

Dr. Devi Shetty Pioneer of the Healthcare Industry in India

AVIK DAS

avik.das1@timesgroup.com

- Founded Narayana Hrudayalaya in 2000.
- Runs 23 hospitals, 8 heart centres and 25 primary care facilities across 31 cities.
- With wife holds 62% stake, valued at over Rs 4,200 crore.
- Performed first neonatal heart surgery in India in 1989.
- Received Padma Bhushan in 2012.

Long before he started Narayana Hrudayalaya, Dr. Devi Shetty was a well-known name in the Indian medical world. In 1989, he performed the first neonatal heart surgery in the country, on a 9-day old baby. He served as the personal physician of Mother Teresa.

On 6th Jan. 2016, the Indian Stock Market gave a thumping cheer to his Bengaluru-based company—which offers cutting edge medical care at a fraction of what it costs elsewhere in the world—by valuing it at more than \$1 billion.

It was another feather in the cap for the Mangaluru born cardiac surgeon, who resolved to be a doctor when his fifth grade teacher told the class that a South African surgeon had just then performed the world's first heart transplant.

He received a Master's degree in surgery from the University of Mysore in 1982 and then trained in cardiac surgery at the Guy's Hospital in England. He returned to India in 1989 to set up the Birlas' cardiac hospital in Kolkata—the B M Birla Heart Research Centre.

"Devi stands out from others because of his passion and commitment towards his profession," says Dr. Bhujang Shetty, Chairman of eye hospital Narayana Nethralaya and a close relative of Dr. Devi Shetty. "I know Devi from our college days where we used to go for karate and he put his heart and soul into it to become a master," he recalled.

Dr. Bhujang Shetty said Dr Devi Shetty never went home during the first 100 surgeries he performed at the Birla hospital, because he believed being the senior doctor he should be available round the clock. "He is a perfect team player," Dr. Shetty said.

Dr. Devi Shetty later returned to Karnataka to set up the Manipal Cardiac Center in Bengaluru. In 2000, he established Narayana Hrudayalaya, a multi-speciality hospital on the outskirts of Bengaluru, with the vision that health care costs could be dramatically lowered by adopting the idea of economies of scale. The heart division is said to be the largest

in the world with 1,000 beds and performing over 30 major heart surgeries a day. This industrialisation of healthcare prompted the *Wall Street Journal* to describe Dr. Shetty as the Henry Ford of heart surgery.

Shares of Narayana Hrudayalaya rose 38% in its debut, valuing the hospital chain operator at \$1 billion (Rs 6,881 crore), and boosting the outlook for public offerings this year. Founder Dr. Devi Shetty and his wife Shakuntala together hold 62% directly in the company, post offer, and present share price values that at over Rs 4,200 crore. Dr Shetty is regarded as one of the pioneers of low-cost quality medical care in India.

The offering raised about Rs 613 crore after its IPO was priced at Rs 250, the top end of the expected range of Rs 245-250. The Bengaluru-based company's shares opened at Rs. 291 on Jan 6, 2016 and touched a high of Rs 344, before closing at Rs 337 on the BSE.

All the 245.2 crore shares for the IPO were offered by existing shareholders who constitute about 12% of the company's post-offer paid-up share capital. Those who sold include US bank JP Morgan, and Shetty and his wife. JP Morgan's stake dropped to 4.67% from 10.67% after the offering.

"India needs three million new beds for treatment and as of now, healthcare reaches about 10-15% of the population. The government cannot build so many beds and it has to be done by the private sector. And scaling in healthcare requires a lot of capital," Shetty told. "We are in the process of commissioning four hospitals in the next two years in Jammu, Lucknow, Mumbai, and Bhubaneswar."

Driven by population growth, rising income levels, and increase in lifestyle-related diseases, the healthcare delivery industry in India is expected to reach Rs 6.8 trillion by 2020, growing at a CAGR of 12%, according to research firm Crisil.

Kazakhstan's Horse Milk

Kazakhstan, hit hard by the oil price crash, hopes to boost export revenues by offering a new product, powdered mare's milk on global markets. Processed milk from just 100,000 mares can generate product worth \$1 billion (a year). The national drink, horse milk, can become a major source of export revenue.