

Jupiter Lifeline Hospitals Limited

March 03, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	-	-	Reaffirmed at CARE A-; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE A-/Stable (Single A Minus; Outlook: Stable) assigned to the bank facilities of Jupiter Lifeline Hospitals Limited with immediate effect based on No Objection Certificate from the lenders.

The affirmation of the rating factors in the improved performance in FY22 along with the rich experience of the promoters. However, the rating continues to remain constrained by moderate debt metrics.

Analytical approach: Consolidated

CARE Ratings continues with consolidated approach. The consolidation was done on back of financial support to the subsidiary. The consolidated approach includes Jupiter Lifeline Hospitals Limited (JLHL) and its subsidiary Jupiter Hospital Projects Private Limited (JHPPL), wherein 76% stake of JHPPL is held by JLHL.

Outlook: Stable

The stable outlook reflects that JLHL is expected to improve its operational performance given the increasing medical procedures post covid and likelihood of pick-up at its new hospital.

Key strengths

Well-established and experienced promoters with proven track record in healthcare industry

JLHL incorporated in 2004 by three specialist doctors – Dr. Ajay Thakkar (Radiologist), Dr. Navin Davda (Clinical Cardiologist & Physician) and late Dr. Gautama Ramakanthan (Gastroenterologist & Physician). The promoters have long track record of more than 18 years of successfully managing profitable operations in the other group companies and operating their own secondary hospitals. The company is managed by the promoter family which holds around 53% of the business. Ajay Thakkar is Chairman and Managing Director who is primarily in-charge of overlooking the entire operations. He is assisted by his son Ankit Thakkar who is the Chief Executive Officer. The company has also a strong second line of management who has been with the company since inception. The hospital began operations from 2007 and has been managed by the promoters efficiently since then. Furthermore, the company commenced operations of the Pune hospital in June 2017 and had acquired Indore Hospital and commenced its operations from November 2020.

Improvement in FY22's performance:

JLHL's performance has improved in FY22 with total income from operations at ₹733.12 crore (FY21: ₹486.16 crores). This is on account of resumption of shelved medical procedures during COVID-19 and continuance of COVID-19 hospitalisation. Given the increase in scale, the operating margin has improved to 20.92% in FY22 (FY21: 13.81%). CARE expects the performance to improve basis the expectation of pick-up in operational performance at new hospital.

Key weaknesses

Continuance of moderate debt metrics:

The overall gearing of the company has deteriorated marginally at 1.80x as on March 31, 2022 (as on March 31, 2021: 1.75x) due to increase in total debt. Given the improved performance in terms of both total income from operations and hence PBILDT, the total debt to PBILDT and total debt to gross cash accruals has improved significantly in FY22 at 3.38x (6.41x) and 5.49x (12.58x), respectively. However, the ratios continue to remain moderate. The interest coverage has improved to 3.49x in FY22 (FY21: 1.72x)

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Risk of competition from other hospitals

The hospital industry is highly competitive with a large number of established organized players and their growing network. The healthcare and specialty hospitals sector mainly comprises of large national-level players, organized regional players, government hospitals, charitable trusts and a large number of nursing home and multi-specialty clinics, making it highly competitive.

Regulatory risk related to operations of hospitals

The operations of a hospital are subject to various rules and regulations laid by respective authorities at State and Central government level. Any instance of non-compliance of these rules and regulations would impact the operations of the hospital resulting into deterioration of financial risk profile of the company. However, the operations of hospitals of JLHL at Thane and Pune are overlooked by a team of qualified and experienced professionals headed by Dr. Ajay Thakker who has been medical practitioner, thus mitigating the regulatory risk to larger extent.

Liquidity: Strong

The company's strong liquidity position is marked by consolidated gross cash accruals of ₹94.37 crore for FY22 (FY21: ₹ 34.22 crore). The consolidated unencumbered cash and liquid investment stands at ₹162.00 crore as on December 31, 2022.

Applicable criteria

[Consolidation](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non financial Sector](#)

[Hospital](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy on default recognition](#)

[Policy on Withdrawal of Ratings](#)

[Rating Outlook and Credit Watch](#)

[Service Sector Companies](#)

About the company and industry

Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Healthcare	Healthcare	Healthcare Services	Hospital

JLHL incorporated in 2004 by three specialist doctors – Dr. Ajay Thakkar (Radiologist), Dr. Navin Davda (Clinical Cardiologist & Physician) and Late Dr. Gautama Ramakanthan (Gastroenterologist & Physician). JLHL owns and operates multi-specialty tertiary care hospitals with 346 beds in Thane, Maharashtra and 216 beds in Pune as on September 30, 2021. The hospital in Thane commenced operations on July 25, 2008 and hospital in Pune commenced operations on June 30, 2017. Jupiter Lifeline Hospitals Limited has invested in Jupiter Hospital Projects Private Limited holding 76% stake as on March 31, 2021. JHPPL is running a multi-specialty hospital in Indore acquired from Vishesh Diagnostics Private Limited, through slump sale on November 16, 2020 by executing a Business Transfer Agreement; wherein all the assets and liabilities of Vishesh Diagnostics Private Limited as on November 15, 2020 have been transferred to JHPPL.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (UA)
Total operating income	486.16	733.12	NA
PBILDT	67.16	153.39	NA
PAT	-2.30	51.13	NA
Overall gearing (times)	1.75	1.80	NA
Interest coverage (times)	1.72	3.49	NA

A: Audited; UA: Unaudited; NA: Not available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	July 2032	0.00	Withdrawn
Non-fund-based - LT-Bank Guarantee		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE A-; Stable (28-Feb-22)	1)CARE A-; Stable (12-Feb-21)	1)CARE A-; Stable (06-Jan-20)
2	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE A-; Stable (28-Feb-22)	1)CARE A-; Stable (12-Feb-21)	1)CARE A-; Stable (06-Jan-20)
3	Non-fund-based - LT-Bank Guarantee	LT	-	-	-	1)CARE A-; Stable (28-Feb-22)	1)CARE A-; Stable (12-Feb-21)	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

<p>Media Contact</p> <p>Name: Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Name: Saikat Roy Senior Director CARE Ratings Limited Phone: 022 67543404 /136 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Name: Sudarshan Shreenivas Director CARE Ratings Limited Phone:022-6754 3566 E-mail: sudarshan.shreenivas@careedge.in</p> <p>Name: Soumya Dasgupta Assistant Director CARE Ratings Limited Phone: 022- 6754 3456 E-mail: soumya.dasgupta@careedge.in</p> <p>Name: Ragini Surve Analyst CARE Ratings Limited E-mail: ragini.surve@careedge.in</p>
--	--

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**