

## The Investor

### Everstone

Headquartered in Singapore, the Everstone Group is a mid-market, control-oriented growth investor, focused on cross-border North America-Asia investments, as well as domestic investments in India and Southeast Asia. The group has over 425 people working across seven offices in India, Singapore, New York, Mauritius and the UAE and manages more than USD7b across five business verticals: private equity, logistics and warehousing, digital infrastructure, climate impact and venture capital.

#### FUND NAME

Everstone Capital Partners III

#### FUND SIZE

USD730m

#### TOTAL AUM

USD7b (Everstone Group aggregate)

## The Company



Founded in 1994, Sahyadri is a chain of multi-specialty hospitals primarily catering to the city of Pune. The company operates six tertiary care and two secondary care hospitals, with a total of 921 beds, 550+ doctors, 1,050+ nurses and 1,300+ paramedical and support staff. Sahyadri has strong clinical credentials across neurosciences, cardiac sciences, orthopedics, oncology, transplants and critical care.

#### LOCATION

India

#### SECTOR

Healthcare

#### WEBSITE

[www.sahyadrihospital.com](http://www.sahyadrihospital.com)

### DATE(S) OF INVESTMENT

OCT '19

### AMOUNT

~USD105M

### STAKE

MAJORITY



The Indian private healthcare sector is on a swift growth trajectory, driven by population growth, increased disposable income and improved life expectancy resulting in a rising chronic disease burden. Demand for healthcare services still outpaces supply, with only 1.3 hospital beds per 1,000 people in the country compared to the global median of 2.9. Building on over a decade of investment experience in the Indian healthcare sector, Everstone identified an opportunity in Maharashtra, focused on the city of Pune. While Pune has high health insurance penetration rates and purchasing power, healthcare infrastructure is especially insufficient, at only 0.3 quality beds\* per 1,000 people, compared to 0.6-0.7 in major cities such as Delhi, Hyderabad and Bangalore.

Founded in 1994 by neurosurgeon Charudutt Apte, Sahyadri had grown into one of the largest hospital chains in Maharashtra by 2019. Aided by private equity funding, the chain had commissioned and scaled eight locations across Pune since its founding, developing strong clinical capabilities and ensuring additional brownfield expansion ability. As the company's investors neared the end of their holding period, many of Sahyadri's facilities needed renovations and equipment upgrades. Everstone saw room for the company to grow through modernizing its infrastructure, expanding bed count at key facilities and investing in medical infrastructure and talent to bolster quaternary and higher tertiary capabilities.

\*'Quality beds' refers to beds in private hospitals with upgraded infrastructure, a highly rated patient experience and significant experience performing tertiary care procedures.

## The Deal

Everstone acquired a majority stake in Sahyadri in October 2019, providing an exit for previous investors. Sahyadri spent INR2.2b (~USD31m), supported by an INR1.5b (~USD21m) equity infusion from Everstone, to renovate its facilities and construct additional floors and wings, increasing the overall bed count from approximately 670 to over 920. The hospital chain secured new medical equipment such as PET CT scanners and neuronavigational technology to expand its treatment and diagnostic capabilities. Through savings initiatives such as renegotiations with Sahyadri's suppliers, Everstone helped the company save over INR100m (~USD1.4m) in annual procurement costs, further supporting facility and equipment upgrades. Everstone also expanded the company's external diagnostics business Sahyadri Labs, which now has 50 collection locations.

The improved infrastructure and resources further attracted top clinicians, expanding Sahyadri's capabilities in key specialty areas like transplants and oncology. An influx of surgical talent drove surgeries as a percentage of total cases from 45% in 2019 to 65% today. In 2021 alone, Sahyadri treated over 251,000 patients and conducted over 23,000 surgeries, including 53 liver transplants.

## Inclusive & Sustainable Growth

Under Everstone's three-year ownership, Sahyadri was able to grow its workforce by 58% to 4,022 employees as of September 2022. All employees receive healthcare and retirement benefits and are paid above minimum wage along with bonuses and gratuity. Women represent 52% of company employees, and there is no gender pay gap. To develop the company's human capital, Everstone approved USD1.5m in spending towards employee training in 2021 alone.

Under Everstone's leadership, Sahyadri spent INR170m (~USD2m) to bring its facilities up to international fire safety standards, installing ventilators and widening staircases. The investor helped develop the company's standard operating procedures for bio-medical and hazardous waste disposal, as well as earn accreditations for all Sahyadri facilities from the National Accreditation Boards.

To reduce its climate impact, Sahyadri partnered with Radiance Renewables, a portfolio company of Everstone's green infrastructure arm EverSource, to replace grid electricity at three of its hospitals with solar panel systems. This switch avoided 529 tons of CO<sub>2</sub>



## COVID-19 in Focus

At the onset of the COVID-19 pandemic, Everstone worked closely with Sahyadri to quickly develop pandemic management protocols. Sahyadri was quick to create isolated COVID units to accept and care for infected people, even before these measures were mandated by law. As the pandemic disrupted supply chains, Everstone worked with Sahyadri to forecast medical supply demand, ensuring no patients experienced a delay in care due to supply shortages. In addition, Everstone supported the development of an in-house oxygen plant to reduce dependence on external suppliers.

To support its healthcare workers at the forefront of the pandemic, Sahyadri granted a bonus to all medical and non-medical employees. The company also increased salaries by 25-30% for doctors and nurses across all units, as well as all workers in the ICU. Sahyadri established a 50-bed unit for COVID-infected employees and employee family members, all of whom were treated free of cost.

Despite pandemic-induced disruptions, Sahyadri's revenue and EBITDA grew at a CAGR of 21% and 42%, respectively, between 2019 and 2022. The company's EBITDA grew 2.8x during Everstone's investment and now stands at INR1.8b (~USD22m).

emissions and resulted in cost savings of ~USD450k in 2021. The company installed effluent treatment plants at six of its locations to process and reuse gray water, saving an annual average of 75,000 cubic meters of fresh water. Its Path Lab facility also installed a Variable Refrigerant Volume-based air conditioning system, saving approximately 186MW hours of electricity per year.

Sahyadri became the first private hospital in India to dedicate a facility to provide free or low-cost treatments to patients below the poverty line, treating over 16,000 patients to date. The company also earmarks 2% of revenues from its Deccan Gymkhana location for initiatives supporting underserved populations. Using these funds, Sahyadri has conducted cancer screenings for more than 17,000 low-income women and subsidized healthcare services for over 80,000 senior citizens.

## Outcome/Outlook

In October 2022, Ontario Teachers' Pension Plan (OTPP) acquired Sahyadri Hospitals. Everstone and its co-investors have maintained a 10% stake in the business, with a plan to complete a full exit in the next 12 months. Building on the organic growth achieved under Everstone's leadership, Sahyadri is poised to continue its expansion in partnership with OTPP, entering other parts of Maharashtra through acquisitions. The company also continues to build its specialty healthcare capabilities, with a focus on transplant and oncology units. ●

