Institutional Equities | Healthcare

Management Meet and Facility Visit Note

Choice Institutional Equities

BUY

Sector View: Positive

Yatharth Hospitals: Zero Govt Dependence at New Facilities; Cash/TPA Mix Driving Better Margin

March 24, 2026 | CMP: INR 622 | Target Price: INR 1,050

Change in Estimates	✗
Change in Target Price	✗
Change in Recommendation	✗

Company Info	
BB Code	YATHARTH IN EQUITY
Face Value (INR)	10.0
52-week High/Low (INR)	843 / 386
Mkt Cap (Bn)	INR 59.91 / USD 0.64
Shares o/s (Mn)	96.4
3M Avg. Daily Volume	4,21,080

Key Financials

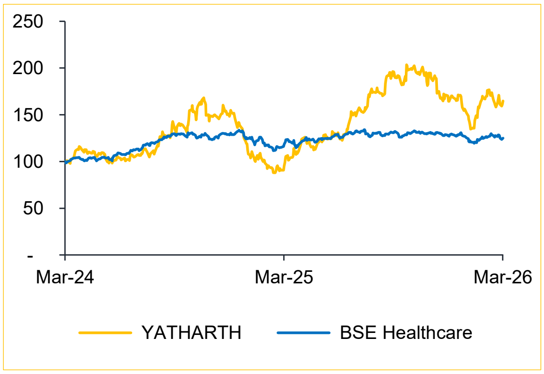
INR Bn	FY24	FY25	FY26E	FY27E	FY28E
Revenue	6.7	8.8	11.9	15.9	21.9
YoY (%)	28.9	31.3	35.7	33.2	37.6
EBITDA	1.8	2.2	3.0	4.0	5.5
EBITDAM %	26.8	25.0	24.8	25.1	25.1
Adj PAT	1.1	1.3	1.9	2.7	3.9
EPS (INR)	13.3	13.5	19.3	27.7	40.1
ROE %	13.1	8.1	10.4	13.0	15.8
ROCE %	15.7	10.1	12.7	16.0	19.6
PE(x)	49.7	48.9	34.4	24.0	16.5
EV/EBITDA	30.8	27.1	20.0	14.5	10.4

Shareholding Pattern (%)

	Dec 2025	Sep 2025	Jun 2025
Promoters	55.80	61.64	61.64
FIIs	6.18	6.51	4.34
DIIs	11.02	8.71	13.5
Public	27.01	23.16	20.50

Relative Performance (%)

YTD	2Y	1.5Y	1Y
BSE Healthcare	24.8	(2.4)	5.5
YATHARTH	64.8	24.6	72.3



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We visited **YATHARTH's newly-commenced Model Town, New Delhi (300 beds capacity) and Sec-20, Faridabad (400 beds capacity) facilities** and also met the **Whole-time Director – Mr. Yatharth Tyagi,** Mr. Ashutosh Kumar Jha (Group Chief – strategy, M&A and IR), Mr. Sunil Kapur (Head of Model Town facility) and Mr. Ajay Bharadwaj (Head of Sec-20 Faridabad facility). All the YATHARTH's existing facilities are accredited by NABH.
Model Town, New Delhi is a 300-bed hospital which began operations in July 2025. It currently operates at an **ARPOB of over 40,000**; its **revenue being driven by Cash and TPA segments and zero reliance on govt business**.
Sec-20, Faridabad, is a 400-bedded hospital which began operations in September 2025. It currently operates at an **ARPOB of over 36,000**; its **revenue being driven by Cash and TPA segments and nil reliance on govt business.**

We remain confident that YATHARTH's growth trajectory will be sustained by its strategically **targeted expansion across Delhi-NCR micro-markets**, underpinned by a **strong super-specialty portfolio**. This approach is progressively **driving higher ARPOB and improved margin**, further cementing its position as a premier advanced tertiary-care hospital network in the region.
We continue to expect to see a **CAGR of 35.5%/35.7%/43.6% over FY25–FY28E** and maintain our BUY rating with an unchanged TP of INR 1,050.

Key Takeaways from the Meeting

Operational Status
- The Faridabad facility is the second hospital in the city — having significant brand familiarity advantage versus entering a completely new market
- Model Town (Delhi) benefits from its proximity to existing NCR presence; offering a 'boutique' patient experience vs. high-volume competitors

Competitive Positioning
- Faridabad was previously lacking a corporately-run, large-scale hospital despite dense population. Nearest competitors are 150–250-bed facilities within its 10–15 minutes driving radius
- Model Town faces competition from listed hospital chains in the vicinity (Shalimar Bagh area) but stands out on superior infrastructure and a curated patient experience

Star Doctor Strategy: Each specialty at the new hospitals includes at least one physician who is recognised among the best doctors in Delhi-NCR.

Government vs. Private Mix
- Group-level government business at present is ~30–35% of revenue; target is to reduce to ~25% over the coming years
- New hospitals (Faridabad, Model Town) intentionally capped their government business at 10–12%. This is due to higher ARPOB from private; critically, better debtor days and receivable cycles
- Government volume was previously used to drive occupancy; with star doctor-led private demand, this trade-off is no longer necessary at new facilities

Insurance Empanelment & Third-party Aggregators
- New hospitals can accept private insurance patients from Day 1 via Third-party Aggregators (TPAs), which offer cashless admissions and reimburse from patients later.
- The management has strong existing relationships in the private insurance sector, enabling faster empanelment timelines vs. industry peers

Bed Count Growth
- Now targeting a doubling from the current base of ~2,550 beds in ~3 years
- Current 400-bed Faridabad hospital: ~50% of beds operational; ready to scale up floor-by-floor as census grows

M&A vs. Greenfield vs. Brownfield Mix
- Going forward, (next 3–4 years): ~60–65% of bed additions expected from M&A; ~35–40% from brownfield/greenfield
- Open to built-to-suit models; structure of deal is not a constraint as long as geography, infrastructure quality and brand fit are met

Oncology — Growth Vertical

- Medical and surgical oncology operational for sometime. Radiation oncology only began ~1.5 years ago at Noida Extension
- Group-level oncology contribution: ~10–11% of revenue at present
- Without radiation capability, oncology volume is constrained — patients prefer one-stop solutions (chemo + radiation at same facility)

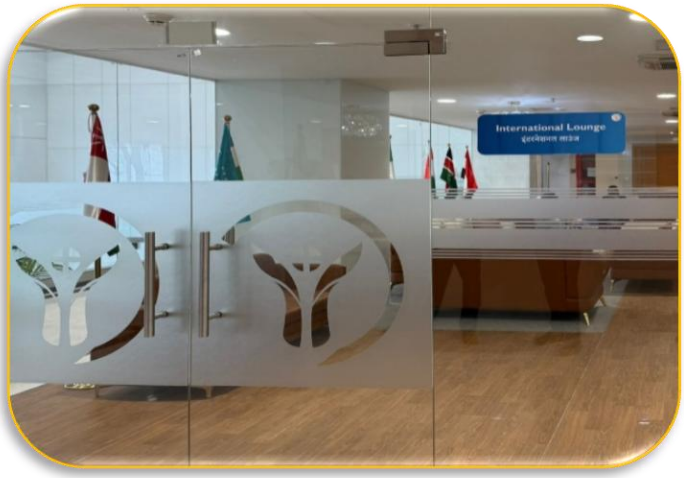
Expansion Plans

- Radiation oncology to be launched at Faridabad hospital in ~6–7 months; Model Town in ~7–8 months
- Target oncology revenue mix for each new hospital individually: over 20% (vs. ~10% group average today)
- Group-level oncology mix target: Over 15% in 3 years (medical + surgical + radiation + bone marrow transplant)

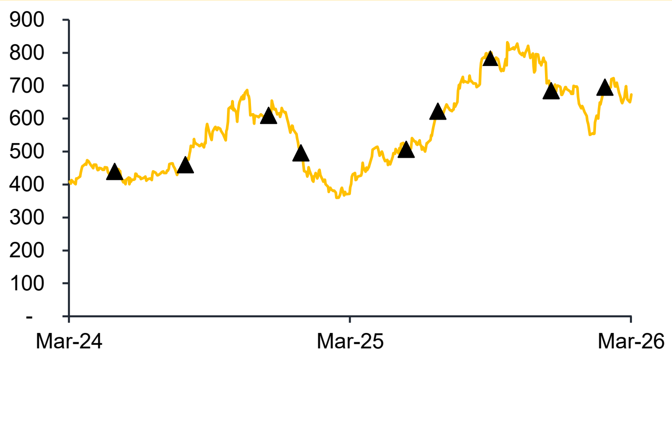
Geographic Strategy & Future Markets

- Gurgaon flagged as a key target market, specifically newer corridors near Dwarka Expressway
- Agra is the first major expansion outside NCR; management comfortable with UP and Haryana but emphasises infrastructure quality as the non-negotiable filter
- 'First-mover advantage' in NCR micro-markets which are still underpenetrated remains a strategic priority
- Expansion outside established geographies (e.g., Gujarat) not in focus at present; political/regulatory risk and management bandwidth cited as reasons

Pictures of the facilities



Historical Price Chart: YATHARTH



Date	Rating	Target Price
May 25, 2024	BUY	525
August 16, 2024	BUY	517
November 10, 2024	BUY	740
January 29, 2025	BUY	628
May 26, 2025	BUY	640
June 17, 2025	BUY	640
August 06, 2025	BUY	850
November 17, 2025	BUY	1,050
February 09, 2025	BUY	1,050

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

***Large Cap: More Than INR 20,000Cr Market Cap**
***Mid & Small Cap: Less Than INR 20,000Cr Market Cap**

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