

Organized Single Specialties set to capture 30% of India's Single Specialty hospitals market, crossing USD 9 billion by FY28: Avendus Capital

June 2025 • Mumbai

Avendus Capital, India's largest investment bank, unveiled a report capturing how single specialty healthcare is breaking away from the multi-specialty setup to chart its own path in India. According to the report, organized single specialty chains are scaling rapidly. With a current market size of USD 4 billion and 27% share within the single specialty segment, these chains are expected to grow at 24% CAGR to USD 9 billion by 2028. Their growth is underpinned by strong fundamentals - EBITDA margins exceeding 20%, ROCEs above 30%, and early breakeven within two years.

Since 2015, the segment has attracted cumulative private equity investments exceeding USD 3.7 billion, accounting for over 35% of total hospital investments. 70% of these investments have gone to established specialties such as IVF, eyecare, mother & child care, dialysis and oncology. However, in the last 2- 3 years, leading players in specialties such as dental care, urology / nephrology, skin and hair care have also started to attract investor interest due to significant whitespaces in the demand-supply in these specialties. These formats offer an ideal blend of low capital intensity, high specificity of care, and replicable business models that are increasingly appealing to institutional investors and founders alike.

Market leaders in most of these specialties are tapping into available capital to accelerate growth via M&A roll-ups, indicating strong investor belief in platform plays and consolidation potential. As per the report, with established players expected to increasingly target public markets, the market cap of listed single specialty chains could rise from the current USD 3.9 billion to USD 18 billion by FY30, driven by new listings as well as growth in listed players.

Anshul Gupta, Managing Director and Head, Healthcare Investment Banking, Avendus Capital said, "India's single specialty healthcare space is witnessing a structural shift, driven by superior unit economics and rising investor confidence. What makes this segment compelling is its ability to improve patient experience, scale efficiently, and deliver strong investor returns. Financial sponsors are backing these focused formats aggressively, given their replicable models and M&A roll-up potential. While current penetration is centered around metros and Tier 1 cities, the next wave of growth could come from Tier 2+ markets, where significant white-spaces exist, given the retail-like box economics model. We also foresee heightened public market activity, with scaled platforms increasingly tapping into capital markets, mirroring the multi-specialty wave of the past decade. That said, as in any retail-like model, immaculate execution capabilities will be the pre-requisite for success. Then again, the strong macro tailwinds are undeniable. Such models have succeeded in many developed economies, it is just a matter of time, and we feel India's time is not too far away."

The report underlines the key drivers that led to the breaking away of eight single specialties as independent business models and their respective growth trajectories. It studies the factors that make certain specialties more suitable for the single specialty model and lays down the total addressable market for each. It also uses a proprietary model for demand estimation based on a bottom-up approach of underlying demand drivers, informed by first-hand deal execution experiences across certain specialties, validated by interviewing industry practitioners and experts.

The rise of single specialty hospitals marks a shift in how care is delivered - leaner models focused on one clinical area, built to scale efficiently, and designed around patient convenience. Unlike multi-specialty hospitals, which function as 'destinations', single specialty formats are often 'retail-like' in nature - offering proximity, specialization, and quick turnaround for patients with specific needs. With market leaders actively exploring IPOs and consolidation underway, India's single specialty landscape is entering a new phase of growth.

| About Avendus

Avendus Group is a leading financial services firm with a presence in the areas of Investment Banking, Institutional Equities, Wealth Management, Credit Solutions and Asset Management. Established in 1999 in Mumbai, India, Avendus is today present in 11 cities across India, US and Singapore. Avendus partners with the Indian entrepreneur ecosystem to provide differentiated solutions that enable clients to meet their strategic aspirations.

Avendus Capital, the investment banking arm, is consistently ranked among the top investment banks in the country on the back of its in-depth domain understanding and a best in the class track record of domestic and cross-border transactions. Avendus' wide range of clients is testimony to its ability to serve its corporates throughout their life cycle - growth stage funding, large-sized transactions, M&A advisory and access to public markets.

Avendus Capital Inc., New York and **Avendus Pte Ltd.**, Singapore are both Avendus Group entities offering services to clients in the US and Southeast Asia respectively.

For more information, please visit www.avendus.com

<p>Deal Release</p> <p>Contact: Lynette D'souza Tel: +91 9920847823 Email: lynette.dsouza@avendus.com</p>	<p>Avendus Capital Private Limited</p> <p>Regd. Office: 901, Platina, 9th Floor, Plot No. C-59, Bandra Kurla Complex, Bandra (E), Mumbai 400051</p>
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