

Yatharth Hospitals: Advent Partnership Powers Next Phase of Growth

September 30, 2026 | CMP: INR 1,106 | Target Price: INR 1,350

BUY

Sector View: Positive

Expected Share Price Return: 22.1% | Dividend Yield: 0.05% | Expected Total Return: 22.1%

Change in Estimates	✓
Target Price Change	✓
Recommendation	✗

Company Info

BB Code	YATHARTH IN EQUITY
Face Value (INR)	10.0
52-week High/Low (INR)	1,183 / 538
Mkt Cap (Bn)	INR 106.3 / USD 1.1
Shares o/s (Mn)	96.4
3M Avg. Daily Volume	5,03,492

Change in CIE Estimates

	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	16.7	16.2	3.4	25.9	22.0	17.6
EBITDA	4.1	4.0	1.7	6.3	5.4	18.5
EBITDAM %	24.3	24.7	(40) bps	24.5	24.3	20 bps
PAT	1.6	2.2	(28.1)	2.5	3.1	(16.7)
EPS (INR)	14.7	23.1	(36.6)	19.8	31.7	(37.4)

Key Financials

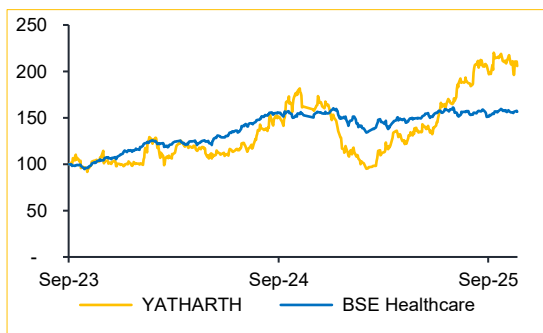
INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	8.9	12.1	16.7	25.9	40.9
YoY (%)	32.1	36.3	38.7	54.6	58.0
EBITDA	2.3	2.9	4.1	6.3	10.1
EBITDAM %	25.4	24.2	24.3	24.5	24.8
PAT	1.3	1.8	1.6	2.5	4.9
EPS (INR)	14.3	18.2	14.7	19.8	38.5
ROE %	8.1	9.8	4.3	4.8	8.5
ROCE %	10.5	10.0	5.2	5.7	10.2
PE(x)	77.2	60.7	75.4	55.7	28.7
EV/EBITDA	45.4	36.5	28.4	21.0	13.6

Shareholding Pattern (%)

	June 2026	Mar 2026	Dec 2025
Promoters	55.80	55.80	55.80
Fills	5.62	5.25	6.18
Dils	10.84	12.00	11.02
Public	27.74	26.95	27.01

Relative Performance (%)

YTD	3Y	2Y	1Y
BSE Healthcare	79.9	15.3	18.9
YATHARTH	193.3	93.4	47.7



Recent Report: Yatharth Hospitals Result Update_Q1FY27

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Following YATHARTH's strategic partnership with Advent International, we interacted with the former's management to gain deeper insights into the company's next phase of growth, capital allocation strategy and M&A roadmap. We discussed company's plans with **Mr. Yatharth Tyagi, Director, and Mr. Ashutosh Kumar Jha - Group Chief, Strategy, M&A & IR.**

The management reiterated confidence in sustaining 30%+ organic growth, with **Advent-led acquisitions expected to provide incremental revenue and earnings** over and above the existing growth trajectory. The company remains focussed on adding INR 2,000 Mn of EBITDA through strategic acquisitions, offering visibility for over 3x business growth over the next three years while sustaining margins at ~24%. In our estimates, we have factored in an additional ~1,200 beds by FY29 from the Advent investment, taking total capacity to ~6,000 beds by FY29.

Valuation: While maintaining our valuation multiple of 20x on Avg. of FY28-29E EV/EBITDA, we **revise our target price to INR 1,350** (from INR 1,100) and **maintain our 'BUY' rating on the stock.**

Strategic Partnership with Advent

- The management emphasised that the **Advent deal should be viewed as a long-term strategic partnership** rather than merely a capital raise, with equal focus on capital support, operational value-creation and governance enhancement.
- The partnership significantly enhances YATHARTH's ability to **pursue larger acquisitions targeting hospital chains** instead of standalone hospitals.

Capital Allocation & Acquisition Strategy

- The INR 31,500 Mn capital infusion will be primarily deployed towards **acquiring operating hospitals** rather than funding greenfield expansion.
- The company intends to carry out 2-4 strategic acquisitions, with **3-4 assets currently under active evaluation** at present and a meaningful capital deployment targeted in H2FY27.
- Acquisition decisions will be driven by EBITDA generation** rather than bed additions, with management targeting the addition of INR 2,000 Mn of EBITDA in FY28.
- Acquisitions will primarily target **high-performing running super-specialty hospitals with a minimum asset size of 200-250 beds**, immediate EBITDA contribution, strong payer mix, higher ARPOB and superior operating metrics.

Expansion Roadmap

- The company continues to target **~5,000 announced beds** over the next three years under its existing expansion plans. While the **Advent partnership provides additional growth optionality**, a portion of the capital may also be utilised towards achieving the planned 5,000-bed capacity.
- Expansion will continue through a **cluster-based strategy**, with **North India remaining the primary focus** while selectively evaluating opportunities in markets, such as **Mumbai and Gujarat.**

Specialty & Payer Mix

- Future acquisitions are expected to **improve the overall portfolio quality** through a stronger cash and private insurance mix, while **reducing dependence on government business.**
- The company continues to strengthen its high-end specialty portfolio, with **oncology services being expanded** across newer hospitals.

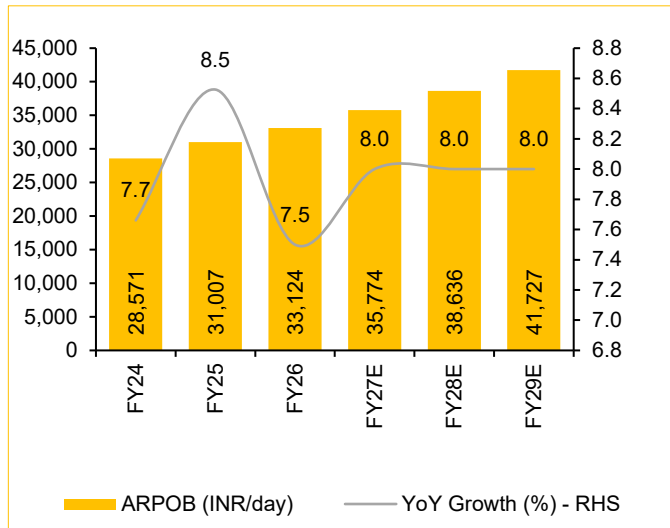
Corporate Governance & Capital Structure

- Promoters are bound by a **3-year lock-in, preventing share sale**, while Advent faces permanent restriction against secondary market sale or selling to competition
- The investment will be infused in **two tranches, INR 1,7500 Mn initially and INR 14,000 Mn after 15 months**, allowing capital deployment to remain aligned with acquisition timelines while minimising idle cash.

Financial Growth Outlook

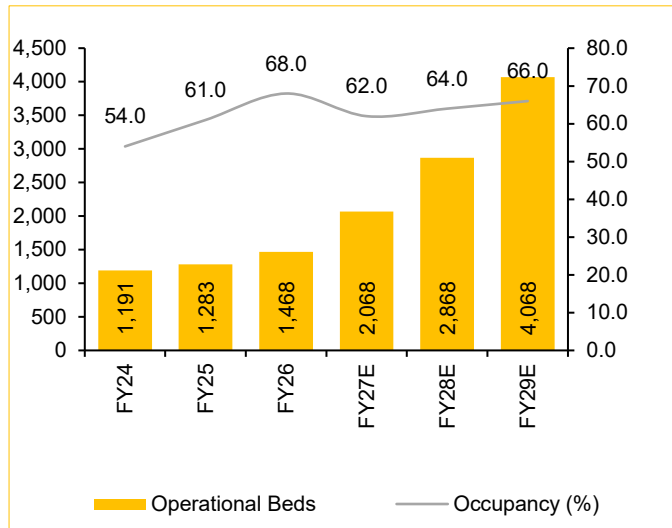
- The management reiterated confidence in sustaining its existing **30%+ organic growth trajectory**, with incremental revenue and earnings from the **Advent-led acquisitions expected to be over and above** the existing growth guidance.
- The company projects **EBITDA margin to remain broadly stable**, with gradual improvement as newer hospitals mature and operating losses reduce.
- Combining the existing organic growth trajectory with incremental EBITDA from acquisitions provides visibility for **more than 3x overall business growth over the next 3 years.**

ARPOB expected to grow by ~8% every year



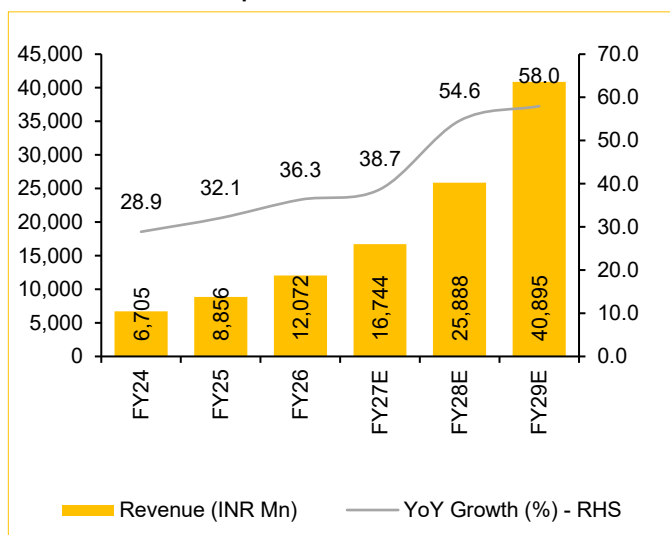
Source: YATHARTH, Choice Institutional Equities

Capacity growth with stable occupancy



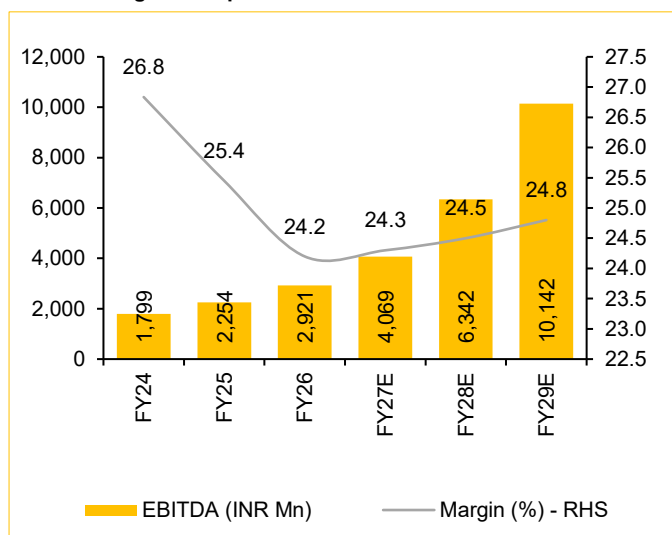
Source: YATHARTH, Choice Institutional Equities

Revenue forecast to expand at ~50% CAGR over FY26–FY29E



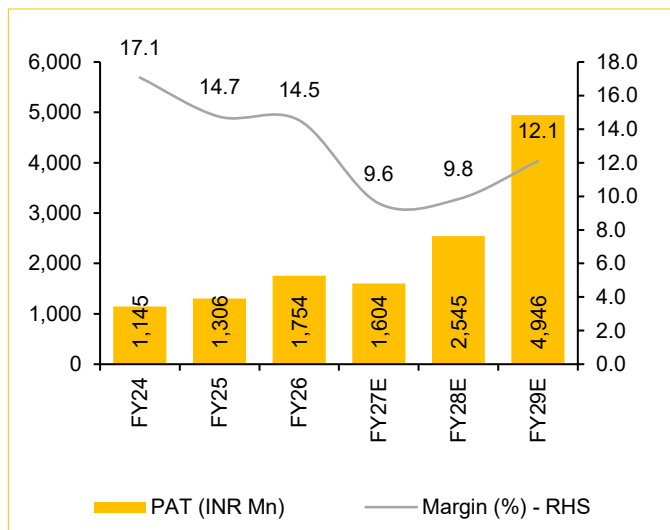
Source: YATHARTH, Choice Institutional Equities

EBITDA margin anticipated to sustain at current level of ~24%



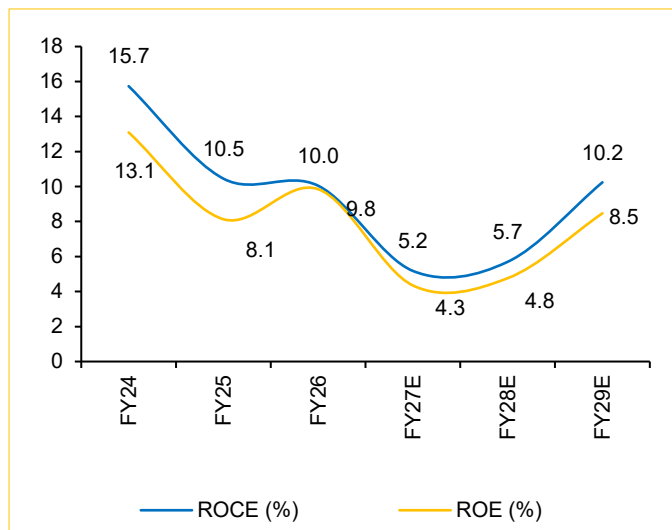
Source: YATHARTH, Choice Institutional Equities

PAT poised for growth at ~41% CAGR over FY26–FY29E



Source: YATHARTH, Choice Institutional Equities

ROCE and ROE trends



Source: YATHARTH, Choice Institutional Equities

Income Statement (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	8,856	12,072	16,744	25,888	40,895
Gross profit	7,092	9,726	13,496	20,865	33,002
EBITDA	2,254	2,921	4,069	6,342	10,142
Depreciation	572	878	2,027	3,152	3,902
EBIT	1,682	2,043	2,042	3,191	6,240
Other Income	110	258	301	388	491
Interest Expense	75	65	238	238	238
PBT	1,717	2,236	2,106	3,341	6,493
PAT	1,306	1,754	1,604	2,545	4,946
EPS (INR)	14.3	18.2	14.7	19.8	38.5

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	32.1	36.3	38.7	54.6	58.0
EBITDA	25.3	29.6	39.3	55.9	59.9
PBT	9.5	30.2	-5.8	58.7	94.3
PAT	14.0	34.3	-8.5	58.7	94.3
Margins (%)					
Gross Profit Margin	80.1	80.6	80.6	80.6	80.7
EBITDA Margin	25.4	24.2	24.3	24.5	24.8
PBT Margin	19.4	18.5	12.6	12.9	15.9
Tax Rate	24.0	23.8	23.8	23.8	23.8
PAT Margin	14.7	14.5	9.6	9.8	12.1
Profitability (%)					
ROE	8.1	9.8	4.3	4.8	8.5
ROIC	10.9	8.7	4.9	5.4	8.8
ROCE	10.5	10.0	5.2	5.7	10.2
Financial Leverage (x)					
OCF/EBITDA	0.9	1.0	1.1	1.0	0.0
OCF/Net Profit	1.6	1.7	2.9	2.4	0.0
Debt to Equity	0.0	0.1	0.1	0.0	0.0
Interest Coverage	22.4	31.3	8.6	13.4	26.3
Working Capital					
Inventory Days	43	32	30	30	30
Debtor Days	124	113	110	100	100
Payable Days	12	33	33	33	33
Cash Conversion Cycle	156	112	107	97	97
Valuation Metrics					
No of Shares (Mn)	96.4	96.4	109.4	128.3	128.3
EPS (INR)	14.3	18.2	14.7	19.8	38.5
BVPS (INR)	166.6	184.8	337.4	416.5	455.1
Market Cap (INR Mn)	1,06,534	1,06,534	1,20,937	1,41,886	1,41,886
PE	77.2	60.7	75.4	55.7	28.7
P/BV	6.6	6.0	3.3	2.7	2.4
EV/EBITDA	45.4	36.5	28.4	21.0	13.6
EV/Sales	11.5	8.8	6.9	5.2	3.4

Source: YATHARTH, Choice Institutional Equities

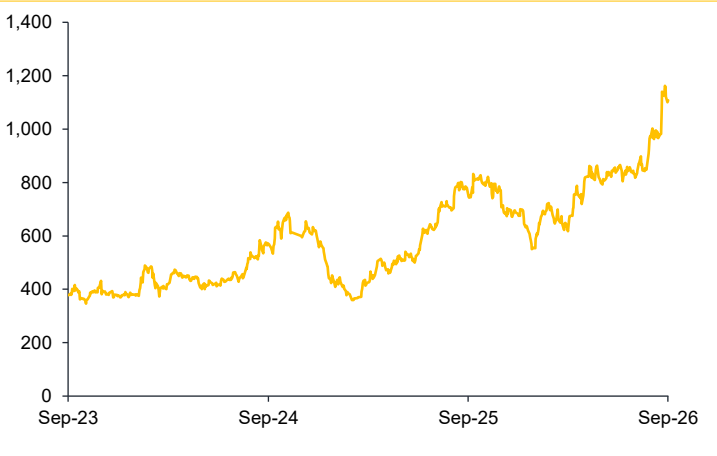
Balance Sheet (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	16,055	17,806	36,910	53,455	58,401
Minority Interest	317	266	266	266	266
Borrowings & Lease Liabilities	116	2,641	2,641	2,641	2,641
Trade Payables	291	1,100	1,525	2,358	3,725
Other Non-current Liabilities	41	546	546	546	546
Other Current Liabilities	492	457	457	457	457
Total Net Worth & Liabilities	17,311	22,815	42,345	59,723	66,036
Net Block	4,696	9,021	21,994	33,842	39,940
Capital WIP	2,221	1,021	1,021	1,021	1,021
Goodwill & Intangible Assets	1,047	3,064	3,064	3,064	3,064
Trade Receivables	3,015	3,748	5,046	7,093	11,204
Cash & Cash Equivalents	4,406	2,634	7,832	11,170	7,037
Other Non-current Assets	790	2,590	2,590	2,590	2,590
Other Current Assets	1,136	739	799	945	1,181
Total Assets	17,311	22,815	42,345	59,723	66,036

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	1,312	2,045	2,936	4,576	6,105
Cash Flows from Investing	(3,876)	(5,980)	(15,000)	(15,000)	(10,000)
Cash Flows from Financing	5,091	2,535	17,262	13,762	(238)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden (%)	76.0	78.4	76.2	76.2	76.2
Interest Burden (%)	102.1	109.4	103.1	104.7	104.1
EBIT Margin (%)	19.0	16.9	12.2	12.3	15.3
Asset Turnover (x)	0.5	0.5	0.4	0.4	0.6
Equity Multiplier (x)	1.1	1.3	1.1	1.1	1.1
ROE (%)	8.1	9.8	4.3	4.8	8.5

Historical Price Chart: YATHARTH



Date	Rating	Target Price
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, 2026	BUY	1,050
May 26, 2026	BUY	1,050
July 14, 2026	BUY	1,100
August 11, 2026	BUY	1,100
September 30, 2026	BUY	1,350

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

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