Prabhudas Lilladher
POWERING YOUR FINANCIAL GROWTH

May 13, 2024

Q4FY24 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	**BUY**		**BUY**	
Target Price	**1,360**		**1,360**	
Sales (Rs. m)	12,252	14,619	12,339	14,976
% Chng.	*(0.7)*	*(2.4)*		
EBITDA (Rs. m)	2,978	3,689	3,018	3,673
% Chng.	*(1.3)*	*0.4*		
EPS (Rs.)	33.8	42.1	33.8	40.8
% Chng.	*0.2*	*3.1*		

Key Financials - Consolidated

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	8,925	10,695	12,252	14,619
EBITDA (Rs. m)	2,013	2,382	2,978	3,689
Margin (%)	*22.6*	*22.3*	*24.3*	*25.2*
PAT (Rs. m)	729	1,766	2,219	2,758
EPS (Rs.)	12.9	26.9	33.8	42.1
Gr. (%)	*28.3*	*108.8*	*25.6*	*24.3*
DPS (Rs.)	-	0.9	1.7	2.3
Yield (%)	-	*0.1*	*0.1*	*0.2*
RoE (%)	*22.8*	*23.0*	*17.4*	*18.3*
RoCE (%)	*20.1*	*19.5*	*19.7*	*20.8*
EV/Sales (x)	8.4	7.5	6.5	5.4
EV/EBITDA (x)	37.4	33.8	26.8	21.3
PE (x)	98.8	47.3	37.7	30.3
P/BV (x)	19.7	7.2	6.1	5.1

Key Data	JUPE.BO | JLHL IN
52-W High / Low	Rs.1,654 / Rs.960
Sensex / Nifty	72,776 / 22,104
Market Cap	Rs.84bn/ $ 1,001m
Shares Outstanding	66m
3M Avg. Daily Value	Rs.85.98m

Shareholding Pattern (%)

Promoter's	40.91
Foreign	4.17
Domestic Institution	17.58
Public & Others	37.34
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.9	27.8	-
Relative	2.9	14.1	-

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Jupiter Life Line Hospitals (JLHL IN)

Rating: BUY | CMP: Rs1,275 | TP: Rs1,360

In-line quarter; margins to improve

Quick Pointers:

- Price hike of 5% taken in self payor category across units in Q4.
- There were Rs55mn one off expenses booked in Q4. Adj OPM were at 23.3%

Jupiter Life Line Hospitals (JLHL) Q4 consolidated EBITDA grew by 21% YoY (1% QoQ) to Rs. 623mn; in line with our estimates aided by higher ARPOB. JLHL's operational efficiency has been strong in competitive markets of MMR. The company reported Revenue/EBITDA CAGR of 24%/35% over FY21-24. Given expansion plans, scale up in occupancy and improving margins, business is expected to aid growth momentum over the medium term in our view. We believe strategic greenfield expansions in densely populated micro-markets of western regions augur well to drive sustainable growth. Overall we see 25%/25% EBITDA/PAT CAGR over FY24-26E with healthy return ratios of ~20%. Maintain 'Buy' rating with a TP of Rs 1,360/share valuing at 23x EV/EBITDA based on FY26E EBITDA.

- **In line EBITDA aided by higher ARPOB:** JLHL reported EBITDA of Rs. 623mn; in line with our estimate. Margins were flat YoY (down 130 bps QoQ) to 21.4%. There were one off expenses to tune of Rs.55mn related to promotional expenses and certain provisions led write offs. Adjusted for these, margins would have been at 23.3%. Further employee expenses were also higher at 25% YoY led by gratuity and leave encashment provisions.

- **ARPOB and occupancy improve QoQ:** JLHL reported revenue growth of 20% YoY to Rs 2.9bn, vs our estimate of Rs2.8bn. ARPOB improved ~7% YoY to Rs 54.9K per day for FY24; due to price hike taken in self payor category in Q4. ARPOBs for Thane, Pune and Indore units were at Rs. 61.9k, Rs. 53.9k and Rs 40.9k; respectively in FY24. Overall occupancy improved by 120 bps YoY to 63.8% for FY24. Occupancies for Thane, Pune and Indore units were at 72%, 62.3 and 52.7%; respectively in FY24. IP volumes increased +14% YoY to 49.1K for FY24. OP volumes increased ~14% YoY for FY24.

- **Key con-call takeaways: (1)** 500 beds construction activity at Dombivli unit is progressing well and likely to operationalize 250 beds in phase 1 by Q4FY26. Will be spending Rs3bn of capex in FY25 & FY26 towards Dombivli unit. **(2)** Mgmt plans to commercialized 22 beds at Baner unit (Capex at Rs1mn per bed) and 75 beds at Indore unit (Capex at Rs2mn per bed) in FY25 with total capex plan of Rs.180mn. At Baner unit (Pune) only interior related activities are pending whereas at Indore unit already secured permission to build two additional floors. Additional 200 beds will be operationalized at Indore unit once it reaches to 60% of utilization level. Maintenance capex for all three units will be at Rs.450-500mn for FY25 & FY26. **(3)** New land for 2nd unit in Bibwewadi Pune with 500 beds expansion plan is one-hour away from Baner unit. **(4)** Insurance contracts have been renegotiated in Thane and Pune unit in Q3FY24 including recent price hike in self payor category in Feb-Mar'24. **(5)** Pune unit's occupancies guided to reach at 70-75% and expects inflation link ARPOB growth. **(6)** Tax rate guidance at 25%. (7) On track to double existing bed capacity to 2500 in Western India in the next 5 years. The new location in Pune, along with the already under-construction hospital at Dombivli, gives visibility to about 2,200 beds. Will add more hospital in Western India in FY25.

Exhibit 1: Q4FY24 Result Overview (Rs mn) – In Line EBITDA

Y/e March	4QFY24	4QFY23	YoY gr. (%)	3QFY24	QoQ gr. (%)	FY24	FY23	YoY gr. (%)
Net Sales	**2,905**	**2,423**	***19.9***	**2,726**	***6.6***	**10,695**	**8,925**	***19.8***
COGS	528	437	*20.9*	481	*9.7*	1,895	1,572	*20.5*
% of Net Sales	*18.2*	*18.0*		*17.7*		*17.7*	*17.6*	
Employee Cost	515	412	*25.0*	501	*2.7*	1,899	1,556	*22.0*
% of Net Sales	*17.7*	*17.0*		*18.4*		*17.8*	*17.4*	
Other Expenses	1,240	1,059	*17.1*	1,125	*10.1*	4,519	3,784	*19.4*
% of Net Sales	*42.7*	*43.7*		*41.3*		*42.3*	*42.4*	
Total	**2,282**	**1,907**	*19.7*	**2,108**	*8.3*	**8,313**	**6,912**	*20.3*
EBITDA	**623**	**516**	***20.7***	**619**	***0.7***	**2,382**	**2,013**	***18.3***
Margins (%)	*21.4*	*21.3*		*22.7*		*22.3*	*22.6*	
Other Income	90	35	*156.9*	81	*11.1*	260	104	*149.3*
Interest	9	109	*(91.5)*	10	*(9.8)*	263	423	*(37.7)*
Depreciation	104	100	*4.1*	107	*(2.5)*	424	386	*9.9*
PBT	**599**	**342**	*75.4*	**582**	*2.9*	**1,954**	**1,309**	*49.3*
Tax	169	162	*4.5*	144	*17.5*	188	558	*(66.3)*
Tax rate %	*28.3*	*47.4*		*24.8*		*9.6*	*42.6*	
PAT	**430**	**180**	*139.4*	**438**	*(1.9)*	**1,766**	**751**	*135.1*
Extraordinary items	(23)	22		2		-	22	
Minority Interest	-	-		-		-	-	
Reported PAT	**453**	**158**	***187.4***	**437**	***3.7***	**1,766**	**729**	***142.3***

Source: Company, PL

Exhibit 2: ARPOB and Occupancy improve QoQ

Particulars (Rs m)	Q1FY23	1HFY23	9MFY23	FY23	Q1FY24	1HFY24	9MFY24	FY24
ARPOB (Rs per day)	55,470	51,588	51,139	50,990	55,796	53,075	53,585	54,871
Occupancy (%)	52.1	58.6	60.6	62.6	57.2	62.3	63.2	63.8
IP (#)	9,510	20,500	31,500	43,000	11,200	1,06,150	1,60,750	49,100
OP (#)	1,66,220	3,54,200	3,49,320	7,31,000	1,96,810	4,11,400	6,14,700	8,31,200
ALOS	3.75	3.94	3.98	3.98	3.85	3.89	3.92	3.93

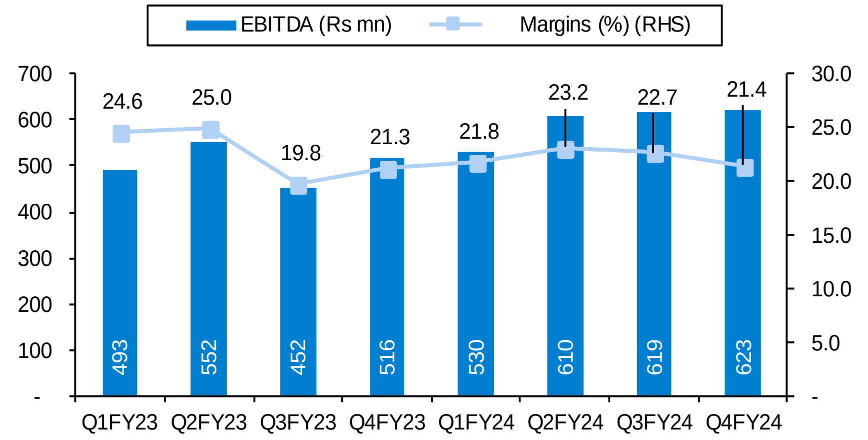
Source: Company, PL

Exhibit 3: ARPOB increased on price hike

	FY23	Q1FY24	1HFY24	9MFY24	FY24
Avg. Occupancy					
Thane	72.0	67.3	71.7	71.7	72.0
Pune	67.5	53.2	61	61.8	62.3
Indore	40.0	46.7	49	51.4	52.7
ARPOB					
Thane	56,448	61,960	59,527	60,440	61,920
Pune	48,996	55,874	52,098	52,563	53,878
Indore	38,747	41,199	39,487	39,829	40,904

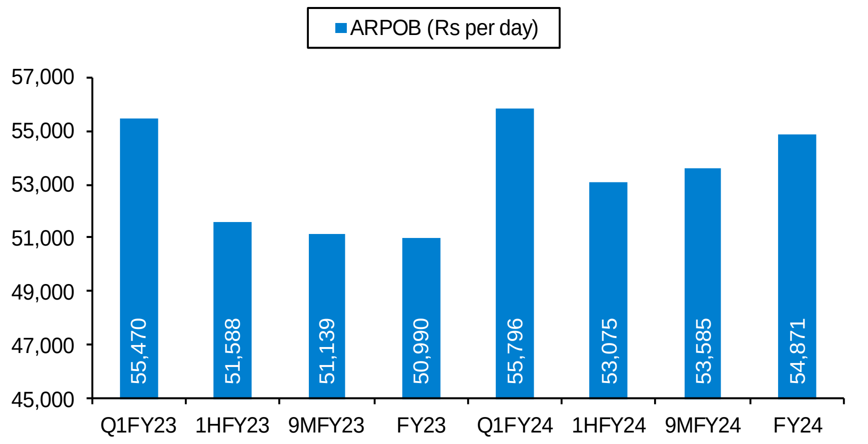
Source: Company, PL

Exhibit 4: EBITDA growth of ~21% YoY



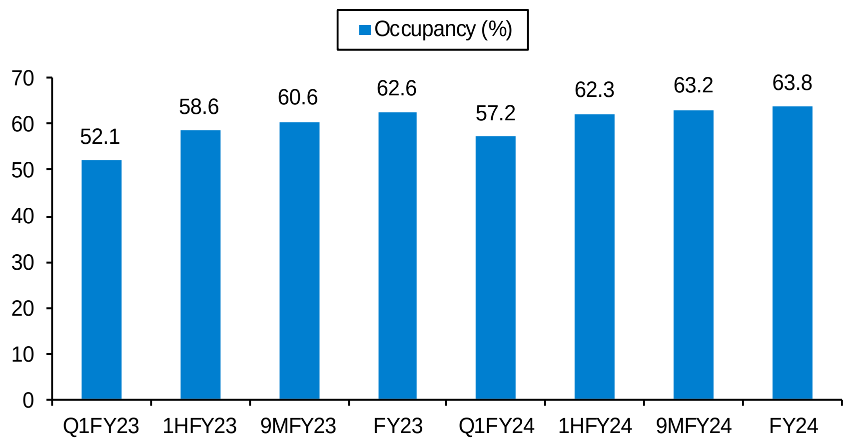
Source: Company, PL

Exhibit 5: Negotiation in insurance contracts & price hike aided ARPOB



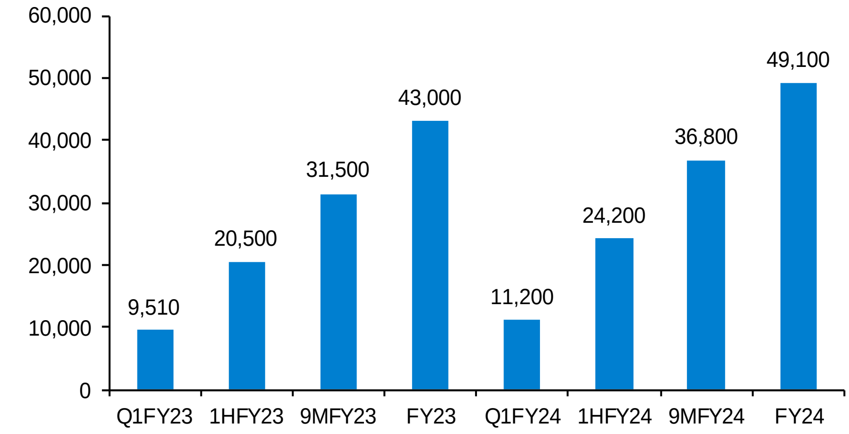
Source: Company, PL

Exhibit 6: Occupancy improved YoY by 120 bps



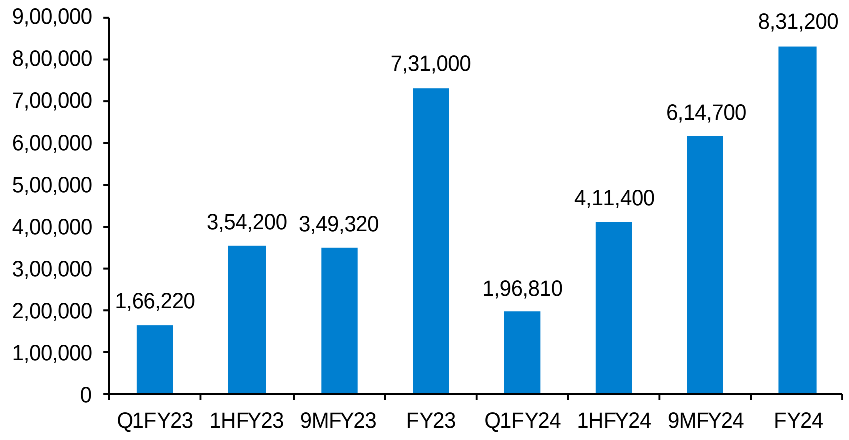
Source: Company, PL

Exhibit 7: Inpatient volumes grew +14% YoY for FY24



Source: Company, PL

Exhibit 8: Outpatient volumes grew ~14% YoY for FY24



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	**8,925**	**10,695**	**12,252**	**14,619**
YoY gr. (%)	*21.7*	*19.8*	*14.6*	*19.3*
Cost of Goods Sold	1,572	1,895	2,171	2,590
Gross Profit	7,354	8,800	10,082	12,030
Margin (%)	*82.4*	*82.3*	*82.3*	*82.3*
Employee Cost	1,556	1,899	2,184	2,621
Other Expenses	3,784	4,519	4,919	5,720
EBITDA	**2,013**	**2,382**	**2,978**	**3,689**
YoY gr. (%)	*31.2*	*18.3*	*25.1*	*23.9*
Margin (%)	*22.6*	*22.3*	*24.3*	*25.2*
Depreciation and Amortization	386	424	473	547
EBIT	**1,628**	**1,958**	**2,506**	**3,142**
Margin (%)	*18.2*	*18.3*	*20.4*	*21.5*
Net Interest	423	263	-	-
Other Income	104	260	339	440
Profit Before Tax	**1,309**	**1,954**	**2,845**	**3,582**
Margin (%)	*14.7*	*18.3*	*23.2*	*24.5*
Total Tax	558	188	626	824
Effective tax rate (%)	*42.6*	*9.6*	*22.0*	*23.0*
Profit after tax	**751**	**1,766**	**2,219**	**2,758**
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**729**	**1,766**	**2,219**	**2,758**
YoY gr. (%)	*42.6*	*142.3*	*25.6*	*24.3*
Margin (%)	*8.2*	*16.5*	*18.1*	*18.9*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**729**	**1,766**	**2,219**	**2,758**
YoY gr. (%)	*42.6*	*142.3*	*25.6*	*24.3*
Margin (%)	*8.2*	*16.5*	*18.1*	*18.9*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	729	1,766	2,219	2,758
Equity Shares O/s (m)	**57**	**66**	**66**	**66**
EPS (Rs)	**12.9**	**26.9**	**33.8**	**42.1**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	**9,655**	**10,041**	**11,841**	**13,696**
Tangibles	9,647	10,020	11,820	13,675
Intangibles	7	21	21	21
Acc: Dep / Amortization	**2,458**	**2,865**	**3,337**	**3,884**
Tangibles	2,458	2,865	3,337	3,884
Intangibles	-	-	-	-
Net fixed assets	**7,197**	**7,176**	**8,504**	**9,812**
Tangibles	7,190	7,155	8,483	9,790
Intangibles	7	21	21	21
Capital Work In Progress	291	740	740	740
Goodwill	-	-	-	-
Non-Current Investments	244	959	959	959
Net Deferred tax assets	(370)	(68)	(68)	(68)
Other Non-Current Assets	44	9	9	9
Current Assets				
Investments	-	-	-	-
Inventories	190	213	244	292
Trade receivables	457	572	655	782
Cash & Bank Balance	1,345	3,013	3,770	5,037
Other Current Assets	82	125	138	152
Total Assets	**9,856**	**12,813**	**15,025**	**17,788**
Equity				
Equity Share Capital	565	656	656	656
Other Equity	3,092	11,035	13,139	15,746
Total Networth	**3,657**	**11,690**	**13,795**	**16,401**
Non-Current Liabilities				
Long Term borrowings	4,525	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	161	-	-	-
Trade payables	707	622	713	851
Other current liabilities	453	435	452	470
Total Equity & Liabilities	**9,855**	**12,813**	**15,025**	**17,788**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	1,309	1,954	2,845	3,582
Add. Depreciation	386	424	473	547
Add. Interest	423	263	-	-
Less Financial Other Income	104	260	339	440
Add. Other	(70)	(190)	-	-
Op. profit before WC changes	2,047	2,452	3,317	4,129
Net Changes-WC	(542)	(809)	(20)	(31)
Direct tax	(333)	(497)	(626)	(824)
Net cash from Op. activities	**1,172**	**1,146**	**2,672**	**3,274**
Capital expenditures	(717)	(852)	(1,801)	(1,855)
Interest / Dividend Income	62	236	0	0
Others	(381)	(143)	-	-
Net Cash from Invt. activities	**(1,036)**	**(759)**	**(1,800)**	**(1,854)**
Issue of share cap. / premium	340	6,326	-	-
Debt changes	309	(4,725)	-	-
Dividend paid	(51)	(57)	(114)	(152)
Interest paid	(423)	(263)	-	-
Others	0	(1)	0	0
Net cash from Fin. activities	**175**	**1,281**	**(114)**	**(152)**
Net change in cash	**311**	**1,668**	**757**	**1,267**
Free Cash Flow	449	293	871	1,419

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	**2,432**	**2,632**	**2,726**	**2,905**
YoY gr. (%)	*21.3*	*18.9*	*19.4*	*19.9*
Raw Material Expenses	424	462	481	528
Gross Profit	2,008	2,170	2,245	2,377
Margin (%)	*82.6*	*82.5*	*82.3*	*81.8*
EBITDA	**530**	**610**	**619**	**623**
YoY gr. (%)	*7.5*	*10.5*	*36.8*	*20.7*
Margin (%)	*21.8*	*23.2*	*22.7*	*21.4*
Depreciation / Depletion	107	106	107	104
EBIT	**423**	**504**	**512**	**519**
Margin (%)	*17.4*	*19.2*	*18.8*	*17.9*
Net Interest	122	122	10	9
Other Income	50	40	81	90
Profit before Tax	**351**	**421**	**582**	**599**
Margin (%)	*14.4*	*16.0*	*21.4*	*20.6*
Total Tax	(202)	77	144	169
Effective tax rate (%)	*(57.6)*	*18.2*	*24.8*	*28.3*
Profit after Tax	**554**	**345**	**438**	**430**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**540**	**337**	**437**	**453**
YoY gr. (%)	*77.4*	*24.4*	*(11,713.6)*	*187.4*
Margin (%)	*22.2*	*12.8*	*16.0*	*15.6*
Extra Ord. Income / (Exp)	14	8	2	(23)
Reported PAT	**554**	**345**	**438**	**430**
YoY gr. (%)	*81.8*	*27.2*	*(11,364.5)*	*139.4*
Margin (%)	*22.8*	*13.1*	*16.1*	*14.8*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**554**	**345**	**438**	**430**
Avg. Shares O/s (m)	-	-	-	-
EPS (Rs)	**9.6**	**5.1**	**6.7**	**6.9**

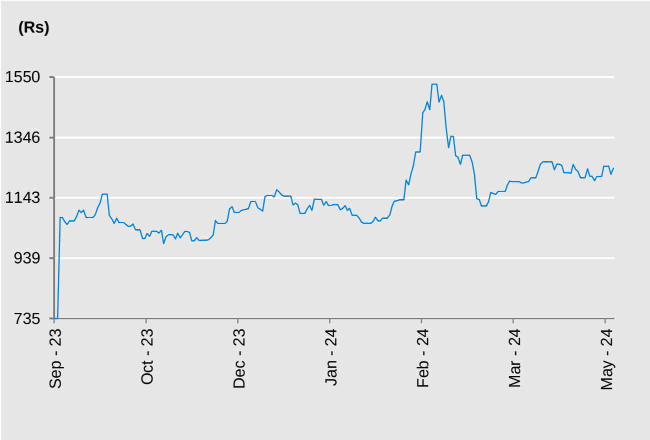
Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	12.9	26.9	33.8	42.1
CEPS	19.7	33.4	41.1	50.4
BVPS	64.7	178.3	210.4	250.1
FCF	7.9	4.5	13.3	21.6
DPS	-	0.9	1.7	2.3
Return Ratio(%)				
RoCE	20.1	19.5	19.7	20.8
ROIC	19.1	20.0	22.3	24.6
RoE	22.8	23.0	17.4	18.3
Balance Sheet				
Net Debt : Equity (x)	0.9	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	(2)	6	6	6
Valuation(x)				
PER	98.8	47.3	37.7	30.3
P/B	19.7	7.2	6.1	5.1
P/CEPS	64.6	38.2	31.1	25.3
EV/EBITDA	37.4	33.8	26.8	21.3
EV/Sales	8.4	7.5	6.5	5.4
Dividend Yield (%)	-	0.1	0.1	0.2

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-24	BUY	1,360	1,214
2	12-Feb-24	BUY	1,360	1,229
3	08-Jan-24	BUY	1,310	1,138
4	14-Dec-23	BUY	1,310	1,098

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	7,050	6,259
2	Aster DM Healthcare	BUY	515	457
3	Aurobindo Pharma	Accumulate	1,120	1,124
4	Cipla	Accumulate	1,405	1,340
5	Divi's Laboratories	Reduce	3,150	3,748
6	Dr. Reddy's Laboratories	Reduce	5,700	6,258
7	Eris Lifesciences	BUY	1,100	851
8	Fortis Healthcare	BUY	480	437
9	Glenmark Pharmaceuticals	Reduce	570	1,017
10	HealthCare Global Enterprises	BUY	420	368
11	Indoco Remedies	Accumulate	380	350
12	Ipca Laboratories	Hold	1,060	1,315
13	J.B. Chemicals & Pharmaceuticals	BUY	1,920	1,715
14	Jupiter Life Line Hospitals	BUY	1,360	1,214
15	Krishna Institute of Medical Sciences	BUY	2,200	2,038
16	Lupin	Hold	1,675	1,611
17	Max Healthcare Institute	BUY	925	805
18	Narayana Hrudayalaya	BUY	1,435	1,286
19	Sun Pharmaceutical Industries	BUY	1,640	1,609
20	Sunteck Realty	BUY	565	452
21	Torrent Pharmaceuticals	BUY	2,700	2,577
22	Zydus Lifesciences	Accumulate	855	1,007

PL's Recommendation Nomenclature (Absolute Performance)

Buy	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

ANALYST CERTIFICATION

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