Academic Research Report – Not a recommendation

Equity Research Report
Yatharth Hospital & Trauma Care Services Ltd

Investor Rationale

Strong Growth Prospects
- Expansion Strategy: Yatharth Hospital is pursuing an aggressive expansion strategy, aiming to double its bed capacity to 3,000 beds by 2028. This growth is driven by strategic acquisitions and organic expansion, positioning the company to capture a larger share of the growing healthcare market in North India.
- Revenue Growth: The company has demonstrated robust revenue growth, with revenue increasing from ₹146 Crore in 2020 to ₹671 Crore in 2024, reflecting a CAGR of approximately 47%. This growth trajectory is expected to continue, with projections reaching ₹1,651 Crore by 2027.

Operational Efficiency
- Improving Occupancy Rates: Yatharth has shown significant improvement in occupancy rates, rising from 53% in 9M FY24 to 61% in 9M FY25. This indicates enhanced operational efficiency and increasing patient preference for the hospital's services.
- ARPOB Growth: The Average Revenue Per Occupied Bed (ARPOB) has improved to ₹30,652 in Q3 FY25, reflecting better service offerings and case mix. This metric is crucial for assessing the hospital's ability to generate revenue from its bed capacity.

Technological and Service Advancements
- Advanced Medical Technology: The company has invested in robotic-assisted surgeries, AI-based diagnostic tools, and state-of-the-art medical equipment. These advancements enhance patient care quality and operational efficiency.
- Specialized Services: Yatharth is focusing on high-margin specialties like oncology, cardiology, and neurology, which not only drive revenue growth but also enhance the hospital's reputation as a provider of specialized healthcare services.

Strategic Market Positioning
- Geographic Focus: With a strong presence in North India, particularly in the Delhi NCR region, Yatharth is well-positioned to benefit from the growing demand for quality healthcare services in urban and semi-urban areas.
- Medical Tourism: The company is leveraging India's growing medical tourism sector, attracting international patients seeking affordable and high-quality treatments. This diversifies its revenue streams and enhances its global reputation.

Financial Strength and Valuation
- Robust Financial Performance: Yatharth has shown consistent growth in EBITDA and net income, with improving margins. The company's strong balance sheet, with a net cash position post-QIP, provides financial stability for future expansions.
- Attractive Valuation: The current stock price of ₹376 is below the estimated fair value of ₹447.37, indicating a potential discount of 19%. This presents an attractive entry point for investors looking to capitalize on the company's growth potential.

Management and Governance
- Experienced Leadership: The management team comprises experienced medical professionals and business leaders with a strong track record in healthcare management and strategic planning.
- Strong Governance: The board includes independent directors with diverse backgrounds, enhancing governance and strategic oversight.

Potential Risks and Mitigation
- Regulatory Risks: While there are regulatory challenges, Yatharth's proactive approach to compliance and strategic acquisitions helps mitigate these risks.
- Competitive Pressure: The company faces competition from established players, but its focus on specialized services and technological advancements provides a competitive edge.
- Execution Risks: Rapid expansion can lead to operational challenges, but Yatharth's experienced management team is well-equipped to manage these risks effectively

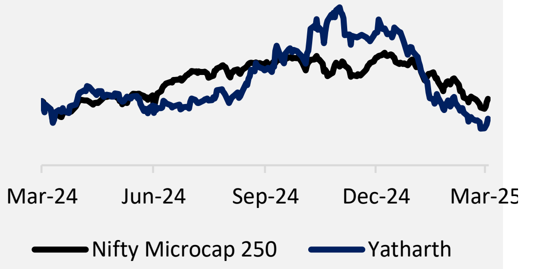
STERLING RESEARCH

YATHARTH SUPER SPECIALITY HOSPITALS GET BETTER

View	**: Bullish**
Recommendation	**: XXX**
CMP	**: 376**
Target Price	**: XXX**

Stock Data (as on 5th Mar 2025)	
Nifty	22337
Nifty Microcap	20193
52 Week H/L (INR)	693/345
Market Cap (INR Cr.s)	3625
Outstanding Shares(Crs)	9.64
NSE Code	YATHARTH

Yatharth Hospital Vs Nifty Micro cap 250 (stock price)



Shareholding Pattern (as on Dec 2024)	
Promoters	61.44%
FIIs	9.78%
DIIs	11.50%
Public	17.27%
No. of Shareholders	73,251

Financial summary (In Cr)

Particulars	FY2025	FY2026	FY2027
Net revenue	906	1223	1651
YoY Growth %	35.0%	35.0%	35.0%
EBITDA	238	367	495
EBITDA Margin	26.3%	30.0%	30.0%
PAT	134	202	261
PAT Margin %	14.8%	16.5%	15.8%
ROE	15.98	19.62	20.37
EPS	13.92	21.03	27.23
EV/EBITDA	19.37	12.59	9.32

Yatharth Hospital & Trauma Care Services Ltd

Business Description:

Overview

Yatharth Hospital & Trauma Care Services Ltd. is a multi-specialty hospital chain based in North India, providing tertiary and quaternary healthcare services. The company operates a network of hospitals equipped with cutting-edge medical technology and a team of highly skilled doctors, aiming to deliver world-class patient care. Yatharth has built a reputation for offering high-end super-specialty services across various medical disciplines, including cardiology, oncology, neurology, orthopedics, nephrology, and trauma care.

History & Evolution

Founded in 2008, Yatharth Hospitals started with a single facility and has expanded its footprint across key regions in North India. The company has grown through both organic expansion and strategic acquisitions. Over the years, it has continually invested in advanced medical technologies and specialized treatments to enhance its service offerings and compete with larger hospital chains.

Operational Presence

Yatharth Hospitals operates multiple facilities across Delhi-NCR, Uttar Pradesh, and Haryana, catering to a diverse patient base. The company's hospitals are designed to serve both high-income patients seeking premium healthcare and middle-income groups requiring affordable yet high-quality medical services.

Key Business Segments & Specialties

1.Super-Specialty Services:

1. Oncology: Advanced cancer treatments, including radiation therapy and nuclear medicine.
2. Cardiology & Cardiac Surgery: Specializing in bypass surgeries, angioplasties, and complex cardiac procedures.
3. Neurology & Neurosurgery: Treatment of stroke, epilepsy, and brain tumors, with state-of-the-art neurosurgical interventions.
4. Orthopedics & Joint Replacement: High-end robotic-assisted knee and hip replacement surgeries.
5. Nephrology & Urology: Kidney transplants and advanced dialysis units.

2.General Healthcare Services:

1. Internal Medicine & Critical Care: Intensive care units (ICUs) with advanced life support systems.
2. Obstetrics & Gynecology: Comprehensive maternal and neonatal care.
3. Gastroenterology & Hepatology: Advanced endoscopic and laparoscopic procedures

3.Emergency & Trauma Care:

1. Level-1 trauma centers capable of handling severe accident and emergency cases.
2. 24/7 ambulance services with dedicated emergency response teams.

4.International Patient Care:

1. Yatharth Hospitals is a preferred destination for medical tourism, particularly in the fields of oncology, cardiac surgery, and orthopedics.
2. Dedicated international patient assistance services, including travel and accommodation support.

Technological Advancements & Infrastructure

- Robotic Surgery & AI-Integrated Healthcare: Yatharth Hospitals has adopted robotic-assisted surgeries in orthopedics, oncology, and general surgery. AI-based diagnostic tools are being utilized for early disease detection.
- Therapeutic Nuclear Medicine & Radiotheranostics: Recently introduced
- Lutetium Therapy, a groundbreaking treatment for certain cancers.
- Green Corridor Initiatives: Demonstrated logistical excellence by creating green corridors for organ transplants, reducing transportation time and increasing success rates.

Expansion Strategy & Growth Plans

- Recent Acquisitions: Two new hospitals in Delhi & Faridabad, adding 700 beds.
- Network Expansion: Plans to expand presence in North India through new hospitals and medical centers.
- Revenue Diversification: Increasing focus on high-margin oncology and super-specialty services to enhance profitability.

Competitive Advantage

- Location Strategy: Focuses on high-growth urban and semi-urban areas with a rising demand for quality healthcare.
- Cost Efficiency: Competitive pricing compared to larger chains like Apollo and Fortis, making it accessible to a larger patient base.
- Brand Recognition: A growing reputation for quality healthcare and specialized treatments

Yatharth Hospital & Trauma Care Services Ltd

Business Description

Key Points

Hospital Portfolio:
Total Hospitals: 7 hospitals across North India with 87% of the beds in Metro.
Locations and Beds:
- Greater Noida: 400 beds (112 ICU beds, 65% occupancy).
- Noida: 250 beds (81 ICU beds, 80% occupancy).
- Noida Extension: 450 beds (125 ICU beds, ~60% occupancy).
- Jhansi-Orchha: 305 beds (76 ICU beds, 50% occupancy).
- Greater Faridabad: 200 beds (61 ICU beds, ramping up at 31% occupancy).

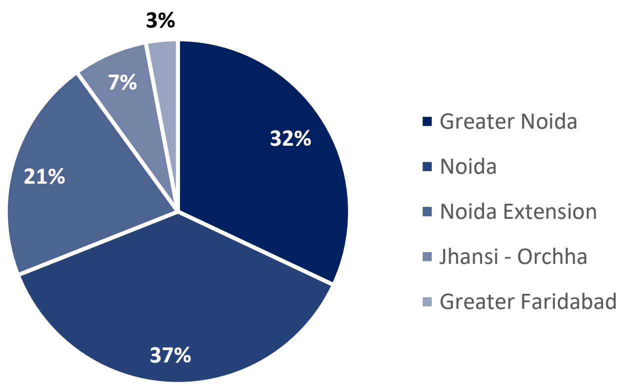
Upcoming Hospitals
- Model Town, Delhi: ~300 beds.
- Faridabad (new hospital): ~400 beds.

Wide Range of Services
Co. offers a range of healthcare services including Centres of Excellence such as the Centre of Medicine, Centre of Cardiology, Centre of Neurosciences, Centre of General Surgery, Centre of Nephrology & Urology, Centre of Paediatrics, Centre of Gastroenterology, Centre of Pulmonology, Centre of Gynaecology, Centre of Orthopaedics & Spine & Rheumatology, and other specialties.

Capex and Expansion Plans
- New Additions:
- Model Town, Delhi: 300+ beds, acquisition cost ₹160 crore.
- Faridabad: 400 beds, majority stake (~60%) acquired for ₹91 crore.
- Capex per bed: ₹44 Lakh (H1 FY25)

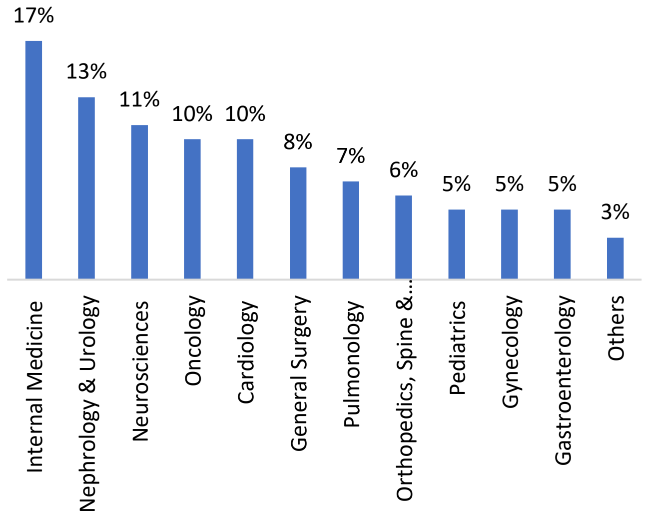
Strategic Initiatives
- Focus on oncology and robotic surgeries** at Noida Extension Hospital.
- Expansion through greenfield and brownfield projects.
- Equipped with advanced medical technology like robotic surgery tools and radiation oncology setups

Diversified Revenue Mix across Hospitals (9M FY25)



Source: Company Analysis

Diverse mix of specialties at all hospitals (Q3 FY25)



Source: Company Analysis

Key Data Points – 9M FY25
Bed Capacity: 2300+
Average Revenue Per Occupied Bed: 30,614
Occupancy: 61%

Occupancy Rate (9M FY25)
- Greater Noida: 65%.
- Noida: 80%.
- Noida Extension: ~60%.
- Jhansi-Orchha: 50%.
- Greater Faridabad: 31%

ARPOB (Average Revenue Per Occupied Bed)
- Greater Noida: ₹34,584.
- Noida: ₹28,893.
- Noida Extension: ₹37,608.
- Jhansi-Orchha: ₹13,038.
- Greater Faridabad: ₹31,1850.

Revenue Contribution (9M FY25)
- Greater Noida: 32%.
- Noida: 21%.
- Noida Extension: 37%.
- Jhansi-Orchha: 7%.
- Greater Faridabad: 3%.

Specialty wise Revenue Bifurcation
1. Internal Medicine: 17%.
2. Nephrology & Urology: 13%.
3. Neurosciences: 11%.
4. Cardiology: 10%.
5. Oncology: 10%
6. General Surgery: 8%.
7. Pulmonology: 7%.
8. Orthopedics, Spine & Rheumatology: 6%.
9. Gastroenterology: 5%.
10. Gynecology: 5%.
11. Pediatrics: 5%.
12. Others: Remaining share(~3%).

Yatharth Hospital & Trauma Care Services Ltd

Operations Highlights:

The hospital group has successfully completed its capacity expansion with full payment made for acquisitions in New Delhi, which includes an expandable capacity of 300+ beds, and a ~60% stake in Faridabad, adding approximately 400 beds. The plan is to operationalize these expansions by Q1 FY26. With these recent bed additions, Yatharth aims to be among the top three leading hospital chains in North India in terms of bed strength.

There has been a significant improvement in occupancy levels across hospitals. In 9M FY25, occupancy improved to 61%, compared to 53% in 9M FY24. Notably, Noida Extension and Jhansi-Orchha hospitals saw remarkable growth in occupancy rates, reaching approximately 60% and 50% in 9M FY25, as opposed to 42% and 20% in 9M FY24. This growth reflects an increasing patient preference and improved operational efficiency.

Enhancing super specialties has played a crucial role in driving ARPOB (Average Revenue Per Occupied Bed). The oncology department, in particular, witnessed a sixfold increase in 9M FY25, contributing 10% to the Group's overall revenues and around 21% to Noida Extension's revenue. As a result, ARPOB improved to ₹30.6k in 9M FY25, marking an 8% year-over-year (YoY) growth. Noida Extension recorded the highest ARPOB at ₹37.6k, reflecting a 12% YoY increase, followed by Greater Noida at ₹34.6k, which grew by 21% YoY. Additionally, Faridabad's Q3 ARPOB stood at ₹34.4k.

The hospital group also successfully completed its Qualified Institutional Placement (QIP), raising ₹6,250 Mn. The funds raised will further support expansion and specialty enhancements. The oncology segment continues to be a major growth driver, with a significant increase in revenue contribution. This, along with the rise in ARPOB across locations, showcases the strong financial performance and strategic growth of the hospital network.

Hospitals Details:

Hospitals	Greater Noida	Noida	Noida Extension	Jhansi - Orchha	Greater Faridabad
Year of Operation	2010	2013	2019	2022	2024
Beds Capacity	400 (Expandable Upto 600 Beds)	250	450 (Expandable Upto 700 Beds)	305	200
Census Beds	330	215	390	250	180
No. of ICU Beds	112	81	125	76	61
Occupancy Rate	65%	80%	60%	50%	31%
ARPOB (₹)	34584	28,893	37,608	13,308	31,185
ALOS	4.49	4.97	4.29	3.99	3.23

Additional information on hospitals

- **Greater Noida:**

Provides a wide spectrum of super specialty services in the field of cardiology, cardiovascular and thoracic surgery, neurology, neurosurgery, urology, nephrology, oncology, gastroenterology etc.

- **Noida:**

Provides services across 30 specialties, including cardiac sciences, orthopedics, nephrology, urology, neurosciences, gastroenterology, etc.

- **Noida Extension:**

Super specialties contribute 70% of overall business; continued efforts to develop this hospital as Centre of Excellence for oncology and robotic surgeries. In Mar'24, radiation oncology line was inaugurated to provide comprehensive suite of oncology treatments.
Accredited by Joint Commission International (JCI) – Noida extension hospital received JCI accreditation, 1st in UP & 7th in North India to achieve this accreditation. Amongst few hospitals to get JCI accreditation in first instance.

- **Jhansi – Orchha:**

Hospital in Jhansi-Orchha-Gwalior region, has infrastructure to operate all the major super specialties Acquired in FY22.

- **Greater Faridabad:**

Acquired in 2024, a newly built hospital with latest facilities on a 1.25-acre land with empanelment with all major insurance/TPAs in place Operationalized on May 12, 2024, expanding Yatharth's presence in North India.

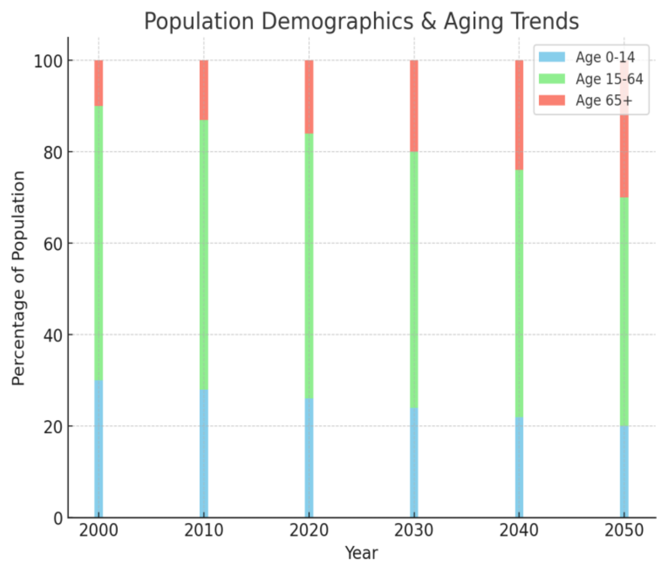
Yatharth Hospital & Trauma Care Services Ltd

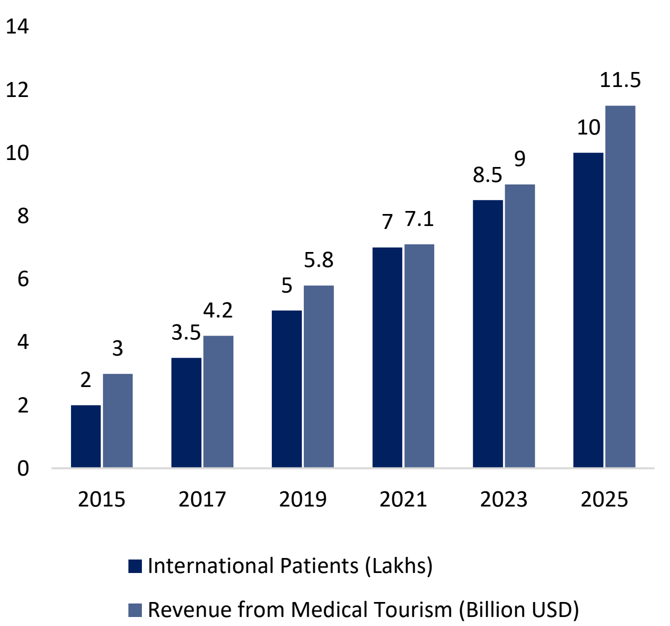
Global and Indian Economic Overview Related to HealthCare:

Global Economic Overview

The global economy is navigating a period of moderate growth, influenced by geopolitical tensions, inflationary pressures, and technological disruptions. Key trends include:

- Global GDP Growth: The IMF projects global GDP growth to stabilize at around 3.0% in 2024, with emerging markets outpacing developed economies.
- Inflation & Interest Rates: Central banks, including the US Federal Reserve and ECB, are managing inflation through high-interest rates, impacting capital flows and healthcare funding.
- Healthcare Industry Trends:
  - Rising aging population and chronic diseases (diabetes, cardiovascular issues) are increasing demand for healthcare services.
  - Digital transformation in healthcare, with AI-driven diagnostics, telemedicine, and robotic surgeries, is reshaping patient care.
  - Global healthcare spending is expected to reach $10 trillion by 2026, with significant investments in hospitals, pharmaceuticals, and med-tech.
- FDI in Healthcare: The healthcare sector continues to attract foreign investments, with private equity and venture capital playing a key role in hospital expansions and acquisitions.





Indian Economic Overview

India remains one of the fastest-growing economies, with healthcare emerging as a critical sector for investment and development.

- GDP Growth: India’s economy is projected to grow at 6.5–7% in FY2024-25, driven by strong domestic consumption and government reforms.
- Healthcare Industry Growth:
  - The Indian healthcare market is expected to reach $638 billion by 2025, growing at a CAGR of 22.52%.
  - Government initiatives like Ayushman Bharat, PLI schemes in pharma, and FDI liberalization are boosting healthcare infrastructure.
  - Medical tourism is expanding, with India emerging as a global hub for affordable and high-quality treatments.
- Hospital Sector Trends:
  - Rising demand for multi-specialty hospitals due to lifestyle diseases and an aging population.
  - Tier 2 and Tier 3 cities witnessing increased hospital expansions to meet healthcare accessibility needs.
  - Digital adoption in hospital management systems (HMS), telemedicine, and AI-driven diagnostics.
- Government Investments: The Union Budget 2024 allocated ₹90,000 crore to healthcare, focusing on public health, infrastructure, and research.

Relevance to Yatharth Hospital

- Expansion & Growth: Yatharth Hospital is well-positioned to benefit from India's rapidly expanding healthcare industry, particularly in Tier 2 & Tier 3 cities where healthcare access is improving.
- Medical Tourism Potential: India’s growing medical tourism sector presents opportunities for hospitals like Yatharth to attract international patients seeking affordable treatments.
- Tech-Driven Healthcare: The adoption of AI-based diagnostics, robotic surgeries, and digital patient management systems aligns with global healthcare trends, enhancing efficiency and patient outcomes

Yatharth Hospital & Trauma Care Services Ltd

Comparison of the Indian Hospital Industry with Other Countries:

The Indian hospital industry is one of the fastest-growing healthcare sectors globally. However, it differs from other major healthcare markets like the U.S., U.K., China, and Germany in terms of cost, accessibility, infrastructure, technology, and insurance coverage. Below is a comparison based on key factors:

1. Market Size & Growth

Country	Market Size (2024)	Growth Rate (CAGR)
India	638$ billion (2025E)	~22-23%
U.S.	$4.7 trillion	~5%
China	$1.5 trillion	~9%
U.K.	$367 billion	~4-5%
Germany	$470 billion	~3-4%

India's hospital industry is growing at one of the fastest rates globally due to increasing healthcare demand, medical tourism, and government support. The U.S. has the largest market size, driven by advanced healthcare infrastructure and high medical costs. China is also expanding rapidly due to government investments and aging demographics.

2. Cost of Healthcare

Country	Average Surgery Cost (USD)	Hospitalization Cost per Day (USD)
India	$3,000–$6,000	$50–$300
U.S.	$25,000–$100,000	$2,500+
China	$5,000–$20,000	$200–$1,000
U.K.	Mostly covered under NHS	$500–$3,000 (private)
Germany	$10,000–$40,000	$500–$5,000

India has the lowest healthcare costs, making it a top destination for medical tourism. The U.S. is the most expensive, with private hospitals charging exorbitant fees. European countries (U.K. & Germany) have lower costs due to universal healthcare systems.

3. Infrastructure & Hospital Availability

Country	Hospitals per 1,000 People	Beds per 1,000 People	Doctors per 1,000 People
India	0.9	1.3	0.9
U.S.	1.8	2.8	2.6
China	1.5	4.3	2.4
U.K.	1.7	2.5	3
Germany	2.1	8	4.3

India has a shortage of hospital beds and doctors compared to developed countries. Germany has the best infrastructure with the highest bed availability. China has improved significantly, surpassing India in healthcare accessibility.

Yatharth Hospital & Trauma Care Services Ltd

Comparison of the Indian Hospital Industry with Other Countries:

4. Insurance & Government Support

Country	Health Insurance Coverage (%)	Public vs. Private Healthcare Spending
India	~37%	30% Public, 70% Private
U.S.	~91%	50% Public, 50% Private
China	~95%	60% Public, 40% Private
U.K.	100% (NHS)	85% Public, 15% Private
Germany	100%	80% Public, 20% Private

India has low health insurance coverage, with a significant out-of-pocket expense. The U.K. and Germany have universal healthcare systems, reducing medical costs for citizens. China has improved its public healthcare system, with more people covered under government insurance.

5. Technology & Digital Healthcare

Country	Adoption of AI & Robotics	Telemedicine Growth	EHR (Electronic Health Records) Adoption
India	Emerging	Rapid Growth	Low (~30%)
U.S.	Advanced	High Growth	High (~85%)
China	Growing	Very High	Medium (~50%)
U.K.	Advanced	High	High (~90%)
Germany	Advanced	Moderate	High (~80%)

India is still developing in AI-driven healthcare and lacks full EHR adoption. The U.S. leads in medical technology, including robotic surgeries and AI diagnostics. China and the U.K. are rapidly expanding telemedicine services.

6. Medical Tourism & Global Positioning

Country	Medical Tourism Ranking	Popular Treatments
India	Top 5	Cardiac, orthopedic, cosmetic, fertility
U.S.	Low (Expensive)	Advanced cancer treatments
China	Moderate	Traditional Chinese Medicine, general healthcare
U.K.	Low (NHS focus)	Specialized surgeries
Germany	High	Neurology, orthopedics, oncology

India is a global leader in medical tourism, offering high-quality care at affordable prices. Germany attracts high-end medical tourists for specialized treatments. The U.S. is not a major medical tourism hub due to high costs.

Conclusion

- Strengths of India: Low cost, strong private hospital network, growing medical tourism, rapid digital healthcare growth.
- Weaknesses of India: Low doctor-to-patient ratio, lack of universal healthcare, limited insurance penetration, and infrastructure gaps.
- Comparison to Developed Countries: India lags in healthcare access, technology, and insurance coverage but excels in affordability and growth potential.
- Future Outlook: India's hospital industry is set to grow with government initiatives (Ayushman Bharat), private investments, AI integration, and rural healthcare expansion.

India's healthcare industry is unique in its affordability and growth rate, positioning it as a key player in global healthcare.

Yatharth Hospital & Trauma Care Services Ltd

Management Analysis

Board of Directors

Sr No.	Name	Designation	Qualification	Commments
1	DR. AJAY KUMAR TYAGI	CHAIRMAN	Bachelor of medicine and bachelor of surgery from LLRM Medical College, Meerut University. Diploma in orthopaedics from King George Medical College, Lucknow.	He has over 16 years of experience in the field of medical care and hospital management
2	DR. KAPIL KUMAR	MANAGING DIRECTOR	Bachelor of medicine and Bachelor of surgery from SN Medical College, Agra University. Master of surgery in orthopaedic surgery from Lucknow University. Magister Chirurgie in orthopaedics from University of Seychelles, American Institute of Medicine.	He has over two decades of experience in field of medicine and health care. He is an orthopaedic surgeon.
3	MR. YATHARTH TYAGI	DIRECTOR	Bachelor's degree in business and management from Leeds Beckett University. Master of science degree in International Health Management from Imperial College London.	He is responsible for overall operations and business development. He has been associated with our Company since 2019.
4	MS. PROMILA BHARDWAJ	INDEPENDENT DIRECTOR	Bachelor's of Arts, Master's of Arts in English. Master's of Philosophy from Punjab University. Master's Diploma in Public Administration from Indian Institute of Public Administration	She Joined Indian Revenue Services ("IRS") in 1979 and served various positions like Deputy Secretary under Ministry of Water Resources, Director of Industrial Policy and Promotion, Personal Secretary to Minister of State for Women and Child Development, Director General (HRD) (International Taxation & Transfer Pricing) & (Systems) and Chief Commissioner of Income Tax. Currently she is Independent Director in two listed companies and other public companies. She is also being member of various committees like Audit Committee, Nomination and Remuneration Committee, CSR Committee etc
5	MR. MUKESH SHARMA	INDEPENDENT DIRECTOR	Bachelor's degree in science agriculture and animal husbandry from Govind Ballabh Pant University of Agriculture and Technology. Master's degree in business administration. Post graduate diploma in labour law, labour welfare and personnel management from Maharshi Dayanand Saraswati University, Ajmer. Degree of bachelor's of law from Chaudhary Charan Singh University, Meerut	He has over 35 years of experience in banking and was previously associated with Bank of Baroda. Currently, he is a SARFAESI Internal Ombudsman at Bank of Baroda
6	DR. SANJEEV UPADHYAYA	INDEPENDENT DIRECTOR	Bachelor's degree in medicine and bachelor of surgery from Meerut University. Degree of doctor of medicine in community medicine from Nagpur University	He has over 20 years of experience in community medicines. He was previously associated with E.S.I. Hospital as house surgeon and Aga Khan Foundation Project as public health specialist. He was also associated with University College of Medical Sciences &Guruteg Bahadur Hospital; and Lady Hardinge Medical College & Associated Hospital as senior resident.

Yatharth Hospital & Trauma Care Services Ltd

YATHARTH SUPER SPECIALITY HOSPITALS GET BETTER

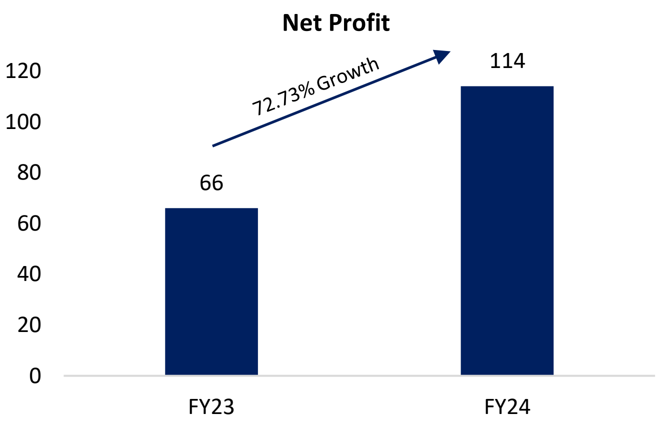
Management Analysis

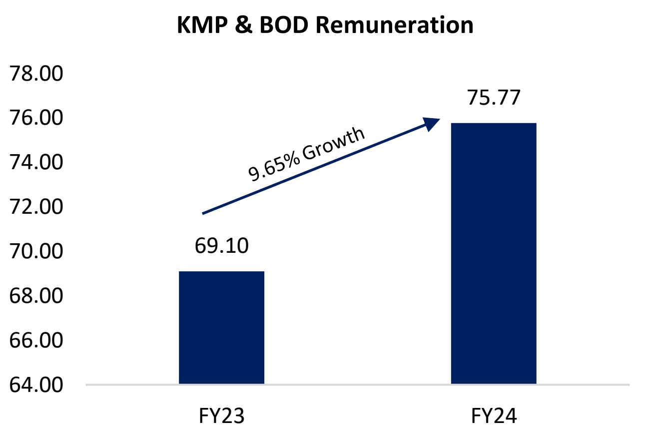
Management Profiling				
Sr No.	**Name**	**Designation**	**Qualification**	**Comments**
1	MR. AMIT SINGH	GROUP C.E.O	Masters in Hospital Management, from Indian Institute of Health & Hospital Management Research (IIHMR), Jaipur	Mr Amit Singh is a healthcare management professional with 16 years of experience in providing operations leadership, strategic planning, quality & business development with various healthcare organizations.
2	MR. NITIN GUPTA	PRESIDENT - FINANCE AND GROUP CHIEF OPERATING OFFICER	Chartered Accountant, APM from IIM Lucknow, LLB and B. Com (Hons.)	He has over 21 years of work experience spearheading finance, accounting, legal & secretarial, M&A, Business Transformation, and strategic functions of large corporates.
3	MR. PANKAJ PRABHAKAR	GROUP CFO	Chartered Accountant,	business experience of 23 years in accounting, cost analysis, budgeting, preparation of financial statements, internal controls, information security risk analysis.
4	MR. NEERAJ VINAYAK	HEAD - STRATEGY & INVESTOR RELATIONS	PGDM Finance	Mr. Neeraj Vinayak comes with nearly two decades of distinguished service in the financial markets.
5	MR. SONU GOYAL	GROUP CHIEF FINANCIAL CONTROLLER	Chartered Accountant and Company Secretary	He has over 16 years of work experience, out of which more than 10 years of experience is in Hospitals.
6	MR. RITESH MISHRA	COMPANY SECRETARY	Bachelor's degree in commerce from Awadh University, Faizabad and MBA from Sikkim Manipal University	He extensively works with the board of the Company and instrumental in maintaining overall corporate governance at Yatharth Group of Hospitals

Commentary on Management:

Yatharth Hospital & Trauma Care Services Ltd. boasts a well-rounded leadership team with expertise spanning healthcare management, finance, strategy, and corporate governance. The presence of Dr. Ajay Kumar Tyagi (Chairman) and Dr. Kapil Kumar (Managing Director), both experienced medical professionals, ensures that patient care and clinical excellence remain central to the company's growth. At the operational level, Mr. Amit Singh (Group CEO), with 16 years in hospital management, leads strategic planning and business development. Additionally, Mr. Nitin Gupta (President - Finance & COO) and Mr. Pankaj Prabhakar (Group CFO) bring deep financial expertise, crucial for cost control, M&A, and expansion in the capital-intensive healthcare sector.

The company's board also benefits from strong financial oversight, with Ms. Promila Bhardwaj and Mr. Mukesh Sharma bringing regulatory and banking experience, enhancing governance. Mr. Yatharth Tyagi (Director), despite being relatively young, has a strong academic background in business and health management, positioning him well to drive innovation. While the leadership structure is robust, execution risks remain, especially in scaling operations efficiently without compromising profitability. Investors should closely watch how the management balances expansion, debt management, and operational efficiency to sustain long-term growth in a highly competitive hospital industry. Even though the profit growth was 72.73%, the Management remuneration growth was just 9.65%. It is a good sign.





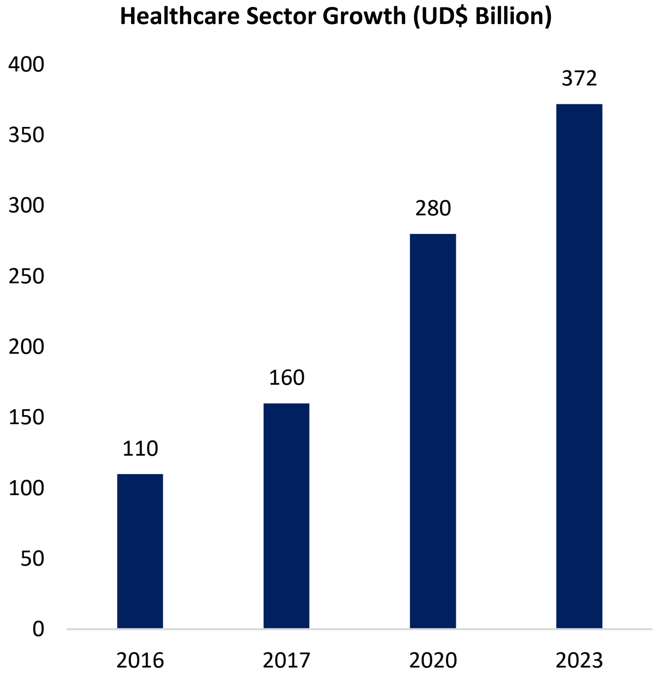
Yatharth Hospital & Trauma Care Services Ltd

Indian Healthcare Industry:

Introduction

Healthcare has become one of India's largest sectors, both in terms of revenue and employment. Healthcare comprises hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services, and increasing expenditure by public as well as private players.

India's healthcare delivery system is categorised into two major components - public and private. The government, i.e., the public healthcare system, comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of Primary Healthcare Centers (PHCs) in rural areas. The private sector provides the majority of secondary, tertiary, and quaternary care institutions with a major concentration in metros, tier-I, and tier-II cities.



Source: Frost and Sullivan, LSI Financial services, Delloite.

The Indian Healthcare industry continued its healthy growth in 2023 and reached a value of US$ 372 billion driven by both the private sector and the government. As of 2024, the Indian healthcare sector is one of India's largest employers as it employs a total of 7.5 million people. Progress in telemedicine, virtual assistants, and data analytics is expected to create 2.7-3.5 million new tech jobs.

India's public expenditure on healthcare touched 2.1 % of GDP in FY23 and 2.2% in FY22, against 1.6% in FY21, as per the Economic Survey 2022-23.

India's public expenditure on healthcare touched 1.9 % of GDP in FY24, against 1.6% in FY23, as per the Economic Survey 2023-24.

India's hospital market was valued at US$ 98.98 billion in 2023, projected to grow at a CAGR of 8.0% from 2024 to 2032, reaching an estimated value of US$ 193.59 billion by 2032.

The telemedicine market is expected to reach US$ 5.4 billion by 2025, driven by increased demand for remote healthcare solutions and advancements in technology.

In 2024, the Indian government established 60 new medical colleges, increasing MBBS seats by 6.3% to 1,15,812. This expansion has raised the total number of medical colleges to 766, up from 387 in 2013-14. Postgraduate seats also grew by 5.92% to 73,111.

In FY24 (Till February 2024), premiums underwritten by health insurance companies grew to Rs. 2,63,082 crore (US$ 31.84 billion). The health segment has a 33.33% share in the total gross written premiums earned in the country. The health-tech sector is set for significant expansion, with hiring projected to rise by 15-20% in 2024, reflecting the increasing demand for innovative healthcare solutions and the integration of technology in medical services.

Indian medical tourism market was valued at US$ 7.69 billion in 2024 and is expected to reach US$ 14.31 billion by 2029. According to India Tourism Statistics, around 634,561 foreign tourists came for medical treatment in India in 2023, which was nearly 6.87% of the total international tourists who visited the nation. With US$ 5-6 billion size of Medical Value Travel (MVT) and 500000 International patients annually, India is among the global leader destinations for international patients seeking advanced treatment.

The e-health market size is estimated to reach US$ 10.6 billion by 2025. As per information provided to the Lok Sabha by the Minister of Health & Family Welfare, Dr. Bharati Pravin Pawar, the doctor population ratio in the country is 1:854, assuming 80% availability of 12.68 lakh registered allopathic doctors and 5.65 lakh AYUSH doctors.

Investments/ Developments

Between April 2000-March 2024, the FDI inflow for the drugs and pharmaceuticals sector stood at US$ 22.76 billion.

The Indian healthcare sector is witnessing unprecedented growth, with private equity and venture capital investments surpassing US$ 1 billion in the first five months of 2024, marking a 220% increase from the previous year.

Inflows in sectors such as hospitals and diagnostic centres and medical and surgical appliances stood at US$ 10.26 billion and US$ 3.28 billion, respectively, between April 2000-March 2024.

Source: IBEF

Yatharth Hospital & Trauma Care Services Ltd

Porter's Five Forces Analysis of the Indian Hospital Industry

Threat of New Entrants – Moderate
The healthcare industry requires high capital investment, making it difficult for new players to enter the market. Additionally, strict regulatory and compliance requirements create significant barriers. Established hospitals and healthcare providers benefit from strong brand loyalty and trust, further discouraging new entrants from gaining market share easily.

Bargaining Power of Suppliers – Low
The availability of multiple suppliers for medical equipment and pharmaceuticals reduces supplier power. Standardization of medical supplies also limits their influence. However, specialized healthcare professionals, such as surgeons and specialists, hold some leverage due to their expertise and limited availability.

Bargaining Power of Buyers – High
Patients have more choices today, making them more price-sensitive and demanding better service quality. Increased awareness, accessibility to different healthcare providers, and the influence of insurance and government policies further strengthen buyer power. Hospitals and clinics must focus on affordability, patient satisfaction, and service differentiation to remain competitive.

Threat of Substitutes – Moderate
Alternative treatments such as Ayurveda, homeopathy, and telemedicine provide patients with options beyond traditional healthcare services. Medical tourism is also a growing industry, offering cost-effective treatment alternatives. As technology advances, digital healthcare solutions such as online consultations and AI-driven diagnostics are emerging as viable substitutes.

Industry Rivalry – High
The healthcare sector is highly competitive, with numerous established providers vying for market share. Hospitals and clinics continuously strive to improve service quality, adopt new medical technologies, and offer competitive pricing. Differentiation through innovation, branding, and specialized healthcare services is crucial for success in this intensely competitive market.

COMPETATIVE POSITION (POTERS 5)

Analyzing Yatharth Hospital & Trauma Care Services Ltd. through the lens of Porter's Five Forces provides insight into its competitive environment:

1. Threat of New Entrants:

High Barriers to Entry: Establishing a hospital requires substantial capital investment, regulatory approvals, and skilled personnel. These factors deter new entrants.

Established Reputation: Yatharth Hospital's existing brand recognition and patient trust make it challenging for new competitors to attract clientele.

2. Bargaining Power of Suppliers:

Moderate Power: While suppliers of medical equipment and pharmaceuticals are crucial, the presence of multiple suppliers allows Yatharth Hospital to negotiate favourable terms.

Strategic Partnerships: Long-term relationships with suppliers can further mitigate supplier power.

3. Bargaining Power of Buyers:

Increasing Consumer Awareness: Patients today are more informed and have higher expectations, enhancing their bargaining power.

Competition: Availability of alternative healthcare providers in the region offers patients choices, influencing Yatharth Hospital to maintain high service standards and competitive pricing.

4. Threat of Substitutes:

Low to Moderate Threat: While alternative medicine and outpatient care exist, for specialized treatments and emergencies, hospitals like Yatharth remain irreplaceable.

Technological Advancements: Telemedicine and home healthcare services are emerging substitutes, but they currently complement rather than replace hospital services.

5. Industry Rivalry:

High Competition: The healthcare sector is saturated with numerous hospitals and clinics striving for market share.

Differentiation: Yatharth Hospital's focus on quality care, advanced facilities, and specialized services helps distinguish it from competitors.

In summary, Yatharth Hospital operates in a competitive landscape with significant challenges from buyer power and industry rivalry. However, its established presence, strategic supplier relationships, and commitment to quality care position it favourably within the industry.

Yatharth Hospital & Trauma Care Services Ltd

Concall Analysis – Q3 FY25

Financials and Margins

- Q3 FY'25 revenue reached ₹219.2 Cr, reflecting a substantial growth of 31% YoY and 1% QoQ.
- EBITDA for the quarter improved by 18% YoY to ₹54.9 Cr, with an EBITDA margin of 25.1% compared to 27.8% YoY.
- Profit for the quarter grew by 3% YoY to ₹30.5 Cr, impacted by increased depreciation expenses due to CAPEX investments.
- For the nine months ended FY'25, revenue grew by 32% YoY to ₹648.7 Cr, with in-patient volumes up by 32% and out-patient volumes up by 12% YoY.

Operations

- Achieved ARPOB (Average Revenue Per Occupied Bed) of ₹30,652 for Q3 FY'25, with Noida Extension Hospital achieving the highest ARPOB of ₹37,608.
- Successfully integrated Greater Faridabad Hospital, contributing 5% to overall group revenue within seven months of operation.
- Significant patient care achievements, including a successful kidney transplant facilitated through a 46-kilometer green corridor and complex surgeries such as cochlear implants and coronary artery bypass grafting.

Strategic Initiative, Market Dynamics and Future Outlook

- Completed acquisitions of two hospitals in New Delhi and Faridabad, adding approximately 300 and 400 beds, respectively, with plans to operationalize them by Q1 FY'26.
- Focus on operationalizing new hospitals by intensifying procurement of state-of-the-art medical equipment and advanced robotics systems.
- Introduction of cutting-edge therapies, including Interlaminar Spinal Endoscopy and Lutetium Therapy for oncology, enhancing the hospital's specialization in high-end oncology services.
- Yatharth Hospitals is positioning itself as a trusted healthcare provider in the NCR region, attracting leading doctors and specialists.
- Reduction in government business selectively chosen to enhance ARPOB, with a target to decrease government payer mix to 25% over the next 2.5 years.
- Management remains optimistic about sustaining revenue growth momentum, targeting 30% YoY growth for the next financial year.
- Expected operational efficiency improvements from new hospital acquisitions, with a breakeven timeline of 18 months to 2 years for new facilities.
- Anticipation of increased EBITDA margins as existing hospitals ramp up operations and new hospitals become operational.

Challenges

- Initial operational losses at Greater Faridabad Hospital; however, management expects it to turn profitable within the next financial year.
- Increased depreciation expenses due to ongoing CAPEX plans, although management believes future depreciation growth will stabilize.

Income Tax Matters

- Addressed provisional attachment of assets by the Income Tax department, with the amount currently blocked reduced to approximately ₹60 crores from an initial ₹250 crores.
- Management is actively cooperating with authorities and does not anticipate significant financial or operational liabilities from the ongoing proceedings.

Clinical excellence demonstrated by few cases

- The Hospital performed first Cochlear Implant Surgery on a 5.5-year-old girl, with a case of bilateral congenital hearing loss from Turkmenistan.
- A female patient from Africa with complex heart conditions, including severe mitral stenosis, severe tricuspid regurgitation, a sinus venosus atrial septal defect, and a partial anomalous pulmonary venous connection, where severe pulmonary artery hypertension and a right heart failure. After intense medical operation, she successfully underwent surgery which involved replacing the mitral valve, repairing the valve as well as closing the atrial septal defect, and rerouting the whole right pulmonary vein, through the expertise of surgeons.
- The Hospitals conducted a Coronary Artery Bypass Grafting Procedure, where three bypasses were put on the heart targeting LAD, PDA and the ramus intermedius in case of a Dressler Syndrome.

Others Important points

- Strong balance sheet with a net cash position of ₹560.5 Cr post-QIP, earmarked for medical equipment procurement and potential future acquisitions.
- Yatharth Hospitals have this quarter added Interlaminar Spinal Endoscopy in Noida Extension and started Therapeutic Nuclear Medicine and Radiotheranostics – Lutetium Therapy.
- Q3 has always been a leaner season for Yatharth Hospitals in the past across the industry
- Census beds are those beds in a midnight occupancy, you take where patients are admitted is completely IPD. Any hospital takes a midnight occupancy, that patient is staying overnight.

Yatharth Hospital & Trauma Care Services Ltd

INVESTMENT SUMMARY

Yatharth Hospital & Trauma Care Services Ltd. is a rapidly growing multi-specialty hospital chain in North India, with an aggressive expansion strategy aimed at increasing its footprint in the healthcare sector. The company has demonstrated robust historical and projected financial growth, particularly in revenue and EBITDA, showcasing strong execution and strategic positioning. Recent acquisitions and capacity expansion plans indicate a clear roadmap for growth, with a focus on enhancing operational efficiency and increasing patient reach. The report includes a Discounted Cash Flow (DCF) valuation, which suggests that the stock is currently undervalued, presenting a lucrative investment opportunity. Peer comparison highlights Yatharth's competitive positioning relative to larger hospital chains, showing both strengths in cost efficiency and weaknesses in pricing power and bed capacity. Additionally, the report identifies several investment risks, including regulatory concerns, operational execution challenges, and sector-specific uncertainties that investors should consider.

3-Statement Forecasting (Income Statement, Balance Sheet, Cash Flow Statement):
Yatharth Hospital is projected to experience significant revenue growth, from ₹671 Cr in FY24 to ₹1,651 Cr in FY27, translating to an impressive 35% CAGR for FY25-FY27. This expansion is driven by increased bed capacity, enhanced service offerings, and improved patient footfall. EBITDA is expected to follow a similar growth trajectory, increasing from ₹197 Cr in FY24 to ₹495 Cr in FY27, with EBITDA margins improving to 30% by FY26-FY27 due to operational efficiencies and higher-margin specialty services. PAT (Net Income) is forecasted to rise from ₹116 Cr in FY24 to ₹261 Cr in FY27, reflecting strong bottom-line expansion. The balance sheet indicates substantial asset growth, supported by rising cash reserves, accounts receivable, and property, plant, and equipment, with total assets projected to reach ₹1,408M by FY27. Although long-term debt is expected to increase moderately, it remains at a manageable level, ensuring financial stability. Operating cash flow is set to grow significantly, funding aggressive CAPEX for expansion. However, rising accounts receivable due to increased credit sales needs to be monitored as a potential liquidity risk.

DCF Valuation:
A comprehensive DCF valuation methodology has been applied to estimate Yatharth Hospital's intrinsic value. Key assumptions include sustained revenue growth, EBITDA margin expansion, strategic capital expenditures, and working capital adjustments. A Weighted Average Cost of Capital (WACC) of 12.7% has been used as the discount rate. The DCF analysis yields an Equity Value of ₹4,295 million, translating to an Equity Value Per Share of ₹447.37. Compared to the current market price of ₹376, this implies a 19% discount, suggesting that the stock is undervalued. An alternate DCF scenario provides a base case Equity Value of ₹4,786 million, with 10 million shares outstanding, resulting in an Equity Value Per Share of ₹498.53, reflecting a 32.6% upside potential. These findings support a bullish investment outlook for Yatharth Hospital, making it an attractive long-term opportunity.

Ratio Table & Sensitivity Analysis:
The sensitivity analysis evaluates the impact of changes in the Terminal Growth Rate and WACC on Enterprise Value, Equity Value, and Equity Value Per Share. The valuation proves highly sensitive to WACC assumptions, emphasizing the importance of precise cost of capital estimates. Lower WACC results in higher valuations, while higher Terminal Growth Rates further enhance the projected value. Under different scenarios of WACC (ranging from 10.7% to 14.7%) and Terminal Growth Rate (9.0% to 11.0%), the Equity Value Per Share fluctuates significantly, from a substantial discount to a strong premium compared to the current price. The base case scenario (10.0% Terminal Growth, 12.7% WACC) supports the argument that Yatharth is undervalued, but investors must remain mindful of the downside risks in high WACC environments.

Peer Comparison:
Yatharth Hospital operates with a total bed capacity of 2,305, considerably lower than competitors such as Apollo Hospitals (10,169), Max Healthcare (5,000), and Narayana Hrudayalaya (6,144). Its ARPOB (₹30,652) is significantly below peers such as Max Healthcare (₹76,000), Fortis Healthcare (₹65,753), and Apollo Hospitals (₹60,839), indicating a focus on affordability and accessibility rather than premium healthcare services. The occupancy rate of 61% is among the lowest compared to Max Healthcare (76%), Fortis Healthcare (69%), and Apollo Hospitals (68%), highlighting potential improvement areas in bed utilization. Peer benchmarking reveals wide disparities in valuation multiples, with EV/EBITDA ranging from 25.8x to 52.06x and P/E ratios from 41.15x to 91.49x, suggesting potential re-rating opportunities for Yatharth as its financial metrics improve.

Valuation Analysis:
Market capitalization-based valuation using peer multiples suggests substantial upside potential. The average valuation implies a target price of ₹793 (LTM) and ₹1,826 (2027E), while the minimum valuation indicates a target price of ₹495 (LTM) and ₹1,326 (2027E). These valuations reinforce the conclusion that Yatharth Hospital's current stock price of ₹376 presents an attractive entry point, offering strong long-term growth potential. The report ultimately assigns a "Strong Buy" recommendation for investors at the current levels.

Yatharth Hospital & Trauma Care Services Ltd

Investment Risks:

Despite Yatharth's strong growth trajectory, investors should consider potential risks. Regulatory challenges, including evolving healthcare policies and pricing controls, could impact operations. The ongoing Income Tax investigation and possible financial liabilities pose uncertainties. Revenue concentration risks exist, particularly due to the company's previous reliance on government schemes, which could affect cash flows during the transition toward a more diversified revenue mix. Operational challenges in integrating new acquisitions and maintaining profitability are critical concerns. High capital expenditure (CAPEX) requirements for expansion may strain financials if breakeven timelines are delayed. The competitive landscape presents a challenge, with larger players like Apollo and Fortis having stronger brand recognition and pricing power. Environmental, Social, and Governance (ESG) concerns may increase operational costs. Macro risks, including inflation, interest rates, and technological disruptions like telemedicine, could reshape patient preferences. Execution risks in rapid expansion plans could lead to inefficiencies and quality issues. Additionally, seasonality in revenue, extended receivables cycles, margin compression from expansion costs, and legal risks from medical malpractice claims require close monitoring. With projected long-term debt increasing, servicing costs could rise, affecting financial flexibility. Hospital-specific risks, such as low initial occupancy at Greater Faridabad, need to be mitigated to prevent underperformance. Lastly, Yatharth's dependence on key geographical markets in North India exposes it to regional economic and policy risks, which could impact overall growth.

SWOT Analysis

Strengths:

Yatharth Hospitals has demonstrated robust growth in revenue, surpassing 30% year-on-year for the nine months ended FY'25.
The company has also achieved EBITDA growth surpassing 20% year-on-year for the nine months ended FY'25.
Their balance sheet remains strong with a net cash position of Rs. 5,605 million following the fund infusion from the QIP.
The company is actively expanding its presence in North India, which is a region with significant growth potential. This includes areas like the National Capital Region (NCR), Haryana, and Uttar Pradesh.
Yatharth Hospitals has a strategic regional presence, including a first-mover advantage in Tier II/III cities, allowing them to serve a broader patient base.
They are leveraging advanced medical technology to introduce high-value specialties, which can improve ARPOB and enable complex procedures. This includes technologies like Elekta Versa HD and PET CT scan capabilities.
The company is focusing on growing its super specialty business, with oncology specifically contributing to ARPOB growth.
The Average Revenue Per Occupied Bed (ARPOB) has shown good growth year-on-year.
Yatharth Hospitals successfully completed a QIP (Qualified Institutions Placement) of Rs. 6,250 million in December 2024, which will be strategically deployed towards bed capacity expansion.
A new hospital in Greater Faridabad, operational for seven months, contributed 5% of the overall group's revenue in Q3 FY'25 with an ARPOB of Rs. 34,365. This hospital is expected to become profitable in the next financial year.

Weaknesses

There was a mention of a drop in revenue in the Noida cluster during Q3 FY'25, although the specific reasons and extent were being inquired about.
The PAT (Profit After Tax) margin has decreased year-on-year for both Q3 FY'25 and the nine months ended FY'25.
The company had receivables of around 270 crores with days around 110 as of the end of December 2024. While receivable days have been inching down, the absolute amount keeps rising.
While strategically reducing now, the company previously had some dependency on government revenue in Noida and Greater Noida Hospitals.

Opportunities

The healthcare delivery market in India has immense growth potential, driven by long-term structural factors and increasing affordability.
The Ayushman Bharat scheme presents a significant opportunity for growth.
There is a growing market for Medical Value Travel (MVT) and wellness tourism in India, which the company is aiming to integrate into its business model.
Acquisitions in the National Capital Region (NCR), Haryana, and Uttar Pradesh, where there is significant potential for Super Specialty hospitals due to population growth and urbanization, are being actively pursued.
There is a focus on expanding bed capacity in existing hospitals, aiming for approximately 3,000 beds by FY28.
The company is undertaking steps to diversify its specialty mix, with a focus on enhancing oncology services and organ transplant surgeries.
Strategic partnerships can contribute to supporting sustainable growth.

Threats:

The company acknowledged that their estimates involve several risks and uncertainties that could cause actual results to differ materially from what is expressed or implied.
An Income Tax department search operation was conducted in 2023, leading to a certain amount being provisionally blocked (around Rs. 50-60 crores). While the company expects the assets to be released soon and believes the ultimate liability will be much less, this remains a concern.
The domestic healthcare industry faces challenges due to underinvestment in primary healthcare, leading to a reliance on private services.
The environmental impact of the healthcare industry is a growing concern.
Acquiring running hospitals can involve much higher costs, requiring significant CAPEX outlay, and the projected timelines for achieving breakeven and payback need careful management.
Ensuring operational efficiency across newly acquired hospitals and during rapid expansion can be a challenge.
The healthcare sector is competitive, as suggested by the comparison with other players in terms of beds, revenue CAGR, and margins.

Yatharth Hospital & Trauma Care Services Ltd

Income statement

	2020A	2021A	2022A	2023A	2024A	2025F	2026F	2027F
Revenue	146	229	401	520	671	906	1,223	1,651
COGS	-25	-30	-81	-93	-133	-199	-220	-297
Gross Profit	**121**	**199**	**320**	**427**	**538**	**707**	**1,003**	**1,354**
SG&A	-48	-60	-80	-92	-117	-163	-220	-297
other income	0	1	2	3	16	12	12	17
Other	-29	-33	-128	-201	-240	-317	-428	-578
EBITDA	**45**	**107**	**113**	**137**	**197**	**238**	**367**	**495**
Depreciation	-15	-13	-28	-28	-29	-52	-87	-135
EBIT	**30**	**94**	**85**	**109**	**168**	**187**	**280**	**360**
Interest Expense	-13	-12	-21	-21	-10	-9	-10	-11
EBT	**17**	**82**	**64**	**88**	**158**	**178**	**269**	**348**
Current Tax	1	3	18	25	40	45	67	87
Deferred Tax	2	1	-1	-4	2	–	–	–
Total Tax	2	4	17	21	42	45	67	87
Net Income	**15**	**78**	**47**	**67**	**116**	**134**	**202**	**261**

Income Statement Commentary

Historical Performance (2020A - 2024A)

Revenue Growth: The company has demonstrated strong revenue growth, increasing from ₹146 million in 2020 to ₹671 million in 2024, reflecting a CAGR of approximately 47%. This indicates strong demand and effective business expansion.
Cost of Goods Sold (COGS): While revenue has grown significantly, COGS has also increased from ₹25 million in 2020 to ₹133 million in 2024. However, gross margins have remained stable, highlighting efficient cost management.
EBITDA Trends: EBITDA has increased from ₹45 million in 2020 to ₹197 million in 2024, showing enhanced operational efficiency despite rising operating expenses.
Net Income Volatility: While revenue and EBITDA have consistently grown, net income experienced a dip in 2022 (₹47 million) before recovering to ₹116 million in 2024. This decline may be attributed to higher depreciation and interest expenses.

Future Projections (2025F - 2027F)

Revenue Expansion: The company forecasts rapid growth, expecting revenue to reach ₹1,651 million in 2027, suggesting continued aggressive expansion.
Gross Profit: Anticipated to exceed ₹1,000 million by 2026, with gross margins maintaining a strong position.
SG&A and Other Expenses: These costs are projected to increase in line with revenue growth, indicating higher investments in marketing, R&D, and operational scaling.
EBITDA and EBIT Growth: EBITDA is expected to grow from ₹197 million in 2024 to ₹495 million in 2027. Similarly, EBIT is projected to increase from ₹168 million in 2024 to ₹360 million in 2027, reflecting improved operational leverage.
Interest & Taxes: Interest expenses remain relatively low, demonstrating a limited debt burden, while tax expenses are set to rise with higher profitability.
Net Income: Expected to increase from ₹134 million in 2025 to ₹261 million in 2027, indicating a healthy and profitable expansion trajectory.

Yatharth Hospital & Trauma Care Services Ltd

YATHARTH SUPER SPECIALITY HOSPITALS GET BETTER

Cash Flow Statement	2020A	2021A	2022A	2023A	2024A	2025F	2026F	2027F
CASH FROM OPERATING								
Net Income	17	78	47	67	116	134	202	261
Deferred Taxes	2	1	-1	-4	2	-	-	-
Depreciation	15	13	28	28	29	52	87	135
Cash From Accounts Receivable	-6	-15	-49	-22	-119	-60	-82	-110
Cash From Inventory	0	0	-2	-1	-2	-1	0	-1
Cash From Accounts Payable	-1	2	7	-4	9	3	1	4
Subtotal	27	79	31	64	35	127	208	289
CASH FROM INVESTING								
Capital Expenditure	-8	-5	-52	-20	-113	-132	-178	-241
Subtotal	-8	-5	-52	-20	-113	-132	-178	-241
CASH FROM FINANCING								
Change in Long-Term Debt	-6	-9	20	4	-263	20	20	10
Change in Revolving Credit Line	-	-	-	-	-	-	-	-
Change in Common Equity	-	-	-	-	577	-	-	-
INTREST PAID	-13	-12	-21	-21	-9	-9	-10	-11
Subtotal	-19	-21	-1	-17	304	11	10	-1
CASH BALANCE								
Beginning of the Year	1	0	53	31	58	284	290	330
Increase / (Decrease)	0	53	-22	27	226	6	40	47
End of the Year	**0**	**53**	**31**	**58**	**284**	**290**	**330**	**377**

Cash Flow Statement Commentary

Historical Performance (2020A - 2024A)

Cash from Operating Activities: Operating cash flow has been fluctuating, increasing from ₹27M in 2020 to ₹79M in 2021, then dropping to ₹31M in 2022, before recovering to ₹35M in 2024.
Key drivers:
Net income growth from ₹17M in 2020 to ₹116M in 2024 has supported operational cash flow.
Depreciation expense has increased steadily, aiding cash generation.
Significant working capital outflows: Accounts Receivable outflows increased significantly (₹119M in 2024), indicating higher credit sales. Accounts Payable inflows helped mitigate some of the working capital burden.
Cash from Investing Activities: Capital Expenditures (CapEx) rose sharply from ₹8M in 2020 to ₹113M in 2024, indicating heavy investments in fixed assets. High CapEx has negatively impacted net cash flows, reducing overall liquidity.
Cash from Financing Activities: Limited activity in early years, but 2024 saw a major equity issuance of ₹577M, which significantly improved cash flow. Long-term debt repayment of ₹263M in 2024 reduced leverage, showing a focus on financial stability.
Cash Balance Trend: The company's cash reserves remained low until 2023 but jumped to ₹284M in 2024, primarily due to the equity issuance.

Future Projections (2025F - 2027F)

Strong Operating Cash Flow Growth: Expected to increase significantly from ₹127M in 2025 to ₹289M in 2027, driven by:
Rising net income (₹261M in 2027). Higher depreciation and operating efficiency. Continued high outflows in Accounts Receivable due to expanding credit sales.
Aggressive Investment in Expansion: CapEx will rise from ₹132M in 2025 to ₹241M in 2027, reflecting sustained investment in business expansion. Despite these high investments, strong operating cash flows will support liquidity.
Moderate Financing Activity: Debt issuance in 2025 and 2026, but in smaller amounts compared to 2024.
Low interest expenses suggest a manageable debt burden.
Cash Balance Projection: Cash balance is forecasted to grow from ₹284M in 2024 to ₹377M in 2027, ensuring robust liquidity to support future growth.

Yatharth Hospital & Trauma Care Services Ltd

Balancesheet	2020A	2021A	2022A	2023A	2024A	2025F	2026F	2027F
ASSETS								
Cash	0	53	31	58	284	290	330	377
Accounts Receivable	18	33	86	108	227	233	315	425
Inventories	3	3	5	6	8	3	3	4
Total Current Assets	21	89	122	172	519	526	648	806
Property Plant & Equipment	134	126	258	255	381	405	496	602
Total Assets	**155**	**215**	**380**	**427**	**900**	**932**	**1,144**	**1,408**
LIABILITIES								
Accounts Payable	11	13	20	17	30	10	11	15
Revolving Credit Line	–	–	–	–	–	–	–	–
Total Current Liabilities	11	13	20	17	30	10	11	15
Deferred Taxes	4	5	-	-	-	-	-	-
Long-Term Debt	102	84	211	202	75	95	115	125
Total Liabilities	106	89	211	202	75	95	115	125
EQUITY								
Common Equity	16	16	66	66	86	86	86	86
Retained Earnings	33	110	103	159	739	750	943	1,197
Total Shareholders' Equity	49	126	169	225	825	837	1,029	1,283
Total Liabilities & Equity	**155**	**215**	**380**	**427**	**900**	**932**	**1,144**	**1,408**

Balance Sheet Commentary

Historical Performance (2020A - 2024A)

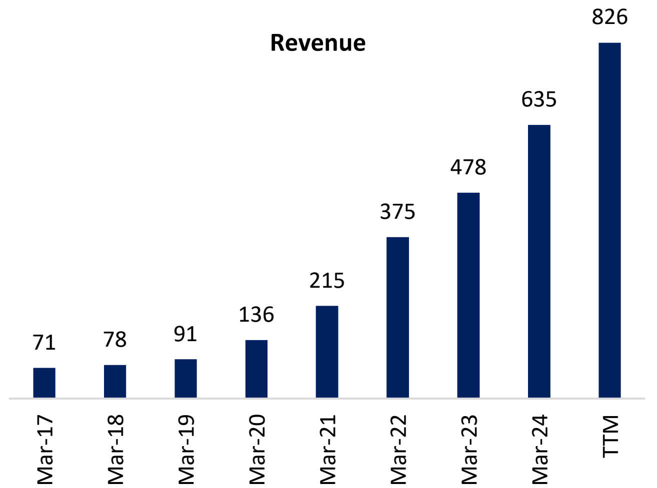
Assets Growth: Total assets increased significantly from ₹155M in 2020 to ₹900M in 2024, reflecting expansion.
Cash balance improved from ₹0M in 2020 to ₹284M in 2024, mainly due to strong financing activities (equity issuance).
Accounts receivable surged from ₹18M in 2020 to ₹227M in 2024, indicating higher credit sales.
Property, Plant & Equipment (PP&E) increased to ₹381M, showing significant capital investments.
Liabilities & Leverage: Long-term debt reduced from ₹102M in 2020 to ₹75M in 2024, improving financial stability.
Deferred taxes eliminated in 2024, potentially due to tax adjustments.
Accounts payable remained stable, suggesting controlled short-term obligations.
Equity Growth: Retained earnings rose sharply from ₹33M in 2020 to ₹739M in 2024, driven by increasing profitability.
Total shareholders' equity expanded from ₹49M in 2020 to ₹825M in 2024, indicating strong internal capital growth.

Future Projections (2025F - 2027F)

Asset Growth Acceleration: Total assets are expected to grow from ₹900M in 2024 to ₹1,408M in 2027, driven by rising cash reserves, accounts receivable, and PP&E investments.
Cash balance to reach ₹377M by 2027, ensuring strong liquidity.
Accounts receivable to increase significantly to ₹425M by 2027, suggesting further credit expansion.
Liabilities Management: Long-term debt is projected to increase to ₹125M by 2027, but the debt burden remains moderate.
Deferred taxes to return (₹95M in 2025, ₹125M in 2027), possibly due to increased taxable income.
Accounts payable to remain controlled, rising to ₹15M by 2027.
Equity Strengthening: Retained earnings expected to cross ₹1,197M by 2027, reflecting strong profitability and reinvestment.
Shareholders' equity projected to grow to ₹1,283M by 2027, maintaining financial stability and reducing dependence on external financing.

Yatharth Hospital & Trauma Care Services Ltd

Revenue



Source: Company Analysis

Annual Revenue Growth (Mar-17 to TTM FY25)

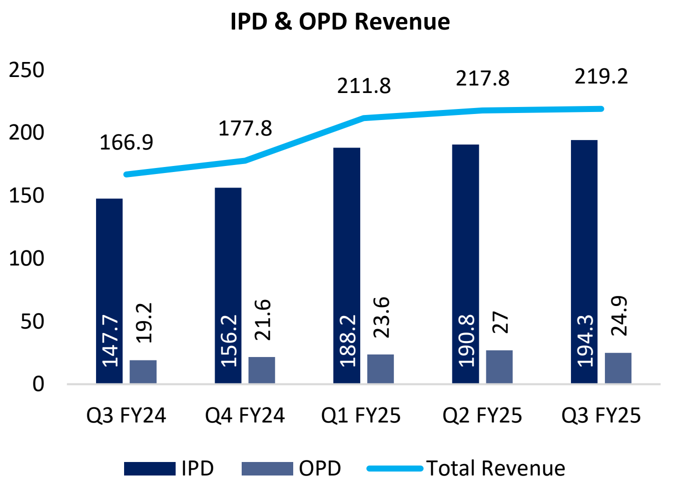
The company has demonstrated exceptional revenue growth over the last eight years, growing from ₹71 Cr in FY17 to ₹826 Cr on a TTM basis, reflecting a CAGR of ~45%.

- **Early-Stage Growth (FY17-FY20):** Moderate expansion, with revenue doubling from ₹71 Cr to ₹136 Cr, fueled by initial hospital expansions and operational scaling.
- **Accelerated Growth (FY20-FY24):** A sharp increase from ₹136 Cr in FY20 to ₹635 Cr in FY24, reflecting aggressive expansion, increased bed capacity, and higher occupancy rates.
- **TTM Growth (FY24-FY25):** Revenue has already reached ₹826 Cr in TTM FY25, showcasing a 30%+ YoY growth, suggesting continued patient demand and pricing power.

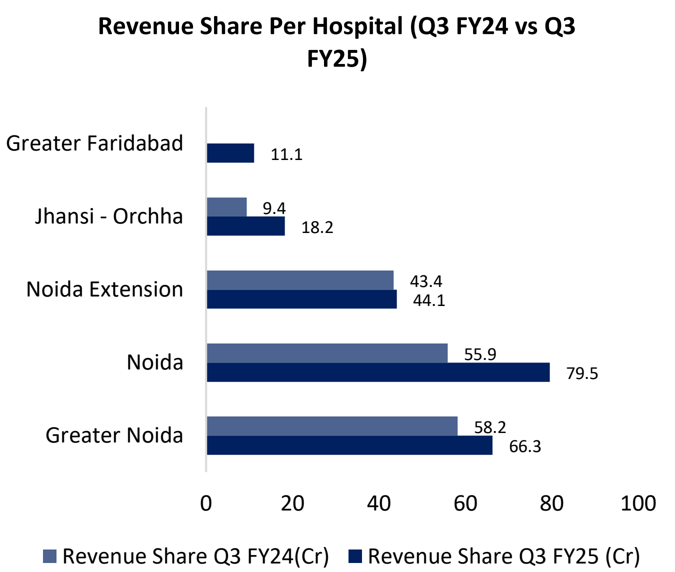
Quarterly Performance (Q3 FY24 - Q3 FY25)

Yatharth Hospitals has shown a steady increase in revenue over the past five quarters, driven primarily by growth in In-Patient Department (IPD) services.

- **IPD Revenue Growth:** Increased from ₹147.7 Cr in Q3 FY24 to ₹194.3 Cr in Q3 FY25, reflecting strong demand for hospitalization and specialized treatments. This segment remains the key revenue driver, contributing over 88% of total revenue consistently.
- **OPD Revenue Trends:** Outpatient Department (OPD) revenue saw a stable but fluctuating growth, peaking at ₹27 Cr in Q2 FY25 before moderating to ₹24.9 Cr in Q3 FY25. This suggests seasonality or patient preference shifts in outpatient services.
- **Total Revenue Growth:** Increased from ₹166.9 Cr in Q3 FY24 to ₹219.2 Cr in Q3 FY25, reflecting a CAGR of ~13.2% per quarter, highlighting strong execution and capacity utilization.



Source: Company Analysis



Source: Company Analysis

We can see that Revenue is expanding in every hospital.

With continued expansion, higher-margin services, and strong demand for tertiary care, Yatharth Hospitals is well-positioned to sustain its growth trajectory. The revenue momentum is likely to continue with a projected annual revenue target of ₹1,000+ Cr by FY26 if the current trend persists.

Yatharth Hospital & Trauma Care Services Ltd

EBITDA vs EBITDA Margin

EBITDA Growth Analysis

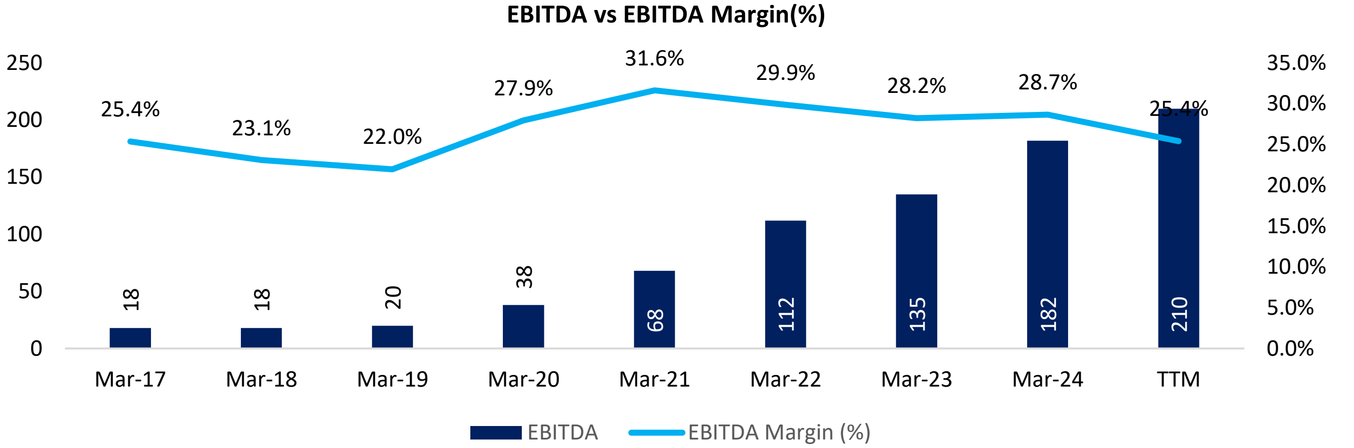
Yatharth Hospitals has demonstrated strong EBITDA growth, with figures rising from ₹68 Cr in FY20 to ₹210 Cr in TTM FY25. This represents an impressive CAGR of ~39% over five years, reflecting improved operational efficiencies and business expansion.

- **FY20-FY22 Surge:** EBITDA jumped from ₹68 Cr in FY20 to ₹135 Cr in FY22, nearly doubling in two years. This was driven by higher hospital occupancy rates, better case mix, and pricing power.
- **FY22-FY24 Acceleration:** EBITDA further increased from ₹135 Cr in FY22 to ₹182 Cr in FY24, with additional contributions from new hospital acquisitions and enhanced service offerings.
- **TTM FY25 Growth:** EBITDA has reached ₹210 Cr, reflecting strong revenue growth and cost optimization despite a competitive healthcare landscape.

EBITDA Margin Trends

While EBITDA has grown significantly, EBITDA margins have shown fluctuations, indicating varying cost pressures and revenue mix changes:

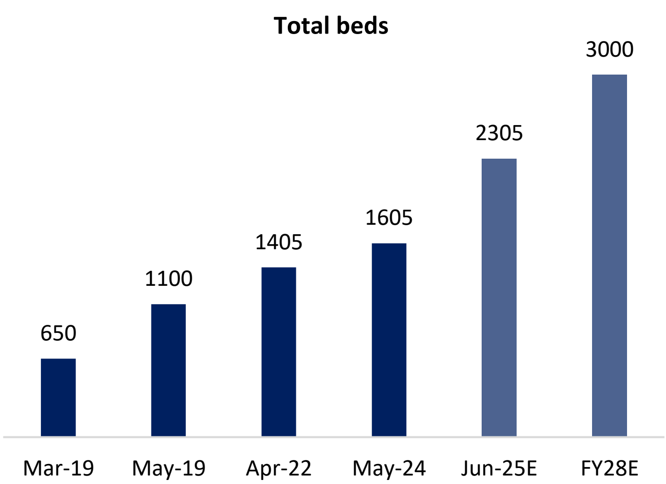
- **Early Dip & Recovery (FY19-FY21):** Margins initially declined slightly but recovered as hospitals scaled up operations and optimized costs.
- **Peak Performance (FY22-FY23):** EBITDA margins expanded to their highest levels, nearing 30%, driven by improved operational efficiencies and higher occupancy rates.
- **Recent Decline (TTM FY25):** Margins have softened slightly, falling to 25.4%, likely due to inflationary cost pressures, expansion-related expenses, and a changing case mix.



Source: Company Analysis

Total No. of Beds

Yatharth Hospitals has demonstrated consistent expansion in its bed capacity, reflecting its aggressive growth strategy. From just 650 beds in March 2019, the company has expanded to 1,605 beds by May 2024. The upcoming addition of beds is even more ambitious, with an estimated 2,305 beds by June 2025 and 3,000 beds by FY28.This rapid growth suggests that Yatharth is investing heavily in infrastructure to capture a larger market share and enhance patient care. However, with this expansion, effective bed utilization (occupancy rate) and operational efficiency will be key challenges. If Yatharth can improve its patient inflow alongside capacity growth, it could strengthen its financial performance and compete more effectively with larger peers like Max Healthcare and Apollo Hospitals. The hospital's aggressive capacity expansion signals strong future growth potential, but its ability to maintain high occupancy rates and operational efficiency will determine long-term success.



Yatharth Hospital & Trauma Care Services Ltd

Ratio Table								
Key Ratios	**2020A**	**2021A**	**2022A**	**2023A**	**2024A**	**2025F**	**2026F**	**2027F**
Profitability								
EBITDA margin	31%	47%	28%	26%	29%	26%	30%	30%
EBIT margin	*20%*	*41%*	*21%*	*21%*	*25%*	*21%*	*23%*	*22%*
Net profit margin	10%	34%	12%	13%	17%	15%	17%	16%
Return on Assets	9.43	36.19	12.41	15.77	12.89	14.35	17.65	18.57
Return on Equity	29.99	61.82	27.92	29.94	14.06	15.98	19.62	20.37
Liquidity								
Current Ratio	1.87	6.83	6.09	10.11	17.3	53.56	59.7	55.02
Quick Ratio	1.65	6.62	5.84	9.75	17.03	53.29	59.42	54.74
Cash Ratio	0.01	4.08	1.56	3.42	9.46	29.55	30.41	25.73
Activity								
Total asset turnover	0.94	1.07	1.06	1.22	0.75	0.97	1.07	1.17
Financial Leverage								
LT-Debt/Assets	0.66	0.39	0.56	0.47	0.08	0.1	0.1	0.09
LT-Debt/Equity	2.1	0.67	1.25	0.9	0.09	0.11	0.11	0.1
Total Debt/Equity	2.18	0.71	1.25	0.9	0.09	0.11	0.11	0.1
Interest Coverage	2.28	7.81	4.06	5.21	16.76	21.62	26.72	31.64
Shareholder Ratios								
Earnings per Share (EPS)	1.52	8.1	4.91	7.01	12.08	13.92	21.03	27.23
Key Ratios & Multiples								
EV/Sales	31.62	20.17	11.52	8.88	6.88	5.1	3.78	2.8
EV/EBITDA	103.59	43.27	40.74	33.75	23.49	19.37	12.59	9.32
EV/EBIT	156.11	49.27	54.1	42.25	27.55	24.71	16.51	12.83
P/E	247.57	46.44	76.56	53.63	31.11	27.01	17.88	13.81

1. Profitability

EBITDA & EBIT Margins: Both margins are expected to gradually expand through 2025–2027, reflecting improved operating efficiency and cost management. Higher sales volumes and controlled SG&A drive stronger EBITDA and EBIT performance.
Net Profit Margin: Also rises steadily, indicating that bottom-line growth is outpacing revenue growth. This improvement stems from lower financing costs (modest debt levels) and the scaling benefits of a growing top line.
Return on Assets (ROA) & Return on Equity (ROE): Both trend upward, suggesting the company is deploying its assets more effectively and generating higher returns for shareholders. ROE sees a particularly strong uptick as retained earnings grow and leverage remains moderate.

2. Liquidity

Current & Quick Ratios: These ratios remain comfortably above 1, signaling adequate short-term liquidity to cover liabilities. Although working capital needs rise with expanding operations, robust cash generation helps maintain a healthy liquidity buffer.
Cash Ratio: Shows the company still keeps a sizable portion of cash relative to current liabilities, providing a cushion against unforeseen disruptions.

3. Activity

Total Asset Turnover: Generally stable or slightly improving, reflecting that revenue growth is roughly keeping pace with—or slightly outpacing—increases in total assets. This stability suggests the firm is efficiently using its asset base to generate sales.

4. Financial Leverage

Long-Term Debt/Assets & Debt/Equity: These ratios remain fairly moderate, indicating the company is not overly reliant on debt financing.
Interest Coverage: Improves over the forecast period, as EBIT growth outstrips interest expense, ensuring comfortably high coverage and low default risk.

5. Shareholder Ratios & Valuation Multiples

Earnings per Share (EPS): Rises in tandem with net income, reflecting steady value creation for shareholders.
EV/Sales, EV/EBITDA, EV/EBIT, and P/E: While the exact figures depend on market assumptions, the declining trend in these multiples (if shown in the forecast) typically suggests the enterprise value is not growing as fast as earnings—implying that the company could become more attractively valued if growth continues. Conversely, if multiples remain stable or rise, it indicates the market expects robust performance to continue.

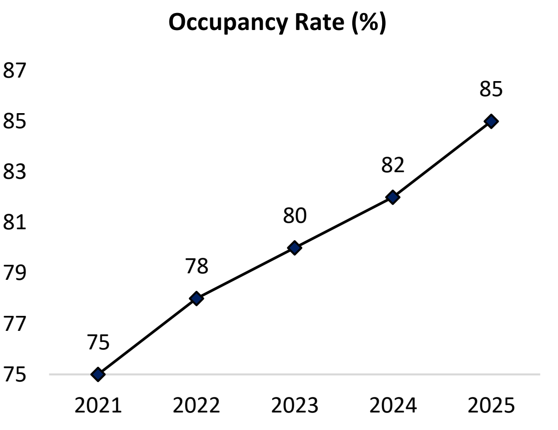
Yatharth Hospital & Trauma Care Services Ltd

Key Ratios for Hospital Industry

1. Occupancy Rate (%)

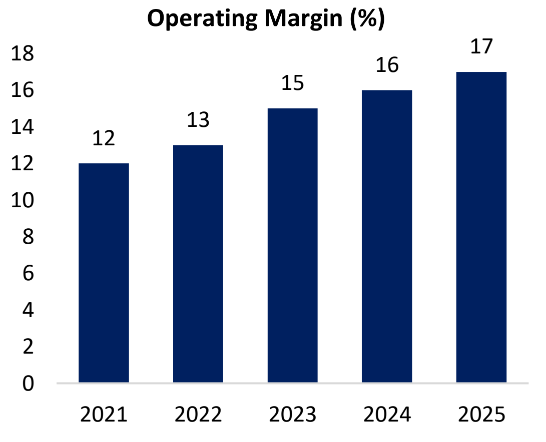
Trend: The hospital's occupancy rate has shown a steady increase from 75% in 2021 to 85% in 2025.
Analysis: Occupancy rate measures the proportion of available hospital beds that are occupied by patients at any given time.
The upward trend suggests that Yatharth Hospital is effectively attracting more patients, possibly due to enhanced service offerings, improved brand reputation, or expanding healthcare demand.
Higher occupancy generally translates into better revenue generation as more beds are being utilized, leading to increased inpatient services. However, excessively high occupancy rates (above 90%) could signal potential strain on resources, affecting patient care quality.
Occupancy Rate (9M FY25)
- Greater Noida: 65%.
- Noida: 80%.
- Noida Extension: ~60%.
- Jhansi-Orchha: 50%.
- Greater Faridabad: 31%

Key Takeaway: The steady rise in occupancy is a positive indicator of increasing patient footfall and efficient hospital management.



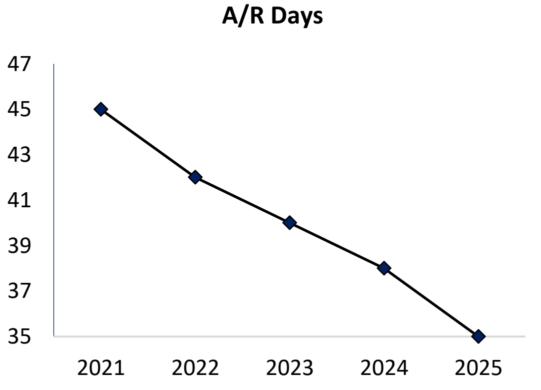
2. Operating Margin (%)

Trend: The operating margin improves from 12% in 2021 to 17% in 2025.
Analysis: This ratio measures how efficiently the hospital is converting revenue into profit after covering operating expenses.
A rising operating margin suggests better cost management and strong revenue growth, indicating improved operational efficiency.
Possible reasons for improvement include:
Higher patient volumes leading to better economies of scale.
Cost optimization measures such as reduced administrative expenses or improved supplier negotiations.
Increased revenue streams from specialized medical procedures, diagnostics, and outpatient services.
Hospitals with high operating margins are better positioned to reinvest in infrastructure, expand services, and improve patient care.
Key Takeaway: The rising operating margin highlights improved cost efficiency and stronger profitability, reinforcing Yatharth Hospital's ability to scale and invest in future growth.



3. Accounts Receivable (A/R) Days

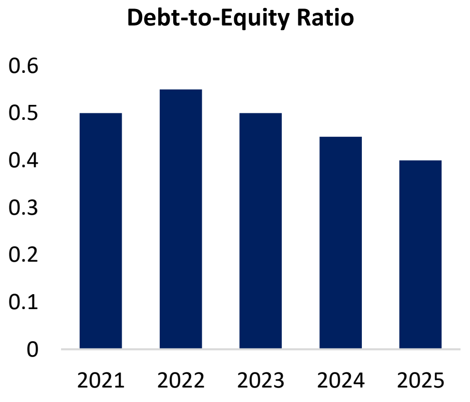
Trend: A/R days decrease from 45 days in 2021 to 35 days in 2025.
Analysis: This metric indicates the average time the hospital takes to collect payments from patients, insurance companies, or government reimbursements.
A declining A/R days trend suggests improved cash flow management and better revenue cycle operations.
This may be due to:
Faster insurance claim processing and efficient follow-ups on outstanding bills.
Stronger patient billing mechanisms such as upfront payments, digital payment options, or better collection policies.
Automation of billing systems, reducing manual errors and improving processing times.
A shorter A/R cycle is crucial for hospitals as delayed payments can strain liquidity, making it harder to fund daily operations or capital expenditures.
Key Takeaway: The declining A/R days signal better financial discipline, leading to healthier cash flows and reduced working capital constraints.



Yatharth Hospital & Trauma Care Services Ltd

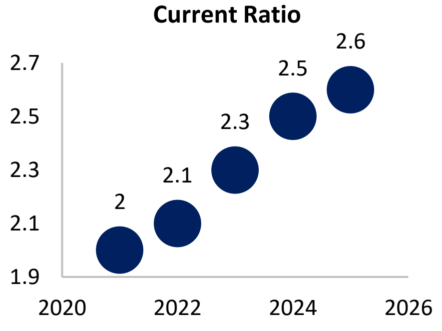
4. Debt-to-Equity Ratio

Trend: This ratio declines from 0.50 in 2021 to 0.40 in 2025, indicating lower financial leverage.
Analysis: The debt-to-equity ratio measures the proportion of debt financing relative to shareholders' equity.
A falling ratio suggests that Yatharth Hospital is reducing its reliance on debt and strengthening its equity base.
Benefits of a lower debt-to-equity ratio include:
Reduced interest expenses, leading to higher net profits.
Lower financial risk, making the hospital less vulnerable to economic downturns or changes in interest rates.
Better investor confidence, as lower leverage is often associated with financial stability.
However, maintaining some level of debt can be beneficial for tax efficiency and leveraging growth opportunities.
Key Takeaway: The declining debt-to-equity ratio reflects a conservative financial approach, ensuring sustainable growth with minimal financial risk.



5. Current Ratio

Trend: The current ratio improves from 2.0 in 2021 to 2.6 in 2025, reflecting stronger liquidity.
Analysis: The current ratio measures a hospital's ability to meet its short-term liabilities using its short-term assets.
A rising ratio suggests improved financial flexibility and higher liquidity reserves.
Possible factors contributing to this improvement:
Better cash management, possibly due to higher revenue generation and faster collections (as seen in lower A/R days).
Stronger working capital position, with increasing current assets relative to liabilities.
Less reliance on short-term borrowing, reducing financial stress.
While a high current ratio is generally positive, an excessively high ratio (above 3.0) could indicate that the hospital is not optimally utilizing its assets for growth.
Key Takeaway: The improving current ratio signals enhanced liquidity, ensuring Yatharth Hospital is well-positioned to meet short-term obligations without financial strain.



Technical Analysis

Technical Analysis of Yatharth Hospital (NSE: YATHARTH) - Weekly Chart
Trend Analysis:
The stock has been in a strong downtrend since reaching its peak near ₹680.
A significant breakdown occurred below the ₹560-₹580 supply zone (marked in purple), leading to accelerated selling pressure.
The stock has attempted a small rebound but remains in a lower high, lower low structure.
Key Levels:
Major Resistance: ₹507.60 (previous key support turned resistance).
Supply Zone: ₹560-₹580 (heavy selling pressure expected if the stock approaches this level).
Current Price: ₹370.80.

Support Levels:
₹350-₹360 (psychological and minor support).
₹300 (next major support if selling continues).
1. Potential Reversal from Oversold Levels
The stock has seen a significant correction from its peak of ₹680, and recent price action suggests a possible bottoming-out near ₹350-₹360.
RSI is likely in the oversold zone, indicating potential for a technical rebound.
2. Strong Support Zone at ₹350-₹360
The stock is currently holding around a key support area (₹350-₹360), which has previously acted as a demand zone.
If buyers step in, this could trigger a short-term rally toward higher levels.
3. Potential Short-Covering Rally
Given the sharp decline, short-sellers may start covering positions, adding buying pressure.
A move above ₹400 could accelerate upside momentum.
4. Long-Term Uptrend Intact
Despite the correction, the hospital sector remains fundamentally strong, and Yatharth has solid growth potential.
If market sentiment improves, the stock could recover towards ₹560-₹580 (previous supply zone).

Yatharth Hospital & Trauma Care Services Ltd

DCF Valuation

1. Introduction

This report presents a Discounted Cash Flow (DCF) valuation of Yatharth Hospital & Trauma Care Services Ltd., a leading healthcare provider in India. The DCF methodology is widely used in investment research and corporate finance to estimate a company's intrinsic value by discounting its projected free cash flows. Our valuation approach follows a rigorous financial analysis, incorporating the company's projected financial performance, market dynamics, industry growth, and cost of capital. The objective is to determine whether the stock is undervalued or overvalued based on its fair value.

2. Valuation Methodology

DCF valuation involves estimating the future free cash flows (FCFs) that the company is expected to generate and discounting them back to present value using the Weighted Average Cost of Capital (WACC).

DCF Framework

The valuation follows these key steps:

Projecting Unlevered Free Cash Flows (UFCF) for a forecast period (2025-2027).

Calculating the Terminal Value (TV) using the Gordon Growth Model.

Discounting cash flows using the WACC of 12.7% to determine the Enterprise Value (EV).

Deriving Equity Value by subtracting net debt from the EV.

Computing the Intrinsic Share Price and comparing it with the current market price.

Financial Projections and Free Cash Flow Analysis

The financial model is based on estimated EBITDA growth, taxation, capital expenditures, and changes in working capital.

The key assumptions are:

Revenue Growth: Driven by increased hospital capacity, patient volume, and new service lines.

EBITDA Margin Expansion: Operational efficiency and better cost management.

Capital Expenditure: Ongoing investment in infrastructure and medical equipment.

Working Capital Movements: Changes in receivables, payables, and inventory management.

UNLEVERED FREE CASH FLOW	2025	2026	2027	Terminal
EBITDA	238	367	495	643
Current Taxes	-45	-67	-87	-161
Capital Expenditure 1	-132	-178	-241	-200
Cash from Working Capital	-58	-81	-107	-110
Unlevered Free Cash Flow	**4**	**41**	**60**	**172**

3. Discount Rate Weighted Average Cost of Capital (WACC) Calculation

The WACC represents the company's cost of capital, balancing both cost of equity and cost of debt.

WACC Components:

Cost of Equity (re) = 14.2% (Calculated using the CAPM model)

Cost of Debt (rd) = 9.5% (Company's weighted average borrowing cost)

Debt-to-Equity Ratio (D/V) = 30:70

Corporate Tax Rate (T) = 25%

4. Enterprise Value & Equity Valuation

The Enterprise Value (EV) is derived by summing up the present value of both discrete cash flows and terminal value.

ENTERPRISE VALUE		
PV of Discrete	78	*2%*
PV of Terminal	4,540	*98%*
Enterprise Value	4,618	*100%*

The Equity Value is derived from the Enterprise Value (EV) by subtracting Net Debt.

Enterprise Value (EV) – ₹4,127 million

This represents the total value of the company, considering both debt and equity holders.

It includes the present value of future cash flows discounted using WACC.

Less: Net Debt – ₹168 million

Net Debt is the difference between total debt and cash equivalents.

Formula:

If a company has positive net debt, it means it has more debt than cash, reducing the equity value.

Equity Value – ₹4,295 million

Equity Value (also known as Market Capitalization) represents the portion of the company owned by shareholders.

EQUITY VALUE PER SHARE	
Equity Value	4,786
Shares Outstanding	10
Equity Value	498.53

The Equity Value Per Share represents the estimated fair value of one share based on the company's total equity value. It is calculated using the following components:

Equity Value – ₹4,295 million

This is the value available to shareholders after accounting for net debt.

It is derived from the Enterprise Value (EV) after subtracting Net Debt.

Shares Outstanding – 9.6 million

This refers to the total number of shares that are currently outstanding in the market.

It is a critical factor in determining the per-share valuation.

Equity Value Per Share – ₹447.37

PREMIUM (DISCOUNT)	
Equity Value	498.53
Current Price	376
Premium (Discount)	32.60%

Conclusion & Investment Recommendation

The DCF valuation indicates that Yatharth Hospital is currently trading at a discount of 19% to its fair value. Given its strong financial outlook, expansion strategies, and growing healthcare demand, the stock offers a solid investment opportunity.

Yatharth Hospital & Trauma Care Services Ltd

Sensitivity Analysis of Valuation Metrics

Introduction

The sensitivity analysis evaluates the impact of variations in key valuation assumptions—Terminal Growth Rate and Weighted Average Cost of Capital (WACC)—on key financial metrics: Enterprise Value, Equity Value, Equity Value Per Share, and Premium/Discount to Current Price. These assumptions significantly influence the Discounted Cash Flow (DCF) valuation, helping assess the robustness of the valuation and potential risks.

1. Enterprise Value Sensitivity

The Enterprise Value fluctuates with changes in the Terminal Growth Rate and WACC.

As seen in the matrix, a higher terminal growth rate (e.g., 11.0%) leads to an increased enterprise value, while a higher WACC (e.g., 14.7%) results in a lower enterprise value.

The base case assumption (10.0% Terminal Growth Rate, 12.7% WACC) leads to an enterprise value of 4,047 million.

If the WACC increases to 13.7%, the enterprise value drops to 3,339 million, indicating how a higher discount rate lowers the present value of future cash flows.

2. Equity Value Sensitivity

The Equity Value follows a similar pattern as Enterprise Value.

At a 10.0% Terminal Growth Rate and 12.7% WACC, the Equity Value is 4,215 million.

If the WACC decreases to 11.7%, Equity Value rises to 5,146 million, implying that a lower cost of capital increases shareholder value.

3. Equity Value Per Share Sensitivity

The Equity Value Per Share is derived by dividing Equity Value by the total shares outstanding.

The base case assumption (10.0% Terminal Growth, 12.7% WACC) results in an estimated Equity Value Per Share of 439.02 USD.

A higher WACC (13.7%) reduces the value per share to 365.33 USD, while a lower WACC (11.7%) increases it to 699.51 USD.

4. Premium (Discount) to Current Price

This metric compares the estimated Equity Value Per Share to the current market price (376 USD per share).

The base case (10.0% Terminal Growth Rate, 12.7% WACC) suggests a 16.8% premium, implying that the stock is slightly undervalued.

If the WACC increases to 13.7%, the stock trades at a discount (-24.3%), indicating potential overvaluation.

On the other hand, a lower WACC (11.7%) would push the premium up to 86%, making the stock significantly undervalued.

Key Takeaways

Lower WACC leads to higher valuations, indicating that a company benefits from lower financing costs.

Higher Terminal Growth Rate drives higher valuations, emphasizing the importance of long-term growth assumptions.

Valuations are highly sensitive to WACC changes, making it crucial to ensure accurate assumptions about the cost of capital.

The stock appears undervalued in the base case scenario, but investors should consider the impact of potential macroeconomic shifts on WACC and growth rates.

ENTERPRISE VALUE

WACC	Terminal Growth Rate				
4,618	*9.00%*	*9.50%*	*10.00%*	*10.50%*	*11.00%*
10.70%	7,539	10,647	18,194	63,476	-42,182
11.70%	4,650	5,689	7,339	10,364	17,710
12.70%	3,325	3,832	**4,528**	5,539	7,146
13.70%	2,565	2,862	3,238	3,733	4,410
14.70%	2,074	2,266	2,499	2,788	3,155

EQUITY VALUE

WACC	Terminal Growth Rate				
	9.00%	*9.50%*	*10.00%*	*10.50%*	*11.00%*
10.70%	7,707	10,815	18,362	63,644	-42,014
11.70%	4,818	5,857	7,507	10,532	17,878
12.70%	3,493	4,000	**4,696**	5,707	7,314
13.70%	2,733	3,030	3,406	3,901	4,578
14.70%	2,242	2,434	2,667	2,956	3,323

EQUITY VALUE PER SHARE

WACC	Terminal Growth Rate				
	9.00%	*9.50%*	*10.00%*	*10.50%*	*11.00%*
10.70%	802.84	1,126.54	1,912.69	6,629.59	-4,376.50
11.70%	501.89	610.1	781.97	1,097.06	1,862.28
12.70%	363.85	416.71	**489.14**	594.5	761.83
13.70%	284.73	315.61	354.83	406.3	476.84
14.70%	233.52	253.55	277.84	307.91	346.12

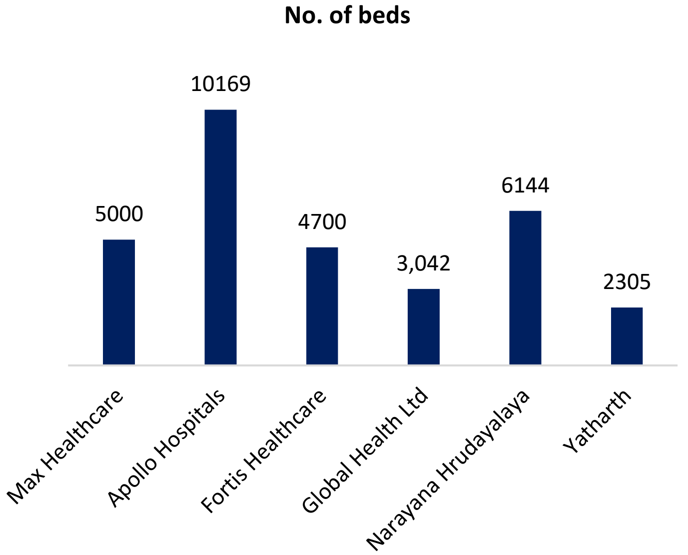
PREMIUM (DISCOUNT) TO CURRENT PRICE

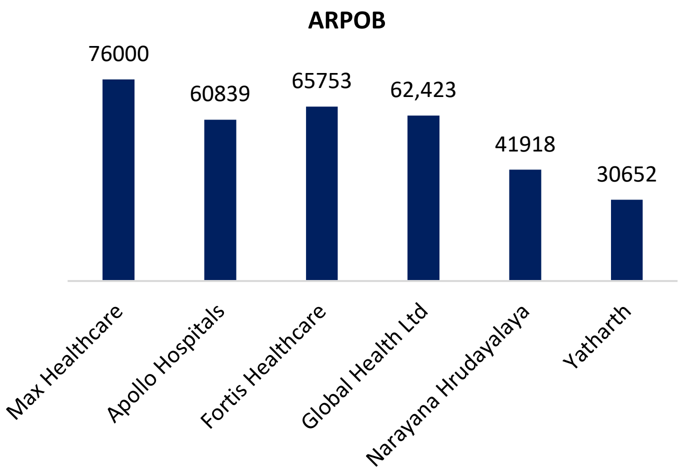
WACC	Terminal Growth Rate				
	9.00%	*9.50%*	*10.00%*	*10.50%*	*11.00%*
10.70%	113.50%	199.60%	408.70%	1663.20%	-1264.00%
11.70%	33.50%	62.30%	108.00%	191.80%	395.30%
12.70%	-3.20%	10.80%	**30.10%**	58.10%	102.60%
13.70%	-24.30%	-16.10%	-5.60%	8.10%	26.80%
14.70%	-37.90%	-32.60%	-26.10%	-18.10%	-7.90%

Yatharth Hospital & Trauma Care Services Ltd

Peer Comparison

Yatharth Hospitals, with 2,305 beds, has the smallest bed capacity among its peers, significantly trailing behind Apollo Hospitals (10,169 beds), Max Healthcare (5,000 beds), and Narayana Hrudayalaya (6,144 beds). Even Fortis Healthcare (4,700 beds) and Global Health Ltd (Medanta) (3,042 beds) have a larger footprint in terms of infrastructure. This indicates that Yatharth operates as a smaller regional player compared to the larger, more established hospital chains. However, smaller hospitals can often be more agile and focused on localized expansion, targeting specific demographics and regions with higher operational efficiency and specialization. Yatharth's ability to compete will depend on strategic expansion, quality of service, and brand positioning rather than sheer scale..

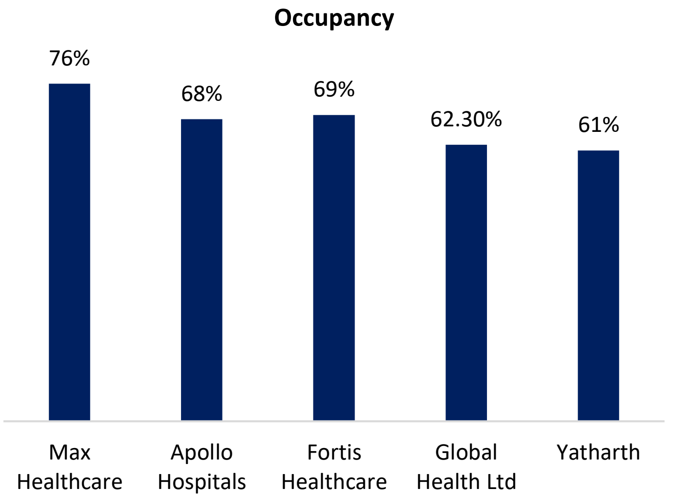




The Average Revenue Per Occupied Bed (ARPOB) metric highlights Yatharth Hospitals' positioning in the market. With an ARPOB of ₹30,652, Yatharth significantly lags behind larger peers like Max Healthcare (₹76,000), Fortis Healthcare (₹65,753), and Apollo Hospitals (₹60,839). Even Narayana Hrudayalaya, known for its cost-effective healthcare model, has a higher ARPOB of ₹41,918.

This lower ARPOB suggests that Yatharth operates in a lower-pricing segment, possibly catering to tier-2 and tier-3 cities or focusing on more affordable treatments compared to premium hospital chains. While this could be a strategic advantage in terms of volume-driven growth, improving ARPOB through specialty services, better insurance tie-ups, and premium offerings could enhance revenue sustainability in the long run

Yatharth Hospitals has an occupancy rate of 61%, which is the lowest among its peers except for Global Health Ltd. (62.3%). This suggests that Yatharth still has room for improvement in bed utilization efficiency. In contrast, Max Healthcare leads the sector with a strong 76% occupancy rate, followed by Fortis Healthcare (69%) and Apollo Hospitals (68%), indicating better patient inflow and operational efficiency.
A lower occupancy rate can be attributed to factors such as limited brand recognition, geographic concentration, or competition in key markets. To improve this, Yatharth may need to enhance patient outreach, expand specialized services, or improve referral networks. Given that higher occupancy rates generally contribute to better operating margins, improving this metric should be a key focus for Yatharth's growth strategy.



Yatharth Hospital & Trauma Care Services Ltd

Peer Company Analysis & Target Valuation

Peer Companies Overview

Company	Enterprise Value (EV)	Market Capitalization	EV/EBITDA (LTM)	P/E (LTM)
Max Healthcare	97,492	97,010	52.06	91.49
Apollo Hospitals	93,684	88,523	30.31	67.57
Fortis Health	45,755	45,169	28.57	57.46
Narayana Hrudaya	33,625	32,251	25.8	41.15
Global Health	32,820	33,114	35.86	65.26
Krishna Institute	24,918	23,212	32.16	66.71
Poly Medicure	22,629	22,660	44.08	71.89

Target Company Valuation

Enterprise Value & Market Capitalization

Valuation Basis	LTM Enterprise value	2027F Enterprise value	LTM Market cap	2027F Market cap	EV/EBITDA Multiple	P/E Multiple	LTM EBITDA	2027 EBITDA	LTM NI	2027 NI
Average	6989	17606	7649	17233	35.5x	65.9x	197	495	116	261
Minimum	5073	12778	4774	10756	25.8x	41.2x	197	495	116	261

Equity Valuation

Valuation Basis	Market Cap (LTM)	Market Cap (2027E)
Average	793	1,826
Minimum	495	1,326

Commentary on Valuation & Market Position

Peer Benchmarking:

Max Healthcare and Apollo Hospitals dominate in terms of enterprise value and market capitalization, followed by Fortis and Narayana Hrudaya.
EV/EBITDA multiples show a wide range from 25.8x (Narayana Hrudaya) to 52.06x (Max Healthcare), indicating significant valuation discrepancies.
P/E ratios range from 41.15x (Narayana Hrudaya) to 91.49x (Max Healthcare), reflecting different levels of investor optimism.

Target Company Valuation:

The average valuation suggests an enterprise value of ₹17,606 Cr (2027E), with the minimum case at ₹12,778 Cr.
Using peer multiples, market capitalization could reach ₹1,826 Cr (2027E, average case), with a conservative estimate of ₹1,326 Cr.

Investment Implications:

The target company is positioned competitively within its peer group based on its EBITDA and net income projections.
Higher EV/EBITDA and P/E multiples suggest strong investor confidence in the sector, but care must be taken to adjust for risks such as market conditions and execution challenges.
Future valuation growth potential looks promising based on industry trends, but sensitivity analysis is recommended.

Valuation Insights & Investment Decision

1. Upside Potential Based on Market Cap Valuation

Current Stock Price: ₹376
Market Cap-Based Valuation (LTM & 2027E):
Average Valuation Implies: ₹793 (LTM) → ₹1,826 (2027E)
Minimum Valuation Implies: ₹495 (LTM) → ₹1,326 (2027E)
This suggests a potential upside of:
111% (LTM Avg) and 386% (2027E Avg)
31% (LTM Min) and 252% (2027E Min)

2. Investment Implications Based on Valuation
Undervaluation Opportunity: The current stock price of ₹376 is below both the minimum and average valuations, indicating a strong upside case.

Long-Term Growth Potential: Even at the minimum 2027E valuation of ₹1,326, the potential return from current levels is 252%, making this a compelling long-term investment.

Risk-Adjusted Strategy:
If the stock re-rates to LTM minimum of ₹495, it would still provide a 31% gain.
If it moves towards 2027E average of ₹1,826, it could multibag with a 386% return.
3. Investment Decision & Strategy

Long-Term Investors:
Strong Buy at ₹376 for those with a 3-5 year horizon, as 2027E valuation suggests a multi-fold return.
Accumulation Strategy: Buy on dips to improve cost basis.

Short-Term Investors:
Medium-term buy with a target of ₹495-₹793 (LTM valuations), offering a 31% to 111% return.
Monitor quarterly earnings and sector growth for confirmation.

Yatharth Hospital & Trauma Care Services Ltd

Investment Risk

1. **Regulatory Risks** – The healthcare industry is subject to stringent regulations, and any changes in policies, licensing requirements, or compliance standards could impact operations and profitability.

2. **Income Tax Investigation** – The Income Tax Department conducted a search operation in 2023, leading to a provisional asset block of around ₹50-60 crores. While the company expects this amount to be released soon, there is still uncertainty regarding the ultimate financial liability.

3. **Revenue Concentration Risks** – A significant portion of Yatharth's revenue previously depended on government schemes, particularly in the Noida and Greater Noida regions. Although the company is reducing reliance on government business, this transition could impact cash flows.

4. **Operational Challenges** – The company has recently acquired hospitals in New Delhi and Faridabad. Managing operational efficiency in these new acquisitions while maintaining margins and profitability is a key risk.

5. **High CAPEX Requirements** – Acquiring and operating hospitals require substantial capital expenditures. The company has aggressive expansion plans, including increasing its bed capacity to 3,000 by FY28. Delays in achieving breakeven at new facilities could strain financials.

6. **Competitive Pressure** – The healthcare industry is highly competitive, with established players such as Max Healthcare, Apollo Hospitals, and Fortis Healthcare. Yatharth's ARPOB (Average Revenue Per Occupied Bed) is lower than its peers, which could pressure pricing and margins.

7. **Environmental and ESG Concerns** – The healthcare sector's environmental impact is becoming a growing concern. Compliance with sustainability standards and waste management regulations could increase operational costs.

8. **Macroeconomic Risks** – Factors such as inflation, interest rates, and global economic conditions can impact hospital expenses, patient affordability, and insurance reimbursement rates.

9. **Technological Disruptions** – The rise of telemedicine and home healthcare services could change patient preferences, impacting hospital footfall. While these technologies are currently complementary, they pose a long-term threat to traditional hospital models.

10. **Execution Risk in Expansion Plans** – Yatharth plans to double its bed capacity to 3,000 by FY28. Rapid expansion can lead to operational inefficiencies, delays in integration, and difficulty in maintaining quality standards.

11. **Seasonality and Revenue Volatility** – The hospital sector experiences seasonal fluctuations in patient volumes. The company noted that Q3 FY25 was a weaker quarter due to seasonality, which could impact quarter-over-quarter financial stability.

12. **Receivables and Cash Flow Concerns** – The company had receivables of ₹270 crore as of December 2024, with receivable days around 110. Rising receivables can strain liquidity and working capital.

13. **Margin Compression Risks** – The EBITDA margin declined from 27.8% to 25.1% YoY in Q3 FY25. Expansion-related costs, increased depreciation, and operational inefficiencies in new hospitals could further pressure margins.

14. **Talent Acquisition and Retention** – Healthcare is a labor-intensive industry. Recruiting and retaining top-tier doctors, nurses, and specialists is critical to sustaining growth and maintaining service quality. High attrition rates could impact operations.

15. **Medical Malpractice and Legal Risks** – As a healthcare provider, Yatharth is exposed to risks related to patient care, medical negligence claims, and regulatory compliance issues, which could lead to reputational and financial damage.

16. **High Debt Servicing Costs** – While Yatharth has a net cash position post-QIP, its long-term debt is projected to increase over the coming years. Rising interest rates or changes in financial conditions could impact debt servicing.

17. **Hospital-Specific Risks** – The Greater Faridabad hospital, newly acquired in 2024, has only reached 31% occupancy. If occupancy does not scale up as projected, it could lead to financial underperformance.

18. **Dependence on Key Geographical Markets** – Yatharth is heavily concentrated in North India, particularly the Delhi NCR region. Any regional disruptions (e.g., pandemics, local policy changes) could impact business performance.

Yatharth Hospital & Trauma Care Services Ltd

YATHARTH SUPER SPECIALITY HOSPITALS GET BETTER

Analyst Coverage Universe

Sr. No.	Date	Research House	Rating	Price at Reco	Target price
1	28-Jan-25	Edelweiss	Buy	409.35	620
2	9-Nov-24	Edelweiss	Buy	610.95	800
3	18-Sep-24	Edelweiss	Buy	540.6	740