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MARC Insights

Healthcare Industry report on Dakshina Kannada (South Canara).

2024

Research by: MARC



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Healthcare Sector Industry Overview

Industry Overview : India

Highlights on healthcare industry of India

The Indian healthcare industry includes hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance, and medical equipment

10th

Ranking in Medical Tourism Index (MTI) for 2020-2021 out of 46 destinations of the world.

5.04 Lakh

Tourist arrived for medical purpose in 2023 as compared to 1.83 Lakh in 2020

2.1 %

Public expenditure on Healthcare as % of GDP in FY 23

13.86 lakh

Total Allopathic doctors in India (As of July 2024)

1:834

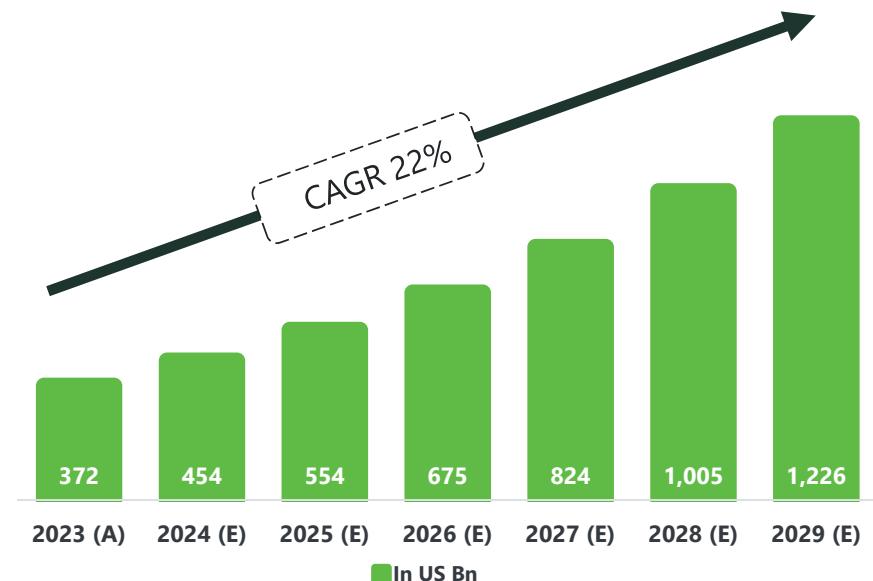
Doctor-population ratio in India, (WHO standard of 1:1000)

7.5 Mn

No. of people employed in healthcare sector India 2024-25

*Note: This workforce includes various categories of health professionals such as allopathic doctors, nurses/midwives, pharmacists, dentists, and traditional medical practitioners (AYUSH)

Indian Healthcare Industry Market Size



In the Interim Budget for FY 2024-25, the healthcare sector received an allocation of ₹90,659 crore, marking a 12.5% increase compared to the ₹80,518 crore allocated in FY24.

Source :- [Business Standard](#), [Invest India](#)

Industry Overview : Karnataka

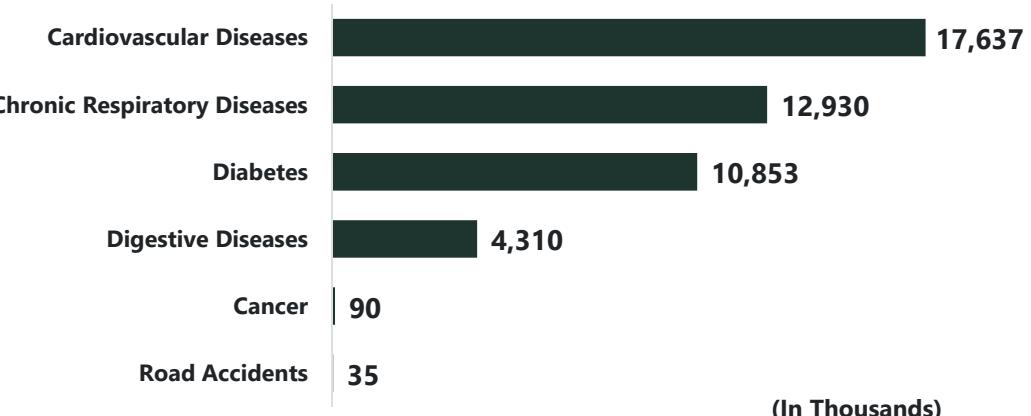
About Karnataka

 Population	6.82 Cr
 Population Growth	2.38% CAGR
 Density Km2	362 Per Km2
 Birth Rate	16.5/1,000 Inhabitants
 Life Expectancy	69.5 Years
 Private Hospitals	505
 Government Hospitals	175
 Allopathy Doctors	1,18,727
 Public Beds Available	69,762
 Private Beds Available	1,20,279
 Available Beds	392 per 1 Lakh Population
 Private Medical Colleges	168
 Government Medical Colleges	38

Gap in medical Infrastructure

- The total available beds, including both government and private is 1.9 lakh. According to the norms, there should be 5 beds per 1,000 population, Hence, there is a need for 3.39 lakh beds, **indicating a gap of 1.49 lakh beds.**
- 923 diagnostic centers** in the state, whereas norms require 1 per 10,000 population, indicating a need for 6,783 centers. This highlights a **shortfall of 5,860 diagnostic centers.**

Disease in Karnataka



Sources :-, [Economic survey, Dakshin Kannada, Dakshin Kannada 2011](#),

Healthcare Industry in Dakshina Kannada

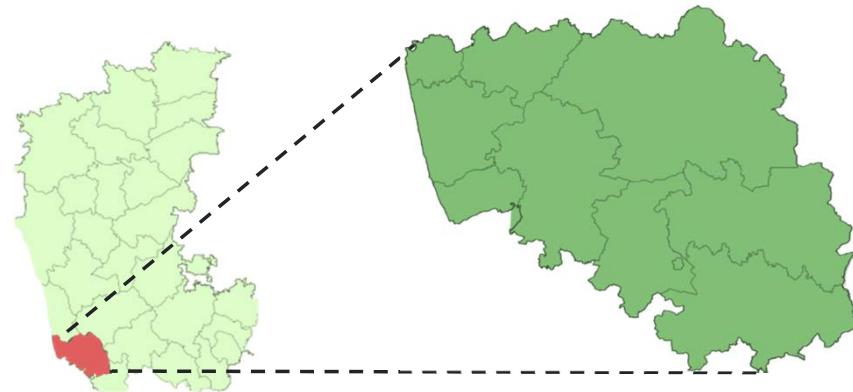
Industry Overview : Dakshina Kannada

About Dakshina Kannada

 Population	22.69 Lakhs
 Population Growth	0.80% CAGR
 Density Km2	430 Per Km2
 Human Development Index	0.746(second in state)
 Life Expectancy	69.5 Years
 Private Hospitals *	1,900
 Government Hospitals*	2,449
 Government Doctors	149
 Private Doctors	4,903
 Public Beds Available	23,134
 Private Beds Available	12,829
 Available Beds	15.91 per 1,000 Population
 Autonomous Teaching College	8

Source :- [Economic Survey](#)

Medical Infrastructure of District



The district's population has increased from **20.90** lakh in 2011 to an estimated **22.69** lakh in 2021. During the same period, per capita income surged from **₹217,670** in 2012-13 to **₹443,057** in 2021. These trends have significantly boosted the demand for healthcare services.

Dakshina Kannada is well-equipped with healthcare infrastructure in addition, the district is supported by **1,445** medical shops (Pharmacy) and **15** blood banks to meet the health needs of its residents.

*Private Hospitals including Nursing homes & clinics

* Total Government Hospitals including PHC/sub centers, Ayush Hospitals, CHC, District hospitals, Taluk hospitals.

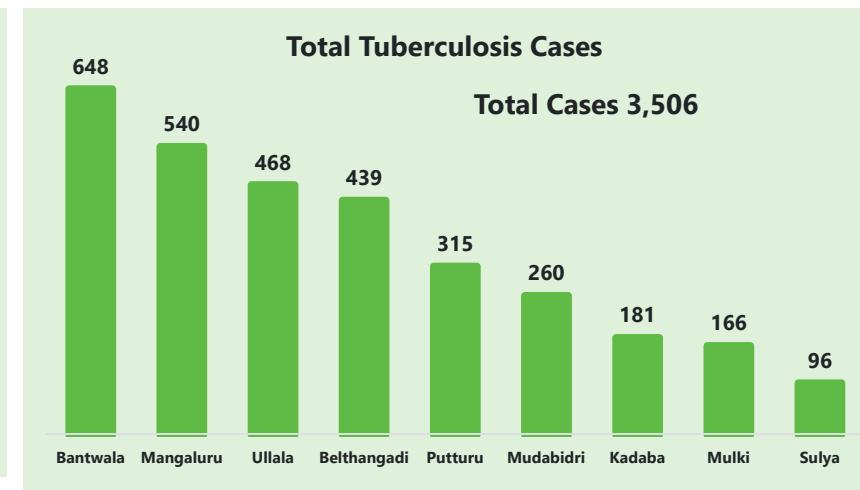
Key Healthcare Indicators of District

10.3 Infant Mortality rate as on 2023-24.

34.4 Maternal mortality rate of Dakshina Kannada as on 2023-24.

2.93% of total dengue cases in district, 566 cases out of 19,300 in state

4,542 people across five taluks were affected by illnesses linked to Endosulfan spray, with the majority in Puttur (40%) and Belthangadi (34.6%).



5.62%

Dakshina Kannada district accounts for 5.62% of the total government hospitals in Karnataka.

2.05%

Dakshina Kannada accounts for 2.05% of the total number of doctors in Karnataka,

3.91%

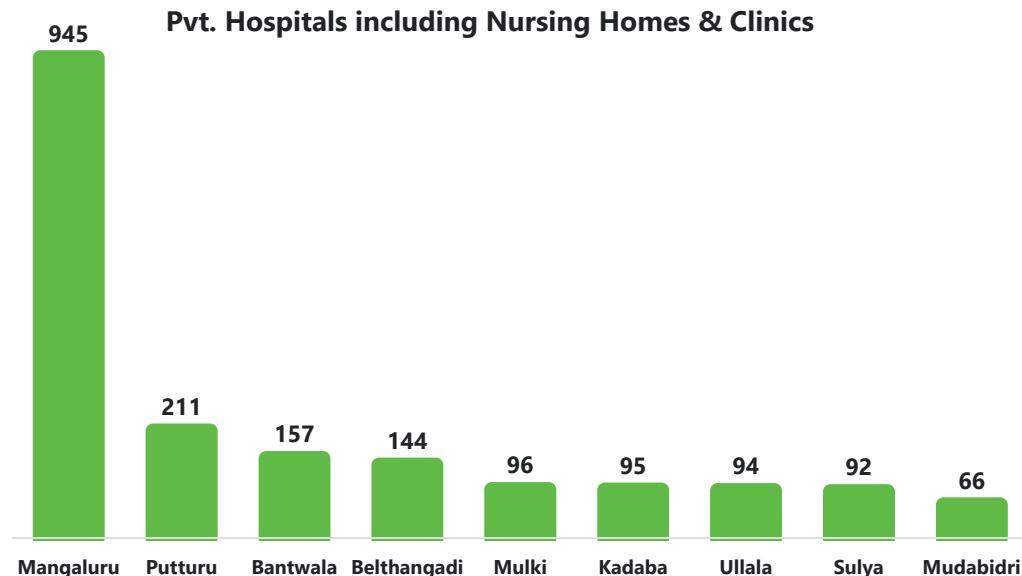
Total Ambulances (108) in District from State. It has served 18,669 patients of district with a response time of approx. 30 mins

6.08%

Karnataka has 31,215 private medical institutions, with 6% located in Dakshina Kannada.

Source :- [Times of India](#), [Karnataka.gov](#), [Journal](#)

Growth Catalysts & Operational Challenges



Karnataka has **31,215 private medical establishments** registered under the Karnataka Private Medical Establishment Act, with 9,871 (32%) in Bangalore, 2,092 (7%) in Dharwad, and 1,980 (**6%**) in **Dakshina Kannada**.

Source :- [Dakshina Kannada](#)

Key Growth Drivers

Private Sector Investment

Private hospital chains and healthcare providers are expanding their presence in the district, driving competition and improving service standards.

Medical Education and Training:

The district is equipped with 8 autonomous and teaching hospitals: 4 in Mangaluru, 1 in Sulya, and 3 in Ullala with 6,707 beds.

Enhanced District Infrastructure:

Dakshina Kannada has 2,449 hospitals, offering a total of 23,134 beds and staffed by 5,050 doctors.

Growth Catalysts

1. Emerging Medical Tourism:

- Between 2017 and 2019, Mangaluru attracted **240** foreign medical tourists, with 50% being treated at KMC, AJ, and Yenepoya hospitals.
- The city is gaining recognition for medical tourism, ranking behind Bengaluru and Chennai.
- The affordability and advanced healthcare has attracted patients from Gulf and Africa

2. Namma Clinics

The main focus of Namma Clinics is to bolster health infrastructure and make healthcare more accessible to economically weaker sections in urban areas and will concentrate on slum areas, and vulnerable people, especially migrant workers reside.

The Namma Clinics will treat common diseases or any other ailment that needs immediate medical attention. This will help control diseases at the initial stages. The Namma Clinic will also reduce the burden on the existing government hospitals

3. Pharmaceutical and Biotechnology Growth:

Given the region's strong educational foundation in healthcare, Dakshina Kannada can attract investment in pharmaceuticals, biotechnology, and research-based industries, boosting the local economy.

4. Expansion of Home Healthcare Services:

Dakshina Kannada's "Hridaya Vaishalya Yojana" (HVY) brings cardiologists to patients' doorsteps for free weekly check-ups. This model could be expanded to include other specialties, like endocrinology and pediatrics, enhancing rural healthcare access.

Source : [Deccan Herald](#), [Namma Clinics](#)

Operational Challenges

Key Challenges

Adverse Climate

- The region experiences extreme heat and humidity during summer, and heavy rainfall during the monsoon season can lead to frequent floods and red alerts, complicating healthcare delivery and access. With 86 flood-prone villages, the region's healthcare infrastructure is strained.

Supply Chain Issues:

- Disruptions in the supply chain for medical supplies and medications, often caused by natural disasters and poor road conditions, can limit access to essential health services.

Financial Barriers:

- High out-of-pocket expenses and limited insurance coverage impacted access to quality healthcare for many residents.

Government Healthcare Infrastructure

Taluka	No. of Hospitals	No. of Doctors	No. of Beds
Mangaluru	1,027	2,560	12,124
Bantwala	274	223	567
Putturu	264	280	719
Belthangadi	236	262	1,094
Sulya	150	344	1,405
Kadaba	144	20	128
Ullala	129	944	5,497
Mulki	121	150	881
Mudabidri	104	120	719
Total	2,449	4,903	23,134

Source:- [Adverse climate](#), [Dakshina Kannada statistical Report](#)

Key Major Hospitals

List of Top Hospitals in Dakshina Kannada

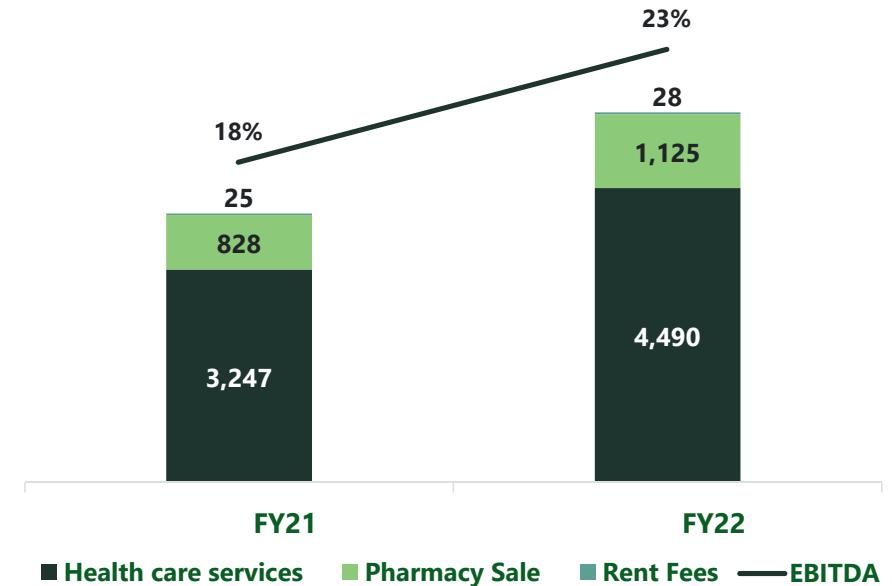
Name of Hospital	Location	Beds	No. of Doctors
Father Muller Multispecialty Hospital	Mangaluru	1,250	50+
Justice K S Hegde Charitable hospital	Mangaluru	1000	180+
Wenlock District Hospital	Mangaluru	1,000	30+
AJ Hospital	Mangaluru	810	30+
Mahaveer Medical Centre	Puttur	700	30+
SDM Multispecialty Hospital	Ujire	650	50+
Puttur City Hospital	Puttur	600	30+
Indiana Hospital	Mangaluru	300	20+
KMC Hospital	Mangaluru	300	100+
Lady Goschen	Mangaluru	272	50+
Unity Multispecialty Hospital	Mangaluru	250	20+
Yenepoya Specialty Hospital	Mangaluru	234	50+

Financial Analysis of Major Hospitals: Key Metrics and Insights

Financial Analysis - Indiana Hospital & Heart Institutes

Profit & Loss Snapshots

Particulars	Actuals		Common Size		Variance
	In INR Lakhs	FY21	FY22	FY21	FY22
Health care services	3,247	4,490	79%	80%	38%
Pharmacy Sale	828	1,125	20%	20%	36%
Rent Fees	25	28	1%	0%	12%
Total Revenue From Operation	4,100	5,643	100%	100%	38%
Expenses					
Cost Of Goods Sold	527	758	13%	13%	44%
Medicines Purchases	482	657	12%	12%	36%
Employee Benefits Expense	639	782	16%	14%	22%
Consultancy Charges - Doctors	1,146	1,420	28%	25%	24%
Other Expenses	583	714	14%	13%	22%
Total Expenses	3,377	4,331	82%	77%	28%
EBITDA	723	1,312	18%	23%	81%



- In FY21 and FY22, healthcare services were INR 3,247 Lakhs and INR 4,490 Lakhs, respectively, making up 80% of the total revenue with a gross margin of 84%. Pharmacy sales were INR 828 Lakhs and INR 1,125 Lakhs, contributing 20% of the total revenue with a gross margin of 42%. Overall, total sales saw a year-on-year increase of 38%.
- In FY21, Employee Benefit Expenses and Doctors' Fees amounted to INR 639 Lakhs and INR 1,146 Lakhs, respectively, contributing 44% of the total revenue. In FY22, despite a 22% increase to INR 782 Lakhs and INR 1,420 Lakhs, their combined percentage to revenue dropped to 39%.
- EBITDA saw a significant improvement of 81% in FY22, Increasing from INR 723 Lakhs to INR 1,312 Lakhs. leading to an increase in EBITDA margin from 18% to 23%. The primary drivers for this enhancement were less than proportionate increase reductions in employee expenses and doctor consultancy charges

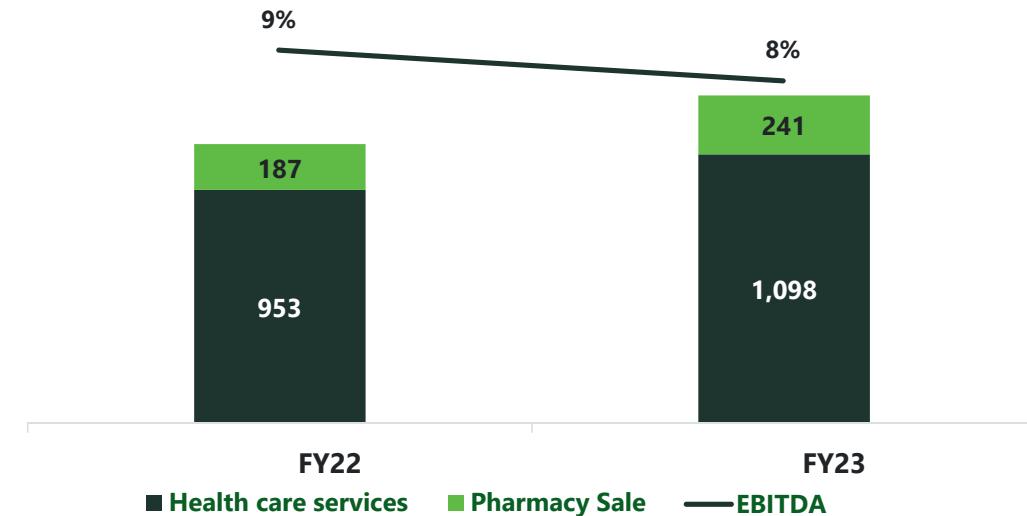
Source: *Indiana Hospitals*

Financial Analysis - Puttur City Hospital

Profit & Loss Snapshots

Particulars	Actuals		Common Size		Variance
	In INR Lakhs	FY22	FY23	FY22	FY23
Health care services	953	1,098	84%	82%	15%
Pharmacy Sale	187	241	16%	18%	29%
Total Revenue From Operation	1,140	1,339	100%	100%	17%
Expenses					
Cost Of Goods Sold	132	182	12%	14%	38%
Employee Benefits Expense	204	224	18%	17%	10%
Consultancy Charges - Doctors	520	627	46%	47%	21%
Other Expenses	186	196	16%	15%	5%
Total Expenses	1,042	1,228	91%	92%	18%
EBITDA	99	111	9%	8%	12%

Revenue – EBITDA Comparison
(in INR Lakhs)



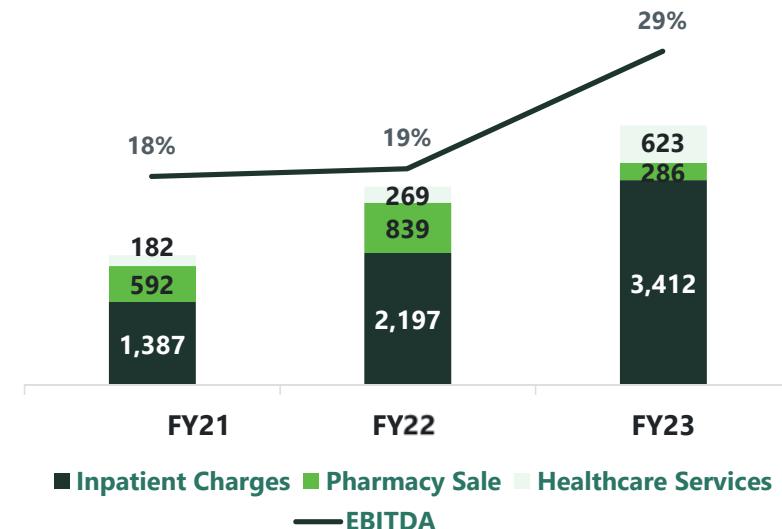
- In FY23, Revenue from operations was primarily consisting of healthcare and pharmacy sales. Healthcare sales increased by 15%, from INR 953 Lakhs to INR 1,098 Lakhs, and accounted for 82% of the total revenue. Meanwhile, pharmacy sales saw a 29% growth, From INR 187 Lakhs to INR 241 Lakhs, contributing 18% of total revenue.
- Employee and doctor's consultancy fees were the largest expenses in FY22, amounting to INR 724 Lakhs. These costs increased by 18% in FY23, reaching INR 851 Lakhs and represented 63% of total revenue.
- Although EBITDA increased form INR 99 Lakhs to INR 111 Lakhs an 12% increase, EBITDA Margin dropped from 9% to 8%, this drop was primarily due to increase in Cost of goods sold and doctor consultant Fees.

Source: Puttur City Hospital

Financial Analysis – SCS Hospital

Profit & Loss Snapshots

Particulars	Actuals			Common Size			Variance	
	In INR Lakhs	FY21	FY 22	FY23	FY21	FY22	FY23	FY22
Inpatient Charges	1,387	2,197	3,412	64%	66%	79%	58%	55%
Pharmacy Sale	592	839	286	27%	25%	7%	42%	-66%
Healthcare Services	182	269	623	8%	8%	14%	48%	132%
Total Revenue From Operation	2,161	3,304	4,321	100%	100%	100%	53%	31%
Expenses								
Cost Of Goods Sold	409	587	702	19%	18%	16%	43%	20%
Employee Benefits Expense	476	664	669	22%	20%	15%	40%	1%
Consultancy Charges - Doctors	531	753	1,187	25%	23%	27%	42%	58%
Other Expenses	346	669	503	16%	20%	12%	93%	-25%
Total Expenses	1,762	2,673	3,061	82%	81%	71%	52%	15%
EBITDA	399	631	1,261	18%	19%	29%	58%	100%



- In FY23, Inpatient charges remained the primary revenue driver, contributing 79% of revenue for the review period.
- Inpatient charges observed an increasing trend with revenue amounting to INR 1,387 lakhs in FY21, growing to INR 2,197 lakhs, a 58% rise, which further increased by 55% in FY23 amounting to INR 3,412 lakhs.
- Pharmacy sale observed a declining trend when compared to the total contribution to revenue, wherein in FY21, it contributed 27% which marginally dropped to 25% in FY22 and further dropped significantly to 7% amounting to INR 286 lakhs.
- Total expenses grew from INR 1,762 Lakhs in FY21 to INR 2,673 Lakhs in FY22, a 52% increase on YoY basis, and further increased to INR 3,061 lakhs in FY23, a 15% increase.
- Despite the increase in total expenses, as a percentage of revenue, total expenses decreased marginally from 82% in FY21 to 81% in FY22 and further dropped to 71% in FY23 primarily due to decrease in employee cost and other expenses.
- EBITDA margin observed an upward trend amounting to INR 1,261 lakhs, 29% of the total revenue.

Financial Analysis of Major Hospitals

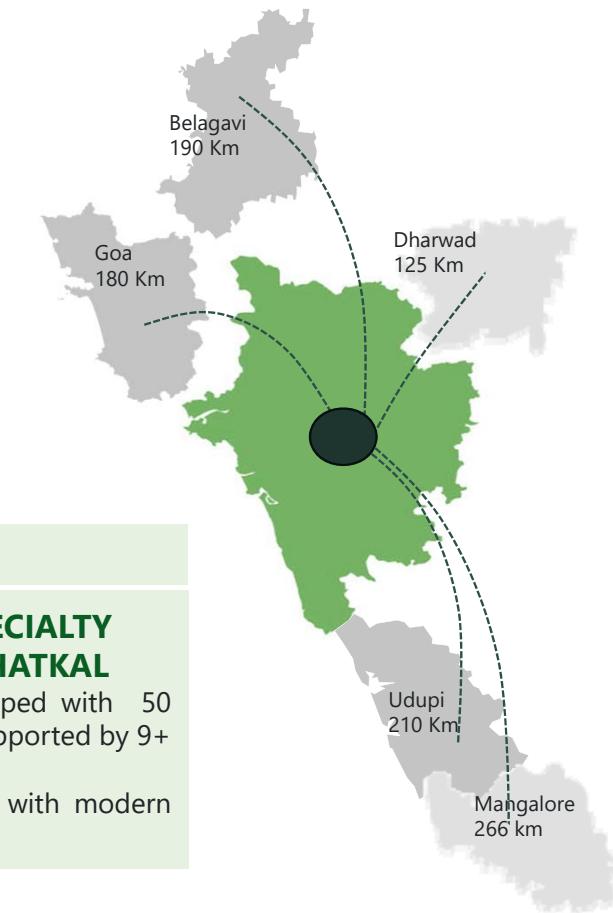
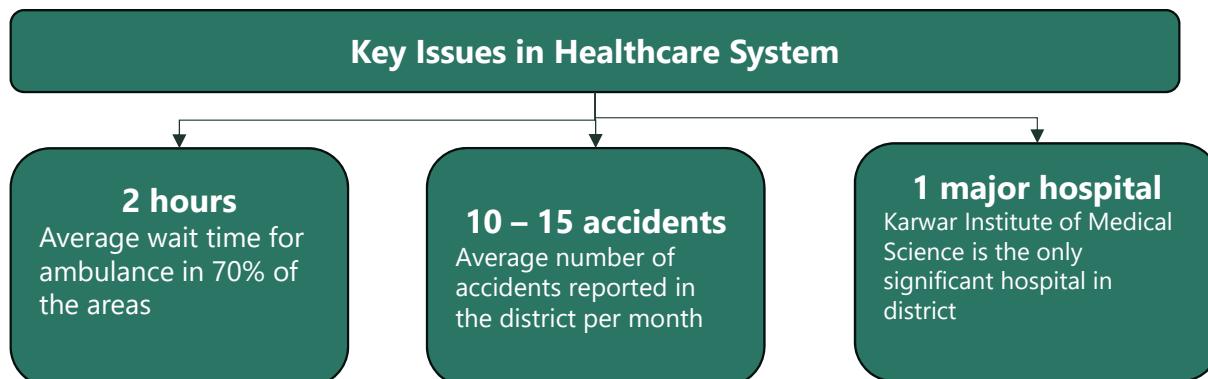
KPI's in Comparison

Particulars	 Indiana Hospitals	 Puttur City Hospitals	 SCS HOSPITAL In part of diagnostic and therapeutic centre
Revenue	5,643 Lakhs	1,339 Lakhs	4,321 Lakhs
Revenue Growth	38%	17%	31%
Doctor Consultation fees	25%	47%	27%
EBITDA Margin	23%	8%	29%
Debt Equity Ratio	0.64	0.17	0.32
Total Beds	300	300	150
Revenue per bed	14.96 Lakhs	3.66 Lakhs	22.74 Lakhs

Source : [Indiana Hospitals](#), [Puttur City Hospital](#), [KMC hospital](#)

Exploring healthcare opportunities in surrounding regions

Opportunities in Uttara Kannada



Districts leading Hospitals		
KARWAR DISTRICT HOSPITAL Affiliated with Karwar Institute of Medical Sciences it has a bed capacity of 450 beds. the hospital handles an average of 1,239 opd patients daily.	TSS hospital, Sirsi Equipped with 150 beds, hospital is supported by a team of over 24 doctors and a dedicated staff of more than 250 professionals	LIFE CARE SPECIALTY HOSPITAL, BHATKAL The hospital is equipped with 50 beds & hospital is supported by 9+ doctors Hospital is equipped with modern facilities in Bhatkal.

Sources :- [Deccan Herald](#), [Economic Survey 2022](#)

Opportunities in Uttara Kannada

Key Growth Drivers of Uttara Kannada

Healthcare Gap in Uttara Kannada

Uttara Kannada district has only one government multi-specialty hospital, the Karwar Institute of Medical Sciences. It lacks specialty departments, requiring residents to travel 190 kilometers for comprehensive care.

Previous Barriers to Healthcare Investment

Limited affordability historically prevented private hospitals in Uttara Kannada, decreasing investment and leaving the district with insufficient healthcare services.

Emerging Opportunities for Healthcare Investment

With the district's improved economic situation and higher income levels, Uttara Kannada has become a promising location for private healthcare investment.

Trial Opportunity for Private Hospitals

Given the improved conditions, opening a private hospital on a feeder basis is an ideal opportunity to assess patient demand, service needs, and financial viability before committing to larger investments.

103
Total Government
Hospitals*
(2022)

2,038
Total Government
Hospital
Beds(2022)

14.37 L
Total Population
(2011)

15.13L
Total Population
(2021)
Population increased by **5.1 %**

INR 61,015
Per capita Income
(2012)

INR 1,95,665
Per capita Income
(2022)
The per capita income has grown by
approximately **3.21x**



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