

Single specialty healthcare sets up to chart own path in India

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Organised single specialties set to capture 30% of India's hospitals market



Avendus Capital, India's largest investment bank, has unveiled a report capturing how single specialty healthcare is breaking away from the multi-specialty setup to chart its own path in India.

According to the report, organised single specialty chains are scaling rapidly. With a current market size of \$4 billion and 27% share within the single specialty segment, these chains are expected to grow at 24% CAGR to \$9 billion by 2028. Their growth is underpinned by strong fundamentals - EBITDA margins exceeding 20%, ROCEs above 30%, and early breakeven within two years.

Since 2015, the segment has attracted cumulative private equity investments exceeding \$3.7 billion, accounting for over 35% of total hospital investments. 70% of these investments have gone to established specialties such as IVF, eyecare, mother & child care, dialysis and oncology.

However, in the last 2- 3 years, leading players in specialties such as dental care, urology / nephrology, skin and hair care have also started to attract investor interest due to significant whitespaces in the demand-supply in these specialties. These formats offer an ideal blend of low capital intensity, high specificity of care, and replicable business models that are increasingly appealing to institutional investors and founders alike.

Market leaders in most of these specialties are tapping into available capital to accelerate growth via M&A roll-ups, indicating strong investor belief in platform plays and consolidation potential. As per the report, with established players expected to

increasingly target public markets, the market cap of listed single specialty chains could rise from the current \$3.9 billion to \$18 billion by FY30, driven by new listings as well as growth in listed players.