

# India's Healthcare Renaissance: Transforming a \$600 Billion Sector



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# Foreword

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**Vishal Seth**

Managing Director

India's healthcare sector stands on the brink of transformative change. The industry has rarely faced such simultaneous challenges and opportunities. From building infrastructure in underpenetrated regions to advancing technology that can make world-class care accessible in every town, healthcare is emerging as one of the defining industries of the next decade. The pandemic was a stress test, but it highlighted both the cracks and the resilience of the system. The need for reform and reinvention has become increasingly urgent since then.

As part of a thought leadership program, Protiviti engaged with industry leaders across the healthcare ecosystem - hospital promoters, healthcare consultants, private equity investors, and senior clinicians. Their voices, combined with public data and policy insights, bring to life the opportunities and the challenges that define the industry's journey forward.

This document is not a traditional sectoral analysis; it is an attempt to tell the story of Indian healthcare through the lens of its practitioners, its financiers, and its policy architects.

# Acknowledgement

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We extend our sincere gratitude to the distinguished industry leaders and subject matter experts whose insights and perspectives have been instrumental in shaping this report. Their deep domain expertise, practical experience, and forward-looking viewpoints have enriched our understanding of the evolving healthcare landscape in India.

Their valuable contributions have helped bring nuanced perspectives to key opportunities and challenges, enabling a more holistic and grounded view of the sector's transformation journey.



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# Executive Summary

Indian healthcare is entering a decisive decade.

Demand is no longer the question, execution at scale is.

Demographic change, rising disease burden, and improving affordability have made healthcare one of India's most structurally resilient sectors. Yet the system remains hampered by uneven access, fragmented supply, and inconsistent quality.

Five themes define the sector's current inflection point:

01

**Healthcare demand is structural and durable**, driven by aging demographics, the transition toward chronic diseases, and rising income levels rather than short-term economic cycles. This demand, however, increasingly favours chronic, specialist-led care rather than episodic treatment models.

02

**Supply expansion has been uneven and urban-centric**, resulting in inconsistent access gaps across Tier-2/Tier-3 markets despite regular private investment. This is largely due to clinician unavailability, working capital blockages, and multi-site operational complexity, which collectively make execution capacity the limiting factor. Capital is available, however the ability to deploy it efficiently has emerged as the primary bottleneck.

03

**Depth (i.e. specialization) is increasingly outperforming breadth**, with focused single and super specialty platforms showcasing superior capital efficiency, faster breakeven, and more consistent clinical outcomes. These models are proving more replicable across geographies and better aligned with India's evolving disease profile.

04

**Accountability and transparency are becoming valuation drivers**, as transparency around clinical outcomes, pricing, governance, and ESG practices is no longer optional. Investors, regulators, as well as patients are increasingly differentiating providers based on trust, institutional maturity, and data-backed reporting, and these are now directly influencing valuation premiums and access to capital.

05

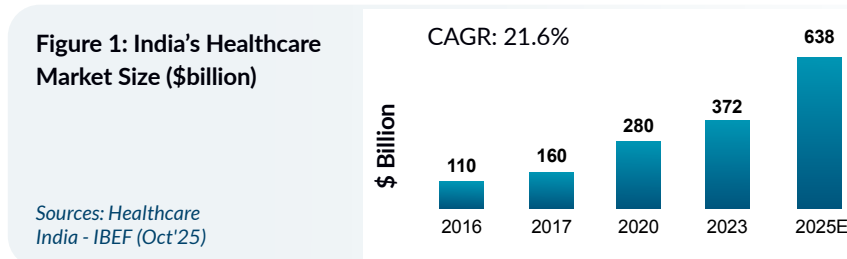
**Capital is becoming more involved and more selective** as investors are shifting from passive funding to capital-plus models, supporting execution, governance, and operating discipline. Scale is being rewarded, however only where it is accompanied by professionalized systems, robust controls, and consistent outcomes.

# Indian Healthcare Sector Landscape

## Statistics snapshot

India's healthcare sector has transformed from a fragmented, underinvested system into a fast growing, multi-segment industry, driven by ageing demographics, rising chronic diseases, income growth, growing healthcare insurance, and increased public expenditure. Demand has shifted from episodic out-of-pocket care towards insurance-enabled chronic and specialty services supported by scaled platforms and specialist models.

- ▶ One of the fastest-growing markets in the world, India's healthcare market expanded from \$110 billion in 2016 to \$372 billion by 2023, and is projected to have reached \$638 billion in 2025 (21.5% CAGR)<sup>1</sup>. The market is expected to grow further by 18-20% to 2030<sup>2</sup>.
- ▶ Central government's allocation has risen: Union budget 2025-26 provision about \$11.5 billion, up 9.8% from the previous allocation of \$10.5 billion in FY25<sup>3</sup>, earmarked for development, maintenance, and strengthening of the health system.
- ▶ Government health spending has risen from 1.4% of GDP in 2017-18 to 1.9% in FY24<sup>4</sup>, though total health expenditure (~3.5-3.8%) remains below the global average of ~7%<sup>5</sup>, highlighting growth potential.
- ▶ Outside of metros, healthcare capacity has not kept pace with demand. Tier 2/3 cities now account for 62% of new health policies<sup>6</sup> and seeing an 83% YoY surge in consultations versus 73% in metros<sup>7</sup>, diagnostics and consultations in non-metro clusters, however, are growing over 25% CAGR<sup>8</sup> thereby widening gaps in beds, infrastructure, and clinical talent.
- ▶ India's out-of-pocket spend still accounts for 54.8%<sup>9</sup> of total health expenditure as compared to 17.1% in the UK, 11.3% in the US, 35.2% in China, and 12.9% in Japan. As a result, accountability and transparency around clinical outcomes, pricing, and governance have become central to patient trust and investor underwriting. This increasingly drives regulatory engagement, valuation premiums, and sustained capital inflows into the sector.
- ▶ As networks expand beyond metros, execution capability, securing clinicians, managing higher working capital, and running complex multi-site operations have become the primary differentiator. Winning platforms are leveraging technology, data, and localized supply chains to sustain mid-teens growth.



<sup>1&3</sup> <https://www.ibef.org/industry/healthcare-india>

<sup>2</sup> <https://www.nexdigm.com/market-research/report-store/india-healthcare-industry-report/>

<sup>4</sup> <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2034937&reg=3&lang=2>

<sup>5</sup> <https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS?locations=IN>

<sup>6</sup> <https://www.moneycontrol.com/news/business/personal-finance/health-policies-sales-outlook-robust-in-tier-ii-and-tier-iii-cities-in-fy26-report-13725572.html>

<sup>7</sup> <https://medicalbuyer.co.in/tier-ii-cities-outpace-metros-witness-83-yoy-surge-in-medical-consultations/>

<sup>8</sup> <https://www.expresshealthcare.in/news/diagnostics-beyond-metros-bridging-the-gap/>

<sup>9</sup> [https://www.bajajamc.com/sites/default/files/amcfiles/Press%20report\\_Indian\\_Healthcare\\_Market\\_projected\\_to\\_reach\\_%24638\\_billion\\_by\\_2025.pdf](https://www.bajajamc.com/sites/default/files/amcfiles/Press%20report_Indian_Healthcare_Market_projected_to_reach_%24638_billion_by_2025.pdf)

## Investments & M&A activity

- ▶ **M&A:** Healthcare has seen over \$10.7 billion in M&A transactions between 2022 and 2025 with over 65 deals in 2025 to date.<sup>10</sup> Landmark deals include Manipal's acquisition of Sahyadri Hospitals, creating a scaled player with a pan-India presence, demonstrates accelerated roll-up strategies. Regional players, such as Yatharth Hospitals, on the other hand, continue to merge to build brand strength and improve efficiency.
- ▶ **Private Equity Infusion:** PE investment has crossed \$9.6 billion between 2022 & 2025 with around 143 transactions in 2025 till date.<sup>11</sup>
- ▶ **FDI:** Foreign Direct Investment (FDI) inflow remained strong, with \$3.2 billion entering the sector from 2022 to 2024, supported by India's 100% automatic FDI approval.

The Indian healthcare investment landscape is witnessing a decisive shift toward sector-focused venture capital and private equity allocation, underpinned by rising conviction in India's long-term healthcare fundamentals. Over the past few years, multiple specialist healthcare funds have launched or upsized significantly, such as HealthQuad's ~\$300M Fund III, HealthKois's ~\$300M vehicle, InvAscent's \$304M India Life Sciences Fund IV, Somerset Indus Capital Partners' ~\$250M Fund III, and Sabre Partners' \$73M Fund IV, reflecting accelerating capital inflows into advanced diagnostics, life sciences, health-tech, and value-driven provider models.

Global healthcare focused investors are simultaneously deepening their India commitments, signaling growing maturity and sophistication in the country's healthcare capital base. OrbiMed, for instance, continues to scale its India activity through vehicles such as its Asia Partners V fund. At the same time, Novo Holdings is now "betting big on India," sharply increasing its cheque sizes and establishing a dedicated India investment team in Mumbai. MSD IDEA Studios' \$38M innovation platform is also actively supporting healthcare innovation and growth-stage opportunities.



India earlier attracted only a few hundred million dollars of private capital in healthcare but now attracts over \$5 billion annually.

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**Visalakshi Chandramouli**  
Managing Partner  
Tata Capital Healthcare Fund

<sup>10&11</sup> <https://www.ibef.org/news/healthcare-clocked-rs-2-61-900-crore-us-30-billion-investment-in-two-years-says-report>

# Key Industry Drivers

## Demand-Side Drivers

Healthcare demand in India is being reshaped by long-term structural forces:

- ▶ **Demographic ageing and chronic care intensity:** India's elderly population has risen from ~10.9% (1961) to 14.2% (2011) and is projected to hit 20.1% by 2031 (~194 million elderly citizens), which will significantly increase the demand for oncology, renal care, orthopedics, and long-term disease management.<sup>12</sup>
- ▶ **Transition to Non-Communicable diseases (NCDs):** NCDs now account for ~60% of deaths in India, compared to 37% two decades ago. This transition is driving the change from care pathways from episodic treatment to continuous, specialist-led engagement.<sup>13</sup>
- ▶ **Infrastructure gap amplifying demand visibility:** At about 1.6 beds per 1,000 population, India's hospital bed density lags far behind developed markets (often 4–5 beds per 1,000) and global norms, reflecting a structural supply constraint.<sup>14</sup> Even after adjusting for demographics and income levels, the supply gap remains large, particularly in Tier 2/3 areas and cannot be closed quickly due to high capital costs, regulatory approvals, and talent constraints.

As awareness improves, latent demand is increasingly converting into visible utilisation, particularly where supply moves closer to patients.

- ▶ **Rising incomes and insurance penetration:** Rising middle-class incomes combined with changing lifestyle habits are increasing discretionary healthcare expenditure, particularly in diagnostics, affordable quality care, specialized treatments, and elective procedures.

The private health insurance market alone has grown at a CAGR of approximately 18–20% and dominates public insurance, driven by employer-sponsored coverage, retail health plans, digital platforms offering insurance and the entry of standalone health insurers (IRDAI, OECD 2023).

Overall, the health insurance coverage in India, including both public and private schemes, has more than doubled over the past decade, reaching roughly 40% in 2023. The extension of the Ayushman Bharat scheme to include individuals aged 70 and above has raised overall health insurance coverage to around 50% by 2025<sup>15</sup>.

While coverage remains uneven, especially for the “missing middle,” affordability is no longer the binding constraint it once was, mainly for secondary and tertiary care in non-metro regions.



70% of cancer patients will need to see a medical oncologist at least once during their journey, and many will spend most of their treatment time with them as cancer becomes a more chronic disease.

**Manish Jobanputra**

CEO, Mumbai Oncocare Center



Each district HQ (~2 million population) is being revived as a healthcare hub, reducing dependence on metros and ensuring accessibility within the community. The cluster based model allows scalability, enabling standardised tertiary care across Tier 2/3 cities.

**Dr Shuchin Bajaj**

Founder Director, Ujala Cygnus

<sup>12</sup> [https://mospi.gov.in/sites/default/files/publication\\_reports/Elderly%20in%20India%202021.pdf](https://mospi.gov.in/sites/default/files/publication_reports/Elderly%20in%20India%202021.pdf)

<sup>13</sup> <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=1796435>

<sup>14</sup> [https://data.worldbank.org/indicator/SH.MED.BEDS.ZS?most\\_recent\\_year\\_desc=true](https://data.worldbank.org/indicator/SH.MED.BEDS.ZS?most_recent_year_desc=true)

<sup>15</sup> [https://www.careratings.com/uploads/newsfiles/1744020422\\_India%E2%80%99s%20Healthcare%20Expenditure%20to%20Surge%20-%20CareEdge%20Report.pdf](https://www.careratings.com/uploads/newsfiles/1744020422_India%E2%80%99s%20Healthcare%20Expenditure%20to%20Surge%20-%20CareEdge%20Report.pdf)

▶ **Medical Tourism:** India Medical Tourism Market size of \$8.71 billion in 2025, is projected to reach \$16.21 billion by 2030 (13.23% CAGR)<sup>16</sup>. Clinical excellence, 60–80% cost savings vs. Western markets, and digital visa/ Ayushman Bharat Digital Mission infrastructure position India to capture rising demand from overseas patients. Africa, the CIS, and Southeast Asia are the primary target markets, with quality-certified hospital chains and Ayurveda and oncology niches driving foreign exchange earnings.

All the above drivers are expected to sustain and grow healthcare demand over the next decade, independent of broader economic volatility.

### Supply-Side Drivers

India's healthcare supply ecosystem remains highly fragmented with top 10 hospitals/hospital chains accounting for <10% bed capacity, as compared to 60–70% in developed markets like USA, UK and Australia. However, consolidation and standardization are accelerating and supply is also gradually moving closer to patients via Tier 2/3 expansion, hub-and-spoke diagnostics, omnichannel pharmacy/distribution, and national telemedicine at scale.

▶ **Providers (Suppliers of care):** Over the past decade, the private sector has led capacity creation and account for ~70% of new hospital bed additions. This expansion has however been highly selective due to executional realities faced by providers including economics and operating constraints such as ARPOB (Average Revenue Per Occupied Bed), breakeven timelines, doctor availability, and working capital intensity. While mature markets provide benefits in these areas, expansion into less mature markets often entails longer stabilization periods, lower early-stage occupancy, higher dependence on government payers, and acute specialist shortages.

Due to these factors, provider strategies are evolving from large greenfield multi-specialty hospitals to capital-efficient models such as brownfield acquisitions, hub-and-spoke networks (e.g. Apollo hospitals), and single/ super specialty platforms (e.g. HCG Oncology) .

This reflects a shift from ad hoc volume growth to institution-building with repeatable execution.



India has nearly 63 million people with disabling hearing loss, yet barely 1% use hearing devices today- underscoring the significant opportunity for growth in hearing care equipment as awareness and access improve.

#### Raja S

Managing Director  
Hearzap



Health insurance models must focus on reducing hospitalisations and improving health outcomes - not merely covering treatment costs.

#### Dr Sabine Kapasi

Founder, Enira Consulting – Public Health, Strategy and UN Global Health Advisor

<sup>16</sup> <https://www.mordorintelligence.com/industry-reports/india-medical-tourism-market>

▶ **Payers (Funding of Care):** Union budget 2025-26 provides about \$11.5 billion, up 9.78% from the previous allocation of \$10.47 billion in FY25<sup>17</sup>, earmarked for development, maintenance, and strengthening of the health system. Allocation towards the PM – Ayushman Bharat Health Infrastructure Mission was 63% higher in 2024-25 compared to revised estimates in 2023-24<sup>18</sup>.

There still continues to be scope of growth amongst the 70 crore people not covered by Ayushman Bharat or effective private insurance. The private insurance growth has been largely premium driven, with the percentage of people covered remaining stagnant.

This, however, is improving with tax reforms growing awareness and policies. India's 2025 GST exemption on individual health and life insurance premiums is a structural pricing reset that directly lowers out of pocket premiums for retail and senior citizen covers, improving affordability for the missing middle.<sup>19</sup>

State insurance programs and the MedTech PLI scheme are incentivizing domestic manufacturing and lowering long-term supply costs. These policies are also creating opportunities for public-private partnerships.

Affordability and accessibility for healthcare is improving as a result of such changes.

▶ **Medical Equipment (What Expands or Caps Effective Supply):** Medical equipment industry in the country is expected to grow from \$8 billion in 2021 to over \$20 billion in 2027 (17% CAGR)<sup>20</sup>. The sector is catalyzed by the “Make in India” agenda and rising domestic demand for diagnostics and devices. Despite this growth, the sector continues to remain heavily import-dependent, impacting cost, availability, and scalability of advanced care, especially in non-metro regions<sup>21</sup>.

Strengthening domestic manufacturing, alongside wider adoption of digital health and telemedicine, will be critical to improving effective supply.



More than 70–80% of medical equipment in India is imported, with only about 20% being indigenous, highlighting a significant opportunity for domestic players to scale and capture share.

**Ajithkumar S**

Co-Founder and Executive Director

<sup>17</sup> <https://www.ibef.org/industry/healthcare-india>

<sup>18</sup> <https://prsindia.org/budgets/parliament/demand-for-grants-2024-25-analysis-health-and-family-welfare>

<sup>19</sup> <https://financialservices.gov.in/beta/en/exemption-on-gst>

<sup>20</sup> <https://www.india-briefing.com/news/india-medtech-industry-outlook-growth-31918.html>

<sup>21</sup> <https://www.trade.gov/market-intelligence/india-medical-devices>

# Evolving Business Models

Indian healthcare business models are now seeing structural shifts. Growth is no longer only about adding more beds or opening more diagnostic centers; it is about focus, scalable formats, and alignment with payer mechanisms. These two shifts are reshaping the sector:

## i. Shift Towards Super & Single Specialty Care

Rising NCDs are pushing providers toward depth over breadth. Focused segments such as oncology, nephrology, IVF, mother and child care, eye care, dental and orthopedics are attracting capital due to their capital-light models, faster breakeven, and replicability.

Over the past decade, private equity investments in the segment have crossed \$3.7 billion, making up more than 35% of all hospital-related investments in India. ~70% of this capital has gone into established specialties such as IVF, eye care, mother and child care, dialysis, and oncology<sup>22</sup>.

Unlike multi-specialty hospitals which have high fixed costs and complexity, super and single specialty platforms are easier to scale across geographies.

Take renal care as an example. Chains focused on dialysis are expanding rapidly into Tier-2 cities, often in partnership with government schemes. Similarly, oncology-focused networks are building presence in smaller towns by linking with diagnostic chains and tertiary centers in metros. IVF and fertility clinics have shown that scale can be built in a highly specialized segment.

## ii. Increasing Penetration in Tier-2 & Tier-3 Cities

The next wave of healthcare growth will not be in Delhi, Mumbai, or Bangalore. It will be in Jaipur, Indore, Raipur, Guwahati and other tier 2 and 3 cities. ~30% of existing bed capacity of large listed players is expected to increase with specific focus on Tier 2/3 regions<sup>22</sup>.

These cities represent India's most significant white space opportunity: demand exists, but infrastructure lags. Chains are adopting hub-and-spoke models, anchoring tertiary hospitals in Tier-1 cities, and connecting with them smaller chains and hospitals in Tier-2/3 towns.

Diagnostics companies are leveraging franchise led expansion and enabling faster penetration with lower capital intensity. Telemedicine and mobile diagnostic units are extending reach further into semi-rural areas. Access gaps remain acute, but scale of unmet demand makes expansion unavoidable despite execution challenges.



Single-specialty platforms are attracting broad investor interest because they are capital-light, scale faster, and deliver a more predictable private-equity-style journey, unlike multi-specialty hospitals that require larger cheques, longer gestation, and deeper staying power.

### Virendra Pandey

Managing Director, Spark Capital Advisors



Healthcare consumption is growing beyond metros, with significant capacity being added in Tier-2 and Tier-3 cities. Demand continues to outpace supply at a national level.

### Hari Buggana

Founder & Chairman, InvAscent

<sup>22</sup> <https://theindianpractitioner.com/indias-single-specialty-healthcare-chains-set-to-reach-9-billion/>

# Changing Operating Models & The Need for Smarter Execution

Evolving business models define where and what care is delivered, operating models determine how effectively such providers scale. The next decade will be defined by the industry's ability to execute smarter, optimize resources, harness technology, and balance diverse patient needs. Four execution levers are becoming critical:

## i. Technology as a Key Enabler

Digital adoption in Indian healthcare has moved from experimentation to necessity. What began as a response to COVID-19 has evolved into a core enabler of scale, access, and efficiency. Today, India's digital health market is expected to reach \$37 billion by 2030, underlining the permanence of this shift.<sup>24</sup>

- **Remote ICU / Tele-ICU:** COVID-19 accelerated what was already an emerging trend. Telemedicine platforms scaled from a few hundred thousand consultations to tens of millions almost overnight, and adoption remained structurally higher even as physical care resumed. More than 60–70% of large hospital chains now offer tele-consultation as a standard service compared to < 20% pre-COVID.
- This shift is particularly relevant for non-metro markets. Digital and tele-ICU models have helped reduce patient travel distances by 60–80%, allow a single intensivist to cover 3–5 hospitals simultaneously (versus one ICU traditionally), and enable specialist reach across 2 to 4x more locations without a proportional increase in headcount.
- **AI & Remote Monitoring:** AI-powered remote patient monitoring is transforming India's healthcare by extending specialist care to rural areas, predicting chronic disease flares, and reducing hospital visits through wearables and real-time analytics. Affordable devices and ABDM integration are driving rapid adoption, making scalable care accessible amid rising NCD (non-communicable disease) burden.
- AI-driven diagnostics are further strengthening healthcare delivery by enabling faster, cheaper, and more accurate testing, particularly in radiology and pathology. AI-enabled tools have been shown to reduce diagnosis turnaround time by 40–60% and lower false negatives in critical diagnostics by 20–30%, improving both efficiency and clinical confidence.
- In India, diagnostics players have also increasingly channeled their investments into high-value, technologically sophisticated testing capabilities, reflecting a broader shift toward precision medicine and advanced clinical



From AI-led diagnostics to digital ICUs, technology is enabling cost-effective and scalable solutions. This is the future of low-cost, high-trust care.

**Dr. Shailesh Jhawar**

Director, Apex Hospitals

<sup>24</sup> [https://b.capital/wp-content/uploads/2023/11/BCG-x-B-Capital\\_DHP\\_vF\\_Compressed.pdf](https://b.capital/wp-content/uploads/2023/11/BCG-x-B-Capital_DHP_vF_Compressed.pdf)

decision support. This trend is most visible in fast-growing segments such as Genomics, Oncology, and Specialised Molecular Diagnostics, where the demand is rising due to greater disease awareness, expanding insurance coverage, and the push for early detection and personalised treatment pathways.

- ▶ **The Technology Execution Challenge:** The challenge in this shift lies in integration. Many hospitals run on fragmented IT systems, making it difficult to capture and analyze data effectively. Standardization and interoperability will be critical for technology to deliver its full promise. Moreover, investment in cybersecurity and patient data protection will become non-negotiable foundations of trust as digital adoption rises.
- ▶ **Regulatory and Data Security:** DPDP Act 2023/2025 Rules have transformed India's healthcare landscape by mandating robust data governance, elevating compliance as a market differentiator while curbing breaches and accelerating ABDM (Ayushman Bharat Digital Mission's) integration<sup>25</sup>. Investments in such platforms with robust privacy frameworks, create a market divide where compliant leaders proactively secure patient trust, seamless ABDM integrations, and accelerated scaling, whilst non-compliant players risk exclusion from tenders, partnerships, and growth capital as DPDP enforcement matures the ecosystem toward secure, AI-enabled healthcare delivery.

## ii. Working Capital Management

While the demand outlook is strong, financial discipline continues to be a chronic challenge across the sector. Hospitals regularly face delayed receivables, especially from government schemes like Ayushman Bharat. This consistently creates cash flow stress and constrains the ability to reinvest in expansion.

Forward-looking providers are adopting more professionalized treasury practices, tightening billing cycles, outsourcing receivables management, and deploying tech-enabled financial systems. Some chains are also experimenting with fintech partnerships that allow faster claims processing and reduce turnaround times from months to weeks.

While high account receivables from government schemes impact cash flow, some state governments are improving payment patterns by automating processes and integrating live data from providers.

Working capital management is not just an efficiency lever; it is a determinant of scalability. Without it, even profitable units can stall.



Investments within the healthcare sectors reflect a broader shift toward automation and digitization – beginning with claims processing and EHR systems. Revenue Cycle Management (RCM) is undergoing transformation through automation.

**Hari Buggana**

Founder & Chairman, InvAscent

<sup>25</sup> <https://www.mohfw.gov.in/?q=en%2Fpressrelease-87>

### iii. Balancing Private & Government Scheme Patients

In Tier-2 and Tier-3 markets, government-scheme patients drive volumes but at lower margins, while private-pay patients support cash flows. Managing this mix requires lean operations and analytics-driven profitability tracking.

Future-ready hospitals are adopting lean operating practices and deploying analytics to track profitability by patient segment. Investments in standardized clinical pathways are also helping reduce costs while maintaining quality for both categories of patients.

The ability to manage this balance will be a defining capability for hospitals expanding outside metro India.

### iv. Access to Talent

While technology can amplify care delivery, it simply cannot replace clinical expertise. Access to skilled talent continues to be the primary constraint on healthcare scalability in India, especially beyond Tier-1 markets.

India faces a shortfall of ~600,000 doctors and 2 million nurses<sup>26</sup>. The shortage is especially acute in specialized areas like oncology, cardiology, and critical care. As detailed above, specific data on talent shortages include only 3,000 nephrologists for 1,400 million people, approximately one audiologist for every 500,000 people, and less than 800 cardiologists and 100 endocrinologists produced annually for 1.5 billion people.

Providers are responding through blended staffing models, combining tele-consultations with metro-based specialists, structuring training programs for local clinicians, and by clearing career pathways to improve nurse retention. Some platforms are investing directly in workforce development. For example, Apex Kidney Care, established the Apex School of Dialysis Technology in collaboration with the Tata Institute of Social Sciences, where it has trained nearly 2,000 dialysis technicians and nurses.

Digitization and AI help reduce dependence on scarce expertise but do not replace clinical judgment. And as several leaders conclude, the real solution is systemic reform in medical education and incentives to talent to work in smaller towns.

This was also a tested conclusion as several digital first, asset-light healthcare models saw rapid early adoption however their ability to scale sustainably was constrained not by demand or capital, but by clinical talent availability, regulatory complexity, and the lack of embedded care accountability.



There needs to be a balance between government and non-government business to manage cash flows effectively.

**Indranil Roy**

Director & CEO, Apex Kidney Care

<sup>26</sup> [https://onehealthtrust.org/wp-content/uploads/2019/04/AccessBarrierstoAntibiotics\\_CDDEP\\_FINAL.pdf](https://onehealthtrust.org/wp-content/uploads/2019/04/AccessBarrierstoAntibiotics_CDDEP_FINAL.pdf)

# Investor Lens: Confidence, Consolidation & Capital-Plus Models

As providers reshape business and operating models, investors face a parallel challenge on how to fund healthcare's transformation while generating sustainable, risk-adjusted returns. Over the last decade, private equity funds, venture investors, and strategic acquirers have played a pivotal role in shaping Indian healthcare by bringing both capital and institutional discipline. Their perspectives reflect strong conviction in the sector's fundamentals, layered with an acknowledgement of execution risk.

## i. Confidence Continues to Strengthen

Healthcare remains one of the top three sectors for private equity deployment in India<sup>27</sup>. The pandemic reinforced healthcare's resilience as an asset class, and demand fundamentals remain unshaken. India now attracts over \$5 billion of private capital annually in healthcare. This illustrates the dramatic increase in investor confidence.

The confidence stems from macro fundamentals: rising middle-class incomes, government-backed insurance coverage, and lifestyle-related disease burden. Unlike cyclical sectors such as consumer goods or real estate, healthcare demand is inelastic, making it particularly attractive to long-term institutional capital. Valuations also reflect this divergence.

## ii. Consolidation for Scale & Profitability

Investors see consolidation as both inevitable and desirable. Where smaller, standalone hospitals or diagnostics labs struggle with high costs, regulatory compliance, and lack of brand equity; consolidation offers synergies, standardization, and stronger bargaining power with suppliers and payers.

In Q3 - 2025 alone, the healthcare and pharma sector recorded a total of 72 transactions valued at \$3.5 billion. It included 36 M&A deals of which domestic consolidation accounted for 73% of total deal value<sup>28</sup>.

Recent transactions, such as Manipal's acquisition of Sahyadri illustrate how consolidation is creating national level platforms.



In Indian healthcare, value creation is driven more by execution than innovation. Operators who execute well at scale and maintain profitability stand out.

### Mayur Sirdesai

Founder and Managing Partner,  
Somerset Indus Capital Partners



A decade ago, healthcare buyouts were almost non-existent. Today, the sector ranks as the third-largest in India for private equity buyouts.

### Tarun Sharma

Head of Healthcare and Consumer  
360 ONE Asset

<sup>27</sup> [https://www.bain.com/globalassets/noindex/2025/bain\\_report\\_india\\_private\\_equity\\_2025.pdf](https://www.bain.com/globalassets/noindex/2025/bain_report_india_private_equity_2025.pdf)

### iii. Execution at Scale: The Final Frontier

Despite optimism, investors recognize the risks in the sector. Scaling healthcare is far harder than scaling a consumer business. Talent shortages, regulatory bottlenecks, and infrastructure deficits can often derail the best laid plans. This is why investors are favoring platforms i.e. backing a scalable chain rather than a single asset.

In a sector where innovation is often incremental, large scale execution ability has emerged as the defining differentiator.

### iv. Increased Focus on Governance, Sustainability and Transparent Reporting

Governance is no longer a hygiene factor but a core determinant of valuation and capital access in Indian healthcare. Investors now increasingly differentiate assets based on governance quality, transparency, and sustainability, rather than growth alone. Scaled platforms with strong governance frameworks often command valuation premiums of 20–30%, while governance lapses have resulted in valuation haircuts, delayed exits, combined with erosion of investor confidence.

Despite this growing emphasis, institutional maturity across the sector remains uneven. Fewer than 3% of hospitals and nursing homes in India are NABH accredited, highlighting the persistent gap between capacity creation and quality standardization. Accreditation is viewed as a proxy for governance maturity, particularly for platforms seeking scale, insurance empanelment, and medical value travel opportunities.

ESG has been embedded into many Fund's investment framework, reflected in the adoption of structured ESG frameworks and regular impact reporting. Sustainability considerations are also receiving increased focus, with hospitals increasingly evaluated on parameters such as energy efficiency, waste management, and community engagement.

To support stronger governance, investors now expect robust, automated MIS and regular transparent reporting that covers both financial and non-financial metrics. These shifts signal a clear direction: governance and sustainability are no longer peripheral and are central to valuation, scalability, and long-term trust.

### v. The Shift to Capital-Plus Models

Investors are increasingly sharpening their focus on clinical outcomes alongside financial performance. While outcomes benchmarking is standard practice in mature markets, India is now moving decisively in that direction. Private equity funds are asking hospitals to track metrics such as survival rates, infection rates, and patient satisfaction as part of core performance reviews.

This emphasis reflects two realities: First, outcomes are central to building trust with patients and regulators; Second, they are increasingly linked to long-term valuations. Over time, investors expect clinical excellence to translate directly into market leadership and hospital leaders are supporting this shift.



Out of 55,000 hospitals and nursing homes in the country, only 1,425 (less than 3%) are NABH certified. This underscores the critical role of accreditations (like NABH and JCI) for quality standards and patient trust.

**Abhishek Kabra**

Managing Director, Samara Capital



ESG is integrated into how we invest—guided by our LPs, tracked through defined KPIs like job creation and healthcare beneficiaries, and assessed through ESG diligence at the portfolio level.

**Visalakshi Chandramouli**

Managing Partner  
Tata Capital Healthcare Fund

<sup>28</sup> <https://www.ibef.org/news/healthcare-locked-rs-2-61-900-crore-us-30-billion-investment-in-two-years-says-report>

# Conclusion: Shaping the Next Decade of Indian Healthcare

Indian healthcare stands at a moment of urgency as well as opportunity. Demand is undeniable, challenges are structural, and solutions are beginning to take shape. From industry conversations and investment trends, three priorities are refining the next decade:

01

Specialization and reach will reshape delivery. Super and single specialty models are becoming central to care delivery, while Tier-2 and Tier-3 cities are emerging as growth engines, and government backed schemes are moving from being safety nets to market catalysts.

02

Accountability and execution will determine winners. Tech adoption, disciplined working capital management, strong governance, and transparency in clinical outcomes are becoming the foundations of trust. The sector must transition from simply building capacity to delivering consistent, measurable outcomes at scale.

03

Investors and policymakers will be as critical as providers. The rise of capital plus models means investors are shaping strategy and governance along with funding, while initiatives such as Ayushman Bharat and the MedTech PLI are enabling environment for new business models. The increasing interplay between private capital and public policy will define the sector's balance.

Ultimately, this transformation is not about scaling beds or machines. It is about scaling trust, outcomes, and institutions. The next decade will belong to those who can combine execution with vision, scale with accountability, and capital with conscience.

The sector's growth will hinge on how well it balances the **four A's**—**Accessibility**, **Affordability**, **Awareness**, and **Accountability** as it enters its next growth chapter.



# About Protiviti

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Protiviti ([www.protiviti.com](http://www.protiviti.com)) is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future. Protiviti and its independent and locally owned member firms provide clients with consulting and managed solutions in finance, technology, operations, data, digital, legal, HR, risk and internal audit through a network of more than 90 offices in over 25 countries.

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