Early Warning System

IFC-37895

Apollo Specialty

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	APOLLO HEALTH AND LIFESTYLE LIMITED
Sectors	Education and Health
Investment Type(s)	Equity
Investment Amount (USD)	$ 33.34 million
Project Cost (USD)	$ 135.00 million

Project Description

PROJECT DESCRIPTION

Established in 2000, Apollo Health and Lifestyle Limited ("AHLL" or the "company") is a wholly owned subsidiary of Apollo Hospitals Enterprise Limited ("AHEL" or "Apollo"), a long standing IFC client and the leading private healthcare provider in India. Initially operating neighborhood family clinics under the franchise business model, since 2011 the company has been refocused as an owner and operator of specialized clinics covering a number of key areas of growing demand including specialty care.As on 30th June 2015, AHLL directly owned Apollo Clinics (30 owned and 34 franchisee clinics) and Diagnostics (four reference laboratories and 21 collection centers). In addition, the company has following operations under its subsidiaries:Apollo Sugar Clinic Limited (ASCL): Centers focusing on Type 2 diabetic and pre diabetic patients. Currently, 25 centers either as advanced diabetic management center (ADMC) in-hospital, stand-alone and shop-in-shop (SIS i.e. located within a clinic).Apollo Dialysis Private Limited (ADPL): operating dialysis centers; currently four centers (two stand-alone, one SIS and one public-private-partnership center within a government hospital).Alliance Dental Care Limited (ADCL): currently 73 centers; either as stand-alone clinics or SPAs or express SIS located in a clinic or a hospital.Apollo Specialty Hospitals Private Limited (ASHPL) - Cradle (women and children focused hospitals) and Spectra (ambulatory facilities focusing on minimal invasive/short stay surgeries) are operated under ASHPL. Currently company has five own Cradle centers and three more Cradles will get operational (including a standalone in-vitro fertilization center) in second half of FY16. As regards Spectra, company has 10 centers across India which are mainly the centers acquired as a result of acquisition of Nova Specialty in 2015. One Cradle is operated under the franchisee model.The company plans to grow the number of facilities under its control to approximately 1,300 by 2019.The proposed investment is an equity investment of US$38 million, alongside a reputable co-investor, for funding (a) expansion capex to open approximately 1,100 new centers, and (b) to cover the losses that will continue to accrue until the centers reach maturity ("the project"). The project also includes the acquisition of "Nova", India's leading ambulatory care provider, which was closed earlier this year.

OVERVIEW OF IFC'S SCOPE OF REVIEW

IFC's review of the proposed investment consisted of appraising technical, environmental, health and safety (EHS) and social information submitted by AHLL including on EHS permits, Human Resource (HR) policies, quality management procedures, corporate social responsibility and information related to life and fire safety. In addition, discussions were held with the company's senior management, Head of medical services, HR head and Projects head, regional medical services representatives as well as operations head, quality coordinators at the visited hospitals and center heads at the clinics.The appraisal also included site visits in February 2016 to: (a) Apollo Clinic, Spectra, Cradle and a reference laboratory in Bengaluru; and (b) Apollo Spectra and Cradle in New Delhi, India.

IDENTIFIED APPLICABLE PERFORMANCE STANDARDS**

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards.PS 1 - Assessment and Management of Environmental and Social Risks and ImpactsPS 2 - Labor and working conditionsPS 3 - Resource Efficiency and Pollution PreventionPS 4 - Community Health, Safety and SecurityIf IFC's investment proceeds, IFC will periodically review the the project's ongoing compliance with the Performance Standards

Investment Description

- International Finance Corporation (IFC)

Founded in 1979 by Dr. Prathap C. Reddy, Apollo has grown to become a leading healthcare provider with a national footprint and a wide range of services. In addition to owning and operating branded hospitals, Apollo owns and operates pharmacies, and provides consulting, telemedicine and healthcare education and training services. Apollo's shares are listed on the Bombay Stock Exchange and the National Stock Exchange. Dr. Reddy and family members own 34.4% of the shares. Other significant shareholders include Integrated Healthcare Holdings (Mauritius) Ltd (10.9%), Massachusetts Mutual Life Insurance (8.7%), and Apax Group (5.1%).

Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/