



IPO Note- Yatharth Hospital and Trauma Care Services Limited

25 July 2023

Yatharth Hospital and Trauma Care Services Limited (Yatharth), incorporated in 2008 is a super specialty hospital chain operating majorly in the North region with its 4 hospitals with total capacity of 1,405 beds. Out of the 4 hospitals, Yatharth operates 3 super specialty hospitals in Delhi NCR (i.e., at Noida, Greater Noida and Noida Extension) and 1 in Orchha- MP. Yatharth strives to provide quality healthcare services at competitive rates without impacting margins significantly. It intends to utilise majority of the IPO proceeds for repayment of their debt and to fund capex for their existing hospitals.

One of the largest hospital chains in North India with strong operating metrics: -

Yatharth's hospitals in Noida Extension and Greater Noida are the 8th and 10th largest private hospital respectively in the NCR region. Further, their Noida Extension hospital with 450 beds is one of the largest hospitals in the Noida Extension area. They acquired a 305-bedded multi-speciality hospital in Orchha, MP and commenced operations in April 2022. It is one of the largest hospitals in Jhansi-Orchha-Gwalior region. The upcoming Jewar international airport near their Noida hospital would provide a huge catchment area for medical tourism. Their FY23 occupancy stood at 45.33% including Orchha hospital which is yet to operate on its full capacity pending certain regulatory approvals. FY23 ARPOB grew ~13% YoY to Rs. 26,538 with the management confident of achieving higher levels of ARPOB with introduction of new specialties at existing hospitals.

Focus on providing quality and diversified healthcare services across all hospitals: -

Yatharth had a force of 3,000+ medical staffs that included 609 doctors offering healthcare services across several specialties and super specialties. For better and more focussed patient care, they have carved out various super specialty services as Centres of Excellence (COE) which involves equipping these specialties with advanced medical infrastructure, trained and experienced medical staff and resources providing better healthcare experience to the patient and attendants. Their COEs represent their Top-10 revenue-generating specialties. They also intend to introduce new specialties at their existing hospitals, such as radiation therapy to their oncology department at their hospitals located in Noida Extension and Orchha, after they recently began providing organ transplant services at their Noida Extension and Greater Noida hospitals.

Key Risks:- 1) NCR is a highly competitive market with presence of many large hospital brands. 2) Any price restrictions by the government may affect margins. 3) Inability to attract and retain quality medical staffs.

Decent financials & valuation – SUBSCRIBE

At the upper price band, Yatharth is available at an EV/ EBITDA of ~21x and PE of ~30x its FY23 EPS which is the lowest among listed peers. We believe that Yatharth's strong brand name, experienced management and their focused plans to operate in North region only with an expectation of doubling its bed count in next 3 yrs, is well placed for a huge growth opportunity. We have a **SUBSCRIBE** recommendation to this issue.

Key Financials (₹ Cr)	Mar-21	Mar-22	Mar-23
Revenue	229	401	520
EBITDA	67	111	134
EBITDA Margin (%)	29.3	27.6	25.7
PAT	20	44	66
PAT Margin (%)	8.6	11.0	12.6
Net Worth	72	117	183
ROCE (%)	18.4	22.9	26.1
ROE (%)	25.1	37.8	36.0
Debt to Equity	2.57	2.21	1.44

Source: ABML Research, RHP, company presentation

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Rating	SUBSCRIBE	
Issue Details		
Issue Opens	26-Jul-23	
Issue Closes	28-Jul-23	
Face Value (₹)	10	
Price Band (₹)	285-300	
Bid Lot	50	
Issue Size at higher price band (₹ Cr)	687	
Market cap @ upper price band (₹ cr)	2,576	
Listing	NSE/BSE	
BRLMs	IIFL Securities, Intensive Fiscal Services Ltd, Ambit Pvt. Ltd.	
Registrar	Link Intime India Pvt. Ltd.	
Shareholding Pattern (%)		
	Pre Issue	Post Issue
Promoter	91.34	66.32
Public	8.66	33.68
Issue Structure (In cr no. of shares)		
Issue size	2.28	
OFS	0.65	
Break-up of net issue to public (%):		
QIB's portion	50.0	
Non-Institutional portion	15.0	
Retail Portion	35.0	

Source: ABML Research, RHP

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