

IPO Note

YATHARTH HOSPITAL & TRAUMA CARE SERVICES LIMITED

July 26, 2023



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Details of the Issue

Price Band	₹ 285 - ₹ 300
Issue Size	₹ 687 Cr
Face Value	₹ 10
Bid Lot	50
Listing on	BSE, NSE
Post Issue Mcap	₹ 2,576 Cr
Investment Range	₹ 14,250 - ₹ 15,000

Important Indicative Dates (2023)

Opening	26 - July
Closing	28 - July
Basis of Allotment	02 - Aug
Refund Initiation	03 - Aug
Credit to Demat	04 - Aug
Listing Date	07 - Aug

Lead Manager

Intensive Financial Services Private Limited

Ambit Private Limited

IIFL Securities Limited

Link Intime India Pvt Ltd

No of shares (Mn)

Fresh Issue of Shares	16.33
Offer for Sales	6.55
Total No of Shares	22.88

Offer Details

Offer Size	₹ 687 Cr
Fresh Issue	₹ 490 Cr
OFS	₹ 197 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	515.25	18.08	17.18	75%
NIB	103.05	3.62	3.44	15%
Retail	68.7	2.41	2.29	10%
Empl.	-	-	-	-
Total	687	24.11	22.90	100

Invest Now**Company Profile**

Yatharth Hospital and Trauma Care Services Limited, established in 2008, is a renowned multi-care hospital chain operating in Delhi NCR, with locations in Noida, Greater Noida, and Noida Extension, Uttar Pradesh. The Noida Extension Hospital, boasting 450 beds, is one of the largest hospitals in the region.

Committed to providing top-notch healthcare, Yatharth Hospital offers a wide range of amenities and facilities to its patients. All of their hospitals hold accreditation from NABH (National Accreditation Board for Hospitals & Healthcare Providers), while the Greater Noida and Noida Extension locations are also accredited by NABL (National Accreditation Board for Testing and Calibration Laboratories). These accreditations ensure that the hospitals comply with stringent international quality standards, ensuring patient safety and recovery.

It expanded its services with the acquisition of a 305-bedded multi-specialty hospital in Orchha, Madhya Pradesh. The hospital chain takes pride in a team of 370 dedicated doctors with expertise in various medical disciplines, providing comprehensive healthcare services. It's Centres of Excellence (COE) include Medicine, General Surgery, Gastroenterology, Cardiology, Nephrology & Urology, Pulmonology, Neurosciences, Paediatrics, Gynaecology, Orthopaedics, Spine & Rheumatology, ensuring exceptional medical care across critical fields.

Business Highlights & Services

As of Fiscal 2023, Noida Extension Hospital, and Greater Noida, rank eighth and tenth, respectively, among the largest private hospitals in the National Capital Region of Delhi ("Delhi NCR") based on the number of beds. It currently operate three super specialty hospitals in Delhi NCR, situated in Noida, Greater Noida, and Noida Extension, Uttar Pradesh. Additionally, it acquired a 305-bedded multi-specialty hospital in Orchha, Madhya Pradesh, near Jhansi, Uttar Pradesh ("Jhansi-Orchha"), which started commercial operations on April 10, 2022. This acquisition makes it one of the largest hospitals in the Jhansi-Orchha-Gwalior region in terms of the number of beds. As of the date of this Red Herring Prospectus, its total bed capacity has increased to 1,405 beds, and it has 394 critical care beds as part of its critical care program as of March 31, 2023. Noida Extension hospital, equipped with 450 beds, ranks as one of the largest hospitals in the Noida Extension, Uttar Pradesh region. Hospital commitment to delivering quality care has been recognized with all hospitals in Noida, Greater Noida, and Noida Extension receiving a "5 Star" rating from Informatics Analytics and Research Private Limited in 2022.

As of March 31, 2023, engaged 609 doctors and offer healthcare services across several specialties and super specialties. For better and more focussed patient care, it has carved out the following super specialty as Centres of Excellence ("COE"):

Centre of Medicine, Centre of General Surgery, Centre of Gastroenterology, centre of cardiology, centre of Nephrology & Urology, centre of Pulmonology, Centre of Neurosciences, Centre of Paediatrics, Centre of Gynaecology, Centre of Orthopaedics & Spine & Rheumatology.

Establishing COEs involves advanced medical infrastructure, experienced staff, and resources for a better healthcare experience. Its top 10 revenue-generating specialties are led by domain expert doctors, supported by other medical professionals. It offers bone marrow and kidney transplants in Noida Extension and Greater Noida, and plans to add radiation therapy to the oncology department in Noida Extension and Jhansi-Orchha.



Since 2008, It began with a clinic in Noida and established its first hospital in Greater Noida in November 2010. It has grown to a super-specialty tertiary care hospital with 400 beds, including 112 critical care beds and nine operation theatres. Its second hospital in Noida, operational since 2013, is a 250-bedded super-specialty facility with four operation theatres and 81 critical care beds. In May 2019, the third hospital in Noida Extension started with 450 beds, 11 operation theatres, and 125 critical care beds. Recently, it acquired a 305-bedded hospital in Jhansi-Orchha-Gwalior region, which began operations on April 10, 2022. It features 11 operation theatres and 76 critical care beds.

Yatharth growth is fuelled by their strategic locations in Noida, Greater Noida, and Noida Extension, Uttar Pradesh, which have experienced strong economic growth due to real estate development, increased purchasing power, and growing industries. Being situated in the Gautam Buddha Nagar district allows them to serve patients from various states, given its proximity to Delhi NCR. Hospitals are designed to meet international quality standards and are accredited by NABH and NABL. It offers spacious suites, modern rooms, and patient-friendly waiting areas. Its advanced medical equipment, including MRI, CT scan, endo bronchial ultrasound, and surgical tools, ensures accurate diagnosis and successful procedures. With recent acquisition of the Jhansi-Orchha hospital, it is expanding into new geographies and strengthening its presence in the regional healthcare market. It caters to the growing demand for quality and affordable healthcare services in the Delhi NCR region, positioning itself for further growth and success.

Its empanelment with various health insurance administrators and government organizations further extends its reach. Led by experienced doctors, Dr. Ajay Kumar Tyagi and Dr. Kapil Kumar, the brand's reputation for quality and affordability drives growth, with the number of operational beds increasing at a CAGR of 27.52% from 864 (Mar 2021) to 1,405 (Mar 2023). Patient trust and cost-effective services contribute to consistent revenue growth. Its branding efforts include medical camps, community outreach, health talks, and school health education. CME for doctors is prioritized. Social responsibility initiatives involve health check-up camps, walk-a-thons, and safety training for the underprivileged. It engages the audience through social media presence and televised debates on health matters, establishing expertise in the healthcare industry.

Yatharth's gross capital expenditure per operational bed was ₹ 3.91 million, ₹ 3.72 million and ₹ 3.07 million in Fiscal 2021 and 2022 and 2023, respectively. The capital expenditure per bed has decreased with the increase in the number of operational beds over time. Relevant key operational figures for the periods indicated are set forth below:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023 ⁽⁴⁾
Bed Occupancy Rate ⁽¹⁾ (%)	41.63%	49.97%	45.33%
Average Revenue per Occupied Bed ("ARPOB") ⁽²⁾ (₹)	21,286.74	23,510.67	26,538.09
Average Length of Stay ("ALOS") ⁽³⁾ (Days)	5.03	5.20	4.32

Hospital

As of this RHP, It operates three super specialty hospitals in Delhi NCR: Noida, Greater Noida, and Noida Extension, with a total capacity of 1,100 beds. Additionally, it acquired a 305-bedded hospital in Orchha, Madhya Pradesh, which started operations in Fiscal 2022. All hospitals are accredited by NABH, and the ones in Greater Noida and Noida Extension are also accredited by NABL.

Greater Noida Hospital: The first hospital in Greater Noida, Delhi-NCR, is now a super-specialty tertiary care facility with 400 beds, including 112 critical care beds and nine operation theatres (as of March 2023). It offers a wide range of specialized services, including cardiology, neurology, urology, oncology, orthopedics, and more. Additionally, it has been allotted adjacent land to expand the bed capacity.

Noida Hospital: The second hospital in Noida, Delhi-NCR, established in 2013, is a 250-bedded super-specialty tertiary care facility. It offers services in 30 specialties, including cardiac sciences, orthopedics, neurosciences, and more. Equipped with advanced medical technology, it has four high-end operation theatres, 81 critical care beds, and modern diagnostic facilities, such as 128 Slice CT scan and 1.5 Tesla MRI.



Noida Extension hospital: It started in May 2019, is a 450-bedded tertiary care facility with 11 operation theatres and 125 critical care beds. It offer specialized services in cardiology, orthopedics, oncology, neurosciences, and more, including kidney and liver transplants. It aim to develop it as a Centre of Excellence for oncology treatment and robotic surgeries. Additionally, it support differently-abled children through Children Care Development Centre. It plan to expand bed capacity with adjacent land (highest bidder status, formal agreements in process).

Jhansi-Orchha Hospital: Recently acquired 305-bedded hospital in Jhansi-Orchha with 76 critical care beds. Commenced operations in current Fiscal. Obtained QCI NABH accreditation and empanelled with Pradhan Mantri Jan Arogya Yojana and TPAs/insurance companies. Plan to introduce oncology treatment unit in Fiscal 2025. As of March 31, 2023, had 23 doctors, 60 nursing staff, 44 para medics, and 108 other staff members.

Particulars	Fiscal					
	2021		2022		2023	
	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)
Greater Noida	810.50	35.44%	1,702.47	42.46%	1,993.80	38.32%
Noida	680.86	29.77%	1,283.42	32.01%	1,721.34	33.08%
Noida Extension	795.37	34.78%	1,023.47	25.53%	1,356.50	26.07%
Jhansi-Orchha ⁽¹⁾	-	-	-	-	131.29	2.52%
Total	2,286.74	100.00%	4,009.37	100.00%	5,202.93	100.00%

Particulars	Fiscal					
	2021		2022		2023	
	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)
Medicine	1,286.76	56.27%	2,008.19	50.08%	1,636.73	31.46%
- COVID-19	739.58	32.34%	851.20	21.23%	0.00	0.00%
- Non-COVID-19	547.19	23.93%	1,157.00	28.85%	1,636.73	31.46%

Particulars	Fiscal					
	2021		2022		2023	
	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)
Orthopedics & spine & rheumatology	108.47	4.74%	231.66	5.78%	295.18	5.67%
Nephrology & urology	143.44	6.27%	252.03	6.29%	472.75	9.09%
Neurosciences	185.60	8.12%	310.75	7.75%	508.74	9.78%
General surgery	148.91	6.51%	260.59	6.50%	442.19	8.50%
Cardiology	163.30	7.14%	266.74	6.65%	508.86	9.78%
Pediatrics	61.01	2.67%	147.96	3.69%	264.93	5.09%
Gynecology	71.51	3.13%	127.78	3.19%	230.35	4.43%
Gastroenterology	29.50	1.29%	83.34	2.08%	157.82	3.03%
Pulmonology	25.34	1.11%	113.43	2.83%	241.72	4.65%
Others*	62.89	2.75%	206.90	5.16%	443.66	8.53%
Total	2,286.74	100.00%	4,009.37	100.00%	5,202.93	100.00%

Particulars	Fiscal 2021				Fiscal 2022				Fiscal 2023			
	Noida	Greater Noida	Noida Extension	Jhansi-Orchha(7)	Noida	Greater Noida	Noida Extension	Jhansi-Orchha(7)	Noida	Greater Noida	Noida Extension	Jhansi-Orchha(7)
Total bed capacity ⁽¹⁾	250	400	450	-	250	400	450	305*	250	400	450	305
Number of operational beds ⁽²⁾	214	321	329	-	250	400	450	305*	250	400	450	305
Number of census beds ⁽³⁾	179	259	269	-	215	330	390	250*	215	330	390	250
Number of ICU Beds	50	83	58	-	81	112	125	76*	81	112	125	76
Bed occupancy rate (%) ⁽⁴⁾	48.61%	39.41%	39.11%	-	72.31%	59.84%	29.31%	-	87.92%	62.37%	31.27%	8.36%
ARPOB (₹) ⁽⁵⁾	21,436.30	21,753.98	20,710.07	-	22,617.39	23,621.49	24,534.31	-	24,949.12	26,538.67	30,474.90	17,691.69
ALOS ⁽⁶⁾	4.06	4.00	9.11	-	6.09	4.80	4.93	-	5.77	4.35	3.14	3.79
In-patient Volume	7,816	9,322	4,218	-	9,316	15,020	8,457	-	11,957	17,255	14,186	1,960
In-patient Revenue (₹ Million)	598.24	694.76	767.13	-	1,130.89	1,457.88	874.82	-	1,558.94	1,728.70	1,126.76	104.60
Out-patient Volume	44,671	82,520	8,564	-	56,799	1,16,300	49,730	-	72,906	1,37,937	1,02,278	16,639
Out-patient Revenue (₹ Million)	82.62	115.75	28.24	-	152.54	244.59	148.65	-	162.40	265.10	229.74	26.69
Revenue from operations (₹ Million)	680.86	810.51	795.37	-	1,283.42	1,702.47	1,023.47	-	1,721.34	1,993.80	1,356.50	131.29

Competition

The Delhi-NCR healthcare industry is highly competitive with the presence of large private and government hospitals. 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. The large government hospitals include Lok Nayak Jai Prakash Narayan Hospital, Dr. Ram Manohar Lohia Hospital, GB Pant Hospital and All India Institute of Medical Sciences.



Utilization of IPO Proceeds

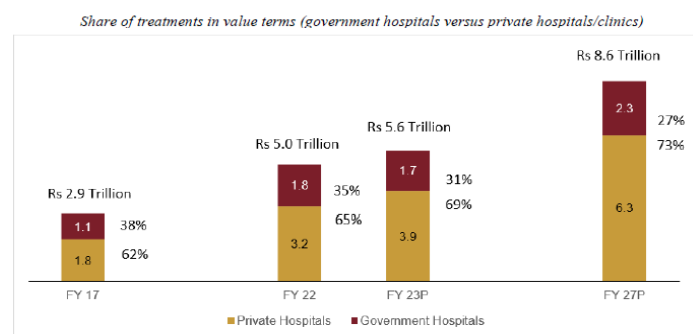
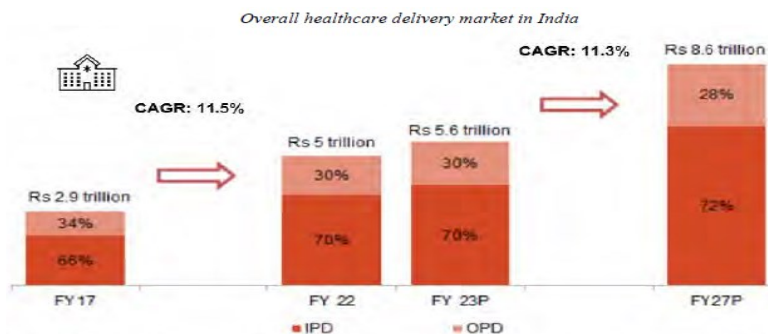
The company propose to utilize the Net proceeds of fresh issue towards funding of the objective:

- Repayment/ prepayment, in full or part, of certain borrowings availed of by Company of ₹ 100 Cr.
- Repayment/ prepayment, in full or part, of certain borrowings availed of by Subsidiaries, namely, AKS and Ramraja of ₹ 145 Cr.
- Funding capital expenditure expenses of Company for two hospitals, namely, Noida Hospital and Greater Noida Hospital of ₹ 25.6 Cr.
- Funding capital expenditure expenses of Subsidiaries, AKS and Ramraja, for respective hospital operated by them of ₹ 107 Cr.
- Funding inorganic growth initiatives through acquisition and other strategic initiatives of ₹ 65 Cr.

Industry Outlook

The Indian healthcare delivery industry is estimated to have grown at an 11.3% CAGR between Fiscals 2023 and 2027, reaching approximately ₹5.6 trillion in Fiscal 2023. Factors driving this growth include long-term structural factors, strong fundamentals, increased affordability, and the potential of the Ayushman Bharat scheme. The in-patient department is expected to contribute 70% of the market, with the rest from the out-patient department. The private sector's role in supporting the government during the pandemic contributed to growth in Fiscal 2022, driven by a low base and pent-up demand from deferred treatments. Medical tourism is expected to further boost the industry as international travel restrictions ease.

The Indian healthcare delivery industry is projected to grow at an approximately 11.3% CAGR over the next four years, reaching ₹8.6 trillion in Fiscal 2027. This growth will be fueled by long-term factors, government focus, and the Ayushman Bharat scheme. Private players are expected to play a significant role, providing around 73% of treatments by Fiscal 2027. Factors contributing to the demand include lifestyle-related ailments, medical tourism, rising incomes, and changing demographics.



Peer Comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW(%)
Yatharth Hospital Ltd	10	523	10.09	27.93	NA	35.95%
Peers Group						
Apollo Hospital Ltd	5	16,703	56.97	431.02	89.44	13.22%
Fortis Healthcare Ltd	10	6,359	7.80	95.93	40.36	8.13%
Max Healthcare Institute Ltd	10	4,701	11.36	104.93	52.66	14.89%
KIMS Ltd	10	2,223	42.03	76.32	42.44	20.14%
Healthcare Global Enterprises Ltd	10	1,707	2.10	61.86	151.02	3.41%
Naryana Hrudalaya Ltd	10	4,590	29.85	165	33.29	28.44%

**Companies Competitive Strength :**

- Among the leading super-specialty hospital in Delhi NCR with diverse specialty and payer mix.
- Advanced and high-end medical equipment and technology.
- Ability to attract quality doctors, nurses, paramedical, and other staff.
- Experienced and qualified professional management team with strong execution track record.
- Track record of stable operating and financial performance and growth.

Key Strategies Implemented by Company

- Continue to improve quality of care and operational efficiencies.
- Introduce new specialties at existing hospitals.
- Augment scale through organic and inorganic manner in current markets and expand into adjacent regions.
- Continue to attract, engage and train prominent, skilled doctors and other healthcare professionals.
- Further leverage technology to grow operations.
- Grow medical tourism segment to attract more international patients.

Particulars (Rs Cr)	2023	2022	2021
Equity Share Capital	65.52	65.52	16.38
Reserves	117.45	51.37	56.08
Net worth as stated	182.96	116.89	72.46
Revenue from Operation	520	401	229
Revenue Growth (%)	29.68%	75.11%	-
EBITDA as Stated	133.77	111	67
EBITDA margin (%)	25.71%	27.64%	29.30%
Profit Before Tax	87.68	63.11	28.12
Net Profit for the period	65.77	44.16	19.59
Net Profit (%) as Stated	12.64%	11.01%	8.57%
EPS (₹)	10.09	6.78	2.77
RoNW (%)	35.95%	37.78%	25.06%
ROCE(%)	26.10%	23%	18.43%

Valuations and Recommendation:

- Yatharth Hospital Ltd earning arrives at ₹ 65.77 Cr for FY23. At upper price band of ₹ 300, Company is looking for post issue market cap of ₹ 2,576 Cr, Which implies a earning multiple (P/E) of 39.16(x).
- Yatharth Hospital Ltd , is one of the leading Super-Specialty hospital in Delhi NCR region. It offer diverse rage of Specialty services to Customer. Company's expansion plan in North India focuses on areas with low doctor and nurse density. Recent acquisition of Jhansi-Orchha hospital aims to penetrate new geographies and grow in regional healthcare market. It also on prioritize advanced specialties with high demand to increase revenue and ARPOB. Hence, We recommend “ Subscribe ” rating to the Issue for listing gains.



Notes

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