Private Equity Investment Thesis: Blackstone Simulation

Focus: Indian Mid-Market Healthcare Sector

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1. Project Overview

This self-initiated project simulates the role of a private equity analyst at **Blackstone**, conducting a full-cycle investment evaluation of mid-cap Indian healthcare companies. The analysis follows standard PE methodologies such as industry screening, thesis construction, valuation benchmarking, and potential exit strategies.
Tools Used: Excel, Financial Statements, Secondary Databases (Crunchbase, Dealroom), Public Comps Analysis

2. Objective

- Identify 10+ Indian healthcare firms suitable for PE investment based on growth potential, EBITDA margins, and scalability.
- Deep-dive into two shortlisted companies and prepare investment theses.
- Benchmark valuation using public comps, EV/EBITDA multiples, and potential exit strategies.

3. Sector Rationale

The Indian healthcare sector is projected to grow at a CAGR of over 16% through 2027, driven by rising urban demand, government incentives, and digital health adoption. Mid-market firms ($50M–$300M valuation) offer compelling opportunities for value creation through operational efficiency and strategic roll-ups.

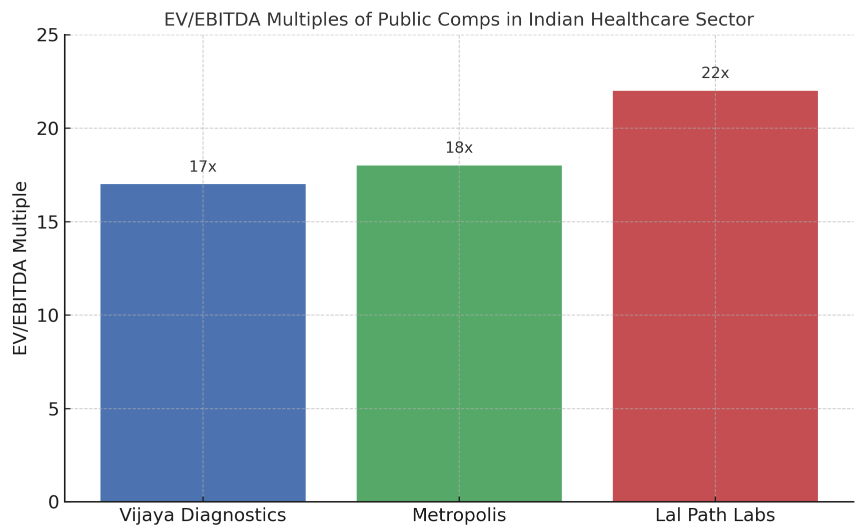

Figure 1: EV/EBITDA Multiples of Public Comps in Indian Healthcare Sector

4. Screening Methodology

- Screened companies using public sources: annual reports, investor presentations, Crunchbase, and Dealroom.
- Filters applied: revenue \$25M–\$150M, EBITDA margin >12%, scalable business model, low capex intensity.
- Evaluated 12 firms across diagnostics, specialty hospitals, and health-tech.

5. Target Companies

- **Target A**: Diagnostics chain in Tier-II cities with consistent 20% EBITDA margin, expanding via franchise model.
- **Target B**: Tech-enabled home healthcare platform with high customer retention and growing ARR (Annual Recurring Revenue).

6. Investment Thesis (Sample: Target A)

Key Value Drivers:

- Asset-light expansion via B2B franchisees with strong local partnerships.
- 3-year revenue CAGR of 22%, EBITDA margin of 20–22%.
- Brand recall in untapped markets with low competition.

- Exit potential via strategic acquisition (Apollo, Lal Path Labs) or IPO.

Risks:

- Regulatory tightening on lab certifications.
- Over-dependence on B2B franchise partners.

7. Valuation Approach

- EV/EBITDA comps: Lal Path Labs (22x), Metropolis (18x), Vijaya Diagnostics (17x).
- Blackstone's average healthcare PE acquisition multiple globally is around 14x–16x EBITDA.
- Projected Target A FY26 EBITDA: INR 60 Cr $\Rightarrow$ Implied valuation: INR 1080–1320 Cr.
- Sensitivity table and IRR assumptions provided below.

Table 1: Exit Valuation Sensitivity (INR Cr)

Exit Multiple	**14x**	**16x**	**18x**	**20x**
Valuation	840	960	1080	1200

Table 2: IRR Sensitivity based on Exit Valuation

Exit Valuation (INR Cr)	**840**	**960**	**1080**	**1200**
IRR (4 yrs)	18%	21%	24%	26%

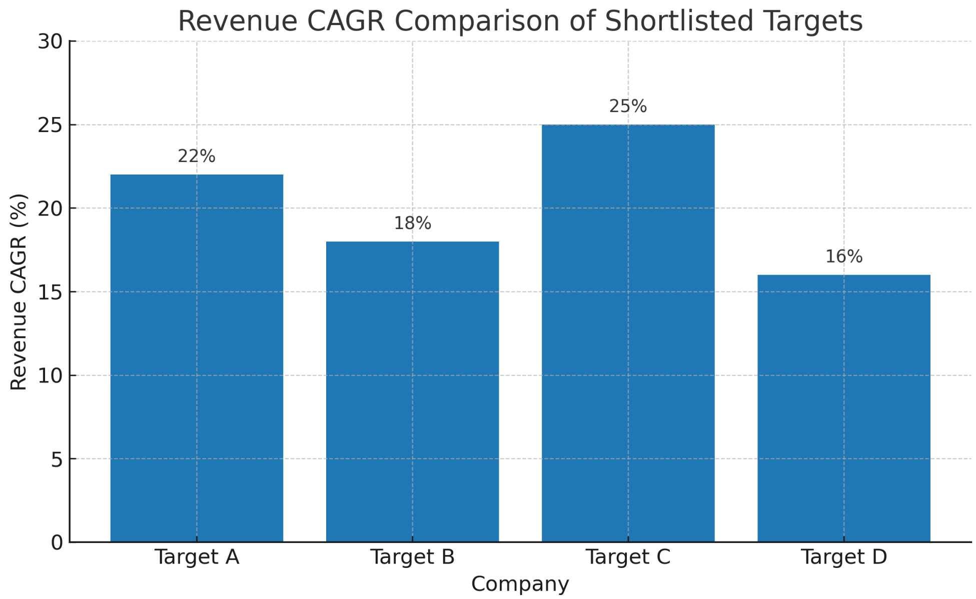

Figure 2: Revenue CAGR Comparison of Shortlisted Targets

8. Conclusion

The project demonstrates a structured PE investment evaluation process and builds fluency in identifying scalable business models, articulating thesis points, and justifying valuations — essential skills for careers in private equity and growth investing. The thesis also integrates comparative insights from Blackstone's global deal data to benchmark deal rationale and valuation discipline.