



# Jupiter Life Line Hospitals Limited

February 16, 2024

To,  
National Stock Exchange of India Ltd.  
Exchange Plaza, BKC  
Bandra-Kurla Complex,  
Bandra (East), Mumbai-400 051  
Symbol: **JLHL**

To,  
BSE Limited  
P.J. Towers,  
25<sup>th</sup> Floor, Dalal Street, Fort  
Mumbai 400 001  
Code: **543980**

**Subject: - Q3 & 9M FY24 Earnings Conference Call – Transcript**

**Reference: - Intimation of Earnings Conference Call dated February 1, 2024 and Audio Link of Analyst/ Investor Conference Call dated February 12, 2024**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Q3 & 9M FY24 Results Conference Call held on Monday, February 12, 2024 at 09:30 AM (IST) for the quarter and nine month ended on December 31, 2023.

The same will be available on the website of the Company at [www.jupiterhospital.com](http://www.jupiterhospital.com)

You are requested to kindly take the afore-mentioned on record and oblige.

Thanking You,

For JUPITER LIFE LINE HOSPITALS LIMITED

Suma Upparatti  
Company Secretary & Compliance Officer



## “Jupiter Life Line Hospitals Limited Q3 & 9M FY24 Conference Call”

**February 12, 2024**

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges — BSE Limited and National Stock Exchange of India Limited and the Company website on 12<sup>th</sup> February 2024 will prevail



**MANAGEMENT:** **DR. ANKIT THAKKER – EXECUTIVE DIRECTOR & CEO**  
**MR. ANAND APTE – CHIEF STRATEGY OFFICER**  
**MS. FALGUNI SHAH – BUSINESS CONTROLLER**  
**MS. SUMA UPPARATTI – COMPLIANCE OFFICER &**  
**COMPANY SECRETARY**

**MODERATOR:** **MR. ABDUL KADER PURANWALA – ICICI SECURITIES**  
**LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Jupiter Life Line Hospitals Limited Conference Call Hosted by ICICI Securities Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” and then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abdul Kader Puranwala. Thank you and over to you, sir.

**Abdul Kader Puranwala:** Good morning, everyone. And on behalf of ICICI Securities, welcome you all to Jupiter Life Line Hospitals Limited Q3 and nine-month FY24 Earnings Conference Call.

Today on the call, we have with us Dr. Ankit Thakker – Executive Director and CEO, Mr. Anand Apte – Chief Strategy Officer and other members of the Senior Management Team.

We will begin the call with opening remarks from Dr. Ankit and post that We will have a Q&A session. So, now I hand over the call to Dr. Ankit for his opening remarks. Thank you.

**Dr. Ankit Thakker:** Thank you, Abdul. Good morning, everybody. I thank you all for joining us on our Earnings Call to discuss the “Business and Financial Performance” of 3rd Quarter and Nine Months of FY24. I hope you had a chance to see the “Financial Results” in the “Presentation” on the website and the Stock Exchanges.

With me on the call today is Mr. Anand Apte – our Chief of Business & Strategy. I am also accompanied by Falguni Shah – our Business Controller and Suma Upparatti - Compliance Officer and Company Secretary and of course our IR team represented by SGA.

Throughout our journey, we prioritized a patient-centric approach and we've always aimed to deliver high quality medical services and a hospitable experience to the patients and their families. This commitment has garnered greater trust from our patients, our doctors and the entire team, which has primarily contributed to our year-on-year growth in performance. We continue to remain optimistic about the tremendous scope of expansion for quality health services in India and especially in Western Indian region. With the growing aspiration of the average Indian consumer, the rising middle class and the increased penetration of the health insurance, more and more people are demanding a higher quality and a better experience in their health care. Jupiter’s brand and offering has therefore become more relevant these times. We are committed to our Greenfield hub focused growth strategy in Western India but shall also continue to evaluate suitable growth opportunities for the company as they present themselves from time to time.

As you know from our previous communications, we are in the process of establishing a new 500 bed Quaternary Care Hospital in Dombivli in the Mumbai metropolitan region, which will

be constructed over 600,000 square feet. The construction is currently in full swing and working as per our scheduled time. As the stated objective of the IPO, we mentioned last time, we have repaid all our debt obligations and now got annualized finance savings of over Rs. 40 crores. In the previous quarter, we also completed empanelment with the insurance companies in Indore, and consequently, our occupancy has increased from 51.2% in the last quarter to 56.2% in Q3 FY24. The contract renegotiations with insurance companies at the Pune Hospital are also concluded and it has been one of the factors that has helped to increase the ARPOBs from ~49,000 in Q2 24 to 53,400 in Q3 FY24.

Specific numbers for the current period:

In Q3, our total income stood at Rs. 273.6 crores an increase of 19.8% Y-o-Y. The EBITDA for the quarter stood at Rs. 62.9 crores that is an increase of 39.2% Y-o-Y, the margin representing 23%. The PAT for the quarter was Rs. 43.7 crore representing a PAT margin of 16%. For the nine months period, the total income has been Rs. 782.1 crore, 19.8% growth. The EBITDA for nine months is Rs. 178.9 crores, that is a 17.6% increase Y-o-Y. And the EBITDA margin is 22.9%. The PAT for nine months is Rs 131.3 crores. The average occupancy for these 9 months has been 63.2% compared to 60.6% in the previous year same period. ARPOB for 9 months FY24 is Rs 53,585 and the ALOS is 3.92 for these 9 months.

So, that is a quick summary. You have probably seen this. We can use this time better to talk and answer your questions, so the floor is open.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Ashay Jain from Jain Capital. Please go ahead.

**Ashay Jain:** I have a couple of questions. So, firstly, we've always focused on the latest technology and the instruments or equipment that have very high AMC packages. So, how much do we spend yearly as a whole new instrument, or you may say what the maintenance CAPEX would be?

**Dr. Ankit Thakker:** So, yes, we are focused on buying the appropriate technology for helping us provide the quality of care we would like. It is hard to answer in terms of annual CAPEX because we are in the stage of various new developments from time to time. So, in the year of a new hospital, it has been in the year of launching a new department within a hospital it comes up. Suddenly, nothing is happening in the year and just the AMC, then the number does not look big. AMC for different equipment would range between 5% and 10% of the capital cost of procurement.

**Moderator:** The next question is from the line of Sagar Deha. Please go ahead.

**Sagar Deha:** So, I have two questions. Have you identified any other expansion opportunities apart from the Dombivli Hospital?

- Dr. Ankit Thakker:** Hi Sagar, so we are evaluating a few opportunities in Maharashtra currently. Couple are in serious stages of discussion, but I don't have anything concrete to announce today which means nothing is signed, sealed and delivered but we are looking at some opportunities in Maharashtra as we speak.
- Sagar Deha:** Okay, understood. Thank you. And also, I wanted to understand how much the bed capacity can be expanded in Pune and Indore hospitals. And by what timeline can we achieve this?
- Dr. Ankit Thakker:** So, Pune, there is just the CAPEX for expansion is over. We just have to activate the last 30 beds, which we can do in Pune. Currently, as probably if you look at this quarter, the Pune occupancy is something like mid 60%. So, maybe sometime in the coming financial year, we will activate Pune's last balance capacity. And that would be the end of new bed capacity for the Pune hospital. For Indore, we have close to 200 bed growth opportunities. This quarter, we have shown an occupancy of, again, mid 50% and 56.2%, I think is the number for this quarter. In previous communications, I said that we usually think of adding new beds when we are between 60% and 65%. So, I anticipate that milestone to be achieved quite soon and we should be thinking of adding new beds in Indore.
- Moderator:** Thank you. The next question is from the line of Rohit Mehra from SK Securities. Please go ahead.
- Rohit Mehra:** So, my first question is, what are the key therapies you focus on at your hospitals?
- Dr. Ankit Thakker:** So, there is no key therapy that we focus on. We have always maintained that we would like a comprehensive service offering, which means we focus on everything from childbirth to newborn care. We do oncology, orthopedics, cardiology, organ transplants, all of it. So, there is no key therapy area because we believe that healthcare has to be treated as a whole and we need to excel in all the branches of medicine to do justice to our patients. So, we don't have a key focus area. Our decision is that we should have a comprehensive offering.
- Rohit Mehra:** Yes, that's good. And my second question is, is cash realization different compared to the insurance? And why is government payment such a low number?
- Dr. Ankit Thakker:** So, government such a low number is by choice. We don't have empanelment with government schemes. There is significantly high insurance penetration in the communities where we are present. So, most of our patients come with health insurance, either one they bought on their own or provided by their employer. So, that is what forms a bulk of our payer mix and the balance pay out of pocket. So, because we don't have any government obligations, that is we have not taken any free land or any subsidy or any undue favors from the government, for that reason we are not even compelled to do those schemes.
- Moderator:** Thank you. The next question is from the line of Ashay Jain from Jain Capital. Please go ahead.

- Ashay Jain:** I had one more question that our Thane Hospital is quite mature one. So, we can only expect inflation or some price hike led growth; however, in the Pune and Indore location, the hospitals can grow faster in order to have better growth. So, do we see adding bed capacity at a rapid pace over there?
- Dr. Ankit Thakker:** Yes, so you already answered a part of my question in your question. So, your analysis is correct and I agree with that. In Pune, I just answered the previous question where I said, we just have another 30 beds left to be commissioned, which are in a semi-ready state. Hopefully in the next year, we should start those, which is the end of capacity expansion for Pune. Indore, we also think we should be adding beds in the next year because we believe we will reach that 60 plus percent occupancy. So, that is where we are on bed expansion.
- Ashay Jain:** Okay, understood and apart from that, what is the overall expansion plan say within 5 years or five years down the line?
- Dr. Ankit Thakker:** Our stated objective is to go to 2500 odd beds in the next 5 years with a greenfield strategy that is a key focus and the direction to which we are working. Meanwhile, if some interesting opportunity does present itself on the M&A side, we will evaluate it as it comes.
- Moderator:** Thank you. The next question is from the line of Nishi Shah from Aditya Birla Capital. Please go ahead.
- Nishi Shah:** I have a couple of questions. First is building a new hospital and ramping up them up requires a good amount of time. So, why don't we aggressively plan for inorganic acquisition?
- Dr. Ankit Thakker:** So, we prefer organic acquisition for a few reasons. One is control that means it helps us decide exactly where we want to be located, it helps us decide the size, scale, scope and design of the infrastructure, it helps us decide what kind of technology to buy, it allows us to set our own culture from the word go rather than inheriting something. So, the degree of autonomy in a greenfield is much higher and we don't look at this business or this hospitals as short horizon quick turnaround, quick exit kind of a story. We think of living in those buildings for life and for that reason we believe that the first 2 or 3 years invested in doing it right help us reap the reward in the future for a very long time to come, so that is a key reason. Then also on the capital side, a great asset available for acquisition with everything that you like including financial metrics and locations and assets generally does not come at the cost at which you will be able to build yourself. It generally comes with a huge premium associated to it. In our assessment, those kind of premiums are not something we are looking to pay, which is why I previously said that we evaluate opportunities from time to time. We found Indore a great opportunity for acquisition and we did that. So, if again some good opportunity does present itself, we are absolutely for it. But in our assessment, there are few and far between. So, that is why I don't call it my strategy, but we are open to it.

- Nishi Shah:** Okay, that answers my question and I have one more question. What would be the key drivers for EBITDA growth in FY25?
- Dr. Ankit Thakker:** So, EBITDA growth, Thane again, as we discussed earlier, will be predominantly pricing, inflation etc. related growth. Pune, there will be a combination of pricing and occupancy led growth and Indore will have the third factor as well which is pricing, occupancy and improved case mix because it is just about getting matured, but I wouldn't say it is a fully matured hospital. So, in terms of case mix complexity, it has a little catching up to do. So, that is the third driver for Indore.
- Moderator:** Thank you. The next question is from the line of Ankit Shah from Canara Robeco AMC. Please go ahead.
- Ankit Shah:** My first question is on the employee cost. So, if I look at the employee costs have risen like 17% Y-o-Y and even on a Q-o-Q basis, it is higher. So, any particular reason for this, and what would be the sustainable number going forward?
- Dr. Ankit Thakker:** Hi, so employee costs in this quarter are higher. Traditionally, it has been higher in Q3 because in 3rd Quarter, we generally award the annual bonuses, and the 3rd Quarter number is higher on account of those bonuses. So, if you remove that bonus, the employee cost generally does not vary too much from quarter to quarter. It is generally flat throughout the year. The professional fee component sometimes does vary because that is dependent on the volume of work and the kind of work that the doctors do and it may sometimes vary with that. But employee cost is largely flat. Q3 is higher on account of bonuses.
- Ankit Shah:** Got it. So, this is expected to normalize going forward?
- Dr. Ankit Thakker:** Yes, so whatever you saw in Q2, I think, again, you should see in Q4 logically.
- Ankit Shah:** Got it. And my second question is related to Dombivli expansion. So, here, how much CAPEX has been incurred so far? And for FY25, what is the number you're expecting?
- Dr. Ankit Thakker:** So, far we have finished the excavation and just started constructing. So, in terms of number, it is not a big number. In FY25, we would probably spend about Rs. 100 crores on the Dombivli project.
- Ankit Shah:** Got it. And thirdly, last quarter you mentioned that Indore hospital had achieved EBITDA breakeven but PAT breakeven is still not achieved. So, can you give some sense when would Indore achieve optimal levels of EBITDA margins because you highlighted some key levers for overall improvement over there. So, when would that optimal EBITDA margin be achieved in your view?

**Dr. Ankit Thakker:** So, I believe that hospitals' greenfield in nature takes place in the years 4 to 6. In that 3-year period, they should sometimes reach optimal EBITDA margins. So, currently, Indore is probably third year. So, in the next year or two, we believe it should be in a comfortable position on the EBITDA margin side.

**Moderator:** Thank you. The next question is from the line of Ashay Jain from Jain Capital. Please go ahead.

**Ashay Jain:** So, a couple of questions. So, probably in the tier two cities like Indore and Pune like hunting for a good talent is an issue or it is not? And how do you safeguard or maintain the employee retention levels at your end?

**Dr. Ankit Thakker:** So, both Indore and Pune are quite prominent cities today. Pune of course would probably rank higher than Indore in terms of its nature in the country. So, Pune has absolutely zero challenge. Indore also for I would say 90% of the problems, there are great doctors available locally for some super specialized kind of work. Indore, because it did not have great infrastructure on the healthcare side, was not able to attract doctors. The problem was not with the city, the problem was with the offerings of hospitals. Now, whenever we have tried and successfully attracted talent to the Indore hospital from other parts of the country, I don't see that as a challenge for both hospitals.

**Ashay Jain:** Okay understood, one last bit. So, do you give out any ESOPs or is there a structured policy or something for the same?

**Dr. Ankit Thakker:** We do not have ESOP program currently.

**Moderator:** Thank you. The next question is from the line of Abdul Kader Puranwala from ICICI Securities Limited. Please go ahead.

**Abdul Kader Puranwala:** So, my first question is on Thane Hospital. So, if you could explain how the ramp-up happened in this particular quarter. And while you're seeing some margin improvement in Indore and Pune, how has the margin profile of Thane been vis-à-vis it was last year?

**Dr. Ankit Thakker:** So, Thane is kind of a steady, nearing peak kind of a situation. So, nothing much has changed in Thane. The occupancies are improving in Pune and Indore, both being growth phases. In Pune, we added beds last year. Indore is getting established in the community and for those reasons we are seeing increased occupancy in Indore and Pune. Again, as I said, Pune also had a rate revision due from the insurance companies we negotiated, which has also helped to improve the revenues in ARPOB profiles. So, those are some factors for the three hospitals.

**Abdul Kader Puranwala:** And so the balance 200 beds, what you may add in Indore maybe next year. So, out of that, could you help us understand the spread in terms of the number of ICU beds which could get added or tertiary care beds over there?



**Dr. Ankit Thakker:** So, we still have to plan which way what all we will add and how to do the offerings. We have flexible space available. So, it will be a mix of ICU and ward beds of different kinds, maybe some operation theaters. So, it will be a combination of all, but today I don't have an answer of exactly what that breakup will be.

**Abdul Kader Puranwala:** So, at the 60%-63% mark, it was kind of an occupancy. What will Indore reach? I assume you will reach the optimum level of margins as well. So, I mean, directionally, if you have to see in terms of the ARPOB or what would be the growth drivers from there on? I mean, would it be only the new bed situation or are there certain specialties where you're not seeing a ramp up right now and that you are currently working on?

**Dr. Ankit Thakker:** Yes, Indore will see both, occupancy and specialty drivers both. So, it is not that we are not focusing on specialty, but it is just a part of maturity of a hospital in a community, as we have noticed earlier than our understanding of the space, that you may have, for example, a neurology department, but you will not, you know, if someone gets a stroke in the middle of the night in the first year, there may not be either a top of mind recall or a confidence of the community in a new hospital. So, establishing of medical teams, establishing a route in the community, slowly growing volumes of all the branches, slowly attracting more and more tertiary care and quaternary care referrals because some of these things are a function of time, not necessarily the function of focus. Of course, in some other places, you like adding specialties, you don't start with a heart transplant in the first 6 months of operation. You start and establish your cardiology or cardiac surgery or critical care and once all of that is established, then you start venturing into those things. So, some specialties get added over time and some are already there, but they take a little time to mature.

**Abdul Kader Puranwala:** Got it sir. And final one if I may. Sir, you've spoken about evaluating certain acquisitions in the western region. So, where are we on that? Have we had some initial talks for evaluating any of those assets what you have liked?

**Dr. Ankit Thakker:** Nothing really worth reporting right now, nothing that is very exciting and on the table. But of course, whenever there is, I will reach out to everyone to inform you. But currently nothing was informed.

**Moderator:** Thank you. The next question is from the line of Nishi Shah from Aditya Birla Capital. Please go ahead.

**Nishi Shah:** I believe we acquired hospitals; we have 96%. So, do we intend to take balance as well?

**Dr. Ankit Thakker:** So, the balance, small 2%-3% is with the local doctor there who is part of the group from the beginning and currently has a desire to hold on to the equity. So, that is where it stands.

**Moderator:** Thank you. The next question is from the line of Chintan Shah from JM Financial. Please go ahead.

**Chintan Shah:** So, I just have one question. So, recently there have been news flows, I'm not sure whether the regulations are applicable, but the news flow is that the healthcare insurance customers they can encash or use the cash to facilitate any of the hospitals. Since we have such a huge share of insurance in our payer mix, so just wanted to understand whether this impacts us from a medium to long term perspective in any way. Just wanted to know your thoughts on this. Thank you.

**Dr. Ankit Thakker:** Hi Chintan. So, I don't see how it affects us in the short to medium term at all because we already have an agreement with all the insurance companies. So, nothing much should change there. In the long term, I think it is good because it makes insurance as a product more attractive to the community and I think if this does get implemented eventually and reduces the hurdles for claiming your insurance, then I think more and more people would choose to get insured. So, in the long term, it is favorable. Short to medium term, it does not make any difference in my view.

**Chintan Shah:** Understood. So, from an industrial perspective, it's good, but now say for hospitals, when we have this partnership in place and we have a certain payout structure, so how does that get impacted from a long-term perspective or is there no impact? How should we see this?

**Dr. Ankit Thakker:** I did not understand your question. Payout structure meaning?

**Chintan Shah:** No, so basically we have partners that we would have partnered with a lot of insurance companies. So, now when customers have the option etc. to go to any sort of hospital, so how does this partnership basically get impacted?

**Dr. Ankit Thakker:** No, so I don't think people are coming to us because the hospital of their choice is not accepting a health insurance. So, I think that premise is probably slightly flawed because generally, any hospital, even of medium, forget large size, should have some kind of insurance tie-ups. It is generally the smaller ones which don't have tie-up. So, I don't think that now because they are allowed to go to some of those smaller hospitals as well that is why they will choose to go there and they'll stop using Jupiter as their provider. So, I don't think that has any role to play.

**Moderator:** Thank you. The next question is from the line of Sanketa Kohale from Prabhudas Liladher. Please go ahead.

**Sanketa Kohale:** Sir, my question is regarding ARPOB across the units going forward?

**Dr. Ankit Thakker:** I just said a couple of minutes back that ARPOB driver in Thane will be inflation, in Pune will be inflation and occupancy and in Indore will be inflation, occupancy and case mix.

**Moderator:** Thank you. The next question is from the line of Jainil Shah from JM Financials. Please go ahead.

**Jainil Shah:** Just a bookkeeping question. Our employee costs have risen in almost 16% quarter-on-quarter. So, is this largely related to Indore Hospital or Pune bed additions, and have we completed our doctor hires or employee additions?

**Dr. Ankit Thakker:** Yes, so this is related to the annual bonuses which we pay in 3rd Quarter that is the added component on this quarter's numbers for employee cost. In the next quarter again, it will be similar to what you saw in Q2.

**Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments. Thank you and over to you sir.

**Dr. Ankit Thakker:** Thank you Viren. Thank you everyone to join us for this call today. I hope the answers were satisfactory. If you need any more questions, feel free to reach out to us or the SGA team; they will contact us for appropriate responses. Thank you everyone. Have a great day and a great week ahead.

**Moderator:** On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.