

Industry Insight

DIAGNOSTIC & PATHOLOGY LABORATORY

March 2008

Cygnus

Business Consulting & Research

Knowledge Partner For Profitable Growth

4th & 5th Floors, Astral Heights, Road No. 1, Banjara Hills, Hyderabad-500034, India

Tel: +91-40-23430303-05, Fax: +91-40-23430201, E-mail: info@cygnusindia.com

Website: www.cygnusindia.com

Disclaimer: All information contained in this report has been obtained from sources believed to be accurate by **Cygnus Business Consulting & Research** (Cygnus). While reasonable care has been taken in its preparation, Cygnus makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. The information contained herein may be changed without notice. All information should be considered solely as statements of opinion and Cygnus will not be liable for any loss incurred by users from any use of the publication or contents

SYNOPSIS

Increasing health consciousness and preventive care have changed the landscape of healthcare services market in more ways than one. Whether it is wellness checkups, preventive care checkups or insurance-related checkups, diagnostics and pathology laboratories are growing significantly, fuelled by the growth in outsourcing diagnostics tests and clinical research. Diagnostics and pathology lab test services market in India holds 44% of the medical devices and diagnostics market, valued at INR125.87 billion in 2007. According to Cygnus estimates, Indian diagnostic and pathological labs test services market is valued at INR55.9 billion (2007) and is estimated to reach INR139 billion by 2012.

The report has tremendous significance in view of the present spurt in healthcare expenses due to growing awareness of healthcare and disease burden. This report gives a broad picture of the diagnostic and pathology laboratory industry, trends in the market, major players and their future growth plans and strategies, major growth triggers, issues and challenges, critical success factors, regulations and accreditation and future outlook of the industry. The report will be useful to investors interested in setting up path laboratory chain in India, all those associated with healthcare industry, medical devices and diagnostics equipment manufacturers, foreign investors, industry analysts, and students interested in Indian healthcare industry.

No of Pages: 51

No of Chapters: 7

No of Annexures: 2

No of Tables: 2

No of Figures: 10

CONTENTS

EXECUTIVE SUMMARY	8
HIGHLIGHTS	10
1. INDUSTRY & MARKET OVERVIEW	12
1.1 Global medical and diagnostics laboratory.....	12
1.2 Indian healthcare industry.....	13
1.2.2 Healthcare infrastructure.....	14
1.2.3 Overview of diagnostics & pathology laboratory Industry.....	14
1.2.3.1 Industry structure.....	15
1.2.3.2 Industry classification.....	16
1.2.3.3 Therapeutic segments.....	17
1.3.4 Existing Business Models.....	17
2. ACCREDITATIONS & QUALITY CONTROL	19
2.1 Introduction.....	19
2.2 National Accreditation Board for Testing & Calibration Laboratories.....	19
2.3 College for American Pathologist.....	20
2.3.1 Benefits of CAP Accreditation.....	21
2.4 Effect of the accreditation process among the clinical labs.....	21
2.4.1 Quality manual.....	21
2.4.2 Quality System Procedure.....	21
2.4.3 Standard Test Operating Procedure (SOP).....	22
2.4.4 Records.....	22
2.4.5. Quality control (Interlab/external).....	22
2.4.6. Internal audit.....	22
2.4.7. Overall cost/expenses for Audit.....	22
3. MAJOR PLAYERS	23
3.1 Introduction.....	23
3.2 Metropolis.....	23
3.2.1. Company Background.....	23
3.2.2. Contact Address.....	24
3.2.3 Management Team.....	24
3.2.4. Infrastructure & Accreditations.....	24
3.2.4.1 Infrastructure.....	24
3.2.4.2 Accreditations.....	24
3.2.5. Business Strategy & Competitive Advantages.....	24

3.2.5.1 Strategies	24
3.2.5.2 Competitive Advantages	25
3.2.6. Outlook.....	25
3.3 SRL Ranbaxy.....	26
3.3.1. Company Background	26
3.3.2. Contact Address	26
3.3.3. Management Team.....	27
3.3.4. Infrastructure & Accreditations	27
3.3.4.1 Infrastructure	27
3.3.4.2 Accreditations.....	27
3.3.5. Business Strategy & Competitive Advantages	27
3.3.5.1 Strategies	27
3.3.5.2 Competitive Advantages	28
3.3.6. Outlook.....	28
3.4 Wellspring	29
3.4.1. Company Background	29
3.4.2. Contact Address:	29
3.4.3. Management Team.....	29
3.4.4. Infrastructure & Accreditations	30
3.4.4.1 Infrastructure	30
3.4.4.2 Accreditations.....	30
3.4.5. Business Strategy & Competitive Advantages	30
3.4.5.1 Strategies	30
3.4.5.2 Competitive Advantages	30
3.4.6. Outlook.....	30
3.5 Dr Lal PathLabs	31
3.5.1. Company Background	31
3.5.2. Contact Address	31
3.5.3. Management Team.....	32
3.5.4. Infrastructure & Accreditations	32
3.5.4.1 Infrastructure	32
3.5.4.2 Accreditations.....	32
3.5.5. Business Strategy & Competitive Advantages	32
3.5.5.1 Strategies	32
3.5.5.2 Competitive Advantages	32
3.5.6. Outlook.....	33
3.6 Thyrocare.....	34
3.6.1. Company Background	34
3.6.2. Contact Address	34
3.6.3. Management Team.....	34

3.6.4. Infrastructure & Accreditations	35
3.6.4.1 Infrastructure	35
3.6.4.2 Accreditations.....	35
3.6.5. Business Strategy & Competitive Advantages	35
3.6.5.1 Strategies	35
3.6.5.2 Competitive Advantages	35
3.6.6. Outlook.....	35
3.7 Anand Labs.....	36
3.7.1. Company Background	36
3.7.2. Contact Address	36
3.7.3. Management Team.....	36
3.7.4. Infrastructure & Accreditations	37
3.7.4.1 Infrastructure	37
3.7.4.2 Accreditations.....	37
3.7.5. Business Strategy & Competitive Advantages	37
3.7.5.1 Strategies	37
3.7.5.2 Competitive Advantages	37
3.7.6. Outlook.....	37
4. GROWTH DRIVERS	38
4.1 Introduction.....	38
4.2 Healthcare Institutes	38
4.2.1 Foreign hospitals outsourcing diagnostics tests	38
4.2.2 Polyclinics.....	39
4.2.3 Pharmacies.....	39
5.2.4 Medical KPO	39
4.3 Healthcare Services.....	39
4.3.1 CRO	39
4.3.2 Molecular diagnostics	40
4.3.3 Pharmacogenomics	40
4.4 Theranostics, driving diagnostic test in drug development	40
4.5 Logistics and Infrastructure	41
4.6 IT Infrastructure and Network	41
4.7 Insurance	41
5. CRITICAL SUCCESS FACTORS	42
5.1 Automation and standardisation	42
5.2 Success of tests.....	42
5.3 Processing blood samples	42

5.4 Laboratory accreditation	43
6. ISSUES AND CHALLENGES	44
6.1 Regulatory issues	44
6.2 Reimbursement pressures	44
6.3 Analytical and quality issues	44
6.4 Accreditation procurement	45
7. FUTURE OUTLOOK.....	46
ANNEXURE I.....	48
ANNEXURE II.....	50

LIST OF TABLES

Table: 1.1 Molecular Diagnostics Technologies

Table: 1 .2 Public Healthcare Physical Infrastructures

LIST OF CHARTS

Fig: 2.1 Indian Healthcare Market Size (FY03- FY07)

Fig: 2.2 Healthcare Expenditure Pattern

Fig 2.3 Medical Devices and Diagnostics Market (2007)

Fig 2.4 Indian diagnostics & Pathology Test Market (2005-2007)

Fig 2.5 Structure of Diagnostic & Pathology labs Industry

Fig 2.6 Indian Diagnostic labs services

Fig 2.7 Indian Diagnostic Market-Therapeutic Segment wise

Fig 2.8 Referral business model

Fig 6.1 Diagnostics are critical- Individual & Publics

Fig 8.1 Indian Diagnostic and pathological labs test Market Forecast- (FY08-FY12)