

Pacific Healthcare in India medspa deal

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Joint venture with Yash Birla Group will invest \$10m over next 3 years

PACIFIC Healthcare Holdings has tied up with India's Yash Birla Group to form a joint venture that will invest \$10 million in India's healthcare sector over the next three years. Birla-Pacific MedSpa will be 50 per cent owned by Yash Birla unit Birla Wellness and Healthcare, with the remainder to be held by Pacific Healthcare (42.5 per cent) and Abhijit Desai (7.5 per cent), a dermatologist based in India.

The JV plans to set up four medical spa centres and a wellness resort, focusing on cosmetic treatment and dental services. Two of the centres, with total floor space of 12,500 sq ft, will be in Mumbai and open this year. The wellness resort, featuring about 20 villas, will be in southern Goa. The locations for the two other centres are yet to be decided.

'Health care is a sunrise industry in India, where excellence is now the keyword,' said Yash Birla Group chairman Yash Birla. 'We are confident this collaboration will meet the growing needs of Indian customers by blending traditional medical services with total wellness programmes.'

The centres and resort will target the middle to upper-class affluent in India, as well as international patients from the Middle East. Pacific Healthcare chief executive officer William Chong said that it is unlikely to cannibalise Pacific's incoming foreign business from India, which accounts for only 7 per cent of its patients.

'It's a very different market,' said Dr Chong. 'India itself will have domestic tourism. If you can even capture the domestic tourism market, it's more than enough.'

The announcement marks an expansion of Pacific's presence in India. It currently operates a one-stop specialist cosmetic and dental centre with Dr Desai in Mumbai. Last year, the mainboard-listed group signed a consultancy contract with India's Advanced Medicare & Research Institute to help train and develop manpower, as well as set up dental implant, sleep apnea and in-vitro fertilisation programmes in Kolkata. In 2004, it formed a joint venture in Hyderabad to set up a specialist centre and cord blood bank. But it divested its interest in the project last year.

The new JV will be funded through a combination of internal resources and debt. In January last year, Pacific raised more than \$12 million through a private placement, part of which has been earmarked for expansion in India.

The company's shares closed unchanged yesterday at 35 cents.