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AHEL to set up 250 'reach' hospitals for 10,000 crore

Apollo Hospitals Enterprise Ltd (AHEL) plans to set up 250 'reach hospitals' (total bed size of 31,250) across semi-urban and rural areas with an estimated investment of a whopping Rs 10,000 crore, said Pratap C Reddy, chairman, Apollo Hospitals group. Prime Minister Manmohan Singh is expected to launch the initiative in Chennai on September 5, he said.

As part of this initiative, AHEL has floated a wholly-owned subsidiary— Apollo Reach Hospitals— and has finalised plans to set up 25 such hospitals across the country at an estimated investment of Rs 1,000 crore in the first phase.

Each 'reach' hospital will have a bed size ranging 100-150 and is expected to be completed within 24 months. The first phase will have a total bed size of 3,125; AHEL has already obtained necessary land for the same, said Reddy at a press conference here on Tuesday.

The first five hospitals will come up in Karim Nagar, Nellore and Chittoor in Andhra Pradesh and Karikudi and Tiruchirapalli in Tamil Nadu, Reddy said.

"The move is aimed at meeting part of the Union government's efforts to provide quality healthcare for people living in semi-urban and rural areas. We have provided healthcare to over 20 million people in the last 25 years and we hope to reach one billion people in the next 25 years," he added.

India has one bed per 1,250 people as against one bed per 80 people in Japan and 250 people in the US. The country needs 100,000 beds per year for many years; this requires an investment of nearly Rs 80,000 crore over a period of time, Reddy pointed out.

"Our objective is to provide quality healthcare at an affordable rate for all those living in semi-urban and rural areas," he maintained.

1 Crore = 10 million

1 US\$ = Re 44.4



He further added that the impact of revenue from the new hospitals will reflect in the company's earnings 2012-13 onwards. The tax holiday window, which opened post budget this April 1, 2008 will remain open till March 31, 2013, during which the hospital must commence operations to derive 5-year tax holiday benefit.

Responding to queries, Suneeta Reddy, executive Director (finance), AHEL said, "We have achieved the financial closure for the first phase of Rs 1,000 crore investment.

Out of the Rs 1,000 crore, nearly Rs 560 crore will be achieved through equity and Rs 150 crore through internal accruals. The remaining Rs 400 crore will be raised through debt; the company has already obtained approvals from various institutions towards this end."

Phase II and phase III of the project, creating over 28,000 beds through 225 'reach' hospitals, will be taken up in the private-public partnership model. Respective state governments will support AHEL with land allocation, she said, adding that each of the 'reach' hospitals will be set up keeping in mind the local needs and demographic and morbidity patterns....

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