

**The Issue**

Type of Issue	Issue size Rs. Mn
Fresh Issue	5,420
Offer for Sale	3,271
<b>Total</b>	<b>8,691</b>
<b>Post issue mkt cap (Rs. bn)*</b>	<b>48.19</b>
<b>Lot size</b>	<b>20 shares</b>

\*At Upper Price Band

**Issue Break-Up**

Reservation for	% of Issue
QIB	50%
NIB	15%
Retail	35%
<b>Total</b>	<b>100%</b>

**Indicative Offer Timeline**

Indicative Offer Timeline	Indicative Date
Bid/Offer Opening Date	06 Sep, 2023
Bid/Offer Closing Date	08 Sep, 2023
Finalization of the Basis of Allotment	13 Sep, 2023
Credit of shares	15 Sep, 2023
Listing Date	18 Sep, 2023

**Use of Proceeds**

Repayment/pre-payment of debt in part or full
General corporate purposes
<b>Manager</b> ICICI, Nuvama, JM Financial
<b>Registrar</b> Kfin Tech

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## Sustained bed capacity addition to drive growth - SUBSCRIBE

**Company Overview:** Commenced operations in 2007 and founded by Mr. Ajay Thakker, Jupiter Life Line Hospitals (Jupiter) is amongst the key multi-specialty tertiary and quaternary healthcare providers in the Mumbai MMR and Western region of India with a total bed capacity of 1,194 across three hospitals.

The hospital chain has an operating history of ~15 years 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 (i.e. census and non-census beds) of 950 beds and 961 beds, and 1,306 doctors including specialists, physicians and surgeons.

The Company is currently in the process of developing a multi-specialty hospital in Dombivli, Maharashtra, which is designed to accommodate ~500 beds and has commenced construction in April 2023.

Company’s hospitals function 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.

Company’s Thane and Indore hospitals are amongst the few hospitals in the western region of India to provide neuro rehabilitation services through a dedicated robotic and computer-assisted neuro rehabilitation centre. Additionally, Company operates one of the few multi-organ transplant centres in Thane.

Company’s management team is also supported by a highly experienced professional team with a significant experience in the healthcare industry. In Fiscals 2021, 2022 and 2023, the attrition rate for doctors (who work as consultants at their hospitals) was 3.40%, 5.08% and 1.85%, respectively.

Patient volumes (comprising inpatient and outpatient) at hospitals were ~447k, ~645k and ~774k in FY21, FY22 and FY23, respectively.

Thane and Pune hospitals are “greenfield” projects, and all three of their hospitals are located on land owned by the company on a freehold basis, which the company believe ensures operational control and allows them consistency in quality care resulting in long-term operational and financial efficiencies.

## Jupiter Life Line Hospitals

### Jupiter's key financial summary

Financial summary (Rs. mn)	FY21	FY22	FY23
Revenue	4,861	7,331	8,925
Adj. EBITDA	672	1,534	2,013
Adj. EBITDA margin (%)	13.8%	20.9%	22.6%
PAT	-23	511	729
PAT margin (%)	-	7.0%	8.2%
P/E (x)	-	93.9x	64.2x

### Pre-issue and post-issue holding structure

	Pre-issue	Post-issue*
Shareholding pattern	Holding (%)	Holding (%)
Promoter & Promoter Group	49.79	40.91
Public	50.21	59.09
Total	100.00	100.00

\* At upper price band

**Valuation:** At the upper price band, the IPO is priced at 93.9x/64.2x FY22/23 EPS i.e. ~15% premium to avg. peer valuation. Jupiter is one of the fastest growing hospital chain in West India having three hospitals in Mumbai, Pune and Indore. The chain has grown its rev and ebitda by 35% and 73% respectively over FY21-23 led by new bed addition and recovery in hospital treatments which had taken a halt in covid. The hospital plans to add ~200 beds in Indore and is constructing a ~500 bedded hospital chain in Dombivli. Company enjoys robust ARPOB of Rs ~51k which is slightly lower than peers and thus has room for further improvement. It continues to handle large volume of outbound patients (~730k). Over the medium term, the chain would add ~2500 beds which would make them leading hospital chain in western belt. We have a SUBSCRIBE rating to the IPO given the strong bed addition outlook and growing needs for a multi-specialty hospital in western India.

### Key Risks:

- A large portion of their revenue is derived Thane's hospital (~54% of rev).
- Inability to add sufficient number of beds and lack of adequate services in the hospital chain could be a risk to the hospital's growth.
- High fixed cost nature of the hospital business led by unavoidable maintenance costs could act as a deterrent to margin expansion.

## Jupiter Life Line Hospitals

### Hospital wise key operational matrix

Thane Hospital	2021	2022	2023
Operational bed capacity	366	366	366
Census bed capacity	318	318	318
Average occupancy rate%	52.3%	66.5%	72.0%
ARPOB(Rs.)	51,209	53,980	56,448
ALOS(days)	4.62	4.6	4.36
As a % of revenue from operations	64.5%	57.8%	54.2%
Pune Hospital	2021	2022	2023
Operational bed capacity	228	303	353
Census bed capacity	209	248	298
Average occupancy rate	47.6%	56.6%	67.5%
ARPOB	40,592	45,623	48,996
ALOS	4.57	4.14	3.85
As a % of revenue from operations	30.3%	31.9%	34.0%
Indore Hospital	2021	2022	2023
Operational bed capacity	150	200	231
Census bed capacity	139	191	186
Average occupancy rate	25.5%	29.7%	40.0%
ARPOB	19,337	36,684	38,747
ALOS	3.74	3.76	3.53
As a % of revenue from operations	5.2%	10.4%	11.8%

## Jupiter Life Line Hospitals

### Patient wise revenue mix

Particulars (Rs. In mn)	2021	2022	2023
Inpatient income	3,972	5,760	7,101
Outpatient income	862	1,502	1,706
<b>Income from hospital services</b>	<b>4,834</b>	<b>7,262</b>	<b>8,807</b>
Other operating income	27	69	118
<b>Revenue from operations</b>	<b>4,862</b>	<b>7,331</b>	<b>8,925</b>

### Patient wise revenue mix

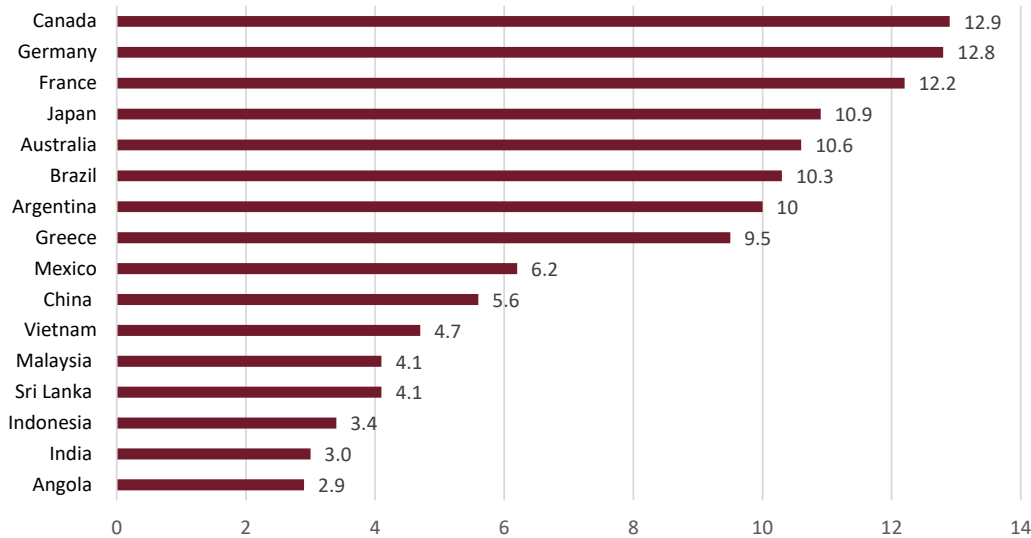
Particulars	2021	2022	2023
Inpatient volume	24,553	34,650	42,956
outpatient volume	423,020	610,796	730,981
operational bed capacity	744	869	950
census bed capacity	666	757	802
Average occupancy rate (%)	45.25%	53.96%	62.61%
ARPOB(Rs.)	43,946	48,711	50,990
ALOS (days)	4.48	4.3	4.02

### Hospital wise revenue mix (%)

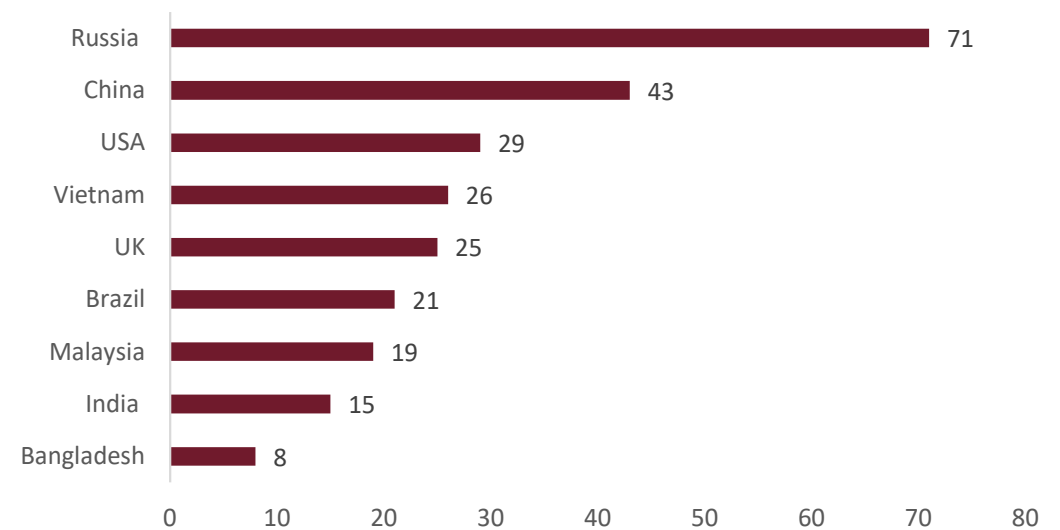
Hospital	2021		2022		2023	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
<b>Thane</b>	3,136	64.5%	4,236	57.8%	4,836	54.2%
<b>Pune</b>	1,475	30.3%	2,337	31.9%	3,038	34.0%
<b>Indore</b>	251	5.2%	758	10.3%	1,052	11.8%
<b>Total</b>	<b>4,862</b>	<b>100.0%</b>	<b>7,331</b>	<b>100.0%</b>	<b>8,925</b>	<b>100.0%</b>

## Industry Outlook

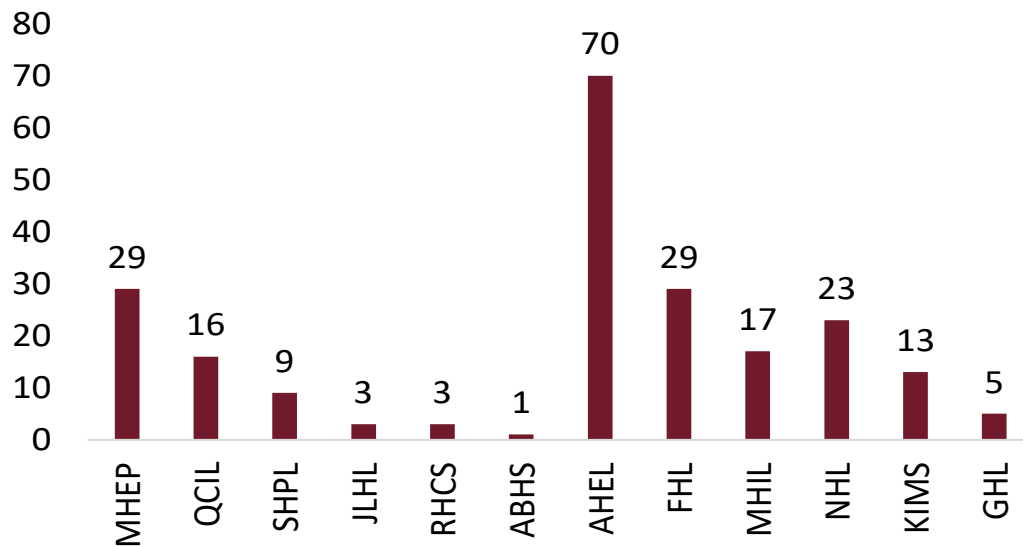
**Total Healthcare Expenditure as % of GDP**



**Bed Density across Countries**



**Total number of Owned and Managed Hospitals**



**Planned expansion of key players**

AHEL	2,000 Beds at Rs 30bn	Mumbai, Bangalore, Gurgaon, Chennai	Rs 1.5 Cr
FHL	300-400 Beds/yr for the next 2-4 years	Mumbai, Bangalore, Delhi, Noida	Rs 0.8 Cr
KIMS	320 beds	Nashik	Rs 0.63 – 0.80 Cr
SHPL	~100 beds in Hadapsar	Pune	NA
MHIL	~2,840 Beds	Pan India	Rs 1.2 – 1.3 Cr
GHL	300 Beds	West India	N.a.
JLHL	500+ Beds	Dombivli, West India	N.a.

## INDSEC Rating Distribution

**BUY :** Expected total return of over 15% within the next 12-18 months.

**HOLD :** Expected total return between 0% to 15% within the next 12-18 months.

**SELL :** Expected total return is negative within the next 12-18 months.

**NEUTRAL:** No investment opinion, stock under review.

**Note:** Considering the current pandemic situation, the duration for the price target may vary depending on how the macro scenario plays out. Therefore, the duration which has been mentioned as a period of 12-18 months for upside/downside target may be higher for certain companies.

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