



**IPO Report**

05<sup>th</sup> Sept'23

**Snapshot**

Jupiter Life Line Hospitals is among the key multi-specialty 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 March 31, 2023. Company have 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 operate three hospitals under the “Jupiter” brand in Thane, Pune and Indore.

**VALUATION**

Company is bringing the issue at price band of Rs 695-735 per share at p/e multiple of 66x on post issue FY23 basis. Company being key multi-specialty tertiary and quaternary healthcare provider with a track record of over 15 years has strong brand recognition and clinical expertise. Company’s ‘All-hub-no-spoke’ model with focus on quality patient care supported by modern infrastructure and technological capabilities is looking strong. Also it has track-record of operational and financial performance with a diversified revenue mix & experienced and qualified professional management team with a focus on environmental, social and governance initiatives. Hence, we recommend “Subscribe” on issue.

<b>Price Band (Rs./Share)</b>	<b>695-735</b>
<b>Opening date of the issue</b>	<b>06<sup>th</sup> Sept '2023</b>
<b>Closing Date of the issue</b>	<b>08<sup>th</sup> Sept '2023</b>
<b>No of shares pre issue</b>	58191859 Eq Shares
<b>Issue Size</b>	Rs 851-869 Cr
<b>Fresh Issue</b>	Rs 615 Cr
<b>Offer For Sale</b>	4,450000
<b>Face Value (Rs/ share)</b>	Rs 10/share
<b>Bid Lot</b>	20

**BIDDING DETAILS**

<b>QIBs (Including Anchor)</b>	50% of the offer (Approx 5912080 Eq Shares)
<b>Non-Institutional</b>	15% of the offer ( Approx 1773625 Eq Shares)
<b>Retail</b>	35 % of the offer ( Approx 4138458 Eq Shares)
<b>Lead managers</b>	ICICI Securities, Nuvama Wealth, JM Financial
<b>Registrar to the issue</b>	KFin Technologies LtLtd

**WHAT WE LIKE**

***All-hub-no-spoke’ model with focus on quality patient care supported by modern infrastructure and technological capabilities***

Each of company’s 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.

***Track-record of operational and financial performance with a diversified revenue mix***

Company’s revenue from operations have significantly increased by 50.80% from ₹4,861.64 million in Fiscal 2021 to ₹7,331.23 million in Fiscal 2022 and further by 21.75% to ₹8,925.43 million in Fiscal 2023. Company’s EBITDA was ₹712.68 million, ₹1,574.09 million and ₹2,117.40 million in Fiscals 2021, 2022 and 2023, respectively, with EBITDA margin of 14.54%, 21.35% and 23.45%, respectively, during the same years. In Fiscals 2021, 2022, 2023, its inpatient volumes were 24,553, 34,650 and 42,956, respectively, while outpatient volumes were 423,020, 610,796 and 730,981, respectively, during the same periods.

***Experienced and qualified professional management team with a focus on environmental, social and governance (“ESG”) initiatives***

Company’s senior management team is led by its founder, Dr. Ajay Thakker, who is also company’s Chairman and Managing Director and who holds a bachelor of medicine and a bachelor of surgery degree from Grant Medical College, University of Bombay and a diploma in medical radio diagnosis, from Topiwala National Medical College, University of Bombay. He has been associated with company since inception and has over 31 years of experience in the field of medicine and healthcare. Company’s Executive Director and Chief Executive Officer, Dr. Ankit Thakker, has a bachelor of medicine and a bachelor of surgery degree from Mahatma Gandhi Mission’s Medical College, Navi Mumbai and a master of science degree in the field of management from London School of Economics and Political Science. He has more than 14 years of experience in the healthcare sector and is currently responsible for the overall management of the Company.



## COMPANY BACKGROUND

According to the CRISIL Report, 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. Each of company's hospitals at Thane, Pune and Indore has been certified by the National Accreditation Board for Hospitals & Healthcare Providers ("NABH") and has been accredited in the field of medical testing by the National Accreditation Board for Testing and Calibration Laboratories ("NABL"). In the past, company's Thane hospital has also received the NABH Safe-I certification and the NABH 'Nursing Excellence' accreditation. Company commenced operations in 2007 with its hospital in Thane, Maharashtra and subsequently scaled its operations by setting up a hospital in Pune, Maharashtra in 2017 and acquiring a hospital in Indore, Madhya Pradesh in 2020. According to the CRISIL Report, hospitals are also located in densely populated micro markets which have a low presence of chained hospitals, which provides company an opportunity to offer services to a larger population and helps company's patients with greater access and connectivity to healthcare services. 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 Pune hospitals are "greenfield" projects, and all three of company's hospitals are located on land owned by company on a freehold basis, which ensures operational control and allows company consistency in quality care resulting in long-term operational and financial efficiencies. Company is led by its founder, Chairman and Managing Director, Dr. Ajay Thakker, who has been associated with company since inception and has over 31 years of experience in the field of medicine and healthcare, and its Executive Director and Chief Executive Officer, Dr. Ankit Thakker, who has more than 14 years of experience in the healthcare sector and is currently responsible for the overall management of company. Company's management team is also supported by a highly experienced professional team with a significant experience in the healthcare industry. Company's focus on promoting and maintaining a culture that encourages retention and growth of company's healthcare professionals. In Fiscals 2021, 2022 and 2023, the attrition rate for doctors (who work as consultants at company's hospitals) was 3.40%, 5.08% and 1.85%, respectively. Company's clinical and operational track record has led it to build a brand presence largely on word-of-mouth marketing which is demonstrated through its patient volumes and payor mix (i.e., patients' payment mode). Patient volumes (comprising inpatient and outpatient) at company's hospitals were 447,573, 645,446 and 773,937 in Fiscals 2021, 2022 and 2023, respectively. Company's payor mix showcases that company have very low dependence on central and state government schemes for its revenues, with payments made through (i) self-payers; (ii) insurance companies, third party administrators and corporations; and (iii) government schemes, accounting for 45.33%, 53.35% and 1.32%, respectively, of company's income from hospital services in Fiscal 2023.



**INVESTMENT RATIONALE**

<p><b><i>Key multi-specialty tertiary and quaternary healthcare provider with a track record of over 15 years, strong brand recognition and clinical expertise</i></b></p>	<p>Company serve the healthcare needs of its patients and its hospitals were equipped with over 30 key specialties, as of March 31, 2023, including key specialties 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 neuro 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, according to the CRISIL Report. Company’s Thane hospital was awarded the Middy’s iconic centre for neurology and rehabilitation award at International Health &amp; Wellness Icons. Company also operate one of the few multi-organ transplant centres in Thane .Company’s three hospitals in Thane, Pune and Indore have an operational bed capacity (i.e. census and non-census beds) of 950 beds, as of March 31, 2023. Company have also recently in May 2023 commissioned an additional 11 beds in itsThane hospital which has increased its operational bed capacity to 961 beds . Company’s total bed capacity for all three of its hospitals is 1,194 beds, as of March 31, 2023.</p>
<p><b><i>‘All-hub-no-spoke’ model with focus on quality patient care supported by modern infrastructure and technological capabilities</i></b></p>	<p>Each of company’s 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. Company have constructed its“greenfield” hospitals at Thane and Pune, and designed its Indore hospital in line with its“patient first” ideology, which primarily focuses on patient’s care, comfort, privacy and dignity. Company’s Indore hospital has also received the ABP News award for Best Design in Healthcare in 2019 and the certificate of excellence for being the cleanest hospital in Indore Swachh Ward Ranking under Swachh Survekshan 2023 conducted by Indore Municipal Corporation. Company’s patient centric approach supported by modern infrastructure and technological capabilities have improved its operational efficiency and enhanced its patients’ experience. Company is also determined to provide healthcare services with high integrity and do not set any incentives that could compromise the quality of its services, such as financial targets for doctors.</p>
<p><b><i>Ability to attract and retain skilled and experienced healthcare professionals</i></b></p>	<p>Company maintain its standard of quality healthcare services by consistently employing a diverse pool of talented healthcare professionals including doctors and nurses. Company’s multi-specialty approach, combined with its “patient first” ideology, a tertiary and quaternary care model, long-standing presence in western India, investment in medical technology and advanced equipment and focus on teaching and research, has helped company in attracting and retaining skilled and experienced healthcare professionals including doctors and nurses. In Fiscals 2021, 2022 and 2023, the attrition rate for doctors (who work as consultants at its hospitals) was 3.40%, 5.08% and 1.85%, respectively, while the attrition rate for nurses was 26.58%, 31.81% and 27.97%, respectively, in the same periods.</p>
<p><b><i>Experienced and qualified professional management team with a focus on environmental, social and governance (“ESG”) initiatives</i></b></p>	<p>Company’s senior management team is led by its founder, Dr. Ajay Thakker, who is also Chairman and Managing Director and who holds a bachelor of medicine and a bachelor of surgery degree from Grant Medical College, University of Bombay and a diploma in medical radio diagnosis, from Topiwala National Medical College, University of Bombay. He has been associated with company since inception and has over 31 years of experience in the field of medicine and healthcare.</p>



## OBJECTS OF OFFER

### Offer for Sale

Each of the Selling Shareholders will be entitled to the respective portion of the proceeds of the Offer for Sale, after deducting their portion of the Offer related expenses and relevant taxes thereon

### Objects of the Fresh Issue

The net proceeds of the Fresh Issue (“Net Proceeds”) are proposed to be utilised in the following manner:

1. Repayment/pre-payment, in full or part, of borrowings availed from banks by company and Material Subsidiary; and
2. General corporate purposes.

## RISKS

Company’s revenues are significantly dependent on its hospital in Thane. Further, all company’s hospitals are located in the western regions of India. Any impact on the revenues of company’s Thane hospital or any change in the economic or political circumstances of western India or particularly in or around Thane, could materially affect company’s business, financial condition and results of operations.

Source:RHP

## INDUSTRY OVERVIEW

Assessment of India’s hospital market  
Review and outlook

Indian healthcare delivery market poised for robust growth in the medium term Breaching pre-COVID level in Fiscal 2022, CRISIL MI&A Research estimates the Indian healthcare delivery industry to post healthy 10% to 12% compound annual growth rate between Fiscal 2022 and Fiscal 2027, driven by long term structural factors, strong fundamentals, increasing affordability and potential of the Ayushman Bharat scheme.

Healthcare delivery industry estimated to have grown to approximately Rs.5.6 trillion in Fiscal 2023 CRISIL MI&A Research estimates the Indian healthcare delivery market to have reached approximately Rs.5.6 trillion in value terms by end of Fiscal 2023, with growth being contributed by stabilisation of regular treatments, surgeries and OPD amid minimization of disruption due to the pandemic and expansion of ARPOB for the sector. A potential upside is also expected from picking up of high realisation medical tourism as international travel restrictions are relaxed. Within the overall healthcare delivery market, the IPD is expected to account for nearly 70% (in value terms), while the balance is to be catered by the OPD. As opposed to Fiscal 2022, when government investment growth in the sector reduced on the high base of Fiscal 2021 to combat the pandemic, the private sector complemented the role of the government in Fiscal 2022 in the second wave, which was an upside especially for hospitals where occupancies were typically on the lower side. Growth was driven in Fiscal 2022 by low base and the pent-up demand from deferred treatments due to COVID19 waves. Healthcare delivery industry to grow at a CAGR of approximately 11.3% over the next four years With long term structural factors supporting growth, renewed impetus from PMJAY and government focus shifting onto healthcare sector, the healthcare delivery market is expected to grow at approximately 11.3% CAGR and reach Rs.8.6 trillion in Fiscal 2027.

From Fiscal 2018 to Fiscal 2022, major hospital chains have added supply (approximately 2% to 3% of their incremental supply during the period). The supply was largely affected during the COVID-19 period as from Fiscal 2020 to Fiscal 2022, major hospital chains supply declined by approximately 1% to 2%. The government had also converted many hospitals into full time COVID-19 treatment centres during this time. The government is also expected to augment this via the Ayushman Bharat scheme which aims to create 1,50,000 Health and Wellness centers (“HWCs”) (approximately 1,54,338 HWC’s created until December 2022) for strengthening primary & secondary infrastructure in the country. The other contributors to the demand are more structural in nature, like, increase in lifestyle-related ailments, increasing medical tourism, rising incomes and changing demography. In India, healthcare services are provided by the government and private players, and these entities provide both IPD and OPD services. However, the provision of healthcare services in India is skewed towards the private players (both for IPD and OPD). This is mainly due to the lack of healthcare spending by the government and high burden on the existing state health infrastructure. The share of treatments (in value terms) by the private players is expected to increase from 62% in Fiscal 2017 to nearly 73% in Fiscal 2027, the share only witnessing a slight dip in Fiscal 2021. The skew is more towards the private players owing to the expansion plans of private players being centered on it, further buttressed by increasing reliance on private facilities till government infrastructure is properly put in place.



**Consolidated Financials**

(Rs in Mn)

Financials	FY21	FY22	FY23
Total Revenue (A)	4861.64	7331.23	8925.43
Total Expenditure (B)	4190.01	5797.35	6912.23
EBIDTA	671.63	1533.88	2013.20
EBIDTA Margin	13.81	20.92	22.56
Other Income	41.05	40.21	104.20
Depreciation	307.37	361.57	385.55
EBIT	405.31	1212.52	1731.85
Interest	389.76	439.36	422.73
PBT	15.55	773.16	1309.12
Share of profit in Associates	0.00	0.00	0.00
PBT	15.55	771.18	1287.08
Tax	38.52	259.90	558.03
PAT	-22.97	511.28	729.05
NPM	-0.47	6.97	8.17
ROE %	-0.93	17.73	20.03
EPS	-0.45	9.65	12.95
Eq Cap	508.67	508.67	565.18
Net Worth	2464.41	288433	3639.10

(Source: RHP)

**Peer Comparison**

Company Name	Face value	P/E	Total Income for Fiscal 2023 (in Rs million)	EPS	NAV	ROE
<i>Jupiter Life Line Hospitals Limited</i>	<i>10</i>	<i>---</i>	<i>9029.63</i>	<i>12.95</i>	<i>64.39</i>	<i>20.03%</i>
Apollo Hospital	5	84.64	167027.90	56.97	378.33	16.40%
Fortis	10	40.26	63593.50	7.80	46.67	20.90%
Narayana Hrudalaya Limited	10	33.14	45902.10	29.85	90.50	35.40%
Max healthcare	10	45.97	47018.40	11.38	24.14	62.80%
Krishna Institute of Medical Sciences Limited	10	45.09	22235.50	42.03	193.96	25.70%
Global Health	2	53.70	27591.63	12.58	90.35	16.20%



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