

## Private hospital players to add 30,000+ beds in next 4-5 years at Rs 32,500 Cr investment: ICRA

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### ICRA estimates revenue growth at 12-14% in FY2024



Rating agency ICRA maintains its stable outlook on the Indian hospital industry, supported by expectations of strong operating metrics translating to healthy revenue growth and robust margins for ICRA's sample set companies.

ICRA expects the aggregate occupancy for its sample set companies to remain healthy at 64-65% in FY2024 (65.1% in FY2023) backed by sustained healthy demand for healthcare services, continued market share gains for organised players and revival in medical tourism post the pandemic.

The average revenue per occupied bed (ARPOB) is expected to witness a healthy growth of 8-10% in FY2024 (following an expansion of 10% in FY2023). This will be aided by improving specialty and case mix, better payor mix (with higher contribution of cash and insurance patients) and annual price revisions by companies to offset cost inflation is supporting the ARPOB growth for the sample set. ICRA estimates revenue growth at 12-14% in FY2024.

“Overall, most private players (including ICRA’s sample set companies) are expected to add over 30,000 beds in the next four to five years at an investment of ~Rs. 32,500 crore. Metros are expected to remain focal points for this capacity expansion. Cities such as Delhi NCR, Mumbai and Bangalore are expected to witness sizeable bed additions in the next few years,” said Mythri Macherla, Assistant Vice President & Sector Head, ICRA.

In addition to setting up new greenfield and brownfield facilities to enhance their capacities, hospital chains are also looking at inorganic opportunities, which has led to increasing consolidation in the industry in the last two years.

Mergers and acquisitions aid hospital chains in diversifying their geographic reach and/or speciality mix in addition to increasing their scale of operations.