February 03, 2025

Jupiter Life Line Hospitals Limited: Ratings reaffirmed

Summary of rating action

Instrument^	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short Term-Fund based-Overdraft	35.00	35.00	[ICRA]A1; Reaffirmed
Long term - non-Fund based limits	5.10	5.10	[ICRA]A+ (stable); Reaffirmed
Short term – Non-Fund Based – Bank Guarantee*	(2.50)	(19.50)	[ICRA]A1; Reaffirmed
Short term – Non Fund Based – Letter of Credit*	(3.00)	(20.00)	[ICRA]A1; Reaffirmed
Total	**40.10**	**40.10**	

*^Instrument details are provided in Annexure I; * Sub limit*

Rationale

The reaffirmed ratings continue to factor in Jupiter Life Line Hospitals Limited's (JLHL/the company) established market position and extensive experience of promoters, along with the company's demonstrated track record in the healthcare industry. The ratings also derive comfort from JLHL's strong credit profile supported by healthy growth in revenues and earnings, backed by the stable performance of its mature hospitals and the ramp-up of its hospital in Indore. The company repaid its entire debt in FY2024 through IPO proceeds and continues to remain debt-free (apart from lease liabilities) and maintains a strong liquidity position, on the back of healthy cash flow generation. Further, JLHL operates three multi-speciality hospitals and offers diverse tertiary care services with no major revenue concentration from a single speciality. The ratings remain supported by the favourable demand outlook for healthcare services in the country due to factors such as better affordability through increasing per-capita income, widening medical insurance coverage and growing awareness as well as under-penetration of healthcare services.

JLHL witnessed strong revenue growth of 19.8% in FY2024, backed by an improvement in occupancy and ARPOB in FY2024. Further, JLHL witnessed a 14.0% growth in 6M FY2025, driven by the healthy ramp-up in operations in Pune and Indore hospitals (which commenced operations in June 2017 and November 2020, respectively). The Indore hospital became OPBIDTA positive in FY2024, within three years from the commencement of operations. The operating profit margin (OPM) increased to 22.7% in H1 FY2025 from 22.2% in FY2024, aided by improvement in scale of operations and sequentially better operational performance. Going forward, further ramp-up of operations in Indore and Pune hospitals, along with steady revenues from the Thane hospital and continued operating leverage benefits, is expected to boost the OPM. That said, the commencement of operations at new hospitals is expected to have some bearing on the company's overall profitability in the initial years of operations.

The ratings, however, consider the sizeable capex plan of ~Rs. 130-150 crore in FY2025, ~Rs. 400 crore in FY2026 and ~Rs. 450 crore in FY2027 towards the construction of three greenfield facilities in Dombivli, Pune and Thane. ICRA notes that capex will be funded through a mix of internal accruals, existing cash balances and debt (if required). The ratings also consider the geographical concentration of revenues in existing hospitals at Thane and Pune to the extent of 84% in H1 FY2025. The company will continue to derive sizeable revenues from Maharashtra with the upcoming hospitals in Dombivli and Thane. JLHL, in line with other industry players, is exposed to stiff competition from other organised players and regulatory risks pertaining to any restrictive pricing regulations imposed by India's Central and state governments.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will continue to benefit from the extensive experience of its promoters, coupled with the further improvement of operations at its Indore and Pune facilities, strong debt coverage metrics and steady scale-up of its revenues and margins.

Key rating drivers and their description

Credit strengths

Established brand position with experienced promoters – JLHL operates three multi-speciality hospitals, one each in Thane (commenced in July 2008), Pune (June 2017) and Indore (acquired in November 2020). The promoters have a track record of over 20 years in successfully managing hospital operations.

Strong financial profile – The company showed continuous growth in operating profits over the last five years, except FY2021, which was impacted by the Covid 19 pandemic-induced restrictions. Further, the company's operating margins improved in FY2024 and 6M FY2025 with improvement in the performance of the Pune and Indore hospitals and stable profitability of its Thane hospital. JLFL's debt metrics improved significantly in FY2024 as the company repaid all its outstanding debt through IPO proceeds. In addition, it had strong cash and liquid investments of ~Rs. 331.4 crore, as on September 30, 2024. The financial profile is expected to remain healthy in the near term with strong revenue growth and debt metrics, even as the company incurs capex towards the construction of its new units supported by its strong cash balances and expected healthy cash flows.

Improvement in operational metrics across units – JLHL's operational metrics improved across hospitals in FY2024 and H1 FY2025. The company witnessed occupancy of 67.2% in H1 FY2025 compared to 63.8% in FY2024, backed by increased patient footfall across hospitals and improved performance of the Pune and Indore facilities. ARPOB of the company grew by 7.6% in FY2024 and 5.1% in H1 FY2025, supported by improvement in case mix, price hikes and price increases received from insurance companies. In FY2024, the operational performance of Thane and Indore hospitals improved (occupancy as well as ARPOB) backed by an increase in surgery volumes (which derive better realisations). However, the occupancy declined to ~62.3% in FY2024 from ~67% in FY2023 for the Pune hospital. This was due to additional beds which were added in FY2024, which led to an overall increase in the number of capacity beds, which, in turn, reduced the occupancy level in FY2024.

Healthy long-term demand outlook for the healthcare industry – Over the longer term, increasing incidence of lifestyle diseases in India, coupled with factors such as better affordability, widening medical insurance coverage, growing awareness and under-penetration of healthcare services are expected to benefit the company and the industry at large.

Credit challenges

Geographical concentration risk – The company faces high geographic concentration for its existing hospitals at Thane and Pune, which generated ~84% of its revenues in H1 FY2025. While the ramp-up of operations in the Indore hospital is expected to reduce the concentration risk to a certain extent, with upcoming hospitals in Dombivli and Thane, the company will continue to derive sizeable revenues from Maharashtra.

Sizeable capex plan towards new facilities is expected to decline liquidity levels over the next 2-3 years – JLHL has a planned capital outlay of ~Rs. 130-150 crore in FY2025, ~Rs. 400 crore in FY2026 and ~Rs.450 crore in FY2027, which will be toward the construction of three greenfield facilities in Dombivli, Pune and Thane. Capex will be funded through a mix of internal accruals, existing cash balances and debt (if required). Given the sizeable capex for these facilities, the liquidity is expected to decline over the next two to three years. Going forward, the timely commencement of operations and the trajectory of ramp-up at these new facilities, along with its impact on the company's overall financial profile, will remain key monitorable.

Stiff competition – The hospital industry is highly competitive with many established organised chains. The hospitals encounter stiff competition from existing regional players and local multi-speciality clinics. However, the Group's established brand position coupled with a strong infrastructure is likely to mitigate competition to a certain extent.

Exposed to regulatory risks inherent in the sector – Going forward, regulatory risks pertaining to restrictive pricing regulations levied by the Central and state governments and stricter compliance norms could constrain the Group's profit margins.

Environmental and social risks

Environmental: JLHL does not face any major climate risk. However, the company needs to comply with environmental laws and regulations pertaining to handling and disposal of biomedical specimens, wastewater, infectious and hazardous waste. Further, energy consumption by large medical equipment with emissions could pose environment risk. To mitigate this, the company focuses on building energy-efficient projects and purchased five wind turbines for its Thane and Pune hospitals with the primary aim to reduce carbon footprints and energy costs. E-waste generated is systematically sent for recycling and safe disposal through authorised handlers, ensuring compliance with regulations and minimizing environmental impact.

Social: Exposure to social risk is moderate for the company. Social risks include litigation exposure and standard compliance requirements, given the importance of the service being provided. Further, regulatory interventions such as price control measures, imposition of restrictions, if any, specifically levied, could impact the company's earnings.

Liquidity position: Strong

JLHL's liquidity profile is strong, characterised by free cash and liquid investments of ~Rs. 331.4 crore as on September 30, 2024, and sparingly used WC limits of Rs. 35 crore. The company has no repayment obligation as it repaid the entire debt through IPO proceeds in FY2024. JLHL is expected to incur a capex of ~Rs. 130-150 crore in FY2025, ~Rs. 400 crore in FY2026 and ~Rs. 450 crore in FY2027. The capex will be funded through a mix of internal accruals, existing cash balances and debt (if required).

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a sizeable increase in the scale of operations and RoCE while maintaining its margins and debt coverage metrics on a sustained basis.

Negative factors – Pressure could arise due to a deterioration in the margins or an increase in the leverage. A specific trigger for a rating downgrade could be TD/OPBDITA of more than 2.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Hospitals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated financial statement of JLHL, which includes its subsidiary, JHPPL and Medulla Healthcare Pvt Ltd.

About the company

JLHL, incorporated in 2002, operates three hospitals at Thane, Pune and Indore. The company owns and operates multi-speciality tertiary care hospitals. All three hospitals function on an 'all-hub-no spoke' model with each being a full-service facility, operating independently and serving the healthcare needs of patients, including diagnostics, surgery and rehabilitation. All three hospitals are located on the land owned by the company, on a freehold basis. The company is also constructing three new hospitals, one each in Dombivli, Pune and Thane.

JLHL has built a hotel with over 22 rooms and a convention centre adjacent to the Thane hospital, which commenced operations on April 1, 2010. The hotel's operations and maintenance are handled by Fortune Park Hotels (FPH), a wholly owned subsidiary of ITC Ltd.

Key financial indicators (audited)

JLHL Consolidated	FY2023	FY2024	H1FY2025*
Operating income	892.5	1,069.5	609.7
PAT	72.9	176.6	96.1
OPBDITA/OI	22.6%	22.3%	22.8%
PAT/OI	8.2%	16.5%	15.8%
Total outside liabilities/Tangible net worth (times)	1.7	0.1	0.1
Total debt/ OPBDITA (times)	2.3	-	-
Interest coverage (times)	4.8	9.0	63.1

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
	Type	Amount rated (Rs. crore)	Feb 03, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based - Term Loan	Long term	0.00	-	-	-	Feb 03, 2023	[ICRA]A (Stable)	-	-
Fund based – Overdraft	Short Term	35.00	[ICRA]A1	Mar 28, 2024	[ICRA]A1	Feb 03, 2023	[ICRA]A2+	-	-
Non-fund-based limits	Long Term	5.10	[ICRA]A+ (stable)	Mar 28, 2024	[ICRA]A+ (Stable)	Feb 03, 2023	[ICRA]A (Stable)	-	-
Unallocated limits	Long term/ Short Term	0.00	-	-	-	Feb 03, 2023	[ICRA]A (Stable)/ [ICRA]A2+	-	-
Non-Fund Based – Bank Guarantee*	Short Term	(19.50)	[ICRA]A1	Mar 28, 2024	[ICRA]A1	-	-	-	-
Non-Fund Based – Letter of Credit*	Short Term	(20.00)	[ICRA]A1	Mar 28, 2024	[ICRA]A1	-	-	-	-

**Sublimits*

Complexity level of the rated instruments

Instrument	Complexity indicator
Short Term – Fund based – Overdraft	Simple
Long term - non-fund-based limits	Very simple
Short term – Non-Fund Based – Bank Guarantee	Very simple

Short term – Non-Fund Based – Letter of Credit	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Short Term – Fund based – Overdraft**	NA	NA	NA	35.00	[ICRA]A1
NA	**Long term - non-fund-based limits**	NA	NA	NA	5.10	[ICRA]A+ (stable)
NA	**Short term – Non-Fund Based – Bank Guarantee**	NA	NA	NA	(19.50)	[ICRA]A1
NA	**Short term – Non-Fund Based – Letter of Credit**	NA	NA	NA	(20.00)	[ICRA]A1

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	JLHL ownership	Consolidation approach
Jupiter Hospital Projects Private Limited	96.56%	Full consolidation
Medulla Healthcare Private Limited	100.00%	Full consolidation

Source: Company annual report FY2024

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