

IPO Details	
Opening Date	Sep 06, 2023
Closing Date	Sep 08, 2023
Stock Exchange	NSE SME
Lot Size	20 Shares
Issue Price	₹695 to ₹735 per share
Issue Size	Aggregating up to ₹869.08Cr.
Fresh Issue	Aggregating up to ₹542.00 Cr.
Offer for Sale	Aggregating up to ₹327.08 Cr
Application Amount	Min. Inv. - ₹ 14,700 (20 shares) Max. Inv. - ₹ 1,91,100 (260 shares)

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

Pre-Issue Shareholding			
Category	No. of Shares	% of Total Shares	
Promoter & Promoter Group	2,89,75,623	49.79 %	
Public	2,92,16,236	50.21%	

Promoter of the Company	
1	Dr Ajay Thakker
2	Western Medical Solutions LLP
3	Dr Ankit Thakker

Competitive Strengths	
1	Key multi-specialty tertiary and quaternary healthcare provider with a track record of over 15 years, strong brand recognition and clinical expertise.
2	'All-hub-no-spoke' model with focus on quality patient care supported by modern infrastructure and technological capabilities.
3	Ability to attract and retain skilled and experienced healthcare professionals .

Company Background	
○	Company was incorporated in the year 2007 and has its registered office in Maharashtra.
○	Company is key multi-specialty tertiary and quaternary healthcare providers in the Mumbai Metropolitan Area.
○	The hospitals services primarily include super speciality services, speciality services and other support services.
○	Company currently operates three hospitals under the "Jupiter" brand in Thane, Pune and Indore, with an total bed capacity of 1,194 hospital beds as of March 31, 2023
○	As on March 31, 2023, Company has 4,586 employees on its payroll.

Market Capitalization	
(In Cr.)	
Pre-Issue	Post-Issue
₹ 2,130	₹ ,2672

Financial Summary			
(In Lacs)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	78,890.50	90,869.70	98,553.40
Net Assets	24,644.10	28,843.30	36,391.00
Total Borrowings	42,552.20	49,524.60	46,862.70
Total Revenue	49,026.90	73,714.40	90,296.30
Profit After Tax	-229.70	5,112.80	7,290.50

Tentative Timeline	
Opening Date	Sep 06, 2023
Closing Date	Sep 08, 2023
Basis of Allotment	Sep 13, 2023
Initiation of Refunds	Sep 14, 2023
Credit of Shares to Demat	Sep 15, 2023
Listing Date	Sep 18, 2023

Company Background and Analysis

Company 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, with an operational bed capacity of 950 beds, as of March 31, 2023 as of the date of the Red Herring Prospectus, respectively, and there are 1,306 doctors including specialists, physicians and surgeons, as of March 31, 2023. Company is also currently in the process of developing a multi-specialty hospital in Dombivli, Maharashtra, which is designed to accommodate over 500 beds and has commenced construction in April 2023. Clinical and operational track record has led company to build a brand presence largely on word-of-mouth marketing which is demonstrated through patient volumes and payor mix (i.e., patients’ payment mode). Patient volumes (comprising inpatient and outpatient) at hospitals were 447,573, 645,446 and 773,937 in Fiscals 2021, 2022 and 2023, respectively. Payor mix showcases that company have very low dependence on central and state government schemes for 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 income from hospital services in Fiscal 2023.

Certain Key Operational Information:

Particulars	As of and for the fiscal year ended March 31,		
	2021	2022	2023
Inpatient volume	24,553	34,650	42,956
Outpatient volume	4,23,020	6,10,796	7,30,981
Operational bed capacity	744	869	950
Census bed capacity	666	757	802
Average occupancy rate (%)	45.25%	53.96%	62.61%
Average revenue per occupied bed (“ARPOB”) (₹)	43,946	48,711	50,990
Average length of stay in hospitals (“ALOS”) (days)	4.48	4.3	4.02

Revenue from operations of hospitals for the years/ period indicated:

(Amount in Lakhs)

Hospital	Fiscal year ended					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Thane	31,359.40	64.50%	42,362.30	57.78%	48,355.10	54.18%
Pune	14,750.20	30.34%	23,365.60	31.87%	30,377.10	34.03%
Indore	2506.8	5.16%	7584.4	10.35%	10,522.10	11.79%
Total	48,616.40	100%	73,312.30	100%	89,254.30	100%

Set forth below is doctor-in-patient ratio as of the periods indicated:

Particulars	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023
Number of Doctors	895	1,145	1,306
Number of inpatient ⁽²⁾	24,553	34,650	42,956
Doctor-inpatient ratio	27.43	30.26	32.89

Company commenced operations in 2007 with hospital in Thane, Maharashtra and subsequently scaled operations by setting up a hospital in Pune, Maharashtra in 2017 and acquiring a hospital in Indore, Madhya Pradesh in 2020. Company hospitals are also located in densely populated micro markets which have a low presence of chained hospitals, which company believe provides an opportunity to offer services to a larger population and helps patients with greater access and connectivity to healthcare services. 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. Thane and Pune hospitals are "greenfield" projects, and all three of hospitals are located on land owned by company on a freehold basis, which is believed to ensure operational control and allows consistency in quality care resulting in long-term operational and financial efficiencies. Patient volumes (comprising inpatient and outpatient) at hospitals were 447,573, 645,446 and 773,937 in Fiscals 2021, 2022 and 2023, respectively. Payor mix showcases that have very low dependence on central and state government schemes for 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 income from hospital services in Fiscal 2023.

Business Strategies

1. Strategically expand footprint in western markets.

With long term structural factors supporting growth, renewed impetus from Pradhan Mantri Jan Arogya Yojana (PMJAY) and government focus shifting onto healthcare sector, the healthcare delivery market in India is expected to grow at a CAGR of approximately 11.3% and reach ₹8.6 trillion in Fiscal 2027. In particular, the healthcare market for west India is expected to grow at a CAGR of approximately 14%-16% from ₹1.05-₹1.15 trillion in Fiscal 2022 to ₹2.15-₹2.25 trillion in Fiscal 2027.

2. Continue to recruit and retain skilled healthcare professionals

Healthcare professionals are key to operations and success, and ability to recruit, retain and train skilled healthcare professionals is crucial for the successful implementation of strategy to provide quality healthcare services to patients. Company believes, hiring surgeons and physicians with an established reputation in their respective specialisations is crucial for branding, growth and expansion. Company intends to leverage brand, clinical and operational expertise to continue to attract healthcare professionals and aim at continue to develop long term relationships with them.

3. Pursue strategic inorganic growth opportunities in focus micro-markets.

To complement organic growth and clinical expertise, Company may pursue selective acquisitions and strategic alliances in focus micro-markets that provide access to better infrastructure, high-value technological and operational capabilities, industry knowledge and geographical reach, and allow to expand patient base and service offerings.

4. Continue to improve quality of care and invest and employ latest technology

In line with “patient first” ideology, mission is to create the best infrastructure, technology and support to put the patient first and foremost and be futuristic and innovative in delivery of healthcare. Company aims to adopt the latest medical technologies and equipment to provide better treatment for patients and believe that by incorporating such new technologies in operations, Company will be able to improve patient care, expand the scope of treatments that company offers and increase affordability, efficiency and cost savings.

Competitive Scenario and Peer Mapping

Competition

The company operates in healthcare service industry which is highly competitive in nature. There are numerous players providing services in standalone basis or integrated basis. The hospital faces major competition from the existing and established players in terms of technology and innovative services. The industry has number of unorganised players in the market operating in the local vicinity. The industry in general has less barrier to entry with customers having less bargaining power.

Peer Analysis

The comparison of the key performance indicators of the listed peers as on Mar-23 is given below -

Particulars	Jupiter Life Line Hospitals Limited	Apollo Hospitals Enterprise Limited	Fortis Healthcare Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	8%	5%	10%
EBITDA Margin	23%	12%	17%
Return on Capital Employed	19%	13%	7%
Return on Equity	20%	14%	9%
EPS (INR)	13.95	56.97	7.80

The comparison of the key performance indicators of the listed peers as on Mar-22 is given below -

Particulars	Jupiter Life Line Hospitals Limited	Apollo Hospitals Enterprise Limited	Fortis Healthcare Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	7%	8%	14%
EBITDA Margin	21%	15%	19%
Return on Capital Employed	15%	15%	7%
Return on Equity	18%	20%	13%
EPS (INR)	10.05	73.42	7.35

The comparison of the key performance indicators of the listed peers as on Mar-21 is given below -

Particulars	Jupiter Life Line Hospitals Limited	Apollo Hospitals Enterprise Limited	Fortis Healthcare Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	-0.47%	1.30%	-1.39%
EBITDA Margin	14%	11%	10%
Return on Capital Employed	5%	6%	1%
Return on Equity	-1%	3%	-1%
EPS (INR)	-0.45	10.46	-1.45

Industry Overview

Exhibit 1: Health Insurance Premium Collection (US\$ billion)

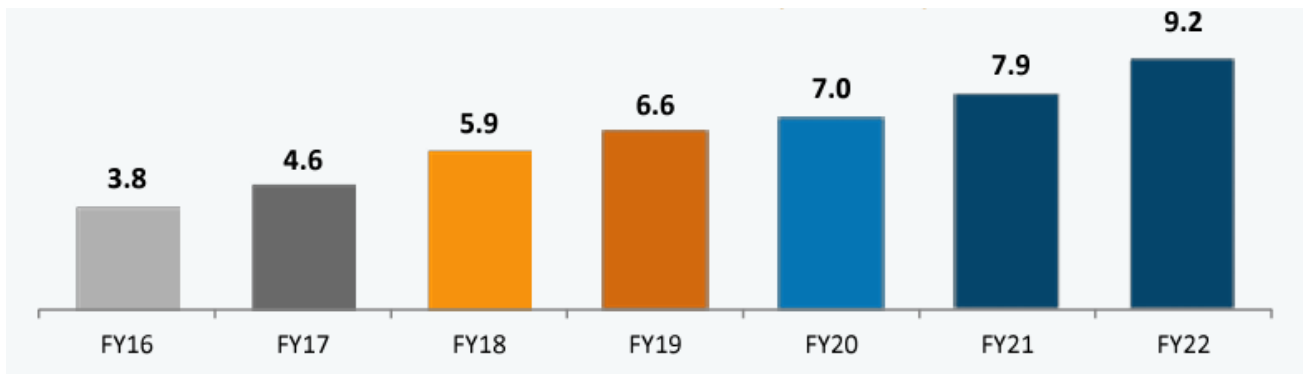


Exhibit 2: Government Healthcare Expenditure

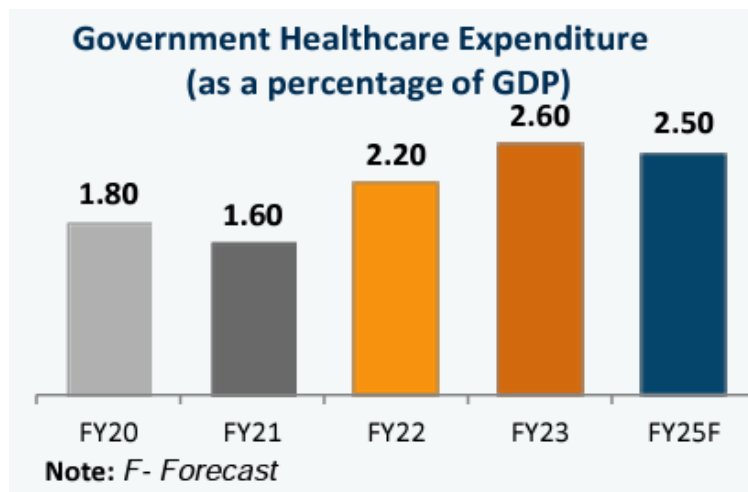
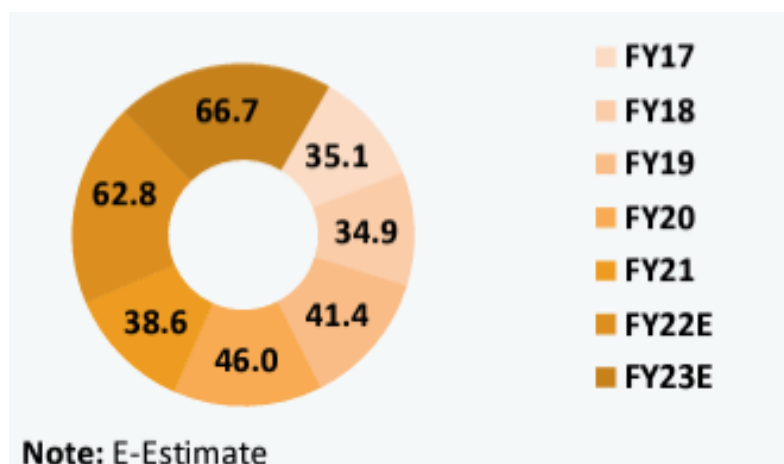


Exhibit 3: Government Expenditure on Health in India (US\$ billion)



(Source: ibef.com)

Indian Healthcare Industry

The Indian healthcare sector is expected to record a three-fold rise, growing at a CAGR of 22% between 2016–22 to reach US\$ 372 billion in 2022 from US\$ 110 billion in 2016. As of February 20, 2023, more than 220.63 crore COVID-19 vaccine doses have been administered across the country. By FY22, Indian healthcare infrastructure is expected to reach US\$ 349.1 billion. India climbed to the 63rd rank among 190 countries in the World Bank's 'Ease of Doing Business' rankings in 2020.

As of 2021, the Indian healthcare sector is one of India's largest employers as it employs a total of 4.7 million people. The sector has generated 2.7 million additional jobs in India between 2017-22 over 5,00,000 new jobs per year. Rising income levels, an ageing population, growing health awareness and a changing attitude towards preventive healthcare is expected to boost healthcare services demand in the future. The low cost of medical services has resulted in a rise in the country's medical tourism, attracting patients from across the world. Moreover, India has emerged as a hub for R&D activities for international players due to its relatively low cost of clinical research.

Conducive policies for encouraging FDI, tax benefits, and favourable Government policies coupled with promising growth prospects have helped the industry attract private equity (PE), venture capitals (VCs) and foreign players.

Indian Pharmaceutical Industry -

The Indian pharmaceutical industry ranks third globally in pharmaceutical production by volume and is known for its generic medicines and low-cost vaccines. The sector contributed to around 1.32% of the Gross Value Added (at 2011-12 constant prices) of the Indian Economy in 2020-21. The total annual 108 turnover of Pharmaceuticals in the fiscal year 2021-22 was Rs. 3,44,125 crore (USD 42.34 Bn). Major segments of Indian Pharmaceutical Industry include generic drugs, OTC medicines, bulk drugs, vaccines, contract research & manufacturing, biosimilars and biologics. India is a global leader in the supply of DPT, BCG, and Measles vaccines.

India is one of the biggest suppliers of low-cost vaccines in the world. India accounts for 60 percent of global vaccine production, contributing 40 to 70 percent of the WHO demand for Diphtheria, Tetanus and Pertussis (DPT) and Bacillus Calmette–Guérin (BCG) vaccines, and 90 percent of the WHO demand for the measles vaccine. There are 500 API manufacturers contributing about 8% in the global API Industry. India is the largest supplier of generic medicines. It manufactures about 60,000 different generic brands across 60 therapeutic categories and accounts for 20% of the global supply of generics. Access to affordable HIV treatment from India is one of the greatest success stories in medicine. Because of the low price and high quality, Indian medicines are preferred worldwide, making it "pharmacy of the world". The sector has been growing at a healthy rate.

(Source: Prospectus)

Key Managerial Personnel

Dr. Ajay Thakker is the Chairman and Managing Director of the Company. He 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 the Company since inception and was also associated with Jupiter Scan and Imaging Centre Private Limited as a director. He has over 31 years of experience in the field of medicine and healthcare. He is currently responsible for the overall management of the Company.

Dr. Ankit Thakker is the Executive Director and Chief Executive Officer of Company. He holds 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 more than 14 years of experience in the healthcare sector and has been a director of Company since 2016 and is currently responsible for the overall management of the Company. He has been awarded by Financial Express Power List as a FE Visionary Leader for his exemplary contribution to the field of healthcare.

Dr. Bhaskar Shah is a Non-Executive Director of Company. He holds a bachelor of medicine and bachelor of surgery degree, a doctor of medicine in cardiology degree and a doctor of medicine in medicine and therapeutics degree from the Lokmaniya Tilak Municipal Medical College, University of Bombay. He is also registered as an M.D. in the Maharashtra Medical Council. He is a practicing cardiologist.

Vadapatra Raghavan is a Non-Executive Director of Company. He holds a bachelor's degree in science from the University of Madras. He is a member of the Institute of Chartered Accountants of India and has completed a post qualification course in Information Systems Audit conducted by the Institute of Chartered Accountants of India. He has over 33 years of experience in the audit and accounts sector and is a partner at Charles Prabhakar & Co.

Dr. Darshan Vora is an Independent Director of Company. He holds a bachelor's degree in dental surgery from the University of Mumbai and is registered as a dentist by the Maharashtra State Dental Council. He has also received a certificate for completing the professional mouth rehabilitation training course held by OSSTEM AIC and a diploma in Advance Oral Implantology from College Extra-Universitaire & Implantologie Orale et Maxillo faciale, France. He is a member of the European Society of Cosmetic Dentistry, a member in good standing of the Implant Prosthetic Section of the International Congress of Oral Implantologists. He has experience as a dentist.

To conclude, the company has two promoters and they have vast knowledge and experience in the industry in which the company operates in. The remaining directors of the company also have good experience and knowledge in the industry which helps in the growth of the business.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	
Revenue from Operations	48,616.40	73,312.30	89,254.30	
Other Income	410.50	402.10	1,042.00	
Total Income	49,026.90	73,714.40	90,296.30	
Expenses				
Cost of Materials consumed	-	-	-	
Purchase of stock-in-trade	9,753.40	14,453.50	16,085.70	
Changes in inventories of Finished goods, work-in-Progress	90.80	-231.30	-367.60	
Employee benefits expense	10,435.50	13,378.00	15,563.60	
Finance costs	3,897.60	4,393.60	4,227.30	
Depreciation and Amortization expense	3,073.70	3,615.70	3,855.50	
Other expenses	21,620.40	30,373.30	37,840.60	
Total Expenses	48,871.40	65,982.80	77,205.10	
Earnings Before Interest, Taxes, Depreciation & Amortization	6,716.30	15,338.80	20,132.00	
EBITDA Margin	14%	21%	23%	
Profit before tax and share of profit/ (loss) from joint venture	155.50	7,731.60	13,091.20	
Prior Period Expenses	-	-19.80	-220.40	
Profit/(Loss) before tax	155.50	7,711.80	12,870.80	
Tax Expense	385.20	2,599.00	5,580.30	
Current Tax	-	-	-	
Deferred tax (net)	-	-	-	
Short/ (excess) provisions for tax of earlier years	-	-	-	
Total Tax Expense	385.20	2,599.00	5,580.30	
Profit/(Loss) for the year	-229.70	5,112.80	7,290.50	
Net Profit Margin	-0.47%	6.94%	8.07%	

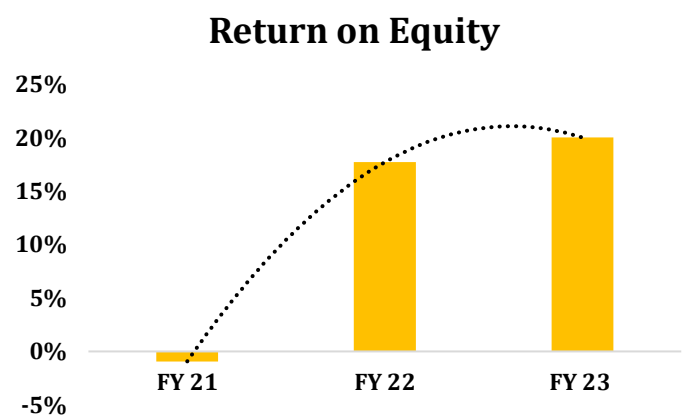
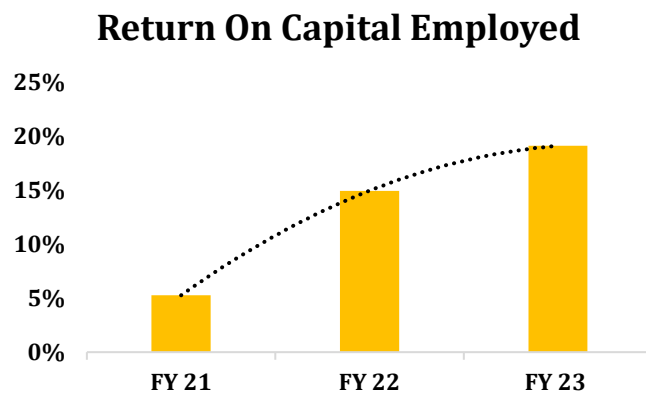
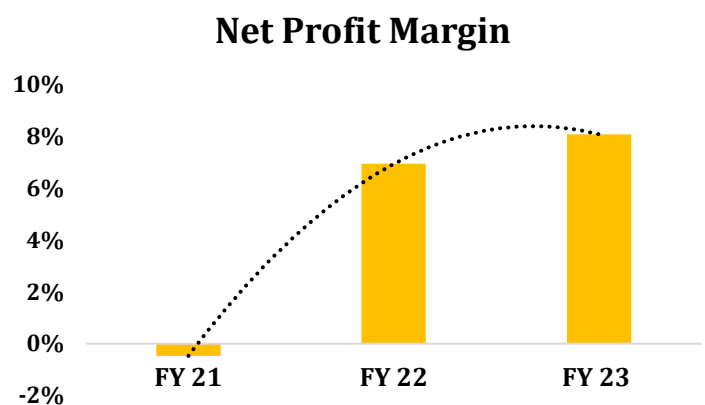
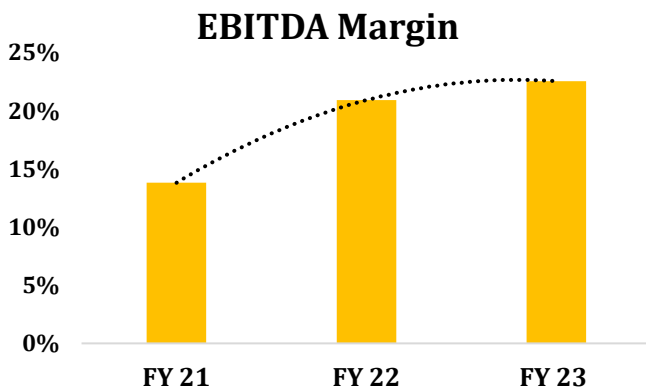
Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	62,944.80	68,308.20	71,895.20	
Capital work-in-progress	2,591.30	2,661.90	2,914.80	
Other intangible assets	55.10	83.30	74.80	
i) Other financial assets	699.20	1,059.50	2,289.20	
(ii) Investments	15.10	15.10	15.10	
Other non-current assets	1,308.70	697.60	438.20	
Total Non-Current assets	67,614.20	72,825.60	77,627.30	
Current Assets				

Balance Sheet				(In Lacs)
Inventories	1,305.00	1,535.60	1,899.90	
Investments	720.80	273.10	140.00	
Trade Receivables	2,184.30	2,786.80	4,568.80	
Cash and Cash Equivalents	1,943.80	10,336.50	13,446.30	
Loans	69.30	53.60	52.50	
Other Current assets	5,053.10	3,058.50	818.60	
Total Current assets	11,276.30	18,044.10	20,926.10	
Total Assets	78,890.50	90,869.70	98,553.40	
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	5,086.70	5,086.70	5,651.80	
Instruments entirely equity in nature	-	178.80	-	
Other equity	18,810.90	24,089.90	30,916.70	
Minority Interest	746.50	-512.10	-177.50	
Total Equity	24,644.10	28,843.30	36,391.00	
Liabilities				
Non-current liabilities				
Financial Liabilities	-	-	-	
Borrowings	42,115.30	46,451.90	45,250.70	
Deferred tax liabilities [net]	2,545.90	3,254.10	3,698.00	
Total Non-current liabilities	44,661.20	49,706.00	48,948.70	
Current liabilities				
Borrowings	436.90	3,072.70	1,612.00	
Trade payables:	-	-	-	
Due to Micro, Small and Medium Enterprises	491.70	96.80	553.60	
Due to other than Micro, Small & Medium Enterprises	5,364.90	6,014.60	6,519.20	
Other current liabilities	1,019.80	1,139.60	1,803.90	
Provisions	1,971.40	1,831.80	2,559.60	
Current tax liabilities [net]	300.50	164.90	165.40	
Total Current liabilities	9,585.20	12,320.40	13,213.70	
Total Liabilities	54,246.40	62,026.40	62,162.40	
Total Equity and Liabilities	78,890.50	90,869.70	98,553.40	

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	
Net Cash Flow from Operating Activities	12,340.70	13,697.20	17,640.10	
Net Cash Flow from Investing Activities	-29,584.70	-8,524.60	-9,424.50	
Net Cash Flow from Financing Activities	18,429.00	8,392.70	3,109.80	

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
<u>Per Share Data</u>			
Diluted EPS	-0.45	10.05	13.95
BV per share	67.80	79.35	100.11
<u>Operating Ratios (%)</u>			
EBITDA Margins	14%	21%	23%
PAT Margins	0.47%	6.94%	8.07%
Inventory days	9.80	7.65	7.77
Debtor days	16.40	13.87	18.68
Creditor days	111.94	75.04	99.01
<u>Return Ratios (%)</u>			
RoCE	5%	15%	19%
RoE	-1%	18%	20%
<u>Valuation Ratios (x)</u>			
EV/EBITDA	9.72	4.44	3.47
Market Cap / Sales	5.50	3.64	2.99
P/E	-1,633.33	73.13	52.69
Price to Book Value	10.84	9.26	7.34
<u>Solvency Ratios</u>			
Debt / Equity	1.73	1.72	1.29
Current Ratio	1.18	1.46	1.58
Quick Ratio	1.04	1.34	1.44
Asset Turnover	0.62	0.81	0.91
Interest Coverage Ratio	0.93	2.67	3.85

Financial Charts



Key Risk Factors

1. Company is highly dependent on healthcare professionals including doctors and nurses, and any future inability to attract/ retain such professionals will adversely affect business, financial condition and results of operations.
2. There are outstanding litigation of amount ₹1,561.70 Lakhs Company, Promoter(s), Directors and Subsidiaries. An adverse outcome in any of these proceedings may affect reputation and standing and impact future business and could have a material adverse effect on business, financial condition, results of operations and cash flows.
3. Company has certain contingent liabilities of amount ₹503.60 Lakhs that have not been provided for in financial statements, which if they materialize, may adversely affect financial condition.

Track Record of Lead Manager

The lead managers to the issue are ICICI Securities Limited, Nuvama Wealth Management Limited, Im Financial Limited. A table has been set below highlighting the details of the IPO of the last 7 companies handled by the Lead Managers in recent times –

ICICI Securities Limited-

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	SBFC Finance Limited	1,025.00	57.00	Aug 16, 2023	88.07
2.	Utkarsh Small Finance Bank Limited	500.00	25.00	Jul 21, 2023	47.94
3.	KFin Technologies Limited	1,500.00	366.00	Dec 29, 2022	449.35

Nuvama Wealth Management Limited

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	TVS Supply Chain Solutions Limited	880.00	197.00	Aug 23, 2023	200.25

Im Financial Limited

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	TVS Supply Chain Solutions Limited	880.00	197.00	Aug 23, 2023	200.25
2.	Cyient DLM Limited	592.00	265.00	Jul 10, 2023	598.25
3.	ideaForge Technology Limited	567.29	672.00	Jul 07, 2023	991.30

As per the offer document three lead managers have had many mandates. Out of the 7 mentioned above, 1 opened at discount and the remaining all opened at premiums ranging from 2.01% to 91.76% on the listing day.

*CMP for all the above-mentioned company is taken as on 1st September 2023

Recommendation

The company has been into the industry since 2007 thus has good experience in the industry. The company's financials have seen a consistent increase in its bottom line and top line. The management outlook of the company, Dr. Ajay Thakker and Dr. Ankit Thakker has good knowledge and experience in the industry and remaining higher level management also have good experience in the overall business in which the company operates in.

The PE on an annualised and Post IPO basis is around 36.65 times and industry PE is 34.7 which seems to be fairly priced looking at the performance of peer's companies average PE 54.49 and size of the company.

The company operates in a competitive segment and faces competition mainly from hospital chains that provide secondary and tertiary healthcare services. The management outlook of the company is good. The company has been able to increase its top line and bottom line of the financials and can be sustained going forward. Most of the hospital's revenue is from the state of Maharashtra. The hospital also has two branches located in Pune and Indore, and by increasing its geographical boundaries even further the hospital can look at good growth in the future. Thus, one can **APPLY** for this IPO.

Disclaimer

We are not a registered research analyst with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.