

Choice

# Yatharth Hospital & Trauma Care Services Ltd

Embarks on a Journey Towards Super Specialities

Initiating Coverage



Choice Equity Broking Private Ltd.

## Healthcare Delivery - India

### Embarks on a Journey Towards Super Specialities

Initiation Coverage

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## Yatharth Hospital & Trauma Care Services Ltd

## OUTPERFORM

Yatharth Hospital and Trauma Care Services Ltd (YHTCSL) incorporated in Feb 2008, is a super speciality hospital with 1405 beds across 4 facilities spread across Noida, Greater Noida, Noida Extension, and Jhansi. Noida Extension and Greater Noida are the 8th and 10th largest private hospitals in the Delhi NCR, respectively, in terms of the number of beds in FY23. YHTCSL has acquired the Orchha facility (305-bedded) multi-speciality hospital that started operation on April 10, 2022, and it is one of the largest hospitals in the Jhansi-Orchha-Gwalior region in terms of bed capacity. YHTCSL 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 and Centre of Orthopaedics & Spine & Rheumatology and other specialities.

### Investment Rationale

- Introducing new specialities with high-margin will change the product mix:** The company is shifting its mix from general medicine which is low margin business with a revenue share of 50% of shares in FY21 and subsequently improved to 31% in FY23, supporting to improve of the overall margin profile. The Noida Extension Hospital is taking the lead which will soon begin providing a full range of oncology treatments, including radiation and PET lines. While the Noida and Greater Noida hospitals will continue to offer the current oncology services for the treatment of cancer, YHTCSL aims to become the Noida Extension Hospital the centre of excellence for complete oncology therapy.
- Expanding into other regions will de-risk from regional concertation:** The recent acquisition of the fourth Hospital in Jhansi Orchha in Madhya Pradesh (305 beds to the current capacity) indicates that YHTCSL is open to expanding its presence in regions other than Delhi-NCR and aiming to improve presence into new geographies. YHTCSL also looking for inorganic growth opportunities across Uttar Pradesh, Haryana, Punjab, and Madhya Pradesh for both types of acquisition-O&M and 100% equity purchase, with at least 300-400 bed size.
- Increased hospital maturity and an increase in international patients will translate to an improved ARPOB:** The strategic location and proximity to Asia's largest airport which is coming to Noida will help YHTCSL to improve the share of international patients and improve the ARPOB. The completion of Noida airport is expected to be completed in the next few years. The company is planning to align its marketing strategies, especially digital marketing which will be targeting towards international patients. As the company is moving towards the super-specialty segment which will also be a contributor to higher ARPOB.
- Outlook & Valuation:** We initiate coverage on YHTCSL led by 1) A leading super-speciality hospital in the Delhi-NCR, 2) Diversification into new specialities where the margin is higher than the current margin, 3) expanding into other regions through inorganic growth, and 4) Focus on increasing the share of international patients and improving ARPOB. We expect Revenue / EBITDA / PAT to grow at a CAGR of 20.0%/ 23.2%/ 26.6% during FY23-26E. We ascribe an **OUTPERFORM** rating on the stock with a target price of **INR 523** and value the stock with 13x on FY26E EBITDA.

CMP (Rs)	393
Target Price (Rs)	523
Potential Upside (%)	33.1

### Company Info

BB Code	YATHARTH in equity
ISIN	INEOJ0301016
Face Value (Rs.)	10
52 Week High (Rs.)	415
52 Week Low (Rs.)	304
Mkt Cap (Rs bn.)	34.5
Mkt Cap (\$ bn.)	0.42
Shares o/s (Mn.)/Free Float	85.8/19
EPS FY23 (Rs)	10.0
EPS FY26E (Rs)	20.4

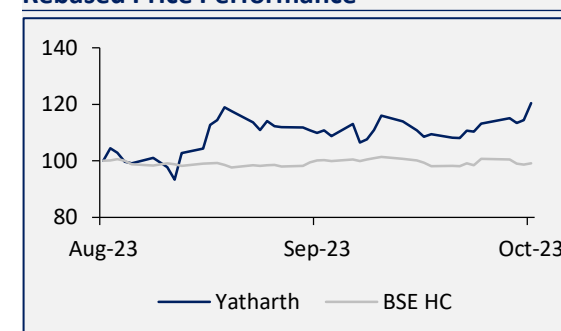
### Shareholding Pattern (%)

	Aug-23
Promoters	66.33
FII's	4.26
DII's	7.45
Public	21.96

### Relative Performance (%)

YTD	2M	1M	2W
BSE HC	(0.8)	(1.0)	(1.5)
Yatharth	20.4	9.6	6.4

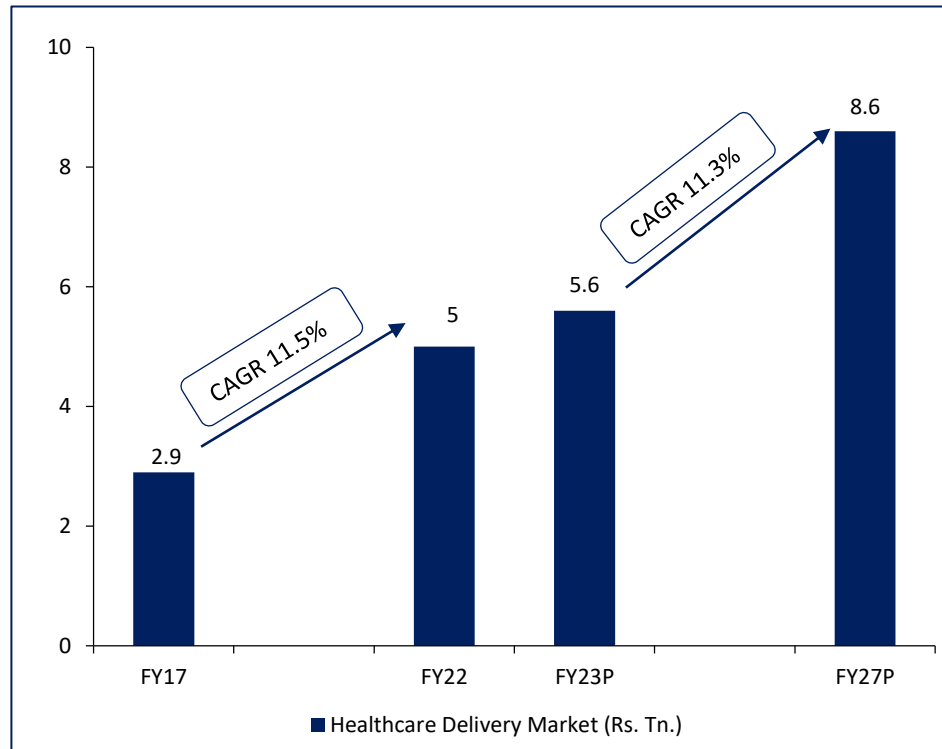
### Rebased Price Performance



**Indian Healthcare Delivery Industry is projected to grow by approximately 11.3% over the next four years.**

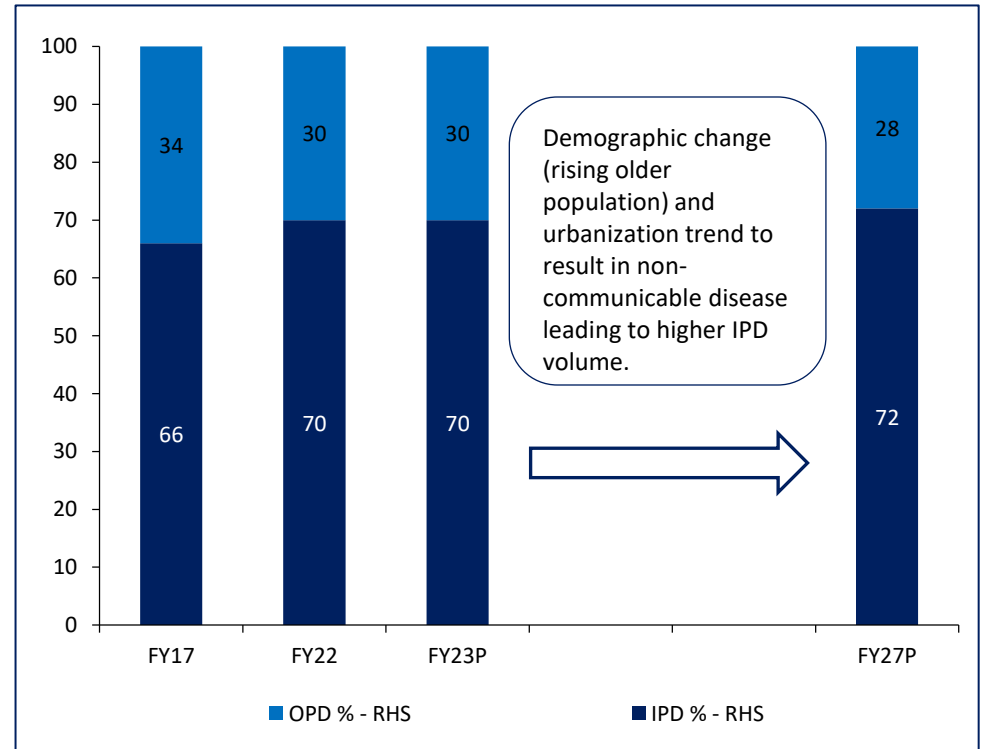
- The Indian healthcare delivery sector is projected to experience a positive CAGR of c.4.3% between FY23-FY27 and reach INR 8.6 trillion in FY27, due to a combination of long-term structural factors, strong fundamentals, and the increased affordability and potential of the Ayushman Bharat scheme.
- In India, healthcare services are largely outsourced to the private sector (both for IPD and OPD). This is largely due to the government's lack of healthcare expenditure and the high burden placed on the current state health system.
- It is anticipated that the healthcare delivery market will be dominated by the inpatient department, accounting for approximately 70%, while the remaining is expected to be provided by the outpatient department. Additionally, there is a potential for an increase in medical tourism due to the relaxation of international travel restrictions. Yatharth's more than 86% of revenue is coming from the IPD segment, and the remaining from the OPD segment. The company has maintained this ratio for the past few years and we expect that this will be maintained in the coming time as the market is led towards the IPD.

**Overall healthcare delivery market in India expected to grow at 11.3% CAGR**



Source: Company, CEBPL

**India's IPD Market Size (%) to inch up and become ~3/4 of market by 2026**



Source: Company, CEBPL

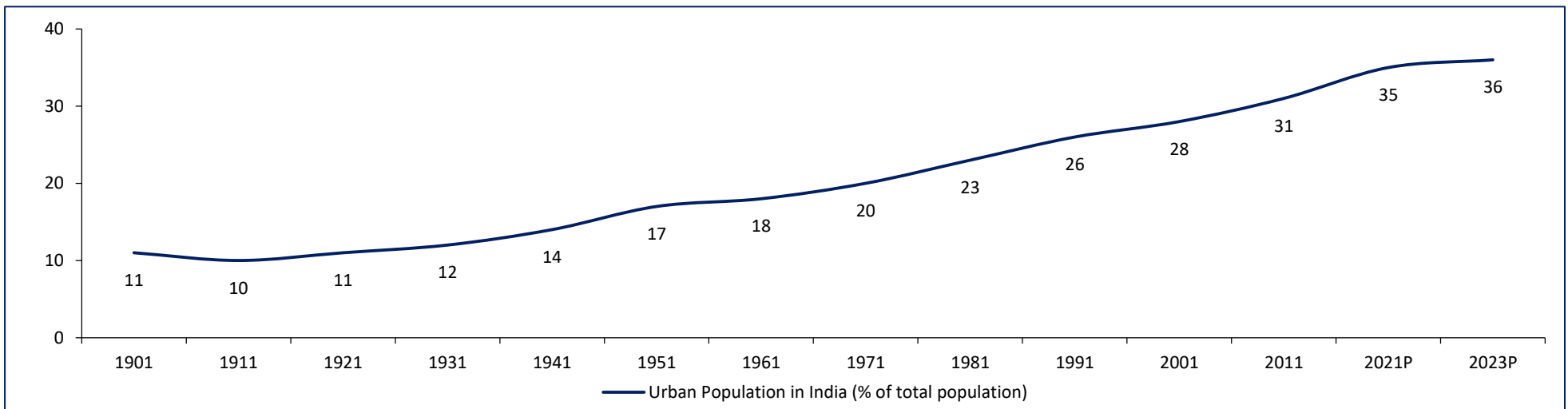
## An increase in demand for healthcare due to change in the disease profile

- Contrary to the decline in communicable diseases, there has been a huge rise in lifestyle-related diseases or non-communicable diseases (NCDs). The NCD share of the disease profile in India has increased from 30% in 1990 to 55% in 2016. It is expected that NCDs exhibit a tendency to increase in tandem with rising income. Data indicates that in 2016, these diseases contributed to approximately 62% of the total mortality rate in India and this percentage has risen to 66% in 2019.
- The World Economic Forum (WEF) estimates that by 2030, the global expenditure on treating Non-communicable Diseases will amount to nearly US\$30 trillion, with India alone accounting for US\$5.4 trillion of this.
- Yatharth's has shifted its mix from general medicine which used to consist of more than 50% of shares in FY21 to approx. 30% due to changes in the diseases and low-margin segment. They are now focusing more on the oncology segment and the Human organ transplant which is a new addition at the Greater Noida hospital. They are planning to develop the Greater Noida Hospital as a center of excellence for Human Organ Transplants and a major center for medical tourism as well. For the Oncology department, the company is planning to introduce radiation therapy and make it a one-stop solution for oncology-related treatments for the Noida extension and the newly acquired Jhansi-Orchha hospitals.

## Raising awareness of health issues in order to increase hospitalization rates

- The majority of healthcare businesses in India are located in urban areas. As rural populations migrate to urban areas, the population's awareness of the presence and accessibility of preventive and curative healthcare services is expected to grow.
- It is expected that with the increase in urbanization and literacy levels, the rate of hospitalization for both inpatient and outpatient is expected to increase.
- Mitigation of population to urban areas will help the company as they are majorly present in the Delhi-NCR region which attracts patients from adjoining states with inadequate healthcare facilities. They continue to improve the quality of care and operational efficiencies and introduce new specialties at the existing hospitals.

## Rising Urban Population in India

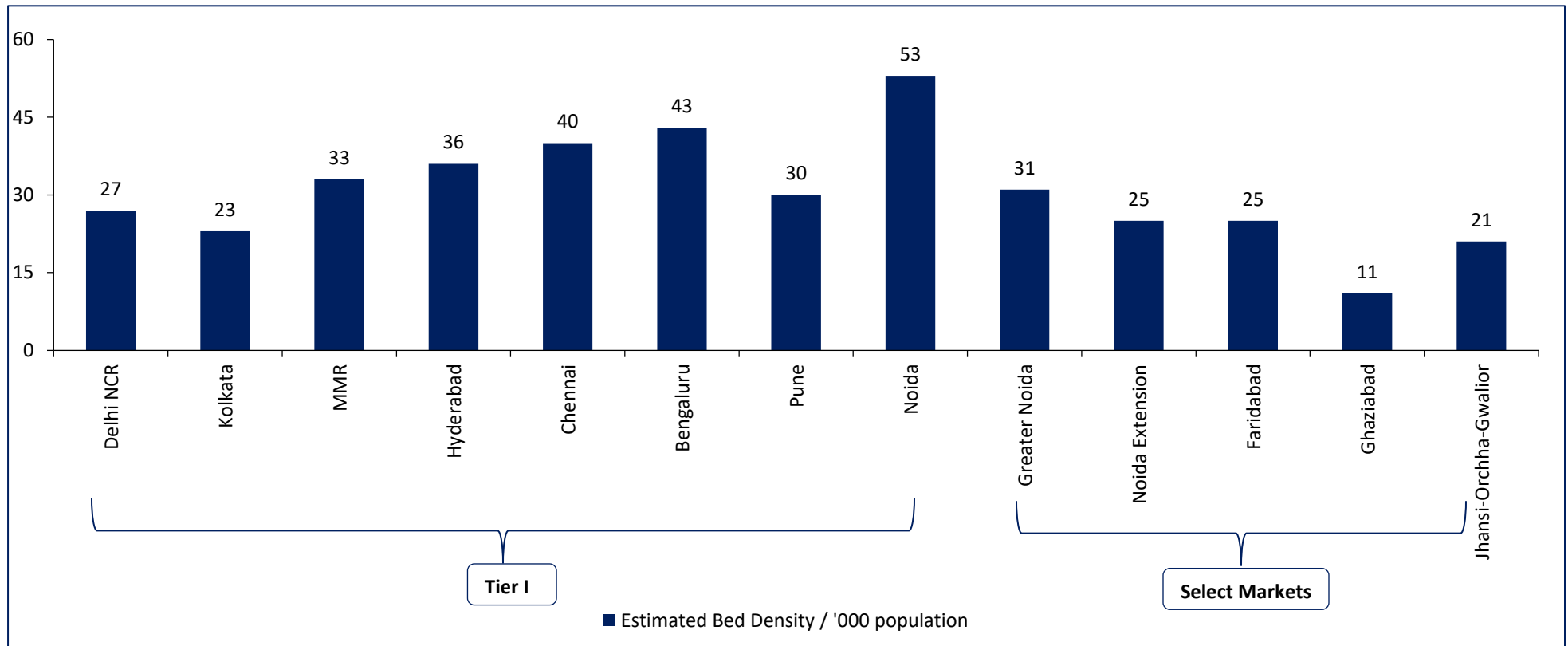


Source: Company, CEBPL

### Market-Wise Hospital Statistics

- Highly populated cities including Delhi NCR, Kolkata, Pune, and Mumbai have a bed density of 27,23,30, and 33, respectively for every 10,000 population. Delhi-NCR attracts a lot of patients from the nearby states including Uttar Pradesh, Haryana, Punjab, Rajasthan, and the north belt of Madhya Pradesh, which does not have adequate healthcare facilities. The top chains in the Delhi NCR region have the latest medical equipment, superior infrastructure facilities, and senior medical talent supported by strong trusted brands. It is also the hub of specialty hospitals in the whole of North India which is a sign of a growing need for quality and affordable healthcare services.
- Yatharth has its presence in the Noida, Greater Noida, and Noida extension which have high bed density due to the presence of large hospital chains and vicinity to the capital. The region has high occupancy rates which indicate further potential for growth and expansion. The company has acquired an adjacent land parcel in the Greater Noida facility, where they will be adding 200 more beds and making it a 600-bed facility. Yatharth also the highest bidder for the adjacent land parcel in the Noida extension hospital, where Yatharth looking to add 250 beds. Yatharth is also looking for inorganic growth opportunities across Uttar Pradesh, Haryana, Punjab, and Madhya Pradesh which should come in the coming time.

### Estimated Bed Density / '000 population in select markets is lower than tier I cities

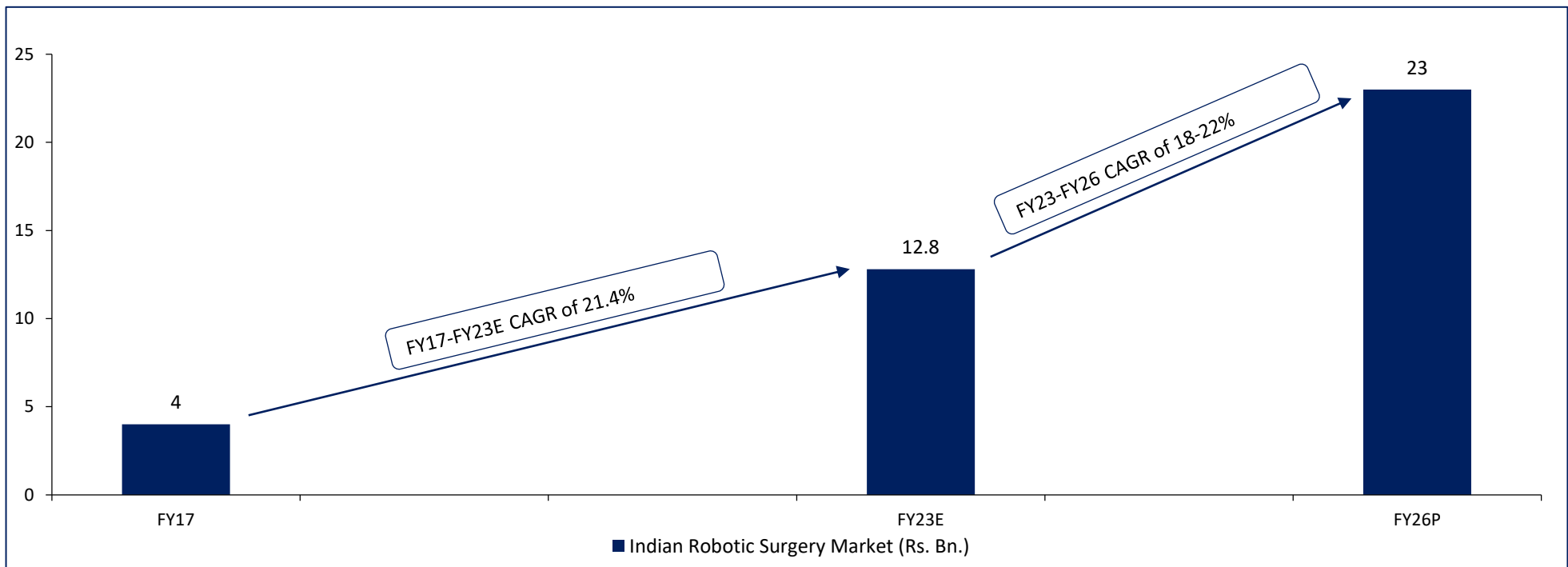


Source: Company, CEBPL

## Expanding on the robotic Surgery

- Robotic surgery has been in practice for the last 3 decades, which is one of the fastest-growing segments in the overall healthcare sector. The surgeries are performed by surgeons who control the robotic arm with a computer. Some of the therapy areas where robotic surgical procedures are performed include general surgery, urology, gynecology, cardio-thoracic, and orthopedic. The average cost of robotic surgery is higher than normal surgery. The growth drivers for robotic surgeries are the increased adoption by hospitals, higher accuracy of the robotic surgery, and trained surgeons.
- The Indian robotic surgery market has grown at a healthy rate of approximately 21.4% CAGR between FY17-FY23, going ahead with increased adoption and more options available to choose it is expected to expand at 18-22% CAGR from FY23-FY26 to reach approximately INR 21-23 billion by FY26 from INR 12.8 billion in FY23.
- The growing drivers for robotic surgery are its benefits of lesser blood loss, small incisions, more accuracy, IRDA (Insurance Regulatory and Development Authority) inclusion of robotic surgeries in the insurance claim, and the continuing growing surgeon base in the country.
- The company is planning to make the Noida extension facility niche on robotic surgeries. Capex of INR 133cr which was raised from the IPO will be used to buy the medical equipment for all the existing 4 facilities which will include surgical robots, orthopedic robots, PET scans for oncology treatments, etc. This will help the company to improve the ARPOB along with an increase in the international patient share and change in the speciality mix.

### Indian Robotic Surgery Market to continue to grow at robust rate of 20%



Source: Company, CEBPL

## Competition in Delhi NCR Region

- With the presence of large private and government hospitals, the healthcare industry in Delhi-NCR is highly competitive. As of FY23, Yatharth Super Specialty Hospital (Noida Extension) and Yatharth Super Specialty Hospital -Greater Noida are ranked 14th and 16th respectively in the Delhi NCR region in terms of largest hospitals considering the number of beds, and they are ranked 8th and 10th respectively among the private hospitals of Delhi NCR region in terms of number of beds.
- The large government hospitals include Lok Nayak Jai Prakash Narayan Hospital, Dr. Ram Manohar Lohia Hospital, GB Pant Hospital, and AIIMS (All India Institute of Medical Sciences).
- The region has a large number of private hospitals (chain and stand-alone) some of which include Medanta Medicity – Gurugram, Apollo Indraprastha, BLK Max Super Specialty Hospital, Max Super Specialty Hospital Saket, Sir Ganga Ram Hospital, Batra Hospital, Yatharth Super Specialty Hospitals, Fortis Hospitals, Park Hospitals and Manipal Hospital.

## List of key private hospitals in the Delhi-NCR region

Company	Number of beds
Medanta Medicity, Gurugram	1,391
Indraprastha Apollo Hospitals	710
Sir Ganga Ram Hospital	675
Artemis Hospital, Gurugram	600
BLK Max Super Specialty Hospital	540
Max Hospital, Saket	521
Batra Hospital	500
Yatharth Super Speciality Hospital, Noida Extension	450
Max Super Specialty Hospital, Patparganj	402
Yatharth Super Speciality Hospital, Greater Noida	400

Source: Company, CEBPL



## Key KPIs and Specialties

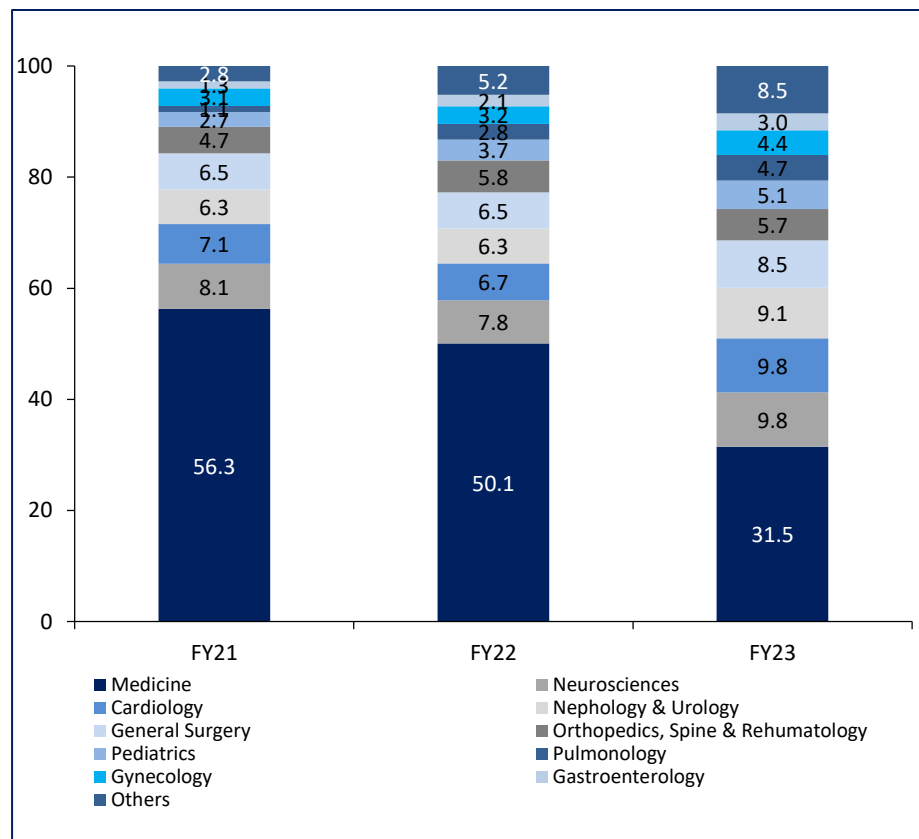
Company	Specialties	ARPOB ('000)	Occupancy (%)	No. of Doctors
Apollo Hospitals Enterprise Limited	Multi-national hospital chain covering cardiology, cosmetology, dermatology, orthopaedics, diabetes, gastroenterology, haematology, infertility, nephrology, neurology, oncology, paediatrics, pulmonology, radiology, rheumatology, urology, etc.	51,668	64	10,000+
Fortis Healthcare Ltd	Multi-speciality chain covering cardiology, cosmetology, dermatology, orthopaedics, diabetes, gastroenterology, haematology, infertility, nephrology, neurology, oncology, paediatrics, pulmonology, radiology, rheumatology, urology, etc.	55,101	67	11,700+
HealthCare Global Enterprises Ltd	Cancer care is the key specialty undertaken. A few of its hospitals in Gujarat provide multi specialty treatments covering cardiology, neurology, orthopaedics, gastroenterology, urology, internal medicine, pulmonary and critical care.	NA	60	NA
Max Healthcare Institute Ltd	Multi-speciality covering anaesthesiology, cardiology, dentistry, gastroenterology, internal medicine, neurology, liver transplants, obstetrics & gynaecology, oncology, orthopaedics, paediatrics, cosmetic & reconstructive surgery, pulmonology, rheumatology, stem cell medicine, etc.	67,400	76	4,800+
Narayana Hrudalaya Limited	Multi-speciality covering oncology, cardiology, neurology, gastroenterology, hepatology endocrinology, orthopaedics, urology, dermatology, dental, eye care, Infertility, IVF, Mental health, nutrition, diabetes, gynaecology, paediatric, etc.	34,794	48	4,289
Krishna Institute of Medical Sciences Limited	Multi-speciality covering oncology, neurology, neurosurgery, nephrology, urology, gastroenterology, paediatrics, obstetrics & gynecology, transplants etc.	29,946	69	NA
Global Health Ltd	Multi-specialty covering anaesthesia, nuclear medicine, pulmonary medicine, endocrinology, ophthalmology, emergency & trauma, radiology, ENT, dental, critical care, dermatology, diabetics & nutrition, physiotherapy, psychiatry, internal medicine, etc.	59,098	59	1,560+

Source: Company, CEBPL

### Introducing new specialties with high-margin will change the product mix

- The company is shifting its mix from general medicine which used to consist of more than 50% of shares in FY21 to 31% in FY23 because that is a low-margin segment and is helping them improve the margin profile. The Noida Extension Hospital is taking the lead which will soon begin providing a full range of oncology treatments, including radiation and PET lines. While the Noida and Greater Noida hospitals will continue to offer the current oncology services for the treatment of cancer, they aim to become the Noida Extension Hospital the centre of excellence for complete oncology therapy.
- In Oncology, the company is currently doing medical and surgical oncology, Radiation oncology will start in the coming quarters which will make them a complete hub for oncology treatment, as customers prefer one-stop solutions for all the oncological-related services over diversified.
- The company ventured into organ transplant operations, which began in Dec'22, and has completed 50 successful kidney transplant surgeries since the inspection. Yatharth have received the necessary approvals for liver transplant operations and the same is expected to start very soon.

### Increasing share of high-value specialties



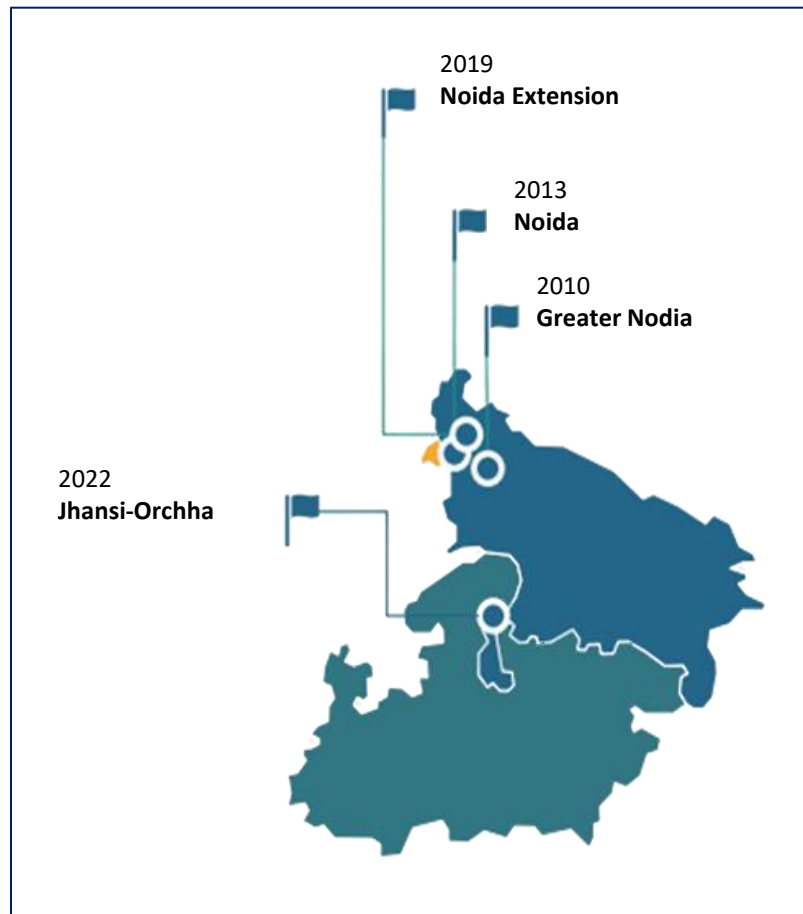
Source: Company, CEBPL

Centers of Excellence	
Centre of Medicine	
Centre of Cardiology	
Centre of Neurosciences	
Centre of General surgery	
Centre of Nephrology & Urology	
Centre of Pediatrics	
Centre of Gastroenterology	
Centre of Pulmonology	
Centre of Gynecology	
Centre of Orthopedics & Spine & Rheumatology	

Source: Company, CEBPL

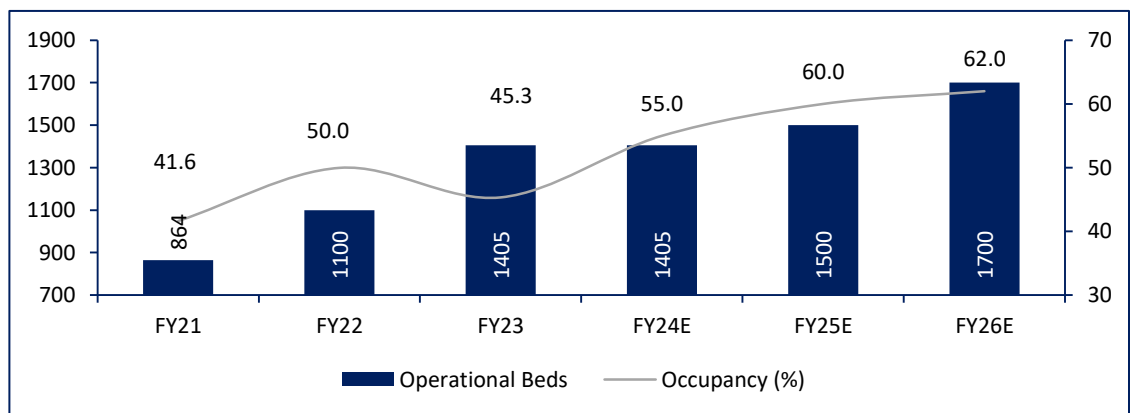
### Expanding in other regions, even after being a regional player

- The recent acquisition of the fourth Hospital in Jhansi Orchha in Madhya Pradesh indicates that they are open to expanding their presence in regions other than Delhi-NCR, which is an addition of 305 beds to the current capacity, and aiming to improve presence into new geographies.
- They are expanding through brownfield or greenfield projects, strategic acquisitions, and arrangements with third-party service providers. Yatharth looking for inorganic growth opportunities across Uttar Pradesh, Haryana, Punjab, and Madhya Pradesh for both types of acquisition- O&M and 100% equity purchase, with at least 300-400 bed size. Company acquired an adjacent land parcel near Greater Noida Hospital, to add 200 beds and expand to 600 beds. The construction will start soon and it will take around 3 years to commence the facility.
- At the consolidated level, the current ALOS of the company is 4.6 days which is on a higher side compared to other players in the industry but the management is comfortable to maintain in the near future as they are moving into super-specialities.



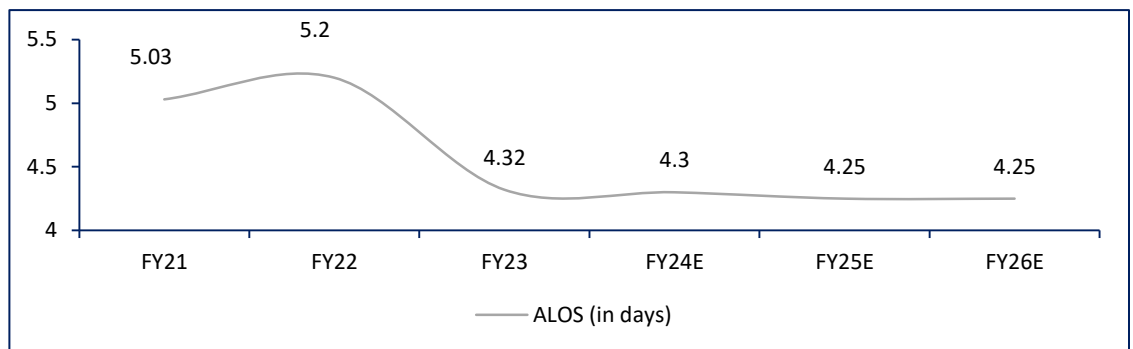
Source: Company, CEBPL

### Operational Beds & Occupancy to rise



Source: Company, CEBPL

### ALOS is expected to remain stagnant

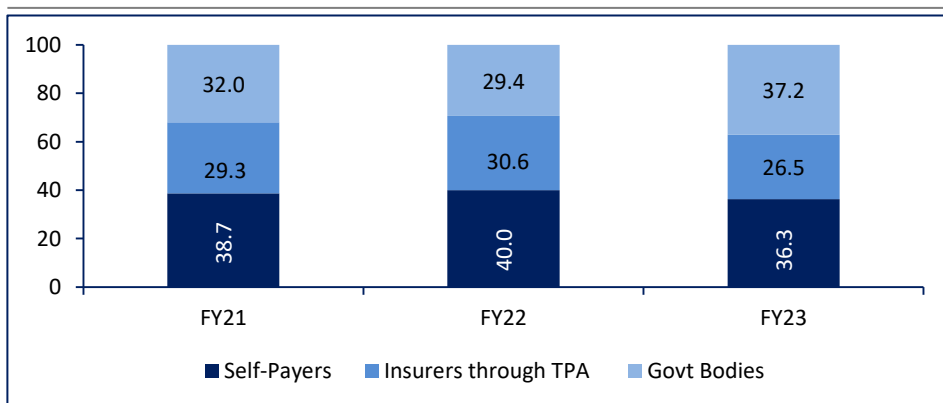


Source: Company, CEBPL

### Increased hospital maturity and an increase in international patients will translate to an improved ARPOB

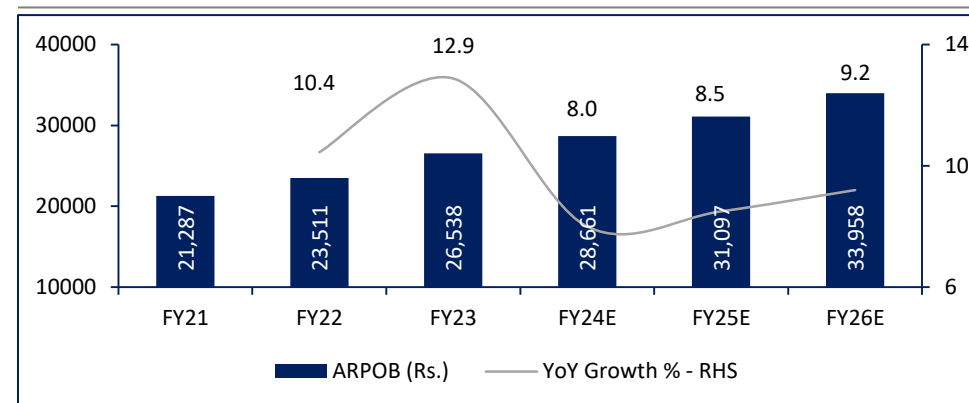
- The strategic location and proximity to Asia's largest airport which is coming to Noida will help them improve the share of international patients and improve the ARPOB. The completion of Noida airport is expected to be completed in the next few years. The company is planning to align its marketing strategies, especially digital marketing which will be targeting towards international patients.
- As the company is moving towards the super-specialty segment which will also be a contributor to higher ARPOB. The company also has a balanced revenue split between all three payer categories as self-payer consists of 36%, local govt bodies consist of 37%, and the remaining 27% of from insurance.
- The Greater Noida Hospital which started the operation in 2010 but increased its bed capacity from 100 to 400 in 2018 is moving towards maturity now, which will contribute to the ARPOB growth.

#### Payor Mix



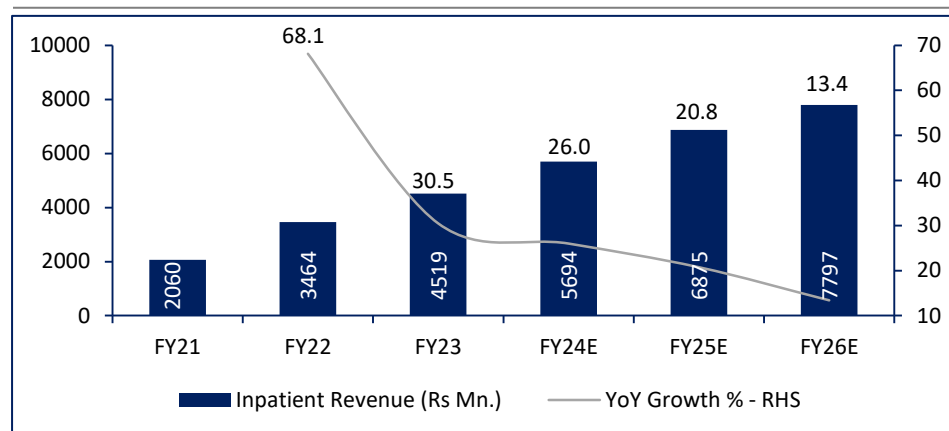
Source: Company, CEBPL

#### ARPOB & YoY Growth %



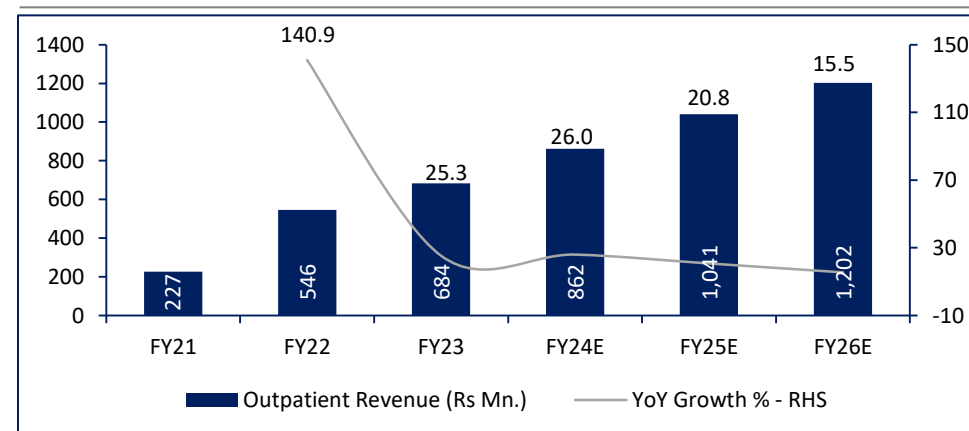
Source: Company, CEBPL

#### IP Revenue & YoY Growth %



Source: Company, CEBPL

#### OP Revenue & YoY Growth %



Source: Company, CEBPL

## Hospital Details

Hospitals	Year of establishing	Existing Beds Capacity (FY23)
Noida		
1. Greater Noida Hospital	2010	400
2. Noida Hospital	2013	250
3. Noida Extension Hospital	2019	450
Sub-Total		1100
Jhansi, UP		
4. Jhansi-Orchha Hospital	2022	305
Sub-Total		305
Total		1405

Source: Company, CEBPL

## Shareholding Pattern

	Aug-23
Promoters	66.33
Ajay Kumar Tyagi	31.48
Kapil Kumar	14.17
Manju Tyagi	13.42
Neena Tyagi	7.26
FII's	4.26
DII's	7.45
Public	21.96
Krishna Tyagi	2.36
Plutus Wealth Management LLP	2.33
Think India Opportunities Master Fund LP	1.16
Others	16.11
Total	100.00

Source: Company, CEBPL

## Corporate Structure

Yatharth Hospital &amp; Trauma Care Services Ltd



Subsidiaries

AKS Medical & Research Centre Private Limited	99.99%
Ramraja Multispeciality Hospital & Trauma Centre Private Limited	99.99%
Sanskar Medica India Limited	99.99%

Source: Company, CEBPL

## Comparable Company Analysis

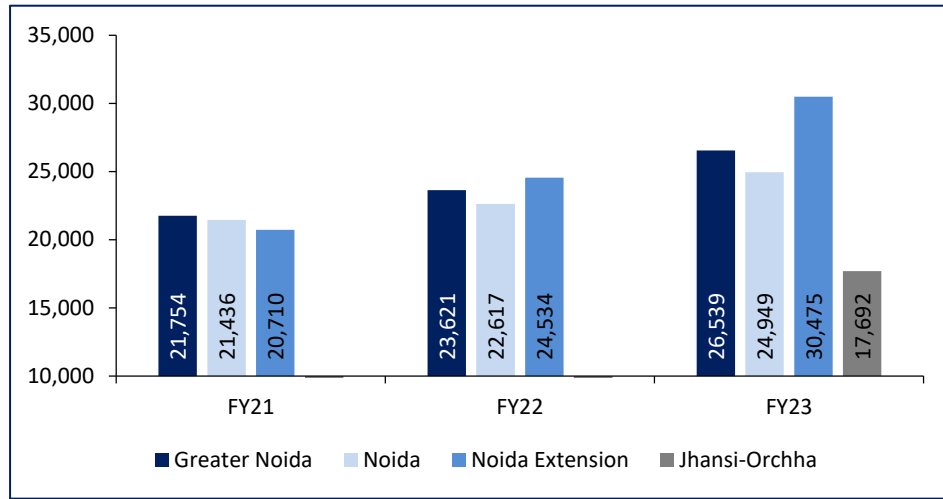
Company	Revenue (Rs. Mn)			EBITDA (Rs. Mn)			PAT (Rs. Mn)			EPS (Rs.)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
<b>Apollo Hospital</b>	1,66,125	1,87,357	2,13,371	20,496	25,668	31,579	8,446	10,293	13,856	58.7	71.6	96.4
<b>Fortis</b>	62,976	71,512	83,070	11,013	13,293	16,205	5,315	6,923	9,384	7.0	9.2	12.4
<b>Global Health</b>	26,942	32,143	38,138	6,122	7,537	9,512	3,261	4,217	5,156	12.2	15.7	19.2
<b>NH</b>	45,248	49,998	57,425	9,658	10,725	12,552	6,068	6,481	7,013	29.7	31.7	34.3
<b>Yatharth</b>	5,203	6,556	7,916	1,338	1,718	2,145	657	981	1,163	10.0	15.0	17.8

Company	P/E (x)			EV/EBITDA (x)			EV/Sales (x)			RoIC (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Apollo Hospital	83.4	68.5	50.9	36.3	28.7	23.2	4.5	3.9	3.4	31.4	31.3	34.1
Fortis	34.0	29.2	22.0	20.0	16.4	13.3	3.5	3.0	2.6	7.8	9.1	11.0
Global Health	55.7	43.1	35.2	28.9	23.5	18.4	6.6	5.5	4.6	13.8	13.7	14.6
NH	35.6	33.3	30.8	22.9	20.6	17.7	4.9	4.5	3.9	68.2	24.6	21.1
Yatharth	37.9	25.4	21.4	19.9	12.8	10.7	5.1	3.4	2.9	24.3	26.6	19.5

Source: Company, CEBPL

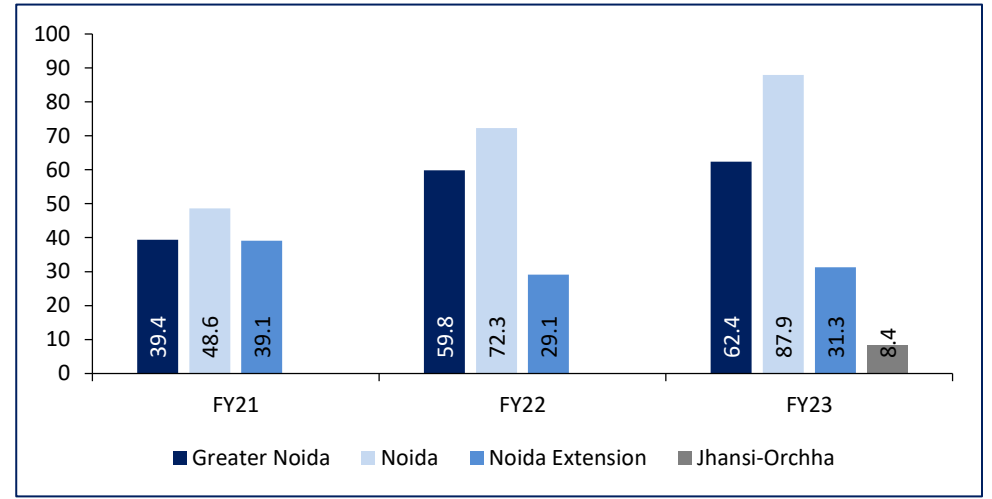
Story in Charts

Facility-wise ARPOB (Rs.)



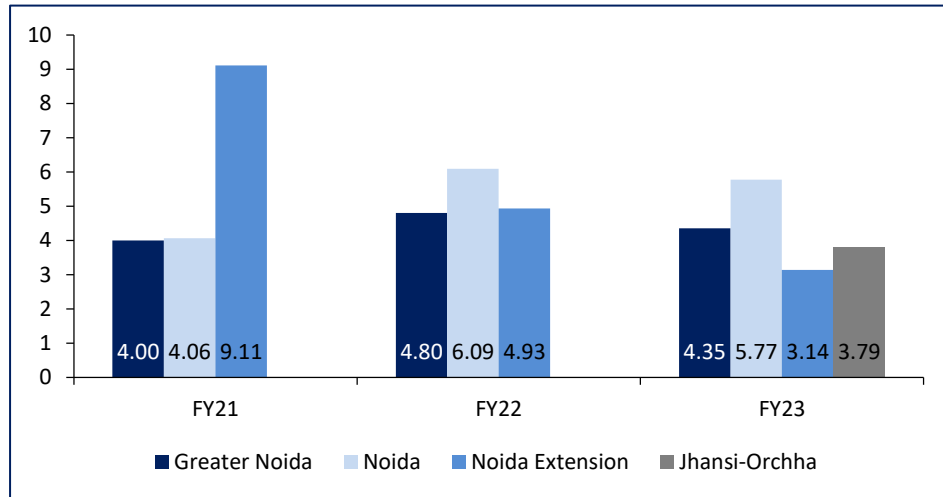
Source: Company, CEBPL

Facility-wise occupancy (%)



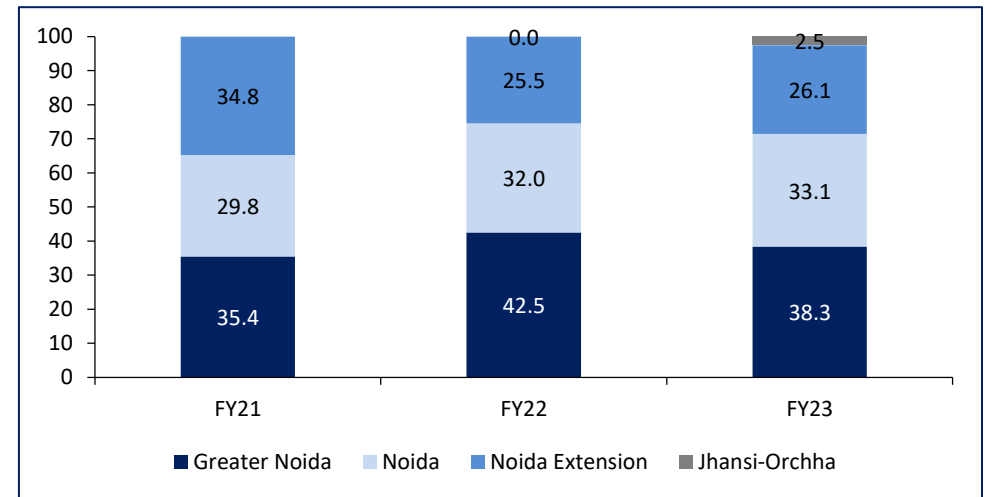
Source: Company, CEBPL

Facility-wise ALOS (Days)



Source: Company, CEBPL

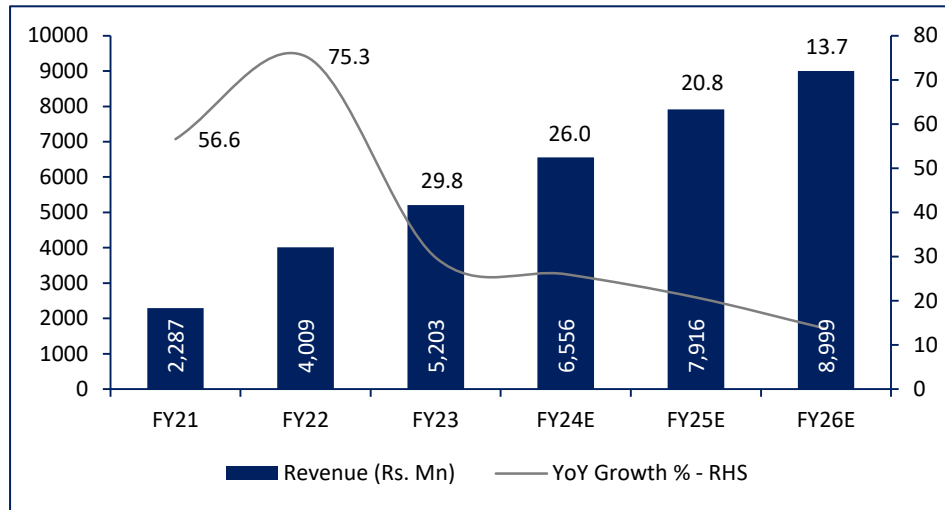
Facility-wise Revenue Share (%)



Source: Company, CEBPL

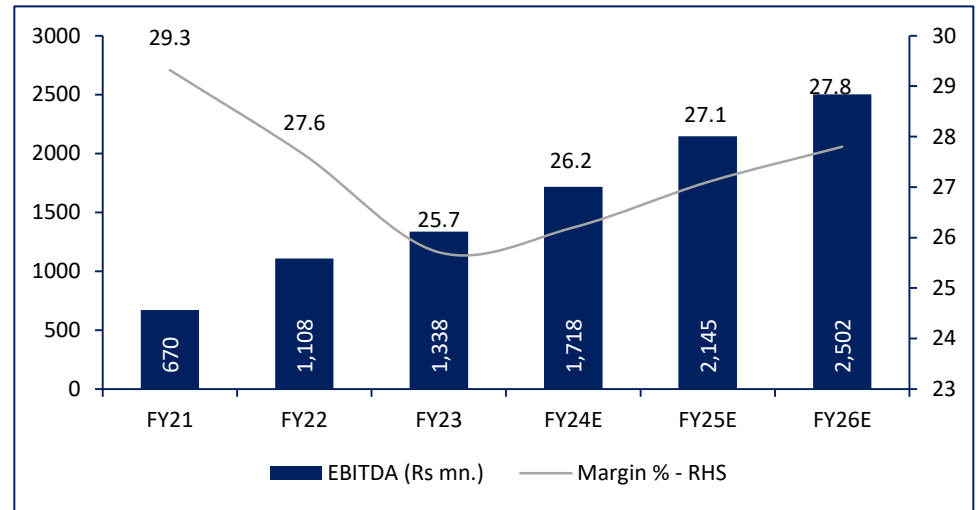
Story in Charts

Revenue to grow at a CAGR of 20% between FY23-26E



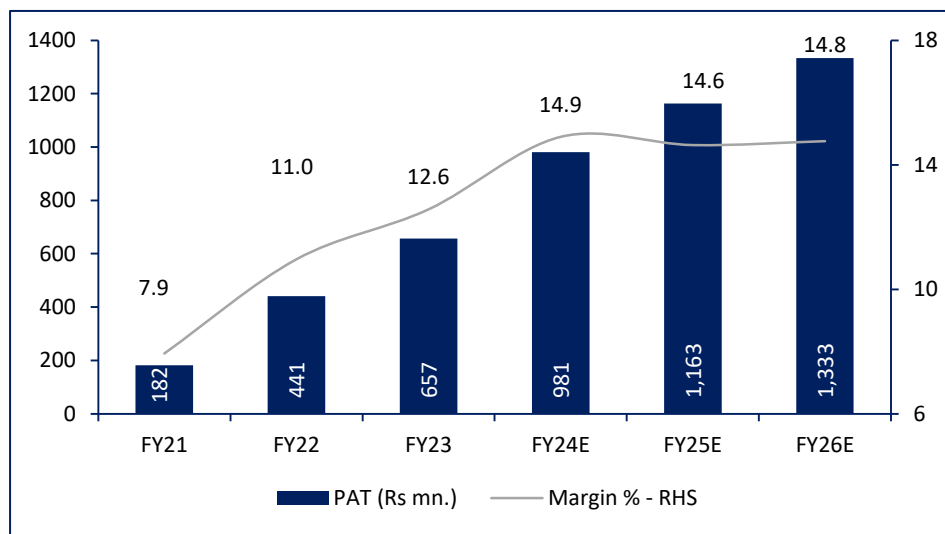
Source: Company, CEBPL

Margin to expand on back of improvement in performance of newer facilities



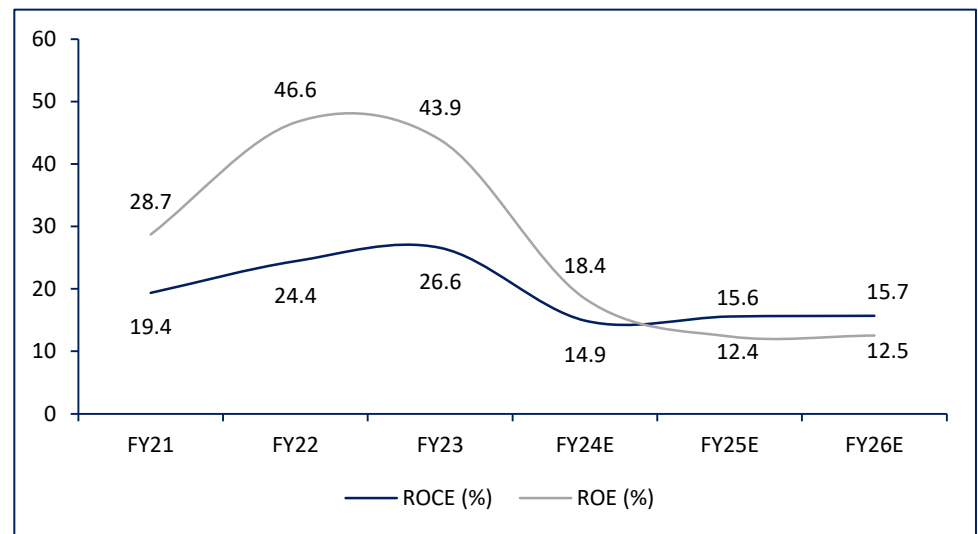
Source: Company, CEBPL

PAT (Rs. Mn.) and Margin (%)



Source: Company, CEBPL

ROCE (%) and ROE (%)



Source: Company, CEBPL



## Shareholding Pattern

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Manju Tyagi	13.42
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Plutus Wealth Management LLP	2.33
Think India Opportunities Master Fund LP	1.16
<b>Others</b>	16.11
<b>Total</b>	<b>100.00</b>

Source: Company, CEBPL

## Valuation

Particulars	Rs. Mn	Allotted Multiple (x)	Value (Rs. Mn)
Hospital EBITDA (FY26E)	2,502	13	32,521
Enterprise Value			32,521
Less: Net Debt (FY25E)			1,752
<b>Implied Market Cap</b>			<b>34,273</b>
No. of Shares			65.5
<b>Value per share</b>			<b>523</b>

Source: Company, CEBPL

## Company Timeline: Major events and milestones

2008	Incorporation of company and commencement of operations;
2010	Established the first hospital in Greater Noida;
2013	Established the second 250 bedded hospital, in Noida;
2018	Expansion of the first hospital, Greater Noida hospital, to 400 beds;
2019	Commencement of the third hospital, Noida Extension Hospital, in May 2019, pursuant to the acquisition of subsidiary AKS in 2016;
2022	Acquisition of 4th hospital - Jhansi Orchha hospital adding 305 beds, pursuant to acquisition of subsidiary, Ramraja;
2023	Listing on NSE & BSE.

Source: Company, CEBPL

## Leadership &amp; Management Team

Name and Designation	Brief Description
<p>Dr. Ajay Kumar Tyagi Chairman &amp; Whole-time Director</p>	<p>He has been a Director of our Company since its incorporation. He graduated with a bachelor's in medicine and surgery from LLRM Medical College, Meerut University's. He has an orthopedics diploma from King George Medical College in Lucknow as well. He has managed hospitals and provided medical services for more than 17 years. He is in charge of making strategic investments and providing overall leadership for the company's operations. Prior to this, he worked at Medical Health Family Welfare U.P. L.K.O.</p>
<p>Dr. Kapil Kumar Managing Director</p>	<p>He has been a Director of our Company since its incorporation. He graduated from SN Medical College, Agra University, with a degree of bachelor of medicine and surgery. Additionally, he has a Master of Surgery in orthopedic surgery from Lucknow University. Additionally, he has earned a master of surgery in orthopedics from the American Institute of Medicine at the University of Seychelles. He has more than 17 years of experience working in the medical and healthcare fields. He practices orthopedic surgery. Additionally, he oversees the company's clinical management. Prior to this, he served as a consultant at Lady Hardinge Medical College, Smt. Sucheta Kriplani Hospital, and Noida Orthopaedic Hospital.</p>
<p>Yatharth Tyagi Whole-time Director</p>	<p>He has been associated with the business since 2019. On September 15, 2021, he was appointed as a Director of the company. He graduated from Leeds Beckett University with a bachelor's degree in business and management. Also, he has a master's in science from Imperial College London in international health management. He has worked in the hospital management industry for almost four years. He is in charge of expanding the company's clientele and developing the brand.</p>
<p>Amit Kumar Singh Chief Executive Officer</p>	<p>He started working for the company on April 1, 2021. He has completed a bachelor's degree in arts from Guru Ghasidas University, Bilaspur, Madhya Pradesh; and a postgraduate diploma in Hospital and Health Management from the Institute of Health Management Research, Jaipur. He has 17 years of expertise in managing hospitals, establishing strategic operations, planning, and completing delivery systems. Prior to joining Radiant Life Care Private Limited, he worked for Centre for Sight, Raksha Medicare Private Limited, Veeda Clinical Research Private Limited, and Indira Gandhi Eye Hospitals.</p>
<p>Pankaj Prabhakar Chief Financial Officer</p>	<p>He started working for the company on February 21, 2022. He graduated from Lalit Narayan Mithila University with a bachelor's in business, and he is a member of the Institute of Chartered Accountants of India. He has worked in corporate finance of several healthcare organizations for more than 16 years. He was previously associated with Rockland Hospital, Max Devki Devi Heart &amp; Vascular Institute, Fortis Flt. L.T. Rajan Dhall Hospital, Artemis Medicare Services Private Limited, Medics International Lifesciences Limited, Max Healthcare Institute Limited and Asian Institute of Medical Sciences.</p>
<p>Deepak Kumar Tyagi President, Strategy and Finance</p>	<p>He has been associated with our Company from September 1, 2012, to April 28, 2017. Subsequently, he joined us on July 1, 2021. He holds a Bachelor's degree in commerce and completed a course of study in French from the University of Delhi. He has an experience of 14 years in the corporate finance. He is also associated with ICAI and ICSI. He was previously associated with Prometric Testing Private Limited and Mind Shapers Technologies Private Limited.</p>

Source: Company, CEBPL

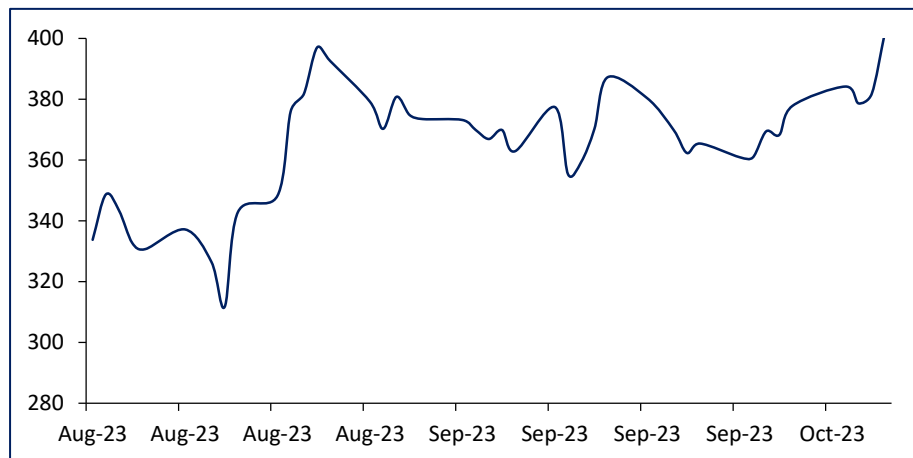
Yatharth Hospital (INR mn)	FY22	FY23	FY24E	FY25E	FY26E
<b>Income Statement</b>					
Revenue	4,009	5,203	6,556	7,916	8,999
Gross profit	3,196	4,274	5,356	6,491	7,406
EBITDA	1,108	1,338	1,718	2,145	2,502
Depreciation	279	275	403	553	673
EBIT	829	1,063	1,315	1,592	1,829
Interest expense	215	214	-	30	35
Other Income	16	28	29	31	32
EO Items	-	-	-	-	-
Reported PAT	442	658	981	1,163	1,333
Minority Interest	-	-	-	-	-
Adjusted PAT	441	657	981	1,163	1,333
EPS	6.7	10.0	15.0	17.8	20.3
NOPAT	580	797	22	23	24
<b>Balance Sheet</b>					
Net worth	1,169	1,830	8,811	9,974	11,307
Minority Interest	-	-	-	-	-
Deferred tax	(55)	(83)	(83)	(83)	(83)
Total debt	2,226	2,169	-	250	350
Other liabilities & provisions	47	29	29	29	29
<b>Total Net Worth &amp; liabilities</b>	<b>3,387</b>	<b>3,945</b>	<b>8,757</b>	<b>10,170</b>	<b>11,603</b>
Net Fixed Assets	3,031	2,985	4,582	6,529	7,856
Capital Work in progress	-	-	500	500	500
Investments	-	-	-	-	-
Cash & bank balance	121	384	2,854	2,128	2,102
Loans & Advances & other assets	81	29	29	29	29
Net Current Assets	275	930	3,646	3,112	3,218
<b>Total Assets</b>	<b>3,387</b>	<b>3,945</b>	<b>8,757</b>	<b>10,170</b>	<b>11,603</b>
Capital Employed	3,395	3,999	8,811	10,224	11,657
Invested Capital	3,274	3,614	5,957	8,095	9,555
Net Debt	2,105	1,784	(2,854)	(1,878)	(1,752)
<b>Cash Flow</b>					
Cash flows from operations	599	638	1,472	1,954	2,369
Capex	(394)	(198)	(2,500)	(2,500)	(2,000)
FCF	206	440	(1,028)	(546)	369
Cash flows from investing	(521)	(203)	(2,500)	(2,500)	(2,000)
Cash flows from financing	(11)	(177)	2,831	220	65

Source: Company, CEBPL

Yatharth Hospital	FY22	FY23	FY24E	FY25E	FY26E
<b>Growth Ratios</b>					
Revenue (%)	75.3	29.8	26.0	20.8	13.7
EBITDA (%)	65.3	20.7	28.4	24.9	16.6
PAT (%)	142.6	48.9	49.2	18.5	14.6
<b>Margin ratios</b>					
EBITDA margins (%)	27.6	25.7	26.2	27.1	27.8
PAT Margins (%)	11.0	12.6	15.0	14.7	14.8
<b>Performance ratios</b>					
OCF/EBITDA	0.5	0.5	0.9	0.9	0.9
OCF/IC	18.3	17.6	24.7	24.1	24.8
RoE (%)	37.8	35.9	11.1	11.7	11.8
ROCE (%)	24.4	26.6	14.9	15.6	15.7
<b>Turnover Ratio (Days)</b>					
Inventory	5	4	4	4	4
Debtors	78	76	75	74	73
Payables	19	12	12	12	14
Working capital	64	68	67	66	64
<b>Financial Stability ratios</b>					
Net debt to Equity (x)	1.8	1.0	(0.3)	(0.2)	(0.2)
Net debt to EBITDA (x)	1.9	1.3	(1.7)	(0.9)	(0.7)
Interest Cover(x)	3.9	5.0	0.0	0.0	0.0
<b>Valuation metrics</b>					
Fully diluted shares (mn)	66	66	66	66	66
Price (INR)	402	402	402	402	402
Market Cap(INR Mn)	26,335	26,335	26,335	26,335	26,335
PE(x)	60	40	27	23	20
EV (INR Mn)	28,440	28,119	23,481	24,456	24,582
EV/EBITDA (x)	26	21	14	11	10
Book Value (INR/share)	18	28	134	152	173
Price to BV (x)	22.5	14.4	3.0	2.6	2.3
EV/OCF (x)	47	44	16	13	10

Source: Company, CEBPL

## Recommendations and Target Price



### Yatharth Hospital & Trauma Care Services Ltd

1. 10-10-2023 Outperform, Target Price - Rs.523

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<b>ADD</b>	The security is expected to generate greater than 5% to less than 15% returns over the next 12 months
<b>NEUTRAL</b>	The security expected to show downside or upside returns by 5% over the next 12 months
<b>REDUCE</b>	The security expected to show less than -5% to greater than -15% over the next 12 months
<b>UNDERPERFORM</b>	The security is expected to generate returns in excess of -15% over the next 12 months

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