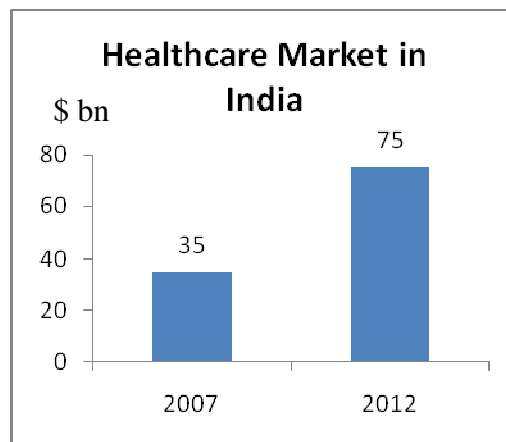


Indian Medical Equipment Industry – Opportunities for US Companies

The Indian healthcare industry is estimated at \$35 billion and is expected to reach over \$75 billion by 2012. The medical equipment market is growing at a rate of 15 percent and the demand for equipment is expected to reach \$5 billion by 2012 from the current figure of \$2.7 billion.

The medical infrastructure in India is far from adequate. Demand, for hospitals and beds, far surpasses availability. The World Health Organization projected that India needs to create at least 80,000 hospital beds per year for the next five years to meet the expanding local demand. A significant portion of these hospital beds will be in various specialties. Both the government and the private sector have embarked on a path to bring about a rapid growth in the industry and to manage the demand for high quality service. This has also brought a surge in demand for high-end medical devices and equipment as the specialty hospital facilities depend on the import of high-end medical equipment.



Domestic Market

There is a growing demand for quality healthcare service. The Indian population of 1 billion people is growing at a rate of 2.5 percent per year. The growth in affluence of 200–300 million strong middle-income consumers has increased the demand for, along with the discretionary income to purchase, private health care services. Many in the growing "middle income" segment look for international quality medical services in private super-specialty hospitals. This trend is likely to continue for the next several years, thereby creating demand for a higher standard of healthcare. The changed demographic profile and the rise of lifestyle-related diseases, has altered the health seeking behavior of the consumer. There is a rise in lifestyle-related diseases such as diabetes, cardiovascular diseases, and diseases of the

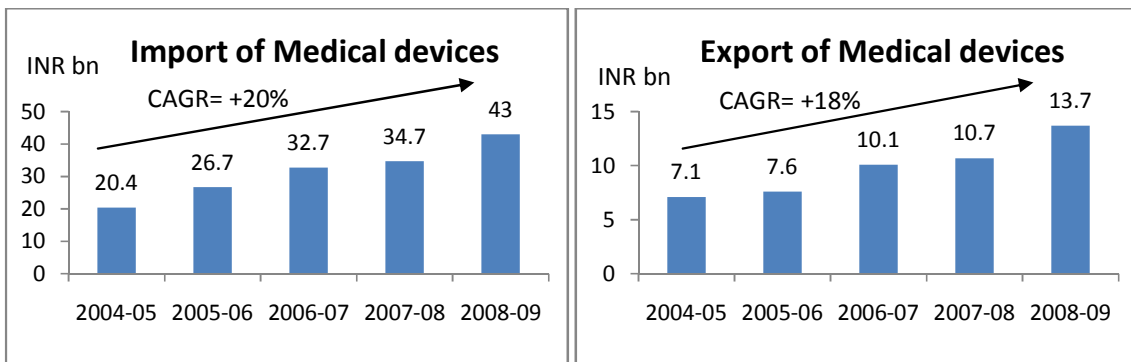
central nervous system. The number of individuals covered by health plans has increased, but there is a large Indian population that still needs to be insured.

Growth Drivers

Both the government and private sector are up-grading existing hospitals and planning to build new ones. Healthcare is provided through primary care facilities as well as secondary and tertiary care hospitals. While the first two categories are fully managed by the government, it is the tertiary care hospitals that are owned and managed either by the government or the private sector.

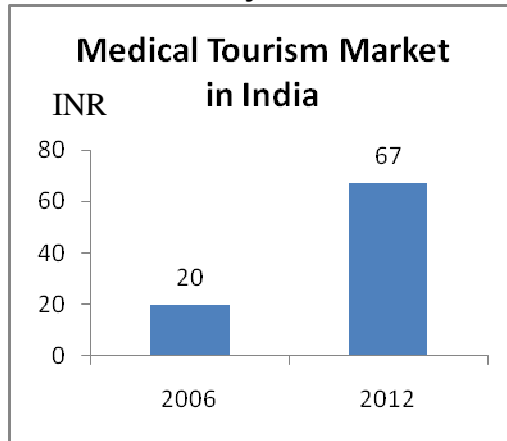
Public Sector – The public sector is engaged in prevention and elimination of infectious diseases and accessibility of basic healthcare facilities to the rural masses. The government has launched the National Rural Health Mission (NRHM) 2005–2020 with an aim to provide quality medical care for rural Indians. In its first phase to be implemented in the next seven years, NRHM will identify villages having weak medical care delivery systems and improve the infrastructure. To meet the growing demand, one million beds will be added by 2012 to bring the bed to thousand population ratio to 1.85. It requires a total investment of \$77.9 billion and large part will be from the private sector.

Private Sector – Corporations are sensing the huge untapped opportunity in the delivery of quality healthcare to the Indian masses and are focusing on tertiary-level as well as preventive and diagnostic healthcare. There are global PE and venture funds that are also vying to explore the opportunities. With this, the medical infrastructure market is expected to grow at 14.5 percent. Demand for medical equipment is expected to reach \$ 3.27 billion in the next two years and \$5 billion by 2012, from the current figure of \$2.7 billion. Imports account for over 65 percent of the entire medical equipment market, of which 85% is from the US.



In 2007, India treated 450,000 foreign patients. Medical tourism is one of the major external drivers of growth of the Indian healthcare sector. With increased competition for healthcare delivery, and promotion of medical tourism “Quality healthcare is the key for survival”. The National Accreditation Board for Hospitals (NABH) has been set-up to establish and operate

accreditation programs for healthcare organizations. Some private hospitals are also applying for accreditation from bodies such as the Joint Commission International (JCI).



Opportunities

The large private healthcare services providers are actively seeking growth by enhancing their reach across the country through the building new hospitals and acquiring and upgrading existing hospitals. There are several groups that operate hospital chains, such as Apollo Group, Fortis Healthcare, Manipal Group, Max Healthcare, and Wockhardt Hospitals. In the medical equipment segment, competition is from the imports from European companies and Japan. The most promising sub-sectors in the healthcare and medical equipment sector are listed below:

Medical Infrastructure
Medical and Surgical Instruments
Medical Imaging
Electro medical equipment
Orthopedic and Prosthetic Appliances
Cancer diagnostic
Ophthalmic Instruments and Appliances

Few US Players have already entered this market in the diagnostic and surgical equipment segment. Some of these are

- Baxter International Inc,
- GE Healthcare
- Johnson & Johnson Services Inc and
- Boston Scientific Corporation.

The growing demand for quality healthcare and the absence of matching delivery mechanisms pose a challenge and certainly a great opportunity. In infrastructure – building, equipping, managing, and financing super specialty hospitals are areas for growth. Some of the best sales prospects in the Indian medical equipment market include cancer diagnostic, cardiac products, medical imaging, plastic surgery equipment, as well as polymerase chain reaction technologies, laboratory products, orthopedic and prosthetic appliances. India is full of opportunities as most Indian healthcare institutes use foreign medical equipments.

FACT SHEET

ABOUT US

IMaCS Virtus Global Partners, Inc. is a New York based advisory firm that offers services to North American companies and funds seeking India related growth and investment opportunities. The firm is a joint venture between Virtus Global Partners and ICRA Management Consulting Services Limited, which is a fully-owned subsidiary of ICRA Limited, one of India's leading credit rating agencies.

Our mission is to enable our clients to transform their business by adding India as a key part of their global footprint. Our clients benefit from our local presence, strong relationships, knowledge of local business practice, experience, and financial expertise.

OUR PROFESSIONALS

We have an established track record of over 15 years and 1,000 engagements providing advisory services to a diversified client base across energy, manufacturing, infrastructure, and retail. Our team possesses a deep understanding of the business environment, both in the US and India and is well connected with companies, financial institutions, governmental agencies, and private equity firms in both markets. We also work with multilateral and bilateral government agencies, banks and financial institutions, and regulators. We are headquartered in New York with eight offices in India.

OUR SERVICES

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- Strategy Recommendations
- Investment Strategy
- Implementation Roadmap
- Market Strategy

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- Joint Ventures
- Outsourcing
- Strategic Alliances
- Distribution and Licensing Agreements

M&A Advisory

- Target Identification
- Price Negotiations
- Synergy Valuation
- Deal Structuring

Project / Bid Advisory

- Techno-Economic Analysis
- Concession Agreements
- Financial Modeling
- Contract Preparation

Operations Setup and Support

- Location Assessment
- Organization Design
- Business Structure Setup
- Risk Management

Market Assessment

- Demand Assessment
- Industry Landscape Analysis
- Competition Assessment
- Customer Acquisition Strategy

REPRESENTATIVE EXPERIENCE

Below is a partial list of our engagements in India for North American and European companies:

- ✚ Preparation of India entry strategy for a leading international EPC contractor.
- ✚ Financial strategy and roadmap for a rights issue for a global OEM.
- ✚ Market analysis and Product pricing strategy for launch of commercial vehicles in India by a global OEM.
- ✚ Financial evaluation of vendors for an international automobile company setting up a joint venture in India.
- ✚ Formulating an India entry strategy and business plan for a global monoline insurance company.
- ✚ Market study and Commercial viability assessment for setting up a 150 MW Lignite Based Power Project in India for an international developer of power projects.
- ✚ Formulating an India entry strategy for a leading global bank.
- ✚ Assessment and Due diligence of joint venture partner for an international power project investor
- ✚ Market Assessment of commercial vehicles gearbox and seatbelts in India for a leading international auto-component manufacturer.
- ✚ Financial assessment and valuation of India based utility companies for an international strategic investor seeking acquisition of stake in a State Owned Public Sector Utility
- ✚ Evaluation of options for corporate restructuring for a large engineering conglomerate

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