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Project Appraisal and Monitoring Services
Hospital Industry

About Us

Resurgent India Ltd. is a top-tier financial advisory firm and a Category I Merchant Banker, serving SMEs, large corporates, and government bodies. Our services span Techno-Economic Viability (TEV) studies, Lender's Independent Engineer (LIE) assessments, Agency for Specialized Monitoring (ASM), Detailed Project Reports (DPRs), and Due Diligence assignments. We also support clients through specialized practices in Debt Syndication, Capital Markets, and Valuations, alongside Investment Banking and NBFC Advisory. In addition, we provide Stressed Asset Advisory, Insolvency (IBC) Services, Corporate Legal Services, ESG Advisory, Government Advisory, FinTech Solutions, and Training, enabling clients to access a complete suite of financial and strategic solutions.

Our Project Appraisal and Monitoring vertical assists in both pre- and post-disbursement decision-making for lenders. We have delivered over 2000 TEV studies and more than 750 LIE reports. Furthermore, we are empanelled with nearly all public sector banks, several private banks, and NBFCs for LIE and TEV studies, and with the Indian Banks' Association (IBA) for ASM services.

Indian Hospital Industry: X-Raying the Next Phase of Growth

India's hospital and healthcare sector is in the midst of a structural growth phase, underpinned primarily by strong demand, rising incomes, demographic shifts, rapid digitization and affirmative policies adopted by Central and State governments.

The overall healthcare market is projected to reach around US$ 638 billion by 2025 end. Within this, the hospital market was valued at about US$ 99 billion in 2023 and is expected to grow at a CAGR of ~8% from 2024–2032, potentially reaching US$ 194 billion by 2032.

Despite this growth outlook, the sector faces an ongoing demand–supply gap in infrastructure and workforce. India has only 1.3–1.6 beds per 1,000 population versus the WHO norm of 3, implying a requirement of around 3 million additional beds and 1.54 million doctors plus 2.4–3 million nurses over the next decade. This gap is creating a multi year investment opportunity, especially in tier II/III cities and healthcare real estate but also elevates execution risk.

Hierarchical Framework: Contemporary Structure of India's Multi-Tier Hospital Care Pyramid

India's extant healthcare pyramid commences with primary care -

- Primary care originating at Sub-Centres, Primary Health Centres, and Urban Health Centres, delivering preventive and basic curative services.
- Secondary tier encompasses Community Health Centres and District Hospitals providing inpatient care, surgeries, and diagnostics.
- Tertiary multispecialty hospitals advance to intensive care and specialists, culminating in quaternary apexes like AIIMS, Apollo, and Narayana Health for ultra specialized interventions such as organ transplants and proton beam therapy.

Specialized Institutions: Role of Specialized and Purpose-Built Healthcare Institutions

Beyond hierarchy, daycare facilities bridge the levels for efficient short-stay procedures like cataract surgery, dialysis, and chemotherapy. Teaching hospitals fuse clinical care with education and research; military/railway units serve designated cohorts. Charitable/mission hospitals extend affordable access to underserved populations, while rehabilitation centres address chronic recovery from strokes or addictions. Isolation hospitals manage contagions like TB/COVID-19; age-specific geriatric and paediatric facilities target vulnerable demographics.

Distribution and Metrics: Post-COVID Evolution of Hospital Capacity and Care Delivery Models

COVID-19 vulnerabilities spurred secondary hospital fortification, Tier-2 tertiary/super specialty proliferation, and daycare surge for cost-effective care. Digital paradigms—telemedicine, remote monitoring, hospital-at-home—reconfigured the pyramid, with quaternary growth in transplants/oncology.

Post-COVID capacity addition has been distinctly tiered. Secondary hospitals were strengthened with ICUs, oxygen infrastructure, and step-down beds, while tertiary and super specialty capacity expanded aggressively in Tier-2 cities, easing metro congestion.

Daycare and short-stay hospitals scaled up across oncology, orthopaedics, and diagnostics to improve throughput and affordability. At the top end, quaternary capacity grew in transplants, advanced oncology, and neurosciences. Alongside, care delivery models evolved—telemedicine, remote monitoring, e-ICUs, and hospital-at-home—enabling capacity extension without proportional bed expansion. Between 2021 and 2025, India's hospital sector flourished adding over 22,000 new beds added in private hospitals that to primarily between 2021–24. State-wise data shows wide disparities, with states like Kerala and Tamil Nadu having higher bed density compared to populous states like Uttar Pradesh and Bihar.

Currently, over 70,000 hospitals exist, with private dominance (70-75%) over public (25-30%); multispecialty/general lead at 60-65%, followed by specialty/super specialty (20-25%), teaching (10-12%), daycare (3-5%), and rare quaternary (1-2%) in metros. Bed density advanced from 0.79/1,000 (2021) to 1.3/1,000 (2025), below WHO's 3.0, adding 22,000 beds (2021-24) mainly by Apollo/Fortis/Narayana. Public beds aggregate 8.18 lakh; disparities persist—Kerala (2.5), Tamil Nadu (2.0) excel, versus Uttar Pradesh (0.5), Bihar (0.6).

The Indian Public Health Standards (IPHS) provide benchmarks for hospital infrastructure based on population coverage. A Primary Health Centre (PHC) is expected to have 6 beds for 20,000–30,000 people, while a Community Health Centre (CHC) should have 30 beds for 80,000–1,20,000 people. Sub District Hospitals range from 31–100 beds for populations of 1–5 lakh, and District Hospitals scale from 101–500 beds for populations up to 30 lakhs.

Financing Dynamics: Capital Deployment and Financing Dynamics in Hospital Expansion

Since 2021, harmonious to these developments, financing structures have shifted significantly in hospital sector. Large hospital chains increasingly prefer private equity and internal accruals over long tenure bank loans, reducing interest burden and maintaining flexibility. At the same time, the government has actively promoted Public–Private Partnerships (PPP) to expand hospital infrastructure.

States such as Odisha, Karnataka, Gujarat, Rajasthan, and Madhya Pradesh have adopted PPP frameworks, using viability gap funding (VGF) and co development models to attract private capital. This evolution is creating a hybrid financing ecosystem — debt remains important, but equity, FDI, and PPPs are reshaping hospital growth, especially in Tier 2/3 cities and underserved districts.

In the period, 2021 and 2024, hospital expansion was financed through a multi channel mix:

- **Bank Loans (Debt):** USD ~25–28 billion (~45–50%).
- **Private Equity (PE):** USD ~5 billion (~25–30%).
- **Foreign Direct Investment (FDI):** USD ~3.2 billion (~5–10%).
- **Internal Accruals & Promoter Infusion:** USD ~8–10 billion (~15–20%).

This created a Debt: Rest Financing ratio of ~1.5: 1, underscoring the reliance on bank credit as the backbone of hospital expansion in the country, while equity and FDI provided growth capital and promoters sustained mid sized projects.

Competitive Landscape: Major Chains

The Indian healthcare market is currently in a "scale-up" phase. Large hospital chains are moving away from small-scale operations through two main routes: either building from scratch i.e., Greenfield projects or through expansions i.e., **Brownfield projects and M&A**

- **Apollo Hospitals:** Focus on deepening its presence in key metros and expanding its "Apollo 24|7" digital omnichannel.
- **Max Healthcare:** pursuing a "brownfield" heavy strategy to maximize returns on existing assets, alongside strategic land bank acquisitions in NCR/Mumbai.
- **Fortis Healthcare:** Prioritizing rationalization/Streamlining operations of current clusters and brownfield expansions after stabilizing governance.
- **Narayana Health:** Continues its model of affordable high-end cardiac care while expanding into international markets (Cayman Islands) and insurance.
- **Manipal Hospitals:** Rapid growth via M&A (acquiring AMRI, Columbia Asia) to become the second-largest chain by bed count.

Key Challenges & Headwinds

Notwithstanding the sector's growth trajectory, it continues to grapple with several structural challenges:

- **Talent Crunch:** Severe shortage of doctors (specialists) and nurses, resulting in rising manpower costs and operational constraints.
- **Urban-Rural Divide:** Infrastructure remains heavily concentrated in urban areas; rural India still relies on overburdened public facilities.
- **Payer Issues:** Elongated reimbursement cycles from government health schemes (such as CGHS, ECHS and PM-JAY) and insurance providers continue to exert pressure on working capital management.

Strategic Initiatives

The sector continues to receive strong policy support from both central and state governments. Key central initiatives include Ayushman Bharat–PM-JAY (₹5 lakh health cover per family), PM-ABHIM for diagnostics and critical care, eSanjeevani for tele-consultations, and the Heal in India programme to promote medical tourism.

At the state level, capacity expansion is being driven largely through PPP models, with initiatives such as Tamil Nadu's target of 2.0 beds per 1,000 population, ICU and oncology upgrades in Kerala, addition of ESIC beds in Uttar Pradesh, 500-bed facilities in Maharashtra's medical colleges, expansion in Tier-II cities in Karnataka, DBFOT-based projects in Odisha, and hospital upgrades and super-specialty additions in states like Gujarat, Rajasthan and Madhya Pradesh. Regulatory and cost considerations are significant factors influencing the capital expenditures of hospitals in 2025.

Exhibit A: Regulatory & Cost Overlays Shaping Hospital Capex (2025)

Cost / Policy Overlay	Affected Components	GST / Regulatory Position	FY 2024–25 Change	Cost / Revenue Impact (Indicative)	Strategic / Project Implication
GST as Embedded Cost	Medical equipment, EPC, MEP, IT systems	5–18% GST, limited ITC	Stable	↑ 6–10% of capex	GST absorbed into project cost; weak tax neutrality
Civil Construction Inflation	Cement, steel, structural works	12–18% GST	Commodity-driven volatility	↑ 8–10%	Largest capex risk; budgeting buffers required – contingencies adjusted in project costs.
NABH 6th Edition Compliance	HVAC, BMS, IT, infection control	18% GST on inputs	New norms (2025)	↑ ₹5–10 lakh per bed	Compliance converts to fixed capital spend
Cyber security Mandates	Servers, networks, audits	18% GST	New requirement (2025)	↑ 2–3% of capex	Digital infrastructure becomes non-negotiable

Cost / Policy Overlay	Affected Components	GST / Regulatory Position	FY 2024–25 Change	Cost / Revenue Impact (Indicative)	Strategic / Project Implication
Medical Equipment Procurement	Imaging, diagnostics, OT equipment	5–12% GST	Refurbished imports banned (Jan 2025)	↑ Upfront capex	Shift to new equipment; longer procurement cycles
Interiors & Furniture	Beds, fixtures, antimicrobial finishes	18% GST	Quality norms rising	↑ Interior budgets	Infection-control premium in critical areas
Hidden Infrastructure Costs	Power, transformers, DG sets, backups	18% GST	Persistent	↑ 10–15%	Severe impact in Tier-2/3 cities
Price Regulation – Stents	Coronary stents	12% GST + NPPA ceilings	Prices aligned to WPI (Apr 2025)	Cost-neutral	Predictability improves; margins capped
CGHS Revised Pricing	Inpatient packages, procedures	Administered rates	Revised (2024–25)	↓ Realisation vs cost	Margin compression for CGHS-heavy hospitals
FDI in Insurance Expansion	Health insurance penetration	Up to 100% under automatic route	Policy push (2024–25)	↑ Medium-term demand	Better coverage, faster claims; indirect revenue upside
Net Sector Impact	End-to-end hospital ecosystem	-----	Cumulative	↑ 12–18% capex pressure	Drives phased development, bed-density optimisation, asset-light strategies

Source: RIL Research

Conclusion

India's hospital sector is transitioning into a hybrid model that blends hierarchical care with specialized branches, digital health, and PPP frameworks. Capacity has expanded, financing has diversified, and government initiatives are aligning with private investment. With projected growth, the sector is positioned to become a globally competitive ecosystem, provided distribution and financing remain balanced.

Resurgent India Limited's Imprint in Hospital Industry Project Appraisal (TEV)

Resurgent India Limited (RIL) has, over the years, developed extensive exposure to the Indian hospital sector, covering projects across diverse geographies—from the Northeast and Arunachal Pradesh to Gujarat, Punjab, and Tamil Nadu. This pan-India engagement has enabled RIL to understand state-specific epidemiological trends, disease burden patterns, and the resulting clinical service mix and capital investment requirements unique to each region.

Through its hospital feasibility studies and TEV appraisals, RIL has built strong insights into patient catchment behaviour, referral and care-delivery flows, case-mix variations, and bed-occupancy dynamics, enabling realistic assessment of hospital scale, specialty configuration, and departmental sizing. This experience supports informed evaluation of medical equipment planning, manpower intensity, and operational efficiency across care levels.

RIL's work spans diverse hospital formats, including single- and multi-specialty hospitals, teaching hospitals, and medical colleges, allowing differentiation of operating and financial models based on acuity of care, regulatory norms, and payor mix. These insights form the backbone of Resurgent India Limited's hospital TEV and appraisal services, assisting lenders and stakeholders in navigating healthcare project financing through clinically grounded and regionally contextualised assessments.

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Sources of Information: RBI, ET health world, Grand Thornton Bharat, Resurgent India Limited internal repository, Resurgent Research.