

Healthcare | India

IPO | 04 September 2023

# Jupiter Lifelines Hospital Limited

## Patient First Healthcare Provider

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### About the Company

Jupiter Lifeline Hospitals Limited (JLHL) 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. JLHL 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 operate 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 March 31, 2023. JLHL is 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.

### Structural drivers remain buoyant

The health expenditure grew strong at 8.6% CAGR from FY12 to FY22 and the structural demand existing in the country is expected to grow and the potential opportunity of better healthcare in India is growing based on affordability and healthcare insurance penetration moving the value chain. JLHL have equipped their hospitals with over 30 specialties 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 serving the healthcare needs of patients, right from diagnostics to surgery and rehabilitation.

### Strategic footprint, increasing health awareness and medical tourism key advantages

The two key states Maharashtra and Gujarat stand out in terms of health insurance penetration among the West India states. Penetration of health insurance coverage in the country stood at 38% in FY22, while the average for West India states of Maharashtra, Goa, Gujarat and Madhya Pradesh was approximately 78% in FY22. With schemes such as the PMJAY, health insurance penetration in these states is expected to grow further in the coming years, thus providing a boost to private hospitals. The healthcare costs in developed countries are relatively higher in comparison to India. Some of the factors which make India an attractive destination for medical tourism are presence of technologically advanced hospitals with specialized doctors and facilities like the e-medical visa.

### Financials in Brief

JLHL has grown from a single hospital in Thane in 2007 to 3 hospitals with an operational bed capacity of 961 beds as of FY23. Their inpatient volumes were 42,956 and outpatient volumes were 730,981 in 2023 with an average occupancy rate of beds for their Thane and Pune hospital at 72% and 67.5% for FY23. The revenue from operations has significantly increased from Rs486.16 crore in FY21 to Rs892.54 crore in FY23. The inpatient and outpatient revenue is diversified across hospitals with Thane, Pune and Indore hospitals accounting for 54.18%, 34.03% and 11.79%, respectively, of their revenue from operations in FY23.

### Our View

JLHL is present in the strong MMR region where population is consistently increasing and remains a focused micro market with MMR has 33.0 beds per 10,000 people, which is higher than the state average of Maharashtra (20 beds per 10,000 people). It has an estimated population of 20.96 million. JLHL intends to improve occupancy rates and equipment utilization at hospitals by continuing to maintain and recruit new medical professionals of high caliber in specified fields and focus on clinical excellence. **The issue is priced at a P/BV of 11.41 based on its NAV of Rs. 64.39 as of March 31, 2023, post IPO it will be a debt free company and growth in healthcare segment, good patient volumes, cost efficiency, strong financials, and expansion to new areas will drive the company's performance going forward hence, we recommend to "SUBSCRIBE" the issue from the long term perspective.**

### IPO Details

Price Band (Rs)	695-735
Face Value (Rs)	10
Issue Open/Closing Date	06-Sep-23/08-Sep-23
Fresh Issues (Cr)	542.0
OFS (Cr)	327.0
<b>Total Issue (Cr)</b>	<b>869.0</b>
Minimum Bid Qty. (Nos)	20
QIB / HNI / Retail	50%/15%/35%
<b>Implied Market Cap (Rs Crs)*</b>	<b>4,819.0</b>

\*At higher band

### Object of the Issue

- ▶ Repayment in full or part of borrowings
- ▶ General Corporate purposes

### Strengths

- ▶ Key multi-specialty tertiary and quaternary healthcare provider with a track record of over 15 years
- ▶ A 'all-hub-no-spoke' model with strong brand recognition and clinical expertise.
- ▶ Management strength to attract and retain skilled and experienced healthcare professionals.
- ▶ Pursue strategic inorganic growth opportunities in the focus micro-markets

### Key Risk

- ▶ Higher revenues are significantly dependent on their hospital in Thane.
- ▶ Experience delays in construction or commencement of operations of their proposed hospitals.
- ▶ Any failure to maintain and enhance their brand and reputation.

Shareholding (%)	Pre-Issue	Post-Issue
Promoters	49.8	40.9
Others	50.2	59.1

### Key Financials

(Rs mn)	FY21	FY22	FY23
Revenue	486.2	733.1	892.5
EBITDA	71.3	157.4	211.7
EBITDA Margin (%)	14.7	21.5	23.7
PAT	(2.3)	51.1	72.9
PAT Margin (%)	(0.5)	7.0	8.2
EPS (Rs)	(0.5)	9.7	13.0
RocE (%)	6.1	16.1	20.9
RoE (%)	(0.9)	17.7	20.0
NAV per share	48.5	56.7	64.4
Net Worth	246	288	364
Gross Debt	426	495	469

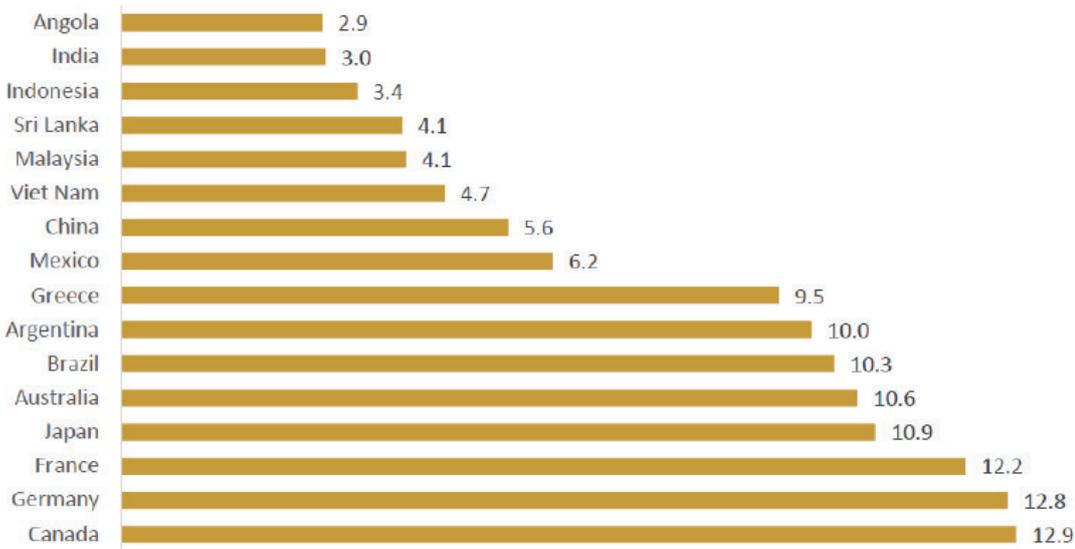
Source: RHP; Note: \* based on FY23 annualized nos"

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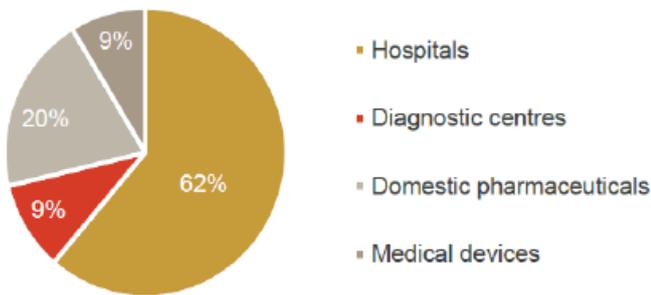
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Exhibit 1: Total healthcare expenditure as a % of GDP (2020)



Source: RHP, Global Health Expenditure Database accessed in March 2023, World Health Organization; CRISIL Research

Exhibit 2: Overview of the healthcare industry



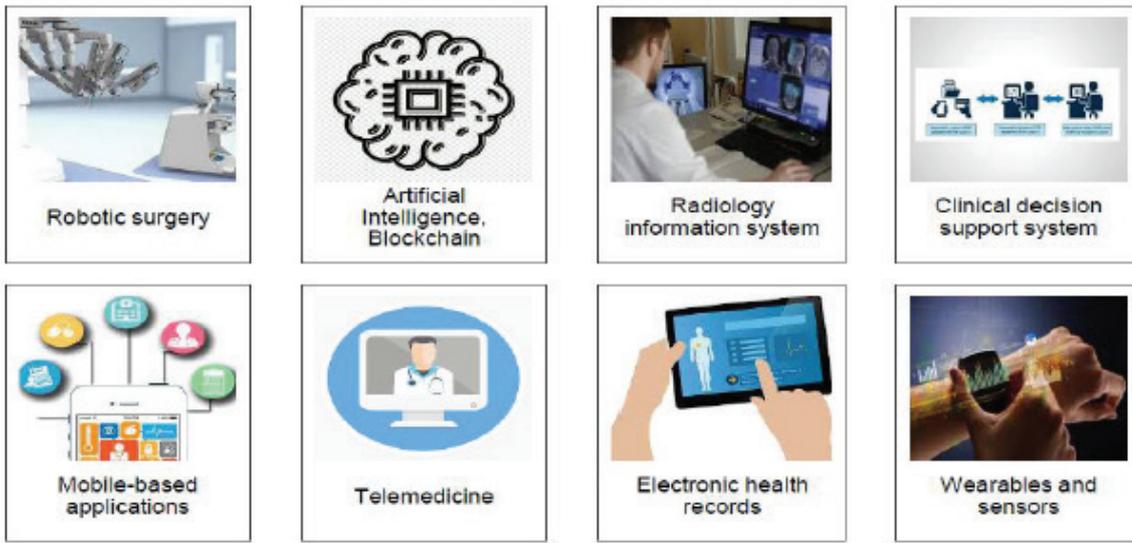
Source: RHP, CRISIL MI&A Research

Exhibit 3: Classification of hospitals by facilities/ services offered

	Primary care	Secondary care	Tertiary care
Services	Provides all services as required for the first point of contact	Provides all services as required, including organised medical research	Provides all services as required, including provision for experimental therapeutic modalities and organised research in chosen specialities
Multi-disciplinary	Yes	Yes	Single- or multi-speciality
Type of service	Only medical services and excludes surgical services	Overall medical and surgical services	Complex surgical services with sophisticated equipment
Type of patient	Only outpatient	Inpatient and outpatient	Primarily inpatient
No of beds	0 beds	50-200 beds	>200 beds
Dependent on	Secondary and tertiary care hospitals for further diagnosis and support	Tertiary care hospital for diagnostic and therapeutic support on referral and for patient transfer	Tertiary care/secondary hospital for referrals for its workload
Investment	Low investment required	Medium	High

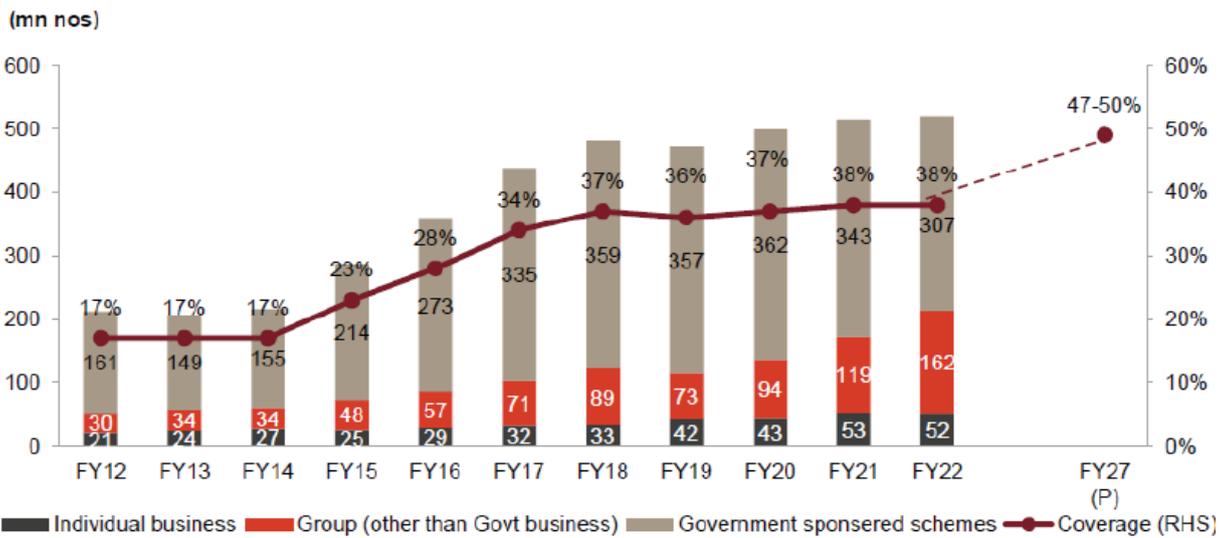
Source: RHP, CRISIL Research

Exhibit 4: Emerging technologies in healthcare delivery



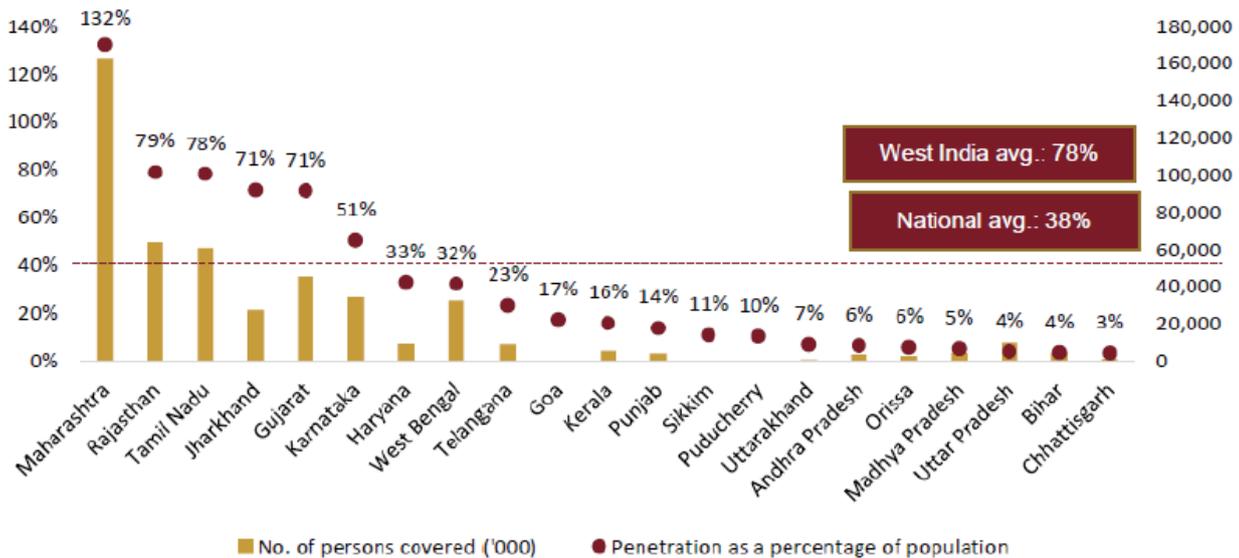
Source: RHP, CRISIL Research

Exhibit 5: Population-wise distribution among various insurance businesses (in million)



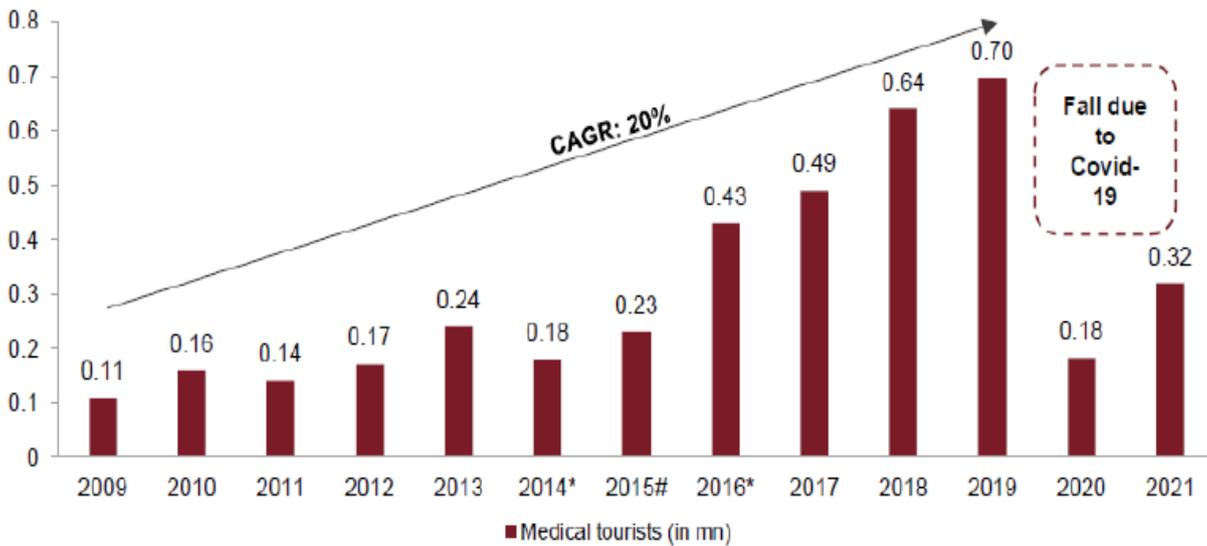
Source: RHP, IRDAI annual report 2021-22

Exhibit 6: State-wise penetration and number of persons covered under health insurance (select states) Fiscal 2022



Source: RHP, IRDAI annual report 2021-22

Exhibit 7: Growth in medical tourists\*



Note: \* Includes all types of medical and medical attendant visa; #includes medical visa and medical attendant visa, Source: Ministry of Tourism

Exhibit 8: Country-wise cost of key treatment procedures (in US\$)

Ailments (\$)	US	Korea	Singapore	Thailand	India
Hip replacement	50,000	14,120	12,000	7,879	7,000
Knee replacement	50,000	19,800	13,000	12,297	6,200
Heart bypass	144,000	28,900	18,500	15,121	5,200
Angioplasty	57,000	15,200	13,000	3,788	3,300
Heart valve replacement	170,000	43,500	12,500	21,212	5,500
Dental implant	2,800	4,200	1,500	3,636	1,000

Source: RHP, CRISIL MI&A Research

Exhibit 9: Hospital bed density: India v. other countries



Notes: India bed density is estimated by CRISIL Research for Fiscal 2022, 2017 figures for Brazil, China, Malaysia and United States, 2018 figures for Russian Federation, 2019 figure for UK, 2014 for Vietnam

Source: World Health Organization Database; World Bank; CRISIL MI&A Research

Exhibit 10: Jupiter Hospital, Thane



Thane Hospital



Reception and Information

OPD Waiting Area

Source: RHP

Exhibit 11: Jupiter Hospital, Pune



Pune Hospital



Reception and Information

Coffee Lounge

Source: RHP

Exhibit 12: Vishesh Jupiter Hospital, Indore



Indore Hospital



Reception and Information

Source: RHP

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