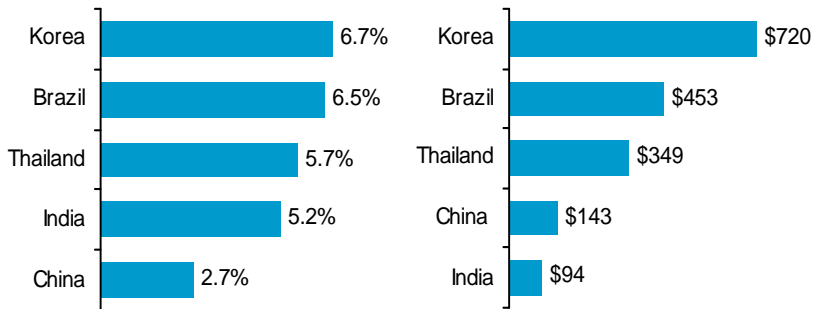


Healthcare Spend (1)

Sector : Issues & Key Drivers

% of GDP

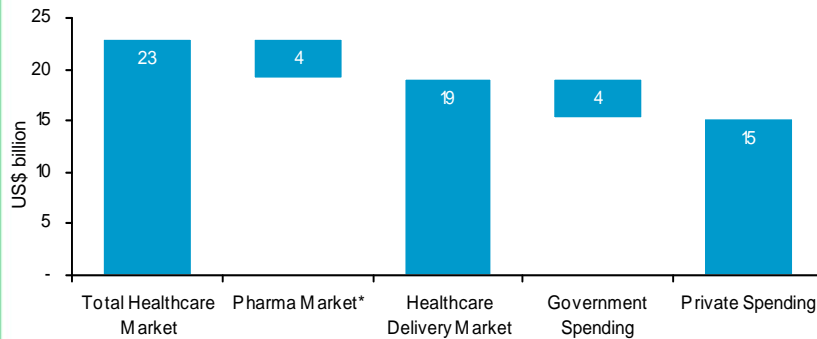
Per Capita Spend #(PPP)



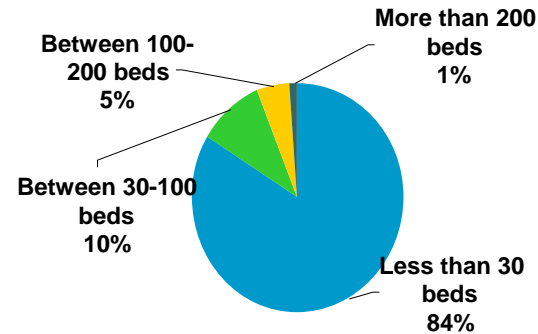
Healthcare is the largest service industry in terms of revenues and the second largest after education in terms of employment

Spending in the Healthcare Delivery Market

Distribution of Private Hospitals by Bed Size 2000 – 01



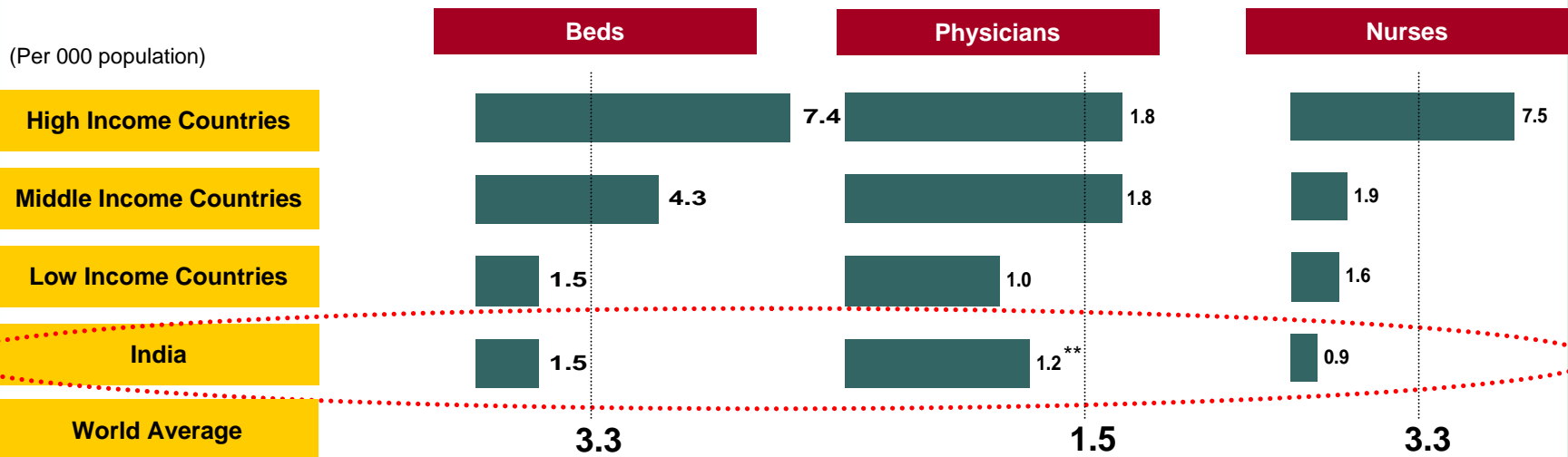
100% = 35,000 to 45,000 Hospitals



CURRENT HEALTHCARE INFRASTRUCTURE



Key Statistics -2001 ⁽¹⁾



- ❖ Significant demand supply gap presents huge opportunity
- ❖ To meet 2012 demand requires investment of US \$ 77.9 - 88.8 bn^{(2)*}
- ❖ 89% of investment will be by private sector

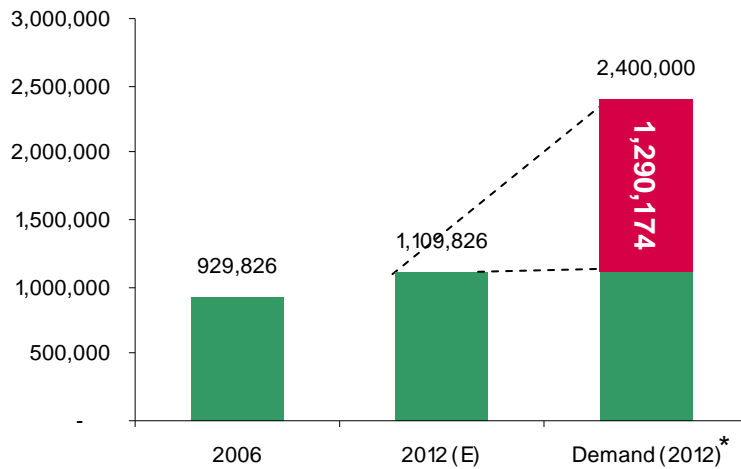
(1) Healthcare in India : The road ahead - CII & McKinsey, Data as of 2001
 (2) Opportunities in Healthcare "Destination India" –E&Y and FICCI, Data as of Jan 2007

4 (1) * This is to reach the target number of beds to population ration of 1.85:1000 / 2:1000
 ** The allopathic doctors constitutes 0.5

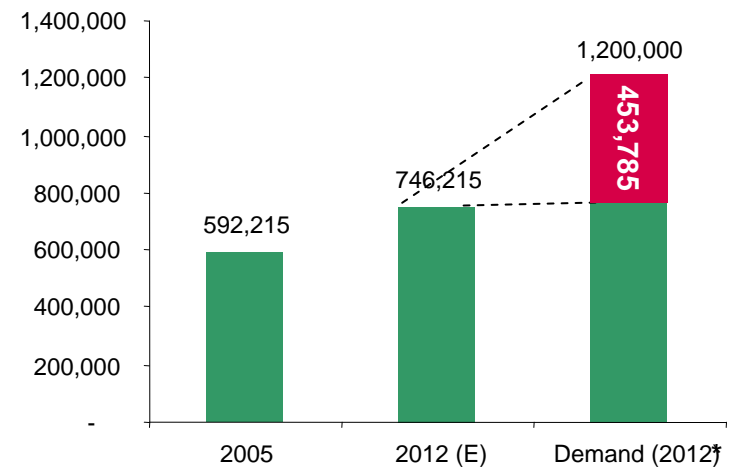
MANPOWER REQUIREMENT



Nurses (2012)



Doctors (2012)



...an opportunity to invest in medical education

Source: Opportunities in Healthcare "Destination India" –E&Y and FICCI, Data as of Jan 2007

* Indicates the number of doctors and nurses needed to achieve a ratio of 1: 1000 (doctor: patient) and 2: 1000 (nurse: patient) respectively

GROWTH POTENTIAL

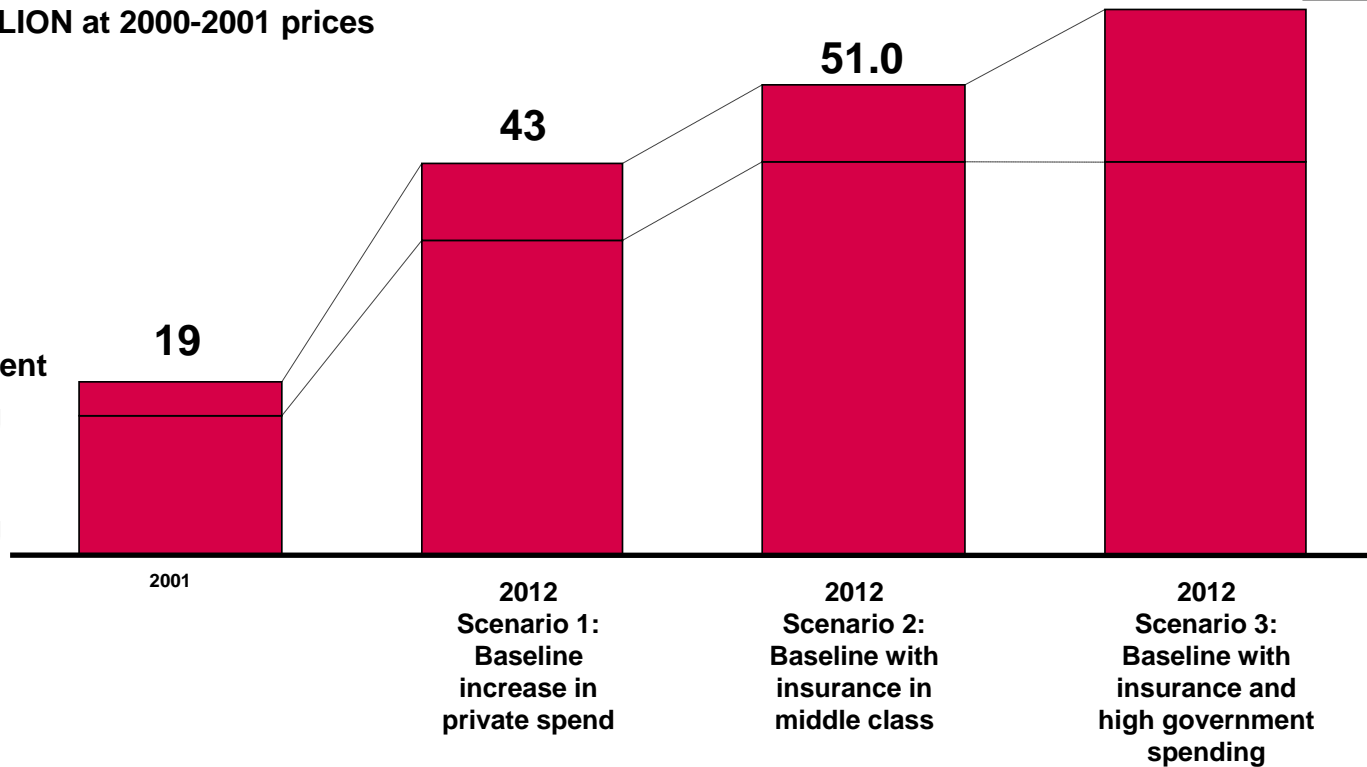


US \$ IN BILLION at 2000-2001 prices

60.0

ESTIMATE

Government
spending
Private
spending



Key

Assumption

Government
Spending

1% GDP

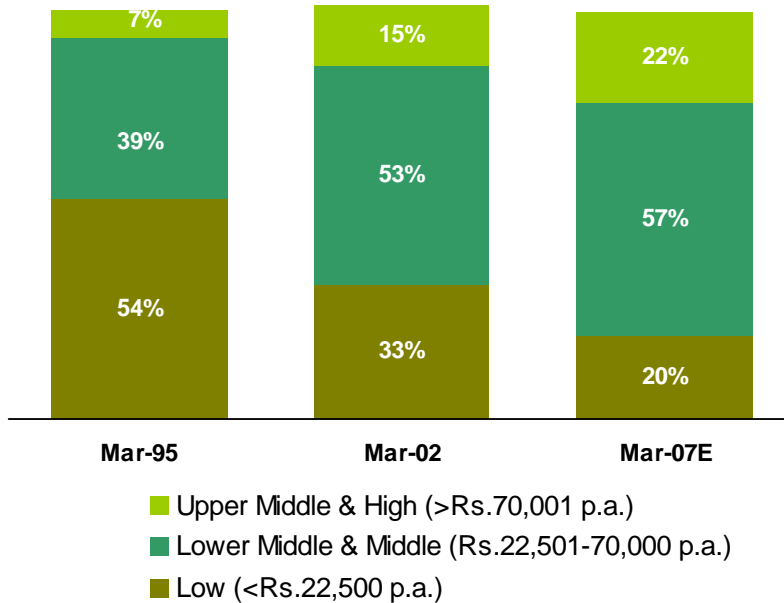
1% GDP

2% GDP

KEY DRIVER - AFFORDABILITY

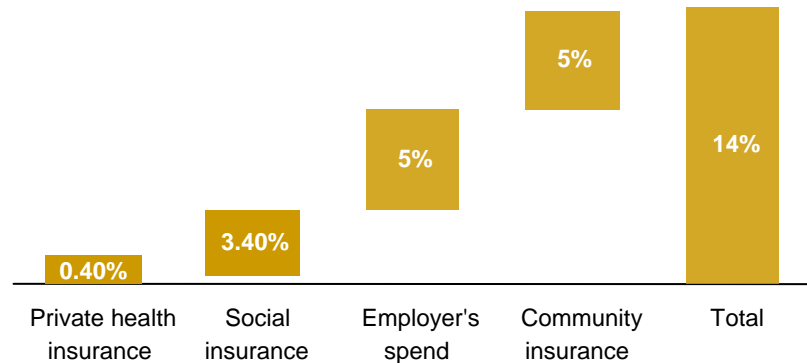


Favorable Shift in Demographics⁽¹⁾ (% Households)



340 Million people moved up from low Income group

Insurance Coverage ⁽²⁾



Health Insurance coverage is expected to grow by 32% per year (CAGR 2006-12) ⁽³⁾

7

(1) Average GDP Annual Growth Rate between 1993 to 2003 - World Bank
 (2) Healthcare in India : The road ahead - CII & McKinsey, Data as of 2001
 (3) Opportunities in Healthcare "Destination India" -E&Y and FICCI, Data as of Jan 2007

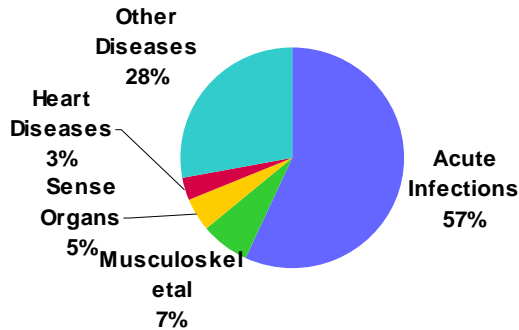
MARKET: GROWTH & CHANGING DYNAMICS



OPD Market*

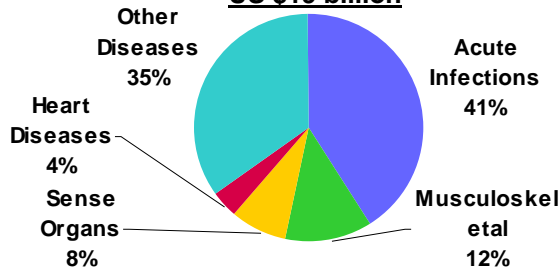
2001

US \$10 billion



2012

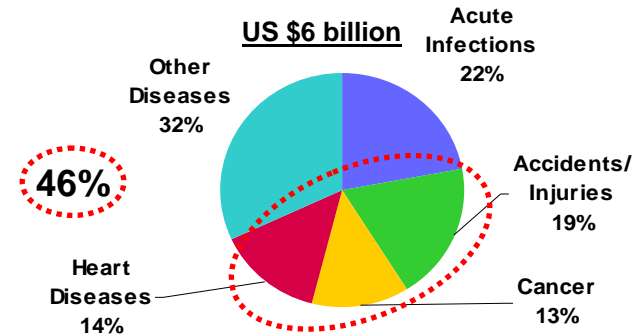
US \$19 billion



IPD Market*

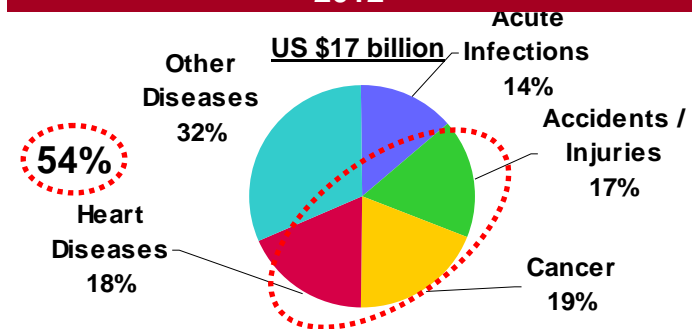
2001

US \$6 billion



2012

US \$17 billion



3 fold increase in Life style diseases
Increasing demand for Tertiary care facilities

MEDICAL VALUE TRAVEL



Overview

- Globally the MVT mkt was estimated at \$40 bn ⁽¹⁾ ; India's share < 1%
 - Thailand, South Africa, Malaysia, Cuba, Costa Rica - emerging destinations.
- 2012, Global MVT market estimated at US \$100 bn; India's share will grow to 2-3%

Cost Advantage ⁽²⁾

PROCEDURE	COST (US\$)	
	US	INDIA
Heart Surgery	100,000	4,400
Bone Marrow Transplant	2,50,000	30,000
Liver Transplant	3,00,000	40,000
Knee Surgery	48,000	4,500
Hip Replacement	55,000	4,500

Key drivers for the growth

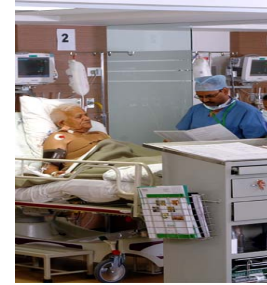
- Quality delivery at Low cost
- Skilled doctors
- Modern hospitals

Issues

- Poor infrastructure of the country
- Low information on quality hospitals
- Lack of accreditation of hospitals

EMERGING TRENDS

- Growing number of high quality health institutions having
 - Modern infrastructure
 - World class processes and protocols
 - Contemporary technology
 - Quality manpower - doctors, nurses, technicians
 - Internationally accredited diagnostic services
- Hospitals seeking International Accreditation
- International talent returning to India
- Negligible Indian patients going overseas for treatment
- Government supportive of public private partnerships



CHALLENGES REMAIN



- Achieve Millennium Development Goals on health
- Expand reach & accessibility of healthcare services- National Rural Health Mission
- Increase spending on Healthcare whilst keeping costs under control
 - Government spending to Increase (Target to achieve 3% of GDP by end of 11th Plan)
- Address dual burden of diseases
 - Communicable
 - Lifestyle
- New challenges (HIV/AIDS, Bird Flu)
- Expand Hard & Soft infrastructure
 - Increase Capital Investment
 - Generate Professional Manpower

THANK YOU