



INDIAN HOSPITAL INDUSTRY

**Private sector players to add ~30,000
beds at a capital outlay of at least Rs.
32,500 crore over the next five years**

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Several large players in the hospital industry have announced sizeable expansion plans.

ICRA expects private sector players to add ~30,000 beds across the country in the next five years.

This is expected to result in a capital outlay of more than Rs. 32,500 crore.



The occupancy of ICRA's sample set companies improved to 65.7% in H1 FY2024 from 65.1% in FY2023 and 60.4% in FY2022. This was largely supported by recovery in medical tourism, continued robust demand for elective procedures, and market share gains for organised players, given the rising penetration of medical insurance. Average Revenue Per Occupied Bed (ARPOB) has also been healthy and witnessed a sizeable growth of ~10% for listed hospitals in H1 FY2024.



In line with the improving demand scenario and robust operating metrics, most large industry players have announced sizeable capacity expansion plans over the next few years.



The private sector currently accounts for 60-65% of the hospitals and hospital beds in the country. Given the inadequate public spend on healthcare, dependence on private healthcare is expected to remain high going forward as well.



Cumulatively, the private sector players are expected to add ~30,000 beds in the next five years, that is a ~2.5-3% addition to existing private hospital bed capacity in India.



This capital expenditure (capex) is expected to be a mix of greenfield and brownfield expansions and will result in an outlay in excess of ~Rs. 32,500 crore over the next five years.



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