



A Bright Future



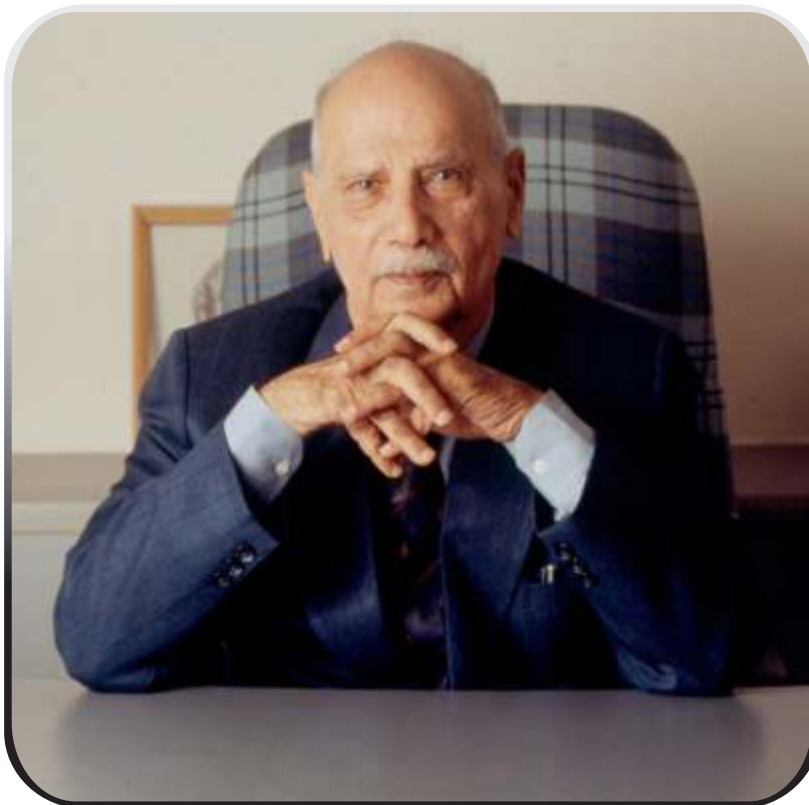
Enriching Lives

Annual Report 2011 - 2012

Noida Medicare Centre Ltd.

An ISO 9001:2008 Healthcare Organisation

OUR VISION



Late Brig. R. S. Chaudhri VSM
Founder Chairman
May 2010

*"To Pursue Excellence
with uncompromised commitment to provide prompt, effective
&
responsive healthcare with compassion & zeal"*



DIRECTORS

DR. NAVEEN CHAUDHRI	-	CHAIRMAN & MANAGING DIRECTOR
SHRI VIKRAM PRAKASH	-	DIRECTOR
SHRI C.P.CHHABRA	-	DIRECTOR
SHRI RAM K. GUPTA	-	DIRECTOR
SHRI RAVI MATHUR IAS (Retd.)	-	DIRECTOR
SHRI DHIRENDRA SINGH IAS (Retd.)	-	DIRECTOR

COMPANY SECRETARY

R.K. GUPTA

BANKERS

KOTAK MAHINDRA BANK LTD
PLOT NO 31& 32, BLOCK G, SECTOR-18
NOIDA- 201301 U.P.

DHAN LAXMI BANK LTD.
A-II/44, LAJPAT NAGAR-II,
NEW DELHI-110024

AUDITORS

N.K. DUGGAL & CO.
CHARTERED ACCOUNTANTS
47-F, POCKET-B-8, KONDLI GHAROLI
MAYUR VIHAR, PHASE-III, DELHI - 110096

INTERNAL AUDITORS

VIPAL KALRA & ASSOCIATES,
CHARTERED ACCOUNTANTS,
A-41, SECTOR-8
NOIDA – 201 303 (U.P.)

SOLICITORS & ADVOCATES

ATUL NANDA
12-C, SAGAR APARTMENTS
6, TILAK MARG
NEW DELHI-110 001

REGISTERED OFFICE

VIDYASAGAR INSTITUTE OF MENTAL HEALTH
& NEUROSCIENCES,1, INSTITUTIONAL AREA,
NEHRU NAGAR,
NEW DELHI – 110 065.

HOSPITAL

16-C, BLOCK-E, SECTOR –30,
NOIDA 201 303 (U.P.)
Email: nmc@nmc.co.in
Website: www.nmc.co.in

IMAGING & DIAGNOSTIC CENTRES

- VIMHANS HOSPITAL, NEW DELHI
- SUNDER LAL JAIN HOSPITAL
DELHI
- L L R M MEDICAL COLLEGE
MEERUT (U. P.)

REGISTRARS & SHARE TRANSFER AGENTS

M/S MCS LTD.
F-65, FIRST FLOOR, OKHLA INDUSTRIAL AREA, PHASE-I
NEW DELHI-110 020

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY THIRD ANNUAL GENERAL MEETING OF NOIDA MEDICARE CENTRE LIMITED WILL BE HELD AT VIDYASAGAR INSTITUTE OF MENTAL HEALTH & NEUROSCIENCES (VIMHANS), 1 INSTITUTIONAL AREA, NEHRU NAGAR, NEW DELHI-110065 ON SATURDAY, THE 29th DAY OF SEPTEMBER, 2012 AT 9.00 A.M. to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012 and Audited Profit & Loss Account for the period ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ram K Gupta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ravi Mathur who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold the office from the conclusion of this Meeting until the conclusion of next Annual General Meeting of the Company and fix their remuneration.
N.K. Duggal & Co. Chartered Accountants retire at this Annual General meeting and being eligible offers themselves for re-appointment.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification(s) the following Resolution as a Special Resolution: **"RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof for the time being in force and subject to the approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment and the remuneration payable to Dr. Naveen Chaudhri as Chairman & Managing Director of the Company for a period of five years w.e.f. 1st April 2012 on remuneration, including minimum remuneration as set out in the Explanatory Statement annexed hereto."

Regd. Office:
Vidyasagar Institute of Mental
Health & Neurosciences,
1 Institutional Area,
Nehru Nagar,
New Delhi-110065

BY ORDER OF THE BOARD

For Noida Medicare Centre Ltd.

Rakesh K. Gupta
Company Secretary

Date : August 30, 2012
Place : New Delhi

NOTES: -

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND TO VOTE ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.**
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, is enclosed herewith and forms part of this Notice.
3. In terms of clause 49 of the Listing Agreement, the additional information on Directors seeking re-appointment at this Annual General Meeting has been provided elsewhere in this Notice.
4. Members who hold shares in electronic form are requested to notify any changes in their particulars like change in address, etc. to their respective Depository Participants immediately and Members who hold shares in physical form are requested to notify any change in their particulars like change in address, etc to the Registrar & Transfer Agents of the Company.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 24th September 2012 to Saturday, the 29th September 2012 (both days inclusive).
6. The Members / Proxies are requested to bring the Attendance Slip duly filled in and hand over the same at the entrance of the Meeting Hall. The members who hold shares in dematerialized form are requested to bring their Client Master List/ Depository Participant Statement / Delivery Instruction Slip, reflecting their Client ID and DP ID Nos for easier identification of attendance at the meeting.
7. Members are requested to intimate to the Company queries, if any, regarding Accounts/Notice at least 7 days before the Meeting at its Registered Office address to enable the Management to keep the information ready at the meeting.

**ANNEXURE TO NOTICE
EXPLANATORY STATEMENT (PURSUANT TO SECTION
173(2) OF THE COMPANIES ACT, 1956)**

ITEM No. 5

Dr. Naveen Chaudhri has been re-appointed by the Board of Directors of the company in their meeting held on 13th February, 2012, on the remuneration and term and conditions as agreed between him and the company, subject to the approval of the members in General Meeting, for a period of five years with effect from 1st April 2012. Your approval is sought for his re-appointment and payment of remuneration. The remuneration payable to Dr. Naveen Chaudhri has been approved by the Remuneration committee of the Board in their meeting held on 13th February, 2012.

The remuneration and terms and conditions of re-appointment of Dr. Naveen Chaudhri are as detailed here under:

Salary:

Rs. 3,50,000/- per month subject to such increments as the Board may approve from time to time provided that the monthly salary shall not exceed Rs. 8,50,000/- per month.

Commission:

In addition to the salary and perquisites, the Managing Director will be entitled to such commission based on the net profits of the Company in any financial year not exceeding one percent of such profits as the Board of Directors shall decide, having regard to the performance of the Company.

Perquisites:

Dr. Naveen Chaudhri shall be entitled to the following perquisites/allowances and benefits:

1. Housing : Unfurnished residential accommodation or rent free accommodation or house rent allowance as per rules of the company in lieu thereof with free use of all the facilities and amenities provided by the company. The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962.
2. Medical Reimbursement/allowance: Reimbursement of actual expenses for self and family and/or allowance will be paid as decided by the Board from time to time.
3. Leave Travel Concession/allowance: For Self and family once in a year, as decided by the Board from time to time.
4. Club Fees: Fees payable subject to a maximum of two clubs.

5. Provision for driver/ driver's salary allowance: As per the rules of the company.
6. Children education allowance: As per the rules of the company.

Other Benefits:

Dr. Naveen Chaudhri shall also be entitled to the following benefits:

1. Company's Contribution to Provident Fund and Superannuation Fund/ Annuity Fund: As per the rules of the company.
2. Gratuity: As per the rules of the company.
3. Company's Car and Telephone: Use of the company's car and telephone at residence for official purposes as per the rules of the company.
4. In addition to the above, such other benefits, amenities and facilities as per the rules of the company.

Dr. Naveen Chaudhri, Subject to the superintendence, control and direction of the Board, shall exercise and perform such powers and duties, as the Board of Directors shall determine from time to time.

The Board of Directors of the company is also authorised to vary, alter or modify the different components of the above remuneration of Dr. Naveen Chaudhri in conformity with the requirement of schedule XIII of the Companies Act, 1956 and any notification/ guidelines issued by the Central Govt. or any prescribed authority governing the appointment and remuneration payable to Chairman & Managing Director as may be agreed to by the Board of Directors and Dr. Naveen Chaudhri.

Minimum Remuneration:

If in any financial year during the currency of tenure of Dr. Naveen Chaudhri, the company has no profits or its profits are inadequate, Dr. Naveen Chaudhri shall be entitled to remuneration as specified above and shall be paid as minimum remuneration as specified in Companies Act, 1956 for such year to Dr. Naveen Chaudhri.

General Information about the Company**Nature of Industry**

Your company is a multi super speciality Hospital equipped with Ultra modern therapeutics and diagnostic equipments and is also having Imaging and Diagnostic Centres in NCR region.

Financial performance

The year in review, registered a turn over of Rs. 5,849.19 lacs as against a turn over of Rs.5,513.13 lacs for the previous year. The annualized income of the company has increased by 6%.

Information about the Managing Director

Dr. Naveen Chaudhri is the founder promoter of Noida Medicare Centre Ltd. and has been the driving force behind the company's phenomenal growth and success since 1990. As Chairman & Managing Director of the company, he personally led the company into the multi super speciality hospital.

Dr. Naveen Chaudhri is an ex-army service man. He is qualified M.B.B.S. and M.D. (Internal Medicine) from Armed Forces Medical College, Pune and has over 34 years rich medical experience to his credit.

Under his able guidance and stewardship, the hospital has been the trendsetter and has put Noida on World medical map. NMC was the First Hospital to put whole body C T Scan facility in Noida. Under his leadership and vision, NMC has grown from 68 bedded hospital to 120 bedded multi superspeciality hospital recognised by more than 120 public/ private sector undertakings for the medical treatment of their employees and dependents. NMC, today has made its position in healthcare industry and has also started receiving patients from Overseas for treatment of critical illness.

In addition, Dr. Naveen Chaudhri took the challenge and has setup chain of most modern state-of-the-art Imaging & Diagnostic Centres at Vimhans (120 bed Neurosciences Centre), New Delhi, LLRM Medical College (500 bed Govt Medical College), Meerut and at Sunder Lal Jain Hospital (120 bed general hospital) Delhi.

Dr. Naveen Chaudhri is responsible for giving strategic direction to the Company, which is committed to the highest standard of excellence, quality patient care at an affordable price.

The members are requested to approve the re-appointment of Dr. Naveen Chaudhri as Chairman & Managing Director pursuant to section 198, 269,309 of the Companies Act 1956. The Board of Directors considers that the remuneration and perquisites proposed to be paid to Dr. Naveen Chaudhri are commensurate with the duties and responsibilities entrusted to him.

OTHER INFORMATION:

Since the nature of business is a healthcare, which is a service industry and has a long gestation and is highly capital intensive in nature requiring large outflow of funds. This has impacted the return on capital employed.

Your directors considers that the re-appointment and the terms & conditions of re-appointment of Dr. Naveen Chaudhri will be in the best interest of the company, and, therefore, recommends the above resolution for your approval.

Except Dr. Naveen Chaudhri, no other Director(s) of the Company is concerned or interested in the resolution at item no. 5 of the Notice to the members.

Yours Directors recommend the resolution at item no. 5 of the Notice.

Regd. Office:
Vidyasagar Institute
of Mental Health &
Neurosciences,
1 Institutional Area,
Nehru Nagar,
New Delhi-110065

BY THE ORDER OF THE BOARD

For Noida Medicare Centre Ltd.

Rakesh K. Gupta
Company Secretary

Date : August 30, 2012
Place : New Delhi

Details of Directors seeking re-appointment at the ensuing Annual General Meeting:

1. Mr. Ram K. Gupta

Mr. Ram K. Gupta, aged 73 years, is retired Managing Director of State Bank of Patiala. Mr. Gupta is FICWA besides MBA (Finance) by qualification from Delhi University. He also served State Bank of India as Deputy Managing Director. During his distinguished banking service, Mr. Gupta has held various assignments in multifarious aspects of banking in India & abroad. Mr. Gupta is holding Directorship in Sab Industries Ltd., Industrial Cables Ltd., Paul Merchants Ltd.

2. Mr. Ravi Mathur

Mr. Ravi Mathur aged 66 years is an IAS (Retd.) officer of U.P. Cadre and has served various important administrative positions of Central Govt. and U.P. State Govt. viz District Magistrate, Kanpur, Saharanpur & Muzaffar Nagar, Chairman & Chief Executive Officer (CEO) Greater Noida & Noida. Chairman, Board of Revenue, Lucknow. Principal Secretary, Excise, Labour Affairs, Science & Technology, Govt. of U.P. Lucknow. Mr. Mathur also held the position of Joint Secretary, Ministry of Textile & Ministry of Chemical & Fertilizers Govt. of India, New Delhi. During the year 2001-2002 and 2004 – 2005 Mr. Mathur also served as Resident Commissioner, Uttar Pradesh and Industrial Development Commissioner, Govt. of U.P.

Mr. Mathur does not hold directorship in any Public Ltd. Company.

DIRECTORS' REPORT**To****The Members****NOIDA MEDICARE CENTRE LTD.**

Your Directors have pleasure in presenting Twenty Third Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

₹ in Lacs

	Current Year (2011-2012)	Previous Year (2010-2011)
Income	5849.19	5513.13
Other Income	55.33	41.08
Profit before interest & depreciation & taxation	1595.73	1401.74
Interest	248.36	197.77
Depreciation	890.06	819.53
Profit Before Tax	457.31	384.44
Provision for Tax/ Deferred tax Liability	123.49	135.24
Profit after tax	333.82	249.20

OPERATIONS

The financial year 2011-12 witnessed marginal growth in income of the company. During the year under report, the company has recorded turnover of Rs. 5849.19 Lacs as compared to turnover of Rs. 5513.13 Lacs for the previous year ended 31st March 2011. During the year under review, profit before interest, depreciation and taxation was Rs.1595.73 Lacs as compared to Rs. 1401.74 Lacs in the previous year ended 31st March 2011. The company earned net profit of Rs. 346.08 Lacs in the current year as compared to the net profit of Rs. 333.82 Lacs in the previous year ended 31st March 2011.

The company had an eventful year, where it made big strides in positioning NMC as one of the best healthcare provider of International Standards. Your company has also achieved substantial growth in diagnostics operations at its Imaging & Diagnostic Centres situated at VIMHANS, New Delhi, Sunder Lal Jain Hospital, Delhi and LLRM Medical College, Meerut. The centres are enjoying the reputation of being one of the leading diagnostic centres of Delhi and Meerut respectively in terms of availability of latest modalities, accurate diagnosis and quality reporting systems.

All departments of the hospital have been operating satisfactorily and are poised for future expansion and modernization following requisite financial inputs. Your hospital, despite the stiff competition and challenges from the large multinational corporate hospitals, which have recently been established in the region, has been able to maintain its edge,

due to its long built goodwill and established clientele base. In addition, your hospital, to maintain its image and reputation of providing quality and excellent healthcare services with a humane touch, has been constantly upgrading its existing medical facilities at the centre.

EXPANSION / UP-GRADATION

During the year under report, your company has entered into Memorandum of Understanding (MOU) with VIMHANS Hospital to setup three major Superspecialities viz Nephrology, Cardiology & Gastroenterology. The company has already commenced the Department Nephrology and has setup four ultramodern dialysis machines procured from B Braun plus Germany. Your company has also installed hi-end CR System from Agfa Healthcare in its Imaging & Diagnostic division at Vimhans. This shall give the company its presence in hospital sector in the heart of Capital and shall create value for itself and its stakeholders.

Your hospital at Noida has also been upgraded in terms of introduction of latest medical and surgical equipments in Operation Theater & Pathology Lab and replacement of Airconditioning Plant and also installation of Fire safety equipments.

Your company has taken extensive renovation and upgradation programme in its hospital at Noida and all its Imaging & Diagnostic Centres at Delhi and Meerut and in creating state-of-the-art Superspeciality Centre at Vimhans Hospital New Delhi.

FINANCE

During the year under report, your company is pleased to state that Kotak Mahindra Bank Ltd has sanctioned Rs. 2.15 crores for upgradation / renovation programme at its existing hospital at Noida and for setting up a state-of-the-art Superspeciality Centre at Vimhans Hospital New Delhi & Rs. 1.25 crores from Reilance Capital Ltd. for procurement of 16 slice CT Scan installed at Sunder Lal Jain Hospital, Delhi.

INVESTMENTS

Your company in order to leverage the operations and robust growth opportunities is planning to make strategic interest / acquisition/amalgamation in pharmaceutical sector.

PUBLIC DEPOSITS

The company has not invited any deposit from the public.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

1. In the preparation of the annual accounts for the accounting year ended 31st March 2012, the applicable accounting standards issued by Institute of Chartered Accountants of India and the requirements of Companies Act, 1956 have been followed;

2. Appropriate accounting policies have been selected and applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the Company for that year.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Your company continues to place greater emphasis on managing its affairs with diligence, transparency, responsibility and accountability. It is the endeavor of the company to implement these values to attain excellency in all the fields directly or indirectly related to the company. The company has implemented the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with Stock Exchanges during the year ended 31st March 2012. A report on Corporate Governance alongwith a certificate of compliance from the Auditors' of the company is annexed and forms part of this report.

DIRECTORS

In accordance with Articles of Association of the company, Mr. Ram K Gupta and Mr. Ravi Mathur Director(s) retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

LISTING

The Equity Shares of your company are listed with Delhi Stock Exchange Association Ltd., Bombay Stock Exchange Ltd., The U.P. Stock Exchange Association Ltd.. Your company has paid Listing Fees for the year 2012-2013 to all the three Stock Exchange(s).

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO.

A. CONSERVATION OF ENERGY

The conservation of energy continues to be one of the important objectives of the company. Your company assigns top most priority to various techniques of consumptions of energy at all levels of operations.

- a) phasing out of mercury lamps with CFL Lamps.
- b) optimizing the usage of AHU's to avoid idle running
- c) plant maintenance on a regular basis.
- d) training programmes for creating awareness about conservation of energy and natural resources are also being done on a regular basis for employees.

B. TECHNOLOGY ABSORPTION

The company focuses and strives hard to continuously upgrade the technology to deliver quality healthcare of international standards without, however resorting to any imports.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was inflow of foreign exchange to the tune of Rs. 70.84 lacs (previous year Rs. 42.99 lacs) and outflow of Rs. 25.08 lacs (previous year Rs. 15.37 lacs) in the current year under review.

AUDITORS

N.K. Duggal & Co., Chartered Accountants, the Statutory Auditors of your Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The statutory auditors have furnished a certificate required under section 224(1-B) of the Companies Act, 1956 to the effect that their re-appointment, if made, would be in conformity with the limits specified in that section.

AUDITORS' REPORT

The Notes forming part of the Accounts, being self-explanatory, the comments made by the Auditors in their report are not being dealt separately.

PARTICULARS OF EMPLOYEES

The Particulars of employees as per Section 217(2A) of the Companies (particulars of employees) Rules, 1975 are annexed and form part of this report.

CORPORATE SOCIAL RESPONSIBILITY

Your hospital always has a deep sense of responsibility towards the community and takes its social commitment very seriously. During the year under report, your hospital has organized many free health check-up camps of varied medical disciplines at the hospital premises and also at the premises of public/private service corporations. Besides your hospital has been providing subsidized / free medical services to the under privileged section of the society.

CORPORATE EMPANELMENT

During the year under review your Hospital at Noida was empanelled by Employee State Insurance (ESI) and Ex-Serviceman Contributory Health Scheme (ECHS). The ECHS empanelment benefits has been extended to the beneficiaries residing under areas of Ambala Cantt, Airforce Station HQ

Faridabad, Hindon, ECHS Polyclinic Gurgaon, Lodi Road, Delhi Cantt.

CRISIL RATING

During the year under review, your company has been rated by CRISIL as subsidiary company of Standard & Poor, a world renowned rating agency as "SME 1" which represents highest rating under SME category.

ISO CERTIFICATION

During the year under review, your company continued to be an ISO 9001:2008 certified company by URS Certification Ltd., UK.

NABL ACCREDITATION

During the year under review, the pathology laboratory at NMC Hospital, Noida, has been accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) representing maintaining highest standards of pathological investigational reporting. The Path Lab at VIMHANS, New Delhi has already been accredited by NABL last year.

NABH ACCREDITATION

Your Hospital at Noida has applied for National Accreditation Board for Hospitals & Healthcare Providers (NABH) Accreditation and has submitted the relevant tool kit. The Hospital is geared up for NABH pre-assessment. A regular training is being imparted to the employees of the hospital at all levels.

APPRECIATION

Your Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by Kotak Mahindra Bank Ltd. and Dhanlaxmi Bank. Your Directors also wish to place on record their appreciation for the sincere and dedicated services rendered by the Consultant Doctors and Employees at all levels, and also thank the Private/Public Sector Corporation(s), Government Authorities, business associates for their continued support and co-operation.

The Directors also take this opportunity to thank the fraternity of shareholders for their continued confidence & trust reposed in the company.

For and on behalf of the Board

Date: August 30, 2012

DR. NAVEEN CHAUDHRI

Place: New Delhi

CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO DIRECTOR'S REPORT

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 and forming part of the Director's Report of the year ended 31st March 2012

Name of the Employee/ Age	Designation /Nature of Duties	Qualification & Experience	Date of Commencement of Employment	Remuneration Received (₹)	Last Employment held
(A) Employed throughout the year & in receipt of remuneration not less than ₹ 24,00,000/- for the year					
Dr. Naveen Chaudhri 57 Years	Chairman & Managing Director	MBBS, MD (Int. Medicine) 34 Years	01/04/1989	32,40,000	Medical Officer, Indian Army

(B) Employed for part of the year and in receipt of remuneration aggregating not less than Rs. 2,00,000 Per month :- None

Note : Remuneration includes Salary, allowances, Company's contribution to Provident Fund and monetary value of perquisites & other benefits as valued under Income Tax Act, 1961.

Annexure-1 to the Directors' Report MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT

India and other emerging economies in the region are well positioned to capitalise on the increasing demand that is emanating locally, regionally and globally. Growing population, increasing lifestyle related health issues, cheaper treatment costs, thrust in medical tourism, improving health insurance penetration, increasing disposable income, government initiatives and focus on Public Private Partnership (PPP) models are some of the driving factors for the growth of healthcare sector in India. The Indian healthcare sector is predicted to reach US\$ 280 billion by 2020, contributing an expected Gross Domestic Product (GDP) spend of 8 per cent by 2012 from 5.5 per cent in 2009, according to a report by an industry body.

The total healthcare infrastructure expenditure is expected to reach US\$ 14.2 billion in 2013, registering an increase of 50 per cent as compared to the 2006 figure, according to a report by KPMG. The Indian healthcare delivery industry to grow at a compounded rate of 12% and reach a size of 4,200 billion by 2015-16 according to report by CRISIL.

The growth is expected to be driven by a number of factors such as a shift in demographics, increasing health awareness and the increased penetration of health insurance. Since 1990, India has emerged as one of the fastest growing economies in the world. It has witnessed a growth rate of over six percent in the past six years.

KEY OPPORTUNITIES

The Indian healthcare sector provides various 'pockets of opportunity'.

India's thriving economy is driving urbanisation and expanding middle class earnings, with more disposable income for healthcare. Segregating the Indian population in terms of income profile, around 30 percent of the population is below the poverty line, nearly 60 percent of the population earns between USD 2,500 per annum and USD 15,000 per annum and 10 percent earns more than USD 15,000 per annum. The population with income more than USD 2500 per annum is expected to grow manifold in the years to come. The consequent rise in disposable income and increasing awareness levels are likely to fuel the demand for quality healthcare services.

Changing Population Demographics

Population growth coupled with longer life expectancy has led to an increase in the elderly population. As a result, India has the second largest geriatric population in the world. This population (of people aged over 65 years) shall continue to grow over the next few decades leading to a huge requirement for greater healthcare infrastructure catering to the disease profile of this age group. The changing dietary pattern will lead to increase in life related diseases which in turn will increase the demand for quality healthcare.

Significant demand supply gap in healthcare infrastructure

There exists a significant demand supply gap in healthcare infrastructure given that currently, India has a bed to population ratio of only 9 beds per 10,000 persons much lower than the global median of 24 per 10,000 persons. Further, India's growing population and increasing preference for private health services over public services is augmenting the growth of the health care delivery market.

Health Insurance

Indian health insurance market represents one the fastest growing and second largest non-life insurance segment in the country, according to a report by research firm RNCOS. The health insurance premium is expected to grow at a Compound Annual Growth Rate (CAGR) of over 25 per cent for the period spanning from 2009-10 to 2013-14.

As per statistics released by the Insurance Regulatory and Development Authority (IRDA), the Indian Health Insurance industry recorded 33.1% growth in health insurance premiums in the fiscal year ending 31st March 2011.

Out-of-pocket healthcare financing still constitutes 80 percent of the total spend on healthcare in India. Healthcare insurance

penetration is estimated to rise from 3.3 percent in 2008 to 8 percent by 2013 at 21 percent CAGR, covering around 100 million people. Although this is a drop in the ocean compared to the overall population, the higher penetration will increase the affordability of quality healthcare and make it available to a larger population.

A move that will further enhance the attractiveness of the domestic health insurance industry is the widening of the Preferred Provider Network (PPN) of hospitals providing cashless treatment for health insurance policyholders to cover smaller cities. The PPN network is already in force in Tier-I cities.

PPP Model

Private healthcare is emerging as one of the fastest growing sectors in India, with hospital chains exploring the markets in metros and tier II cities, private players seeking accreditation and developing new healthcare models. Further, the private and public sectors across various states such as Gujarat and Uttarakhand have launched innovative initiatives to attract PPP investments into healthcare.

While the government is exploring potential to establish state-funded healthcare insurance schemes for supporting healthcare delivery for the poorer sections of the population, the corporate segment is catering to the growing need of the general public for quality care. Thus, through a sustainable partnership, development and delivery of low cost, affordable, basic healthcare services, PPP models may help in improving the infrastructure and healthcare provision in the country.

Medical Tourism

India's share in the global medical tourism industry is predicted to be around 3 per cent by the end of 2013, according to a report 'Booming Medical Tourism in India' by research firm RNCOS, released in December 2010. The sector is expected to generate around US\$ 3 billion in revenues by 2013, with the number of medical tourists to grow at a CAGR of over 19 per cent during 2011-2013 to reach 1.3 million by 2013.

Medical tourism is also increasingly becoming a popular option for elective treatments by patients across the globe, constituting a key factor leading to the rapid growth in Indian healthcare sector. The availability of quality healthcare services at a fraction of the cost when compared to developed nations provides patients with a value proposition which blends leisure with medical care in an attractive manner.

The international patient inflows are mostly from the Middle-Eastern and African nations. However, the substantially lower cost, comparable or better infection rates and long waiting periods in developed nations like the United States are prompting several citizens from such nations to come to India for elective treatments as well as critical conditions.