

JUPITER LIFE LINE HOSPITALS LIMITED

06-09-2023 to 08-09-2023

Industry: Hospital

Price Band: ₹ 695 - 735

Recommendation: Subscribe for Long Term

Post Implied Market Cap: ₹ 4,586 - 4,819 Cr

Key Data

Issue Size (₹ Cr)	851 - 869
Fresh (₹)	542
OFS (₹)	327.08
No of shares offered	12,248,575 - 11,824,163
Face Value (₹ /share)	10
Bid Lot	20

About the Company

JUPITER LIFE LINE HOSPITALS LIMITED (Jupiter) is 15-year-old leading multi-specialty tertiary and quaternary healthcare providers in the Mumbai Metropolitan Area (MMR) and western region of India. Jupiter commenced their operations in 2007 with opening hospital in Thane-Maharashtra then scaling operations to Pune, Indore-Madhya Pradesh. They are currently in the process of developing a multi-specialty hospital in Dombivli, which can accommodate nearly 500 beds. Jupiter strategically focuses on densely populated micro markets where there is limited competition from chain hospitals, which gives them opportunity to serve large population. Jupiter function on unique 'all-hub-no-spoke' model which means each of their hospitals operates independently, providing a wide range of healthcare services from diagnostics to surgery and rehabilitation. With the total bed capacity of 1194 across 3 hospitals and 1,306 doctors' (specialists, physicians and surgeons), Jupiter is well-equipped to offer a comprehensive suite of medical services. They specialize in over 30 medical fields, including key areas such as organ transplants, oncology, orthopaedics, cardiology, paediatrics, neurology, and neurosurgery. Additionally, they excel in providing specialized quaternary services and cutting-edge precision-based treatments such as brachytherapy, radiotherapy, robotic knee replacements, and robotic neuro rehabilitation

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	13-09-2023
Refunds/Unblocking ASBA Fund	14-09-2023
Credit of equity shares to DP A/c	15-09-2023
Trading commences	18-09-2023

Investment Rationale

- Leading multi-specialty tertiary and quaternary healthcare provider with 15+ years of experience, strong brand, and clinical expertise:** Jupiter is a prominent quaternary care hospital operating in densely populated western Indian markets. With an experience of +15 years, their three hospitals in Thane, Pune, and Indore currently have a combined operational bed capacity of 950 beds, recently expanded from 900 beds in March 2023. Importantly, Jupiter owns the land for all three hospitals, ensuring operational control, quality care consistency, and long-term financial stability without lease-related risks. Their total bed capacity across these hospitals is 1,194 beds, solidifying their position as a key multi-specialty tertiary and quaternary healthcare provider in the region.
- Strategically expanding in western markets and also seeking growth through strategic acquisitions in micro-markets:** Jupiter is currently in a process to establish quaternary care hospital of 500 beds in Dombivli, which will be spread over 600,000 sq. feet. They are also intending to establish additional hospitals in western India with the aim of having a network of several hospitals with an aggregate bed capacity of 2,500 in the next few years. To complement the organic growth and clinical expertise, the company seeks to enhance its growth and expertise by making strategic acquisitions and forming alliances in specific markets. On November 15, 2020, they have completed the acquisition of Indore hospital to expand their geographical reach in the focus micro-markets in western India and also increased their shareholding in Jupiter Hospital Projects Pvt Ltd, which operates Vishesh Jupiter Hospital at Indore owning around 96.56% of its equity. They are also committed to leveraging their expertise to identify, execute, and seamlessly integrate future opportunities.
- 'All-hub-no-spoke' model prioritizes quality patient care with modern technology and infrastructure:** The company's three hospitals operate on an 'all-hub-no-spoke' model, ensuring each hospital is self-sufficient, staffed with skilled healthcare professionals, and equipped with advanced infrastructure to provide comprehensive healthcare services from diagnostics to rehabilitation. They've recently built hospitals in Thane and Pune through 'greenfield', and their Indore hospital emphasizes a "patient-first" approach, prioritizing care, comfort, privacy, and dignity.
- Ability to attract and retain skilled and experienced healthcare professionals:** They consistently recruit a diverse and skilled pool of healthcare professionals, including doctors and nurses. Their multi-specialty approach, combined with a "patient-first" ideology, a tertiary and quaternary care model, and investments in medical technology has helped them attract and retain experienced professionals. As of March 31, 2023, they have 1,306 doctors, 1,416 nurses, and 1,585 other professionals on board. Notably, their doctors contribute to peer-reviewed indexed journals, highlighting their expertise. Furthermore, the company places significant emphasis on academics and continuous training to enhance the skills of their healthcare professionals, particularly their doctors.

Shareholding (No. of shares)

Pre-Issue	5,81,91,859
Post Issue (Lower price band)	6,59,90,434
Post Issue (Higher price band)	6,55,66,022

Shareholding Pattern

	%
Promoters:	
Pre Issue	40.69%
Post Issue	36.11%
Promoters Group:	
Pre Issue	9.10%
Post Issue	4.80%
Public - Investor Selling S/h:	
Pre Issue	8.22%
Post Issue	3.79%
Public - Others:	
Pre Issue	41.99%
Post Issue	55.30%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Other Details

BRLMs: ICICI Securities, Nuvama Wealth, JM Financial

Registrar: KFin Technologies Ltd.

Listing: BSE & NSE

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Risk

- Industry is highly regulated and requires license and approval from various government entities.
- High Capital Intensive Industry.

MView

We believe Jupiter Line Hospital Ltd gives investors an opportunity to invest in a prominent player in the Indian healthcare sector with a proven track record spanning over 15 years. We think their strong brand recognition and clinical expertise make them a key multi-specialty tertiary and quaternary healthcare provider in densely populated western Indian markets. We also like the way company has strategically expanded in western region and also seeking growth through strategic acquisitions in micro-markets which would help them to enhance their growth and expertise. Their 'all-hub-no-spoke' model also emphasizes high-quality patient care and modern infrastructure will be enhancing their reputation as a healthcare provider focused on patient comfort and dignity. We believe the company's ability to attract and retain skilled healthcare professionals, including doctors and nurses, ensures the delivery of top-notch care. Furthermore, their commitment to continuous professional development sets them apart in the industry. By looking at the financials Jupiter has delivered a healthy growth in Revenue/EBITDA of 50.80%/21.75 - 121%/35% in FY 2022 and FY 2023 and EBITDA margin of 21.35%/23.45% in FY 2022 and FY 2023. On Valuation parse at upper price band of ₹ 735/- and based on annualized earnings and fully diluted post-IPO paid-up capital, the issue is asking for a Market Cap of ₹ 4819 Cr with P/E of 66.10x on consolidated basis, which seems the issue is fully priced-in by looking at the growth and margin. Given the Jupiter strong presence in MMR region and with gaining preference towards high technology and advance healthcare services post covid, we recommend investors to 'Subscribe' to the IPO on long term perspective only.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS			
Particulars ₹ (in Cr)	2021	2022	2023
Equity Share Capital	50.87	50.87	56.52
Instruments entirely equity in nature	-	1.79	-
Reserve as stated	188.11	240.9	309.17
Net worth as stated	246.44	288.43	363.91
Revenue from Operations	486.16	733.12	892.54
Revenue Growth (%)		50.80%	21.75%
EBITDA as stated	71.27	157.41	211.74
EBITDA Margin (%)	14.54%	21.35%	23.45%
Profit Before Tax	1.56	77.12	128.71
Net Profit for the period	-2.3	51.13	72.91
Net Profit Margin (%)	-0.47%	6.94%	8.07%
EPS (₹)	-0.45	10.05	13.95
RONW %	-0.93%	17.73%	20.03%
NAV (₹)	48.45	56.7	64.39
ROCE %	6.07%	16.08%	20.94%

Source: RHP

COMPARISON WITH LISTED PEERS ₹ (in Cr)								
Companies	Consolidated/ Standalone	Mcap (in Cr)	FV	Revenue from Operations (As on 31st March 2023)	EPS	NAV	P/E	RONW
Jupiter Life Line Hospitals Ltd	Consolidated	4,819	10	902.96	13.95	64.39	66.1x	20.03%
Apollo Hospitals Enterprise Ltd	Consolidated	61,963	5	16,702.80	56.97	378.33	57.12x	16.40%
Fortis Healthcare Ltd	Consolidated	19,625	10	6,359.35	7.8	46.67	204.69x	20.90%
Max Healthcare Institute Ltd	Consolidated	33,636	10	4,701.84	11.38	24.14	101.43x	62.80%
Narayana Hrudayala Ltd	Consolidated	15,820	10	4,590.21	29.85	90.5	59.55x	35.40%
Global Health Ltd	Consolidated	14,111	2	2,759.16	12.58	90.35	53.58x	16.20%
Krishna Institute of Medical Sciences Ltd	Consolidated	11,254	10	2,223.55	42.03	193.96	44.57x	42.03%

COMPARISON OF OPERATIONAL AND FINANCIAL KPIS OF THE COMPANY AND THE LISTED PEERS) AS AT AND FOR FISCAL 2023)							
Particulars	Jupiter Life Line Hospital	Apollo Hospitals Enterprise	Fortis Healthcare	Max Healthcare Institute	Narayana Hrudayalaya	Global Health	Krishna Institute of Medical Sciences
Inpatient Volume	42,956	5,40,881	2,90,000	NA	2,29,000	1,35,000	1,77,181
Outpatient volume	7,30,981	18,79,171	28,30,000	22,81,000	23,63,000	22,75,000	14,62,439
ARPOB (₹ in '000)	51	51.7	55.1	67.4	34.8	59.1	29.9
ALOS (days)	4	3.4	3.7	4.3	4.5	3.3	4.1
Bed Occupancy %	63%	64%	67%	76%	48%	59%	69%
IP Revenue (₹ in Cr)	710.14	7,601.70	3,603.20	NA	2,635.80	2,290.10	NA
OP Revenue (₹ in Cr)	170.59	1887.8	537.3	NA	945.2	469.1	NA
Revenue from Operations (₹ in Cr)	892.54	16,612.45	6,297.63	5,904.00	4,524.77	2,694.25	2,197.68
EBITDA (₹ in Cr)	211.74	2,049.61	1,101.34	1,636.00	965.82	619.83	604.01
EBITDA Margin (%)	23.45%	12.30%	17.50%	27.70%	21.30%	23.00%	27.50%
PAT (₹ in Cr)	72.91	844.57	632.98	1,328.00	606.67	326.08	365.81
Pat Margin(%)	8.07%	5.10%	0.10	22.50%	13.40%	12.10%	16.60%
ROE Equity (%)	20.03%	0.16%	20.90%	62.80%	35.40%	16.20%	25.70%
ROCE (%)	20.94%	17.90%	24.10%	37.60%	33.80%	18.60%	28.90%



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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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