

**Company Overview**

Jupiter Life Line Hospitals Ltd. is among the key multi-specialty tertiary and quaternary healthcare providers in the Mumbai Metropolitan Area and western region of India, with a total bed capacity of 1,194 hospital beds across three hospitals as of March 31, 2023. The company has been operating for over 15 years as a corporate quaternary care healthcare service provider in densely populated micro markets in the western regions of India and currently operates three hospitals under the Jupiter brand in Thane, Pune and Indore, with an operational bed capacity of 961 beds and 1,306 doctors including specialists, physicians and surgeons, as of FY23. The company functions on an all-hub-no-spoke model, with each hospital being a full-service hospital, operating independently and serving the healthcare needs of patients, right from diagnostics to surgery and rehabilitation. Jupiter Life Line Hospitals Ltd. is also expanding its presence in developing a multi-specialty hospital in Dombivli, Maharashtra, which is designed to accommodate over 500 beds and has commenced construction in April 2023.

**Objects of the issue**

The net proceeds from the fresh issue will be used towards the following purposes:

- ⇒ To Repayment, in full or part, of borrowings availed from banks by the company and Material Subsidiary.
- ⇒ General Corporate Purposes

**Investment Rationale**

**Well-established presence in multi-specialty tertiary and quaternary healthcare, with strong brand recognition**

The company is a corporate quaternary care hospital located in densely populated micro markets in the western region of India. According to the CRISIL Report, it is among the growing critical multi-speciality tertiary and quaternary healthcare providers in the Mumbai Metropolitan Area (MMR) and western region of India with a total bed capacity of 1,194 hospital beds across three hospitals as of FY23. They serve the healthcare needs of their patients, and their hospitals are equipped with over 30 key specialities, including crucial specialities of organ transplant, oncology, orthopaedics, cardiology, paediatrics, neurology and neurosurgery as well as certain specialised quaternary services and precision-based treatments such as brachytherapy, radiotherapy, robotic knee replacement and robotic neurorehabilitation. The company's Thane and Indore hospitals are among the few hospitals in the western region of India to provide neurorehabilitation services through a dedicated automated and computer-assisted neurorehabilitation centre.

**Function on an all-hub-no-spoke model with a patient-first ideology, further aided by modern infrastructure and technological capabilities**

Jupiter Life Line's each of the three hospitals is a full-service hospital operating on an 'all-hub-no-spoke' model where each hospital is independent, individually well-equipped with skilled healthcare professionals as well as advanced infrastructure to serve the healthcare needs of the patients, right from diagnostics to surgery and rehabilitation. The company has constructed their greenfield hospitals at Thane and Pune and designed its Indore hospital in line with its patient-first ideology, primarily focusing on patient care, comfort, privacy and dignity. Further, the company believes that its centric approach, supported by modern infrastructure and technological capabilities, has improved its operational efficiency and enhanced patients' experience. They are also determined to provide healthcare services with high integrity and do not set any incentives that could compromise the quality of their services such as financial targets for doctors.

Issue Details	
Offer Period	06 <sup>th</sup> Sept, 2023 - 08 <sup>th</sup> Sept, 2023
Price Band	Rs. 695 to Rs. 735
Bid Lot	20
Listing	BSE & NSE
Issue Size (no. of shares in mn)	11.8
Issue Size (Rs. in bn)	8.69
Face Value (Rs.)	10

Issue Structure	
QIB	50%
NIB	15%
Retail	35%
BRLM	ICICI Securities Ltd , Nuvama Wealth Management Ltd, JM Financial Ltd
Registrar	KFin Technologies Ltd

Particulars	Pre Issue %	Post Issue %
Promoter	40.69%	36.11%
Promoter Group	9.10%	4.80%
Public	50.21%	59.09%
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

(Assuming issue subscribed at higher band)

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# Jupiter Life Line Hospitals Ltd.

## Valuation

Jupiter Life Line Hospitals has been operating for over 15 years as a corporate quaternary care healthcare service provider in densely populated micro markets in the western regions of India and currently operates three hospitals under the Jupiter brand in Thane, Pune and Indore, with an operational bed capacity of 961 beds, as of March 31, 2023. The company follows a patient-first ideology by creating the best infrastructure, technology and support to put the patient first and foremost and be futuristic and innovative in healthcare delivery. The company now intends to improve hospital occupancy rates and equipment utilization by continuing to maintain and recruit new medical professionals of high caliber in specified fields and focus on clinical excellence. Further, the company has a track record of sustained revenue growth, growing at a CAGR of 35.5% during the FY21-23 period. With strong operational efficiency, Jupiter Life Line Hospitals has demonstrated good financial performance among peers. Further, the growth in the healthcare segment with robust financial performance and expansion to new areas will drive the company's performance going ahead. **On the upper price band, the issue is valued at a P/E of 52.7x based on FY2023 earnings, which we feel is fairly valued compared to its peers. We, therefore, recommend an SUBSCRIBE rating for the issue.**

## Key Risks

- ⇒ The company's ability to provide affordable healthcare depends on the maintenance of a high volume of patients, occupancy rates, managing project costs and effective capital management. Any increase in such costs could adversely affect their business, financial condition and results of operations.
- ⇒ The company is highly dependent on their healthcare professionals including doctors and nurses, and any future inability to retain such professionals will adversely affect their business, financial condition and results of operations.
- ⇒ If the company does not receive payments on time from their payers, their business, financial condition and results of operations may be adversely affected.



# Jupiter Life Line Hospitals Ltd.

## Income Statement (Rs in millions)

Particulars	FY21	FY22	FY23
<b>Revenue</b>			
Revenue from Operations	4,862	7,331	8,925
<b>Total Revenue</b>	<b>4,862</b>	<b>7,331</b>	<b>8,925</b>
<b>Expenses</b>			
Cost of raw material and components consumed			
Purchases of Stock-in-Trade	975	1445	1,609
Changes in inventory	9	-23	-37
Employee benefit expenses	1,044	1,338	1,556
Other expenses	2,162	3,037	3,784
<b>Total Operating Expenses</b>	<b>4,190</b>	<b>5,797</b>	<b>6,912</b>
<b>EBITDA</b>	<b>672</b>	<b>1,534</b>	<b>2,013</b>
Depreciation and Amortization expenses	307	362	386
Other income	41	40	104
<b>EBIT</b>	<b>405</b>	<b>1,213</b>	<b>1,732</b>
Finance costs	390	439	423
Exceptional Item	0	-2	-22
<b>PBT</b>	<b>16</b>	<b>771</b>	<b>1,287</b>
Current tax	39	260	558
Deferred Tax charge/ (credit)			
<b>Total tax</b>	<b>39</b>	<b>260</b>	<b>558</b>
<b>PAT</b>	<b>-23</b>	<b>511</b>	<b>729</b>
<b>Diluted EPS</b>	<b>-0.5</b>	<b>10.1</b>	<b>14.0</b>

Source: RHP, BP Equities Research

## Cash Flow Statement (Rs in millions)

Particulars	FY21	FY22	FY23
Cash Flow from operating activities	1,234	1,370	1,764
Cash flow from investing activities	-2,958	-852	-942
Cash flow from financing activities	1,843	322	-511
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>311</b>	<b>839</b>	<b>119</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>70</b>	<b>185</b>	<b>1,034</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>194</b>	<b>1,034</b>	<b>1345</b>

Source: RHP, BP Equities Research



# Jupiter Life Line Hospitals Ltd.

## Balance Sheet (Rs in millions)

Particulars	FY21	FY22	FY23
<b>Equity and Liabilities</b>			
Equity Share Capital	509	509	565
Other Equity	1881	2427	3092
Non-controlling interest	75	-51	-18
<b>Total Equity</b>	<b>2464</b>	<b>2902</b>	<b>3639</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	4,212	4,645	4,525
(ii) Lease Liabilities			
Provisions			
Deferred tax liabilities (net)	255	325	370
Other non current liabilities			
<b>Current Liabilities</b>			
Financial Liabilities	44	307	161
(i) Borrowings			
(ii) Lease Liabilities	586	611	707
(iii) Trade Payable			
(iv) Other financial liabilities	102	114	180
Current tax liabilities (net)	197	183	256
Provisions	30	16	17
Other current liabilities	959	1,232	1,321
<b>Total Current Liabilities</b>	<b>5,425</b>	<b>6,203</b>	<b>6,216</b>
<b>Total liabilities</b>	<b>7,889</b>	<b>9,087</b>	<b>9,855</b>
<b>Total Equity and Liabilities</b>			
Assets			
Non-Current Assets			
Property, plant and equipment	6,294	6,831	7,190
Capital work in Progress	259	266	291
Right of Use assets			
Intangible Assets	6	8	7
Financial Assets			
(i) Investments	2	2	2
(ii) Other financial assets	70	106	229
Other non current assets	131	70	44
<b>Total Non current assets</b>	<b>6,761</b>	<b>7,283</b>	<b>7,763</b>
Current Assets			
Inventories	131	154	190
Investments	72	27	14
(i) Trade Receivables	218	279	457
(ii) Cash and cash equivalents	194	1,034	1,345
(iii) Other financial assets	7	5	5
Other current assets	505	306	82
<b>Total Current Assets</b>	<b>1,128</b>	<b>1,804</b>	<b>2,093</b>
Assets held for sale			
<b>Total Assets</b>	<b>7,889</b>	<b>9,087</b>	<b>9,855</b>

Source: RHP, BP Equities Research

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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