Choice Institutional Equities

Yatharth Hospitals: Management Meet & Facility Visit

BUY

Sector View: Positive

July 14, 2026 | CMP: INR 845 | Target Price: INR 1,100

Expected Share Price Return: 30.3% | Dividend Yield: 0.0% | Expected Total Return: 30.3%

Change in Estimates	✓
Target Price Change	✓
Recommendation	✗

Company Info	
BB Code	YATHARTH IN EQUITY
Face Value (INR)	10.0
52-week High/Low (INR)	890 / 538
Mkt Cap (Bn)	INR 81.4 / USD 0.9
Shares o/s (Mn)	96.4
3M Avg. Daily Volume	4,33,958

Change in CIE Estimates

	FY27E			FY28E		
INR Bn	**New**	**Old**	**Dev. (%)**	**New**	**Old**	**Dev. (%)**
Revenue	*16.2*	16.2	*0.0*	*22.0*	20.9	*5.4*
EBITDA	*4.0*	4	*0.0*	*5.4*	5.1	*4.9*
EBITDAM %	*24.7*	24.7	0bps	*24.3*	24.3	0bps
PAT	*2.6*	2.6	*1.4*	*3.7*	3.5	*5.9*
EPS (INR)	*27.4*	27.0	*1.4*	*38.5*	36.8	*4.5*

Key Financials

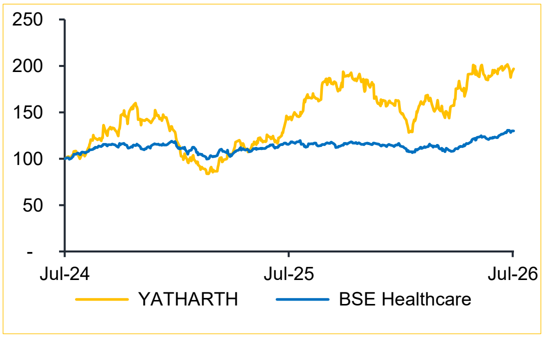
INR Bn	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	8.9	12.1	16.2	22.0	31.3
YoY (%)	32.1	36.3	34.1	36.0	42.3
EBITDA	2.3	2.9	4.0	5.4	7.8
EBITDAM %	25.4	24.2	24.7	24.3	24.8
PAT	1.3	1.8	2.6	3.7	5.5
EPS (INR)	14.3	18.2	27.4	38.5	56.8
ROE %	8.1	9.8	12.9	15.3	18.5
ROCE %	10.5	10.0	14.1	17.2	21.4
PE(x)	59.0	46.4	30.9	22.0	14.9
EV/EBITDA	34.2	27.9	20.5	15.4	10.6

Shareholding Pattern (%)

	Mar 2026	**Dec 2025**	**Sep 2025**
Promoters	55.80	55.80	61.64
FIIs	5.25	6.18	6.51
DIIs	12.00	11.02	8.71
Public	26.95	27.01	23.16

Relative Performance (%)

YTD	**2Y**	**1.5Y**	**1Y**
BSE Healthcare	30.1	17.3	12.6
YATHARTH	96.8	70.6	38.2



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As YATHARTH continues to expand its presence across North India, we visited the company to better understand its long-term growth strategy and execution roadmap. During the visit, **we met the management of YATHARTH, Mr. Amit Singh - CEO and Mr. Ashutosh Kumar Jha - Group Chief, Strategy, M&A and IR. Additionally, we toured the company's Sector 20, Faridabad and Noida Extension facilities.**

YATHARTH is targeting ~5,000 operational beds by FY29. The company prefers acquiring operational hospitals, intends to remain focussed on North India, and plans to fund its expansion through a balanced combination of internal cash generation, debt financing and asset-light structures.

Valuation: Maintaining our valuation multiple of 20x FY28E EV/EBITDA, we **revise our target price to INR 1,100** (from INR 1,050), **factoring in the planned expansion of ~5,000 beds by FY29, primarily through acquisitions. We maintain our 'BUY' rating.**

Expansion Strategy & Growth Plans

- The management reiterated its ambition to significantly scale up the hospital network in the next few years by targeting nearly **5,000 operational beds by FY29**, supported through brownfield expansions, acquisitions, and selective greenfield projects with an intends to **remain focussed on North India**
- The company **prefers acquiring operational hospitals instead of developing greenfield assets** because existing hospitals provide an established doctor ecosystem, patient base, cash flows, and infrastructure, allowing quicker integration and shorter payback periods
- **~INR 1,500 Cr of capital investment** is planned **during the expansion period. I**t will be funded through a balanced combination of internal cash, debt financing and asset-light structures depending on project economics

Operational Performance

- Most mature hospitals are already operating at occupancy levels of around 70%, while newer hospitals are, at present, in the 55–65% range. The management expects **occupancy improvements to become one of the largest contributors to revenue and profitability in** the next few years
- Despite adding multiple new hospitals which typically take time to mature, the management remains confident of **sustaining the strong revenue growth (+30%)** achieved last year. Existing hospitals continue to perform well and should offset the temporary drag from newly-commissioned facilities
- The recently-commissioned Faridabad hospital has begun ramping up steadily despite being in the initial phase of operations**. Monthly revenues are anticipated to exceed INR 15 Cr by March 2027.**

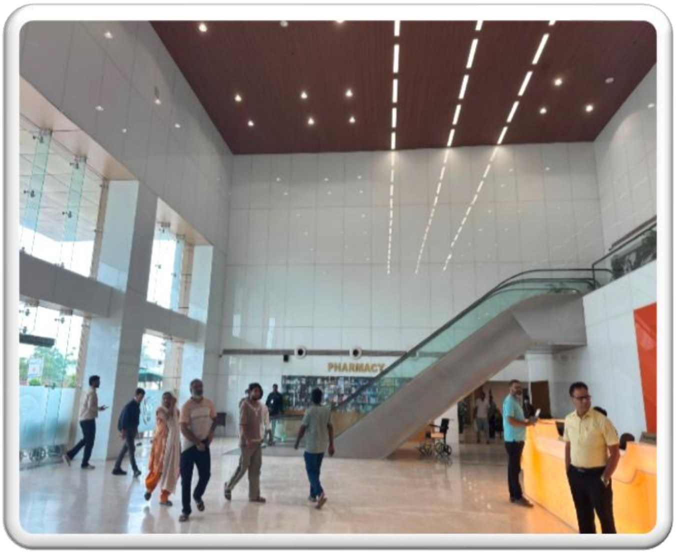
Revenue Drivers & Case Mix Improvement

- The management expects **ARPOB to improve through the addition of advanced specialties,** such as oncology, radiation therapy, liver transplant and other tertiary care services which command significantly higher realisation
- The company is gradually **shifting towards treating more complex medical cases** involving cardiology, oncology, neurology, gastroenterology and transplant procedures. This transition is projected to **enhance revenue quality, improve margin** and strengthen competitive positioning

Hospital-level Highlights

- The management believes the **Sector 20, Faridabad hospital possesses significant long-term potential** owing to its modern infrastructure, strong patient response, premium positioning, and planned addition of several high-end specialties, including oncology, radiation therapy and liver transplant
- **Noida Extension remains one of the group's mature assets with healthy occupancy, improving revenues**, and continued expansion opportunities. Additional capacity and specialty expansion should support sustained growth over the medium term
- Although **Jhansi has relatively lower ARPOB** because of a larger government and Ayushman patient mix, the **hospital enjoys high occupancy, strong regional brand recognition**, and continues to generate attractive returns on invested capital
- The management remains **optimistic regarding the Agra acquisition**. Integration is progressing according to the plan and, as patient volumes improve, and operational efficiency is implemented, the **hospital is forecast to become a meaningful contributor to group earnings**

Source: YATHARTH, Choice Institutional Equities



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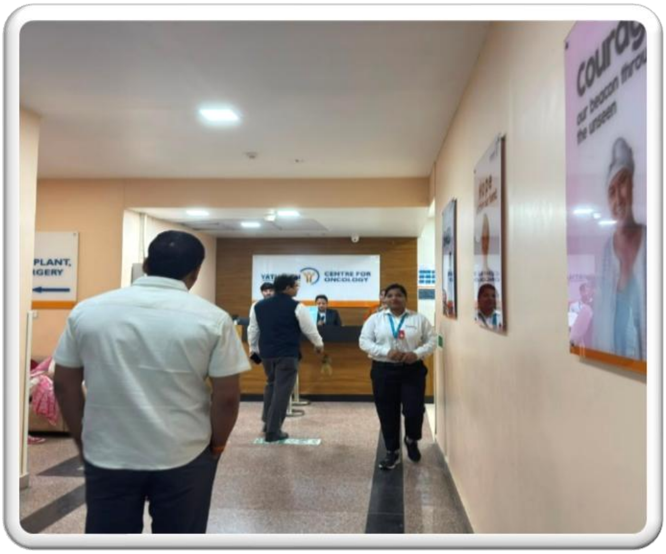

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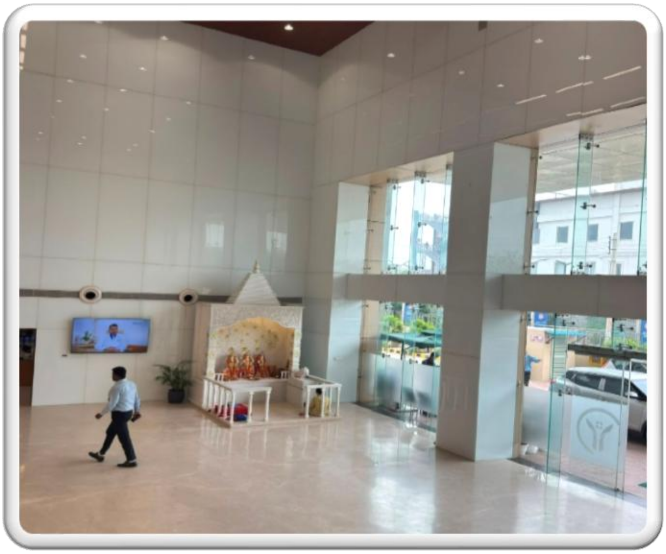

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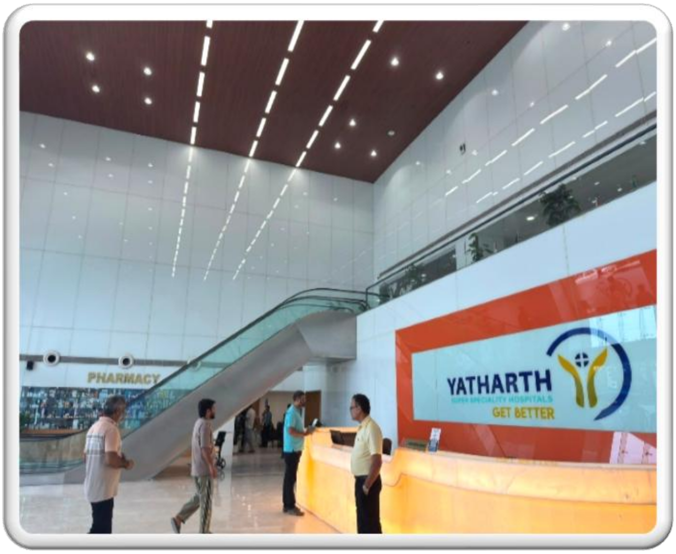
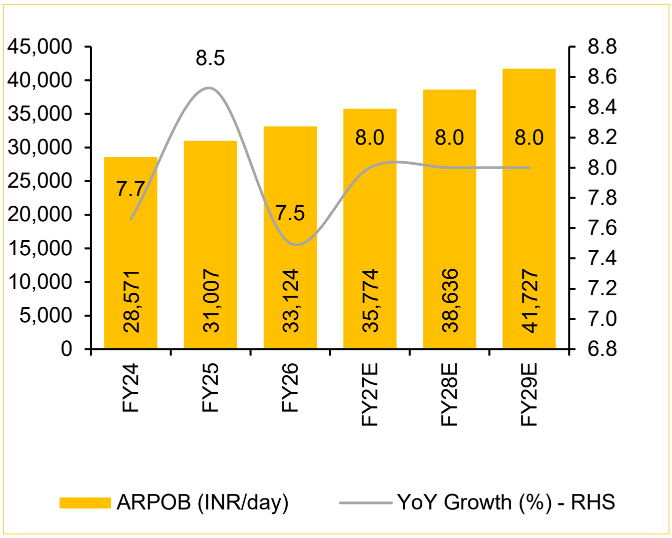


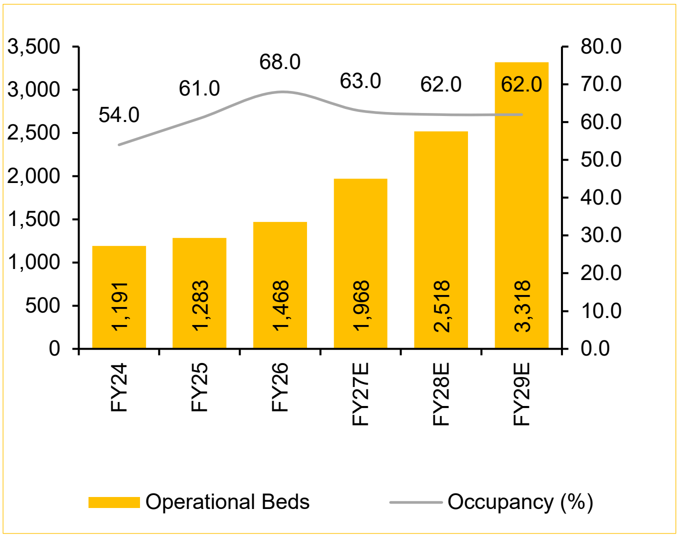
Source: YATHARTH, Choice Institutional Equities

ARPOB expected to grow by ~8% every year



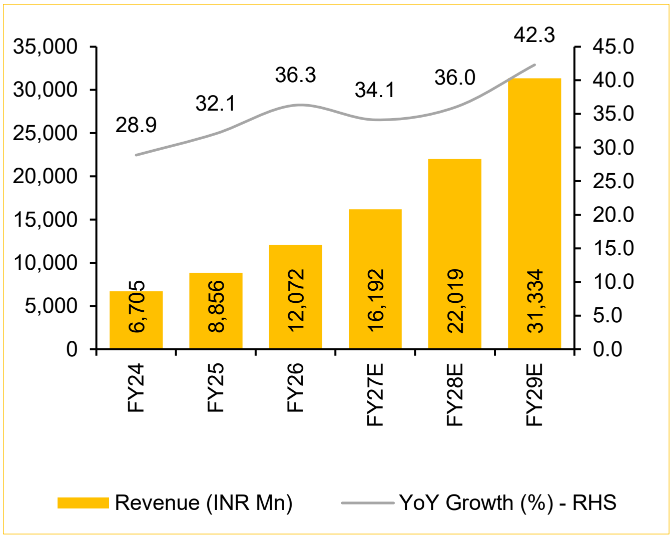
Source: YATHARTH, Choice Institutional Equities

Capacity Growth with Stable Occupancy



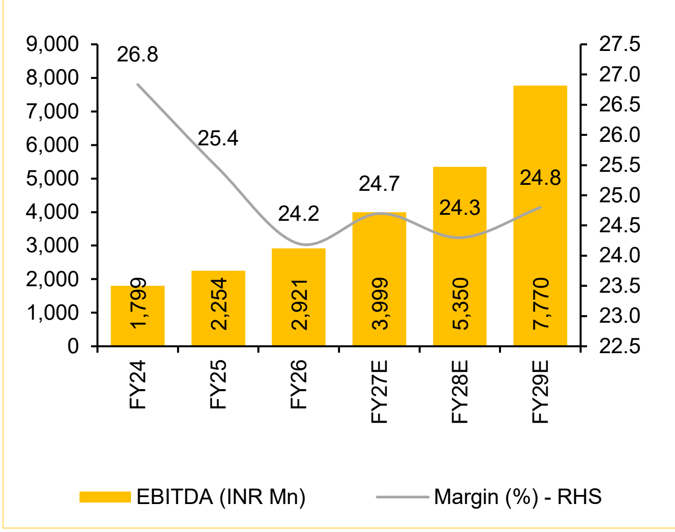
Source: YATHARTH, Choice Institutional Equities

Revenue to expand at 37.4% CAGR over FY26–FY29E



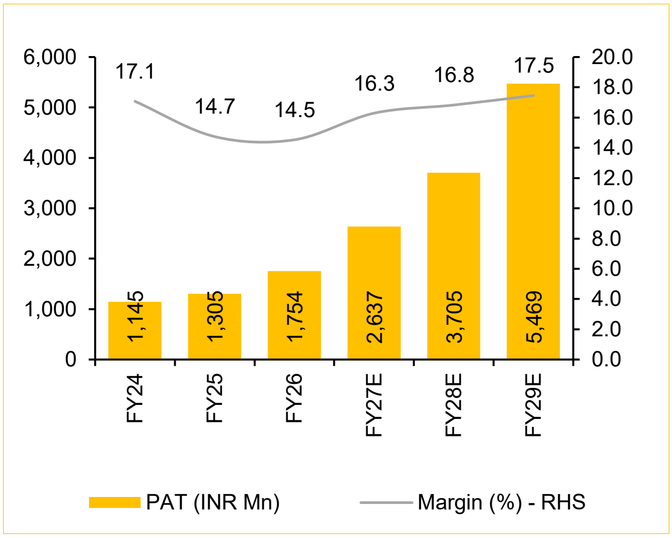
Source: YATHARTH, Choice Institutional Equities

EBITDA margin to sustain at current levels of ~24–25%



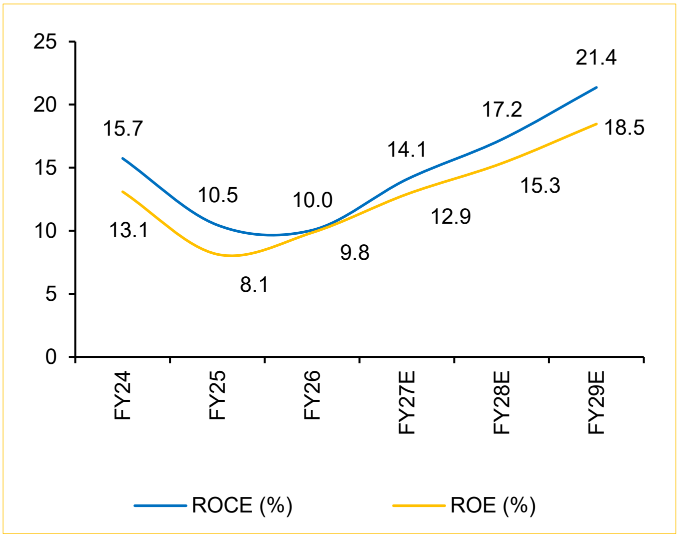
Source: YATHARTH, Choice Institutional Equities

PAT poised for growth with improving margin



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	16,192	22,019	31,334
Gross profit	7,092	9,726	13,078	17,762	25,277
EBITDA	2,254	2,921	3,999	5,350	7,770
Depreciation	572	878	763	751	902
EBIT	1,682	2,043	3,236	4,599	6,868
Other Income	110	258	291	330	376
Interest Expense	75	65	65	65	65
PBT	1,717	2,236	3,462	4,864	7,179
PAT	1,305	1,754	2,637	3,705	5,469
EPS (INR)	14.3	18.2	27.4	38.5	56.8

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	32.1	36.3	34.1	36.0	42.3
EBITDA	25.3	29.6	36.9	33.8	45.2
PBT	9.5	30.2	54.9	40.5	47.6
PAT	14.0	34.3	50.4	40.5	47.6
Margins (%)					
Gross Profit Margin	80.1	80.6	80.8	80.7	80.7
EBITDA Margin	25.4	24.2	24.7	24.3	24.8
PBT Margin	19.4	18.5	21.4	22.1	22.9
Tax Rate	24.0	23.8	23.8	23.8	23.8
PAT Margin	14.7	14.5	16.3	16.8	17.5
Profitability (%)					
ROE	8.1	9.8	12.9	15.3	18.5
ROIC	10.9	8.7	11.8	14.0	17.0
ROCE	10.5	10.0	14.1	17.2	21.4
Financial Leverage (x)					
OCF/EBITDA	0.9	1.1	1.0	0.8	0.0
OCF/Net Profit	1.6	1.8	1.5	1.1	0.0
Debt to Equity	0.0	0.1	0.1	0.1	0.1
Interest Coverage	22.4	31.3	49.5	70.4	105.1
Working Capital					
Inventory Days	43	32	30	30	30
Debtor Days	124	113	100	100	100
Payable Days	12	33	33	33	33
Cash Conversion Cycle	156	112	97	97	97
Valuation Metrics					
No of Shares (Mn)	96.4	96.4	96.4	96.4	96.4
EPS (INR)	14.3	18.2	27.4	38.5	56.8
BVPS (INR)	166.6	184.8	212.2	250.6	307.4
Market Cap (INR Mn)	81,434	81,434	81,434	81,434	81,434
PE	59.0	46.4	30.9	22.0	14.9
P/BV	5.1	4.6	4.0	3.4	2.7
EV/EBITDA	34.2	27.9	20.5	15.4	10.6
EV/Sales	8.7	6.7	5.1	3.7	2.6

Source: YATHARTH, Choice Institutional Equities

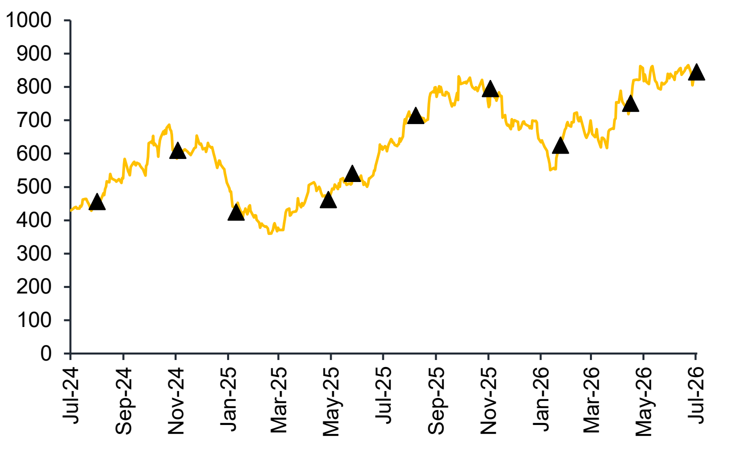
Balance Sheet (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	16,055	17,806	20,443	24,148	29,617
Minority Interest	317	266	266	266	266
Borrowings & Lease Liabilities	116	2,641	2,641	2,641	2,641
Trade Payables	291	1,100	1,475	2,006	2,854
Other Non-current Liabilities	41	546	546	546	546
Other Current Liabilities	492	457	686	919	1,291
Total Net Worth & Liabilities	**17,312**	**22,815**	**26,056**	**30,525**	**37,215**
Net Block	4,696	9,021	11,496	14,267	17,125
Capital WIP	2,221	1,021	1,133	1,541	1,567
Goodwill & Intangible Assets	1,047	3,064	3,064	3,064	3,064
Trade Receivables	3,015	3,748	4,436	6,032	8,585
Cash & Cash Equivalents	4,406	2,634	2,222	1,769	1,541
Other Non-current Assets	790	2,590	2,963	3,282	4,522
Other Current Assets	1,136	739	742	570	811
Total Assets	**17,312**	**22,815**	**26,056**	**30,525**	**37,215**

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	1,312	2,045	3,211	3,851	4,087
Cash Flows from Investing	(3,876)	(5,980)	(3,557)	(4,240)	(4,249)
Cash Flows from Financing	5,091	2,535	(65)	(65)	(65)

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	107.0	105.8	104.5
EBIT Margin (%)	19.0	16.9	20.0	20.9	21.9
Asset Turnover (x)	0.5	0.5	0.6	0.7	0.8
Equity Multiplier (x)	1.1	1.3	1.3	1.3	1.3
ROE (%)	**8.1**	**9.8**	**12.9**	**15.3**	**18.5**

Historical Price Chart: YATHARTH



Date	Rating	Target Price
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, 2026	BUY	1,050
May 26, 2026	BUY	1,050
July 14, 2026	BUY	1,100

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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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