



Yatharth Hospital and Trauma Care Services Ltd.



By Jainam Broking Ltd.



Disclaimer

We are SEBI certified Research Analysts. This documents solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.





Offer Details:

IPO Date	Jul 26 th , 2023 to Jul 28 th , 2023
Listing Date	7 th Aug, 2023
Face Value	₹10 per share
Price	₹285 to ₹300 per share
Fresh Issue	Aggregating up to ₹490 Cr
Offer for Sale	65,51,690 shares of ₹10
Issue Type	Book Built Issue IPO
Listing At	BSE, NSE



Company Overview:

- Yatharth Hospital and Trauma Care Services Limited is a multi-care hospital chain which was incorporated in 2008.
- Yatharth Hospital operates through its super specialty hospitals. These hospitals are situated in Delhi NCR, i.e., at Noida, Greater Noida, and Noida Extension, Uttar Pradesh.
- The hospital located in Noida Extension Hospital has 450 beds and is one of the largest hospitals in the area.
- They rank among the top 10 largest private hospitals in National Capital region of Delhi.

The 4 main hospital and their bed capacities are:

- Noida Extension – 450 Beds
- Greater Noida – 400 Beds
- Jhansi, Orchha – 305 Beds
- Noida – 250 Beds

Yatharth Hospital (YHTCSL) and Trauma Care Services provide patients with various Amenities and facilities. All of their hospitals are accredited by the NABH. And the ones located at Greater Noida and Noida Extension is accredited by NABL.

- The company acquired a 305-bedded multi-specialty hospital in Orchha, Madhya Pradesh to extend its operations and services.
- A team of 370 doctors is engaged with the company. They offer healthcare services across numerous specialties and super specialties.



The super specialty or Centres of Excellence (COE) of the hospital includes:

- 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 and Spine & Rheumatology.

YHTCSL is empanelled with several third-party health insurance administrators, non-life insurance companies, ESIC (Employees State Insurance Corp.), CGHS (Central Government Health Schemes) as well as public and private sector undertakings.

Post the pandemic, as health awareness and insurance coverage have increased, preference for a good healthcare service provider has been on the rise and such trends are likely to continue in coming years.

As of March 31, 2023, it had 3303 individuals engaged with the company including 178 resident medical officers, 267 consulting doctors besides 164 visiting doctors.



As on the date of the Draft Red Herring Prospectus, the Company has three subsidiaries:

- (i). AKS Medical & Research Centre Private Limited;
- (ii). Ramraja Multispeciality Hospital & Trauma Centre Private Limited; and
- (iii). Sanskar Medica India Limited.



- Company's Top Level Management

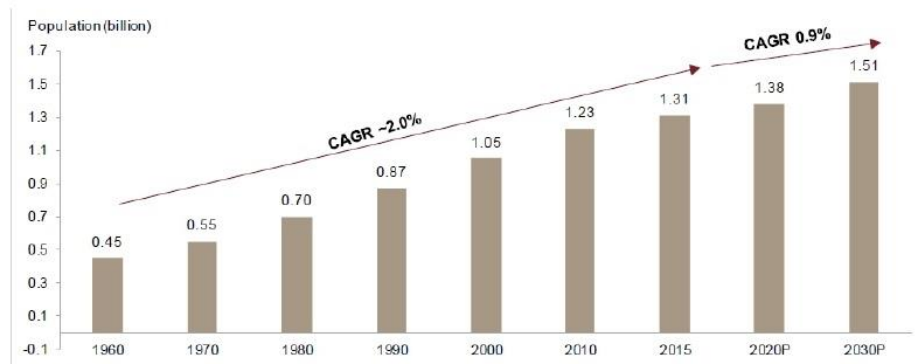
Chairman	DR. AJAY KUMAR TYAGI
Managing director	Dr. Kapil Kumar
Director	Mr. Yatharth Tyagi
Independent director	Ms. Promila Bhardwaj
	Mr. Mukesh Sharma
	Dr. Sanjeev Upadhyaya



Industry Overview:

- India's healthcare industry comprises hospitals, medical devices and equipment, health insurance, clinical trials, telemedicine, and medical tourism.
 - India's healthcare industry has grown significantly in both employment and income. India is also cost-competitive compared to its peers in Asia and western countries.
-
- By 2030, India's population is projected to touch 1.5 Billion.

India's population growth



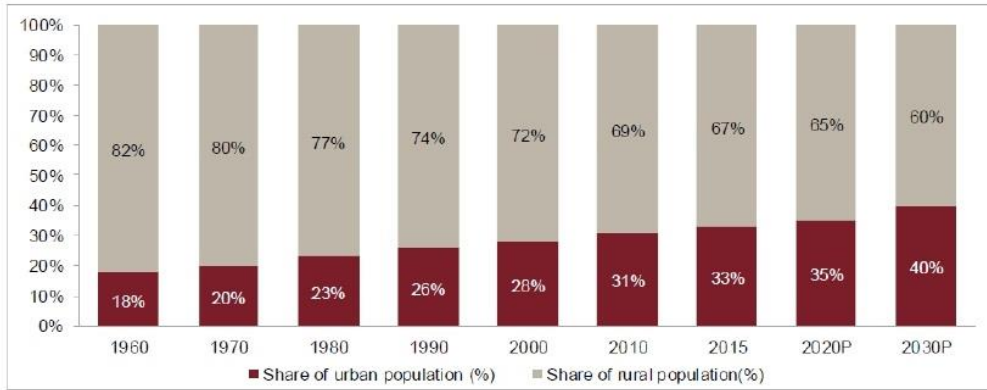
P: Projected

Source: World Urbanization Prospects: The 2018 Revision, United Nations, CRISIL Research



- Urbanization likely to reach 40% by 2030.

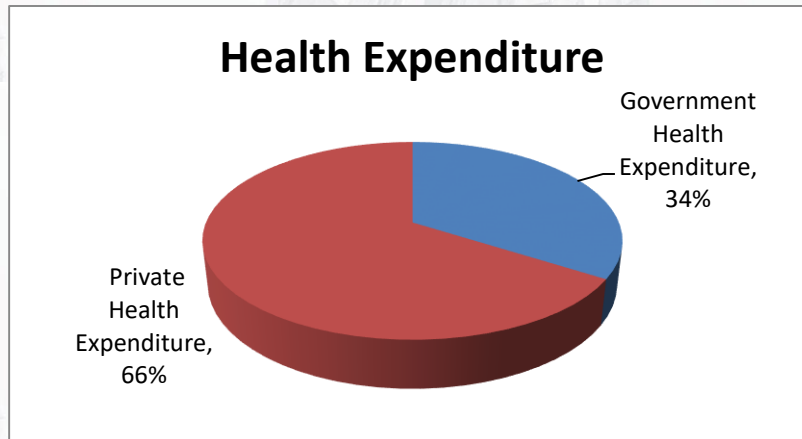
India's urban versus rural population



P: Projected

Source: World Urbanization Prospects: The 2018 Revision, United Nations, CRISIL Research

Also public Health expenditure is low as compared to private sector accounting for a lion's share.



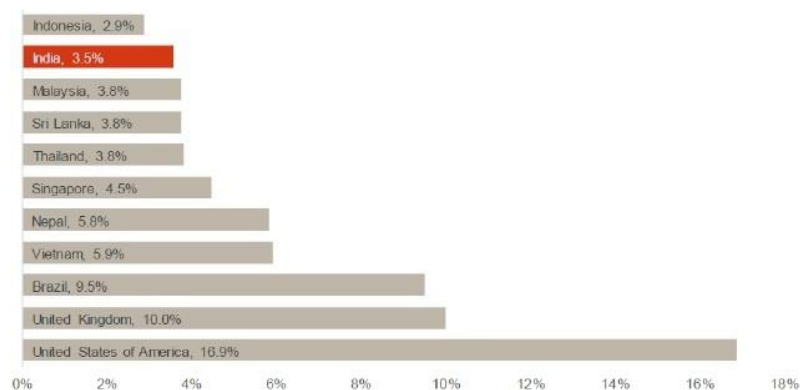
From the above data we can say that as more and more growth in populations and shifting towards urbanization will lead to need of proper healthcare facilities and health infrastructure. But,



Health Infrastructure if India in Dire Need of Improvement

- The adequacy of a country's healthcare infrastructure and personnel is a barometer of its quality of healthcare.
- India accounts for nearly a fifth of the world's population, but has an overall bed density of merely 15, with the situation being far worse in rural than urban areas.
- India's bed density not only falls far behind the global median of 29 beds, it also lags that of other developing countries such as Brazil (21 beds), Malaysia (19 beds), and Vietnam (26 beds).

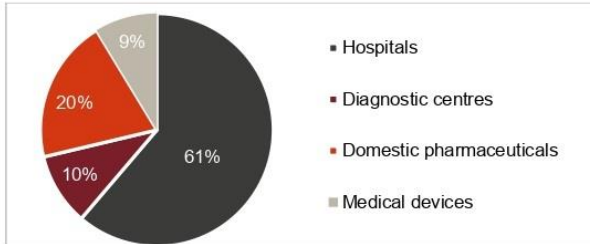
Total healthcare expenditure as % of GDP (2018)



Source: Global Health Expenditure Database - World Health Organisation, CRISIL Research

Structure of the healthcare delivery industry in India

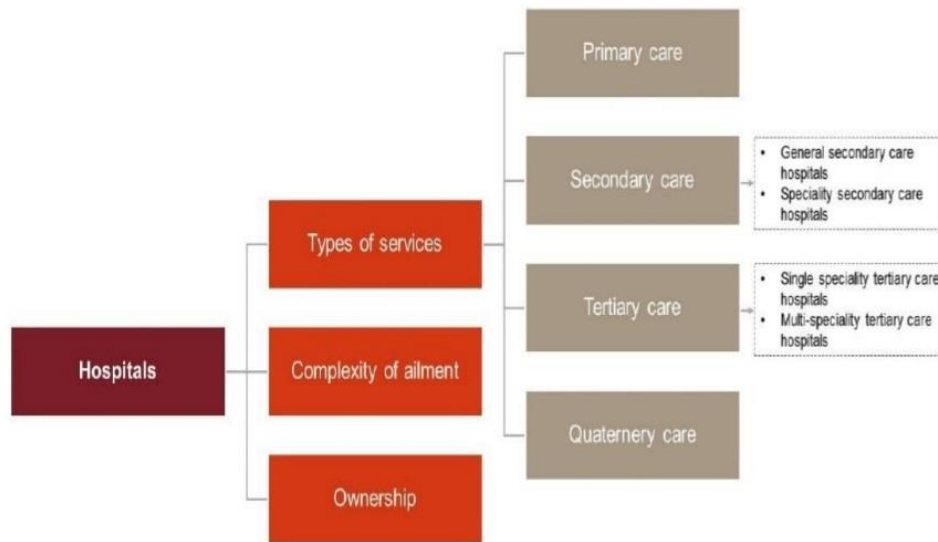
Overview



CRISIL Research estimates the healthcare delivery market, consisting of hospitals and diagnostic centres, to account for a major share of the healthcare pie (71%), followed by domestic pharmaceuticals (20%) and medical devices market (9%) as of fiscal 2020.

Source: CRISIL Research

Classification of hospitals





Financial Statements:

Consolidated Profit & Loss Statement:

(In ₹ million, unless otherwise provided)

S. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
I.	Revenue from operations	5,202.93	4,009.37	2,286.74
II.	Other income	28.07	16.49	5.15
III.	Total income (I+II)	5,231.00	4,025.86	2,291.89
IV.	Expenses			
	Cost of material consumed	929.35	813.28	463.18
	Employee benefits expense	919.30	804.68	466.88
	Finance cost	213.87	214.86	188.44
	Depreciation and amortisation expense	275.07	278.68	205.60
	Other expenses	2,016.63	1,283.29	686.56
	Total expenses (IV)	4,354.22	3,394.80	2,010.66
V.	Profit / (Loss) before tax (III-IV)	876.78	631.06	281.23
VI.	Tax expense:			
	- Current tax	246.66	180.09	50.37
	- Income tax of earlier years	1.61	-	-
	- MAT credit availed/ reversed	11.03	18.02	(16.63)
	- Deferred tax (net)	(40.19)	(8.68)	51.61
	Total tax expenses	219.10	189.44	85.36
VII.	Profit / (Loss) for the period (V- VI)	657.68	441.62	195.88
VIII.	Other Comprehensive Income			
	(a) (i) Items that will not be reclassified to Profit or Loss	-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
	(b) (i) Items that will be reclassified to profit or loss	4.01	3.77	0.02
	(ii) Income tax relating to items that will be reclassified to profit or loss	(0.90)	(1.10)	(0.01)
	Other comprehensive income for the period	3.11	2.67	0.02



IX.	Total Comprehensive Income (IX+X) (Comprising Profit / (Loss) and Other Comprehensive Income for the period)	660.79	444.30	195.90
	Profit/(Loss) for the period/year attributable to:			
	Owners of the Company	657.68	441.62	181.60
	Non Controlling Interest	-	-	14.28
	Other comprehensive income for the period/year attributable to:			
	Owners of the Company	3.11	2.67	0.02
	Non Controlling Interest	-	-	-
	Total Comprehensive Income for the period attributable to:			
	Owners of the Company	660.78	444.30	181.62
	Non Controlling Interest	-	-	14.28



Consolidated Balance Sheet Statement:

(In ₹ million, unless otherwise provided)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
A. ASSETS			
Non-Current Assets			
a. Property, plant and equipment	2,553.09	2,577.81	2,428.37
b. Intangible assets	-	0.07	-
c. Capital work in progress	-	-	-
d. Right-of-use assets	35.12	56.12	75.63
e. Goodwill	397.01	397.01	4.12
f. Financial Assets			
i) Other financial assets	19.56	22.25	15.94
g. Deferred Tax Assets	82.79	54.53	-
h. Other non-current assets	9.41	58.45	70.44
Total non-current assets	3,096.98	3,166.23	2,594.50
Current Assets			
a. Inventories	60.70	51.95	33.90
b. Financial assets:			
i) Trade receivables	1,076.44	855.38	367.65
ii) Cash and cash equivalents	374.32	117.07	50.00
iii) Bank Balance other than (ii) above	10.11	3.74	1.52
c. Current Tax assets (Net)	111.78	30.23	18.06
d. Other current assets	129.31	35.63	22.09
Total current assets	1,762.67	1,094.00	493.21
TOTAL ASSETS	4,859.66	4,260.23	3,087.71
B. EQUITY AND LIABILITIES			
Equity			
a. Equity Share Capital	655.17	655.17	163.79
b. Other Equity	1,174.47	513.68	560.76
Equity attributable to the owners of the company	1,829.64	1,168.85	724.55
Non-controlling interest	-	-	82.28
Total equity	1,829.64	1,168.85	806.83
Non-Current Liabilities			
a. Financial Liabilities			
i) Borrowings	2,005.94	2,073.82	1,637.18
ii) Lease liabilities	15.91	36.74	54.76
b. Provisions	12.99	9.78	0.41
c. Deferred tax liabilities (Net)	-	-	38.52
Total non-current liabilities	2,034.84	2,120.34	1,730.87



Current Liabilities			
a. Financial Liabilities:			
i) Borrowings	631.82	508.06	223.91
ii) Lease liabilities	20.45	19.12	18.26
iii) Trade payables			
A. Total outstanding dues of micro enterprises and small enterprises	15.08	22.81	-
B. Total outstanding dues of creditors other than micro enterprises and small enterprises	153.69	181.31	165.33
iv) Other financial liabilities	142.40	145.36	107.20
b. Other Current Liabilities	31.15	32.28	35.25
c. Provisions	0.59	62.10	0.06
Total Current Liabilities	995.18	971.05	550.01
TOTAL EQUITY AND LIABILITIES	4,859.66	4,260.23	3,087.71

Consolidated Cash-flow Statement:

(In ₹ million)

Particulars	For the Year ended March 31, 20223	For the Year ended March 31, 2022	For the Year ended March 31, 2021
A. Cash flow from operating activities			
Profit (loss) before tax and exceptional items	876.78	631.06	281.23
Adjustments for:			
Depreciation and Amortisation expense	275.07	278.68	205.60
Finance costs	213.87	214.86	188.44
Interest on bank deposits	(1.41)	(1.02)	(0.37)
Operating profit before working capital changes	1,364.30	1,123.58	674.89
Working capital adjustments			
(Increase)/Decrease in Trade receivables	(221.06)	(487.73)	(198.62)
(Increase)/Decrease in Inventories	(8.74)	(18.06)	(5.31)
(Increase)/Decrease in Financial Assets and other Current and Non-Current Assets	(91.01)	25.26	(8.45)
Increase (Decrease) in Financial Liabilities & Other Current and Non-Current Liabilities	(39.43)	73.36	(3.42)
Increase (Decrease) in Current and Non current Provisions	7.75	13.14	0.11
Cash generated from operations	1,011.81	729.56	459.21
Income Tax (paid) / Refund (net)	(373.98)	(130.21)	(22.48)
Net cash generated from operating activities (A)	637.84	599.35	436.73



B. Cash flow from investing activities			
Purchase of Property, plant and equipment including capital work in progress and capital advances and capital creditors	(198.14)	(131.34)	(201.35)
Acquisition of Fixed Assets-Net of Liabilities On account of Business Combination	-	(262.30)	-
Investment in Subsidiary	-	(126.91)	(11.31)
Interest on bank deposits	1.41	1.02	0.37
Investment in bank deposits having original maturity of more than three months	(6.37)	(2.22)	(0.10)
Net cash used in investing activities (B)	(203.10)	(521.75)	(212.38)
C. Cash flow from financing activities			
Net movement of long term borrowings and short term borrowings	36.39	203.62	(2.07)
Finance cost	(213.87)	(214.86)	(188.44)
Net cash used in financing activities (C)	(177.48)	(11.24)	(190.50)
Net increase/(Decrease) in cash or cash equivalent (A+B+C)	257.25	66.37	33.85
Cash & cash equivalent at the commencement of the period	117.07	50.00	16.15
Add: On account of Business Combination	-	0.71	-
Cash and Cash equivalents at the end of the period	374.32	117.07	50.00
Reconciliation of cash and cash equivalents as per the cash flow statement			
Balance with banks in current accounts	356.80	113.64	45.82
Cash in hand	15.45	2.93	4.18
Bank Deposits with maturing with in 3 months-pledged with banks	2.08	0.51	-
Total	374.32	117.07	50.00



KEY STRENGTH:

- The company is equipped with high-end machines and devices.
- Noida Extension Hospital and Greater Noida are the 8th and 10th largest private hospitals in Delhi NCR, respectively, as of FY23.
- The company is led by a highly qualified and experienced management team.

KEY RISKS:

- Hospital derived 33.17% and 22.19% of its revenue from operations in FY21 and FY22 from COVID-19 which we may not continue to earn in future.
- Large, debt-funded capital expenditure
- Yatharth Hospital & Trauma Care Services Limited's business depends on the strength of its brand and reputation. If they fail to maintain the reputation then it will negatively impact on the business, financial condition, results of operations, and prospects of the company.



Our Recommendation:

We recommend you to be **NEUTRAL** to this IPO.



To Subscribe for the IPO:
<http://ipo.jainam.in/#/home>