SMIFS LIMITED

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Yatharth Hospital & Trauma Care Services Ltd

Accelerating Growth with Stable Margins; Upgrade to Buy

Yatharth Hospital delivered a stellar Q3FY26 performance, well ahead of our estimates, with revenue rising 46% YoY to Rs 3,205 mn, led by robust growth in the Noida cluster and ramp-up at newer units. EBITDA grew 35% YoY to Rs 742 mn, and adjusted EBITDA margin, excluding initial losses at the three new hospitals, improved to ~29%, reflecting strong operating leverage. Occupancy remained among the highest in the sector, with Noida at 91%, Greater Noida at 74% and Jhansi at 72%, alongside healthy volumes at Faridabad, Greater Faridabad and Model Town Delhi. ARPOB rose ~10% YoY to ~Rs 33,744, driven by a richer mix of complex super-specialties and oncology. Adjusted PAT was up ~80% YoY, while reported PAT rose ~50% YoY, underscoring strong earnings scalability despite dilution from new facilities. The recently acquired 250-bed Agra Super Specialty NABH hospital, already EBITDA positive, is expected to contribute meaningfully from Q4 as robotics and additional super specialists ramp up. Management plans to roughly double capacity over the next 3–4 years, while targeting receivable days below 110 by FY26-end. With sustained 10% ARPOB growth, a rising oncology mix, lower ramp-up losses and a strong net cash position, we see scope to raise FY26E–28E revenue estimates while assuming consolidated EBITDA margins in the 24–25% band, with core operations already delivering 28–29% margins. We value the stock at 16x FY28E EV/EBITDA (from 18x earlier) to reflect a calibrated stance on a sustained margin ceiling under a continuous expansion regime, arriving at a revised target price of Rs 855 per share and upgrade the stock to Buy.

A Strong performance for the quarter

- In Q3FY26, the company reported Rs. 3,205 Mn revenue, a 46% YoY Increase. New Hospitals led the growth momentum, with New Delhi and Faridabad Sec-20 contributing Rs.279 Mn in revenue - 9% to Group's revenues - within first full quarter of operations.
- EBITDA grew by 35% YoY and by 15% sequential basis to Rs. 742 Mn, with margins contracted by 189 bps YoY and remain flat on sequential basis to 23.2%
- Overall occupancy for the hospitals improved to 67% compared to 60% in Q3FY25 and Inpatient volumes up 29% YoY and outpatient volumes up 11% YoY with ALOS stand at 4.3 days. ARPOB for hospitals was up by 10% YoY to Rs. 33,744.
- Existing hospitals sustained strong performance, delivering a robust 33% YoY revenue growth. Noida Extension recording its highest-ever ARPOB at Rs. 44k (+16% YoY).

Outlook and Valuation: Yatharth is well placed to deliver strong, compounding growth, supported by high Q3 momentum and a richer super-specialty/oncology mix. Continuous capacity expansion will keep reported margins capped below 25% but should significantly lift absolute EBITDA and PAT. A strong net cash balance sheet, improving receivable days and the EBITDA-accretive Agra acquisition further de-risk execution and support planned brownfield projects. Balancing superior growth visibility with an expansion-led margin ceiling, we value Yatharth at 16x (from 18x) FY28E EV/EBITDA, arriving at TP of Rs 855 implying ~33% upside and upgrade the stock to Buy.

Y/E Mar (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26e	Var. (%)
Net sales	**3,205**	**2,192**	**46.2**	**2,794**	**14.7**	**2,625**	**22.1**
Raw material	625	421	48.5	564	10.8		
Employee expense	635	426	49.1	538	18.1		
Other expense	1202	796	51.1	1047	14.8		
EBITDA	**742**	**549**	**35.2**	**645**	**15.1**	**599**	**24.0**
EBITDA Margin (%)	**23.2%**	**25.1%**	**(189) bps**	**23.1%**	**8 bps**	**22.8%**	**35 bps**
Depreciation	240	169	41.7	189	26.6		
Interest	10	21	-50.6	3	295.7		
Other income	78	42	85.9	95	-17.5		
PBT	**571**	**402**	**42.2**	**548**	**4.1**		
Provision for tax	140	97	45.0	136	3.3		
Effective tax rate (%)	24.5	24.1	48 bps	24.8	(21) bps		
Minority Interest	-22.7	0	NA	0	NA		
Consolidated PAT	**454**	**305**	**48.7**	**412**	**10.0**	**357**	**27.0**

Source: Company, SMIFS research

Rating: Buy	**Return: 33%**
Current Price: 642	**Target Price: 855**

|Earlier recommendation

Previous Rating:	Accumulate
Previous Target Price:	870

Source: SMIFS Research

|Market data

Bloomberg:	YATHARTH:IN
52-week H/L (Rs):	843 /345
Mcap (Rs bn/USD bn):	61.9 /0.7
Shares outstanding (mn):	96.0
Free float:	38.%
Daily vol. (3M Avg.):	0.8 Mn
Face Value (Rs):	10.0

|Shareholding pattern (%)

	Dec-25	Sep-25	Jun-25	Mar-25
Promoter	55.8	61.4	61.4	61.4
FIIs	6.1	6.5	4.3	4.4
DIIs	11.0	8.7	13.5	13.5
Public/others	27.0	23.2	20.5	20.4

|Pro. Pledging

Pledging	10.7	15.3	13.8	13.8

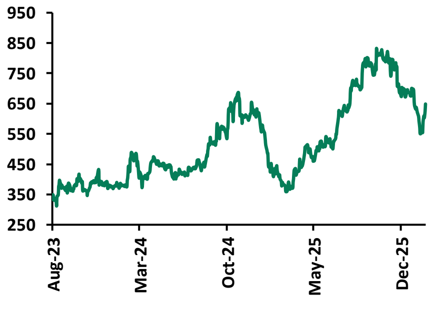
Source: BSE

|Price performance (%) *

	1M	3M	12M	Since IPO
NIFTY 50	-1.8	0.7	8.8	31.1
NIFTY 500	-2.4	-0.3	8.1	38.2
YATHARTH	-8.0	-19.0	44.5	95.9

*as on 6th Feb'26; Source: AceEquity, SMIFS Research

|3 Year Price Performance Chart



Source: NSE

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Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Adj EPS	RoE (%)	RoCE (%)	Adj P/E (x)	EV/EBITDA (x)
FY24	6,705	*28.9*	1,799	*26.8*	1,145	*74.1*	13.3	*21.7*	*17.2*	29.2	17.8
FY25	8,805	*31.3*	2,202	*25.0*	1,305	*14.0*	13.5	*10.4*	*10.5*	36.3	19.6
FY26E	11,981	*36.1*	2,866	*23.9*	1,866	*43.0*	19.4	*10.8*	*10.6*	33.1	19.8
FY27E	16,310	*36.1*	3,972	*24.4*	2,272	*21.7*	23.6	*11.7*	*11.5*	27.2	15.0
FY28E	20,483	*25.6*	5,109	*24.9*	2,706	*19.1*	28.1	*12.4*	*12.2*	22.9	11.9

Source: Company, SMIFS Research Estimates

Key takeaways from the management call

New Hospital Performance:

- New hospitals drove growth: **New Units:** Delhi (Model Town) and Faridabad Sec-20 contributing Rs 279 mn in revenue, accounting for 9% of Group revenues in their first full quarter of operations. **Faridabad Sec-20** has reached a monthly revenue run-rate of Rs. 70–80 Mn within three months of launch, while **Model Town, New Delhi** crossed Rs. 50 Mn+ within four months.
- Occupancy: **Model Town, New Delhi** reported 38% occupancy on 100 beds, while **Faridabad Sec-20** achieved 43% occupancy on 125 beds during the quarter.
  Both hospitals yet to reach full insurance empanelment and Management expects full insurance empanelment within the next two months, which should drive occupancy above 50% in the coming quarter.
- Losses at new hospitals are expected to narrow steadily, with Faridabad projected to break even within 12 months and Model Town, New Delhi within 15 months. Overall, breakeven is expected at 30-35% occupancy levels.

Agra Hospital: The Agra hospital, which commenced operations in February, currently has an ARPOB of ~Rs. 26,000, expected to improve to Rs. 30,000–32,000 by next quarter. With best-in-class infrastructure within a 100 km radius and scope for future expansion, the hospital has achieved revenues of Rs. 450–500 Mn within 12 months and is already EBITDA and P&L positive. It is contributing meaningfully to group profitability from February and is expected to scale further with the onboarding of leading doctors.

International Business: With the Jewar airport expected to commence operations soon, the company has accelerated its medical value travel initiatives. During the quarter, international outreach expanded through OPD operations in Mauritius, Nigeria and Turkmenistan. The company also hosted patient and hospital delegations from Afghanistan, Uzbekistan and Tajikistan, strengthening Yatharth's international healthcare partnerships.

Revenue Mix: At the end of Q3, CGHS contributed ~35% of revenues, with the balance equally split between cash and TPA. Over the next 2–2.5 years, management aims to reduce CGHS contribution to below 30%. New hospitals are expected to operate with ~20% CGHS contribution over the medium term.

Oncology: With the new hospitals in Faridabad and Model Town, Delhi set to start full-scale oncology services (which were not operational this quarter), oncology contribution is expected to increase. Oncology currently contributes ~10% of revenues and is projected to rise to ~15% over the next 1.5 years.

EBITDA Margins: Consolidated EBITDA margins are expected to improve in coming quarters, driven by reduced losses at the New Delhi and Faridabad hospitals and the benefit of recent CGHS rate revisions. Management guides for consolidated margins of ~24–25%.

Receivables and ARPOB: Current receivable days stand at ~115 days. Management expects this to reduce to ~105–110 days by March 2027 and further to ~80–82 days over the next 2–3 years. ARPOB growth of ~10% YoY is considered achievable.

Capex: The company plans cumulative capex of ~Rs. 15,000 Mn over the next five years to expand bed capacity to ~5,000 beds.

Quarterly financials, operating metrics and key performance indicators

Fig 1: Quarterly Financials

Y/E March (Rs mn)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	Q1FY26	Q2FY26	Q3FY26
Net Sales	**1,778**	**2,118**	**2,178**	**2,192**	**2,318**	**2,578**	**2,794**	**3,205**
Raw Materials	375	468	432	421	465	535	564	625
Employee Costs	319	346	415	426	438	482	538	635
Other Expenditure	619	767	785	796	844	916	1,047	1,202
EBITDA	**465**	**537**	**546**	**549**	**570**	**645**	**645**	**742**
Other Income	57	37	30	42	**53**	93	95	78
Depreciation	77	114	159	169	129	149	189	240
EBIT	**445**	**459**	**417**	**422**	**495**	**589**	**551**	**581**
Interest	4	29	16	21	10	2	3	10
Exceptional items	0	0	0	0	0	0	0	0
PBT	**441**	**430**	**401**	**402**	**485**	**587**	**548**	**571**
Tax	58	126	91	97	98	166	136	140
Tax rate (%)	13	29	23	24	20	28	25	25
PAT before MI & Share of Asso	**383**	**304**	**310**	**305**	**387**	**420**	**413**	**431**
Minority Interest	0	0	0	0	0	0	0	-23
Share of associate	0	0	0	0	0	0	0	0
Consolidated PAT	**383**	**304**	**310**	**305**	**387**	**420**	**412**	**454**
Adjusted PAT	**383**	**304**	**310**	**305**	**387**	**420**	**412**	**454**
YoY Growth (%)								
Revenue	24	37	27	31	30	22	28	46
EBITDA	21	30	20	18	23	20	18	35
Adj PAT	121	60	12	3	1	38	33	49
QoQ Growth (%)								
Revenue	7	19	3	1	6	11	8	15
EBITDA	0	15	2	1	4	13	0	15
Adj PAT	30	-21	2	-1	27	9	-2	10
Margin (%)								
RMC/revenue (%)	21.1	22.1	19.8	19.2	20.1	20.8	20.2	19.5
Gross margin (%)	78.9	77.9	80.2	80.8	79.9	79.2	79.8	80.5
Employee cost/revenue (%)	17.9	16.3	19.0	19.4	18.9	18.7	19.2	19.8
Other expenses/revenue (%)	34.8	36.2	36.1	36.3	36.4	35.5	37.5	37.5
EBITDA margin (%)	26.2	25.3	25.1	25.1	24.6	25.0	23.1	23.2
Adj PAT margin (%)	21.6	14.3	14.2	13.9	16.7	16.3	14.8	14.2

Source: Company, SMIFS Research

Valuation and Recommendations

Yatharth is well placed to deliver strong, compounding growth, supported by high Q3 momentum and a richer super-specialty/oncology mix. Continuous capacity expansion will keep reported margins capped below 25% but should significantly lift absolute EBITDA and PAT. A strong net cash balance sheet, improving receivable days and the EBITDA-accretive Agra acquisition further de-risk execution and support planned brownfield projects. Balancing superior growth visibility with an expansion-led margin ceiling, we value Yatharth at 16x (from 18x) FY28E EV/EBITDA, arriving at TP of Rs 855 implying ~33% upside and upgrade the stock to Buy.

Fig 2: EV/EBITDA Valuation based on FY28E

Particulars	Rs Mn
EBITDA	5,109
Applied EV / EBITDA	16.0
Computed EV	81,736
Less: Debt	263
Add: Cash	1,250
Computed Equity Value (Rs. mn)	82,407
No. of shares	96
Intrinsic Value per share	**855**

Fig 3: Key Assumptions

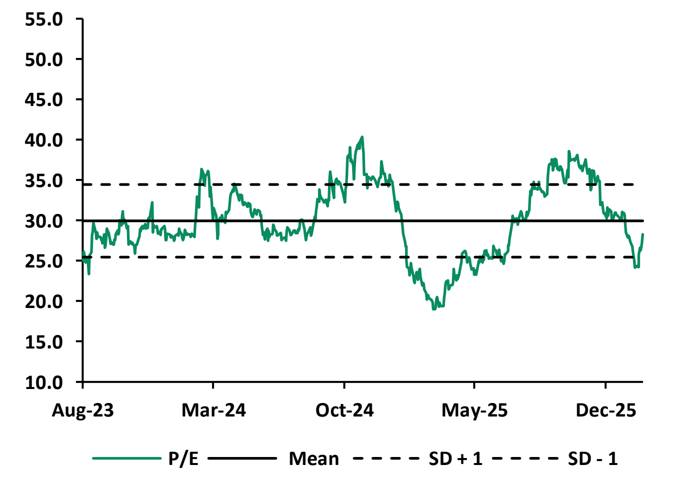
Overall	FY23	FY24	FY25	FY26E	FY27E	FY28E
Bed capacity	1405	1405	1605	2305	3005	3205
Operational beds	1185	1190	1368	1943	2233	2428
Occupancy rate %	45%	54%	61%	50%	57%	64%
ARPOB (Rs/day)	26,538	28,571	30,829	32,062	33,345	34,678
ALOS (days)	4.3	4.3	4.3	4.1	4.0	3.9
Net Revenues	**5,203**	**6,705**	**8,805**	**11,981**	**16,310**	**20,483**
EBITDA margin %	25.7%	26.8%	25.0%	23.9%	24.4%	24.9%

Fig 4: Change in Estimates

Particulars	New Estimates			Old Estimates			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenues	11,981	16,310	20,483	11,386	15,447	19,652	5.2%	5.6%	4.2%
Gross Profit	9,573	13,032	16,386	9,029	12,280	15,663	6.0%	6.1%	4.6%
Gross Margin	79.9%	79.9%	80.0%	79.3%	79.5%	79.7%	60 bps	40 bps	30 bps
EBITDA	2,866	3,972	5,109	2,648	3,742	5,061	8.2%	6.1%	0.9%
EBITDA Margin (%)	23.9%	24.4%	24.9%	23.3%	24.2%	25.8%	67 bps	13 bps	(86) bps
PAT	1,844	2,250	2,684	1,620	2,334	3,090	13.8%	-3.6%	-13.2%
EPS	19.4	23.6	28.1	16.8	24.2	32.1	15.0%	-2.9%	-12.7%

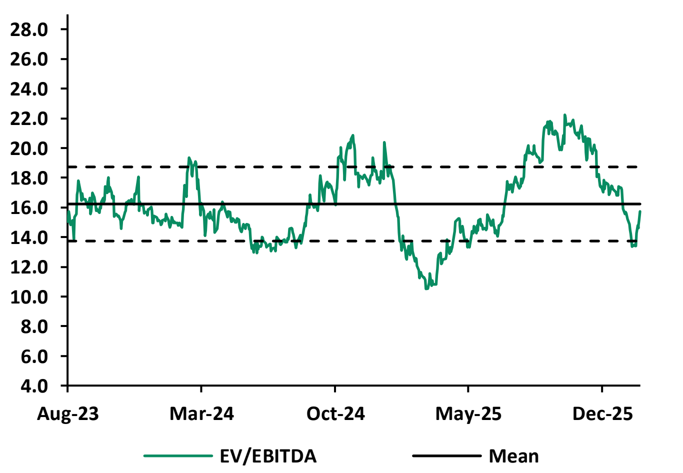
Source: Company, SMIFS research

Fig 5: 1-Year Forward PE



Source: Company, SMIFS Research

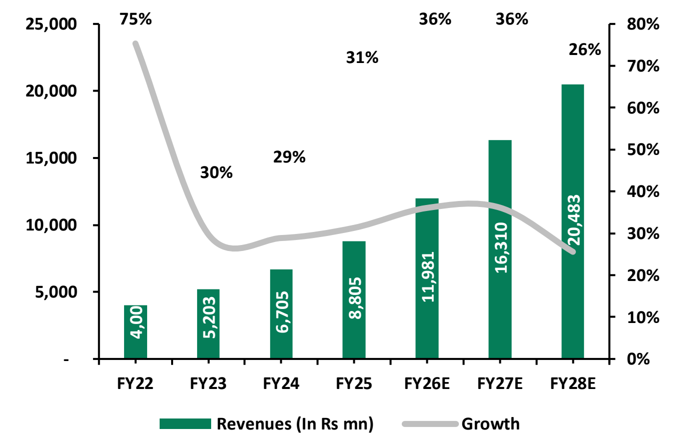
Fig 6: 1-Year Forward EV/EBITDA



Source: Company, SMIFS Research

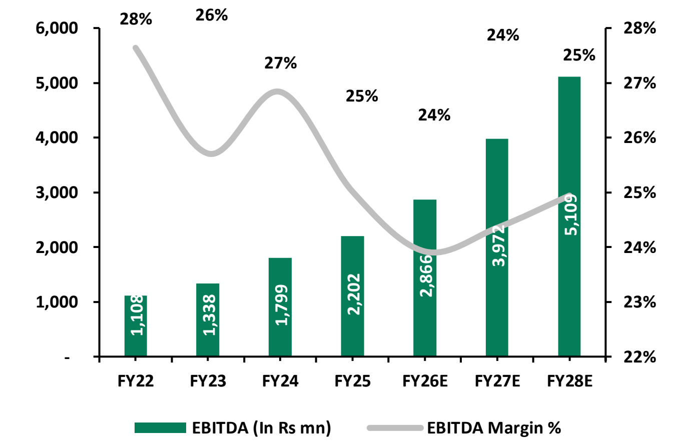
Story in Charts

Fig 7: Revenues



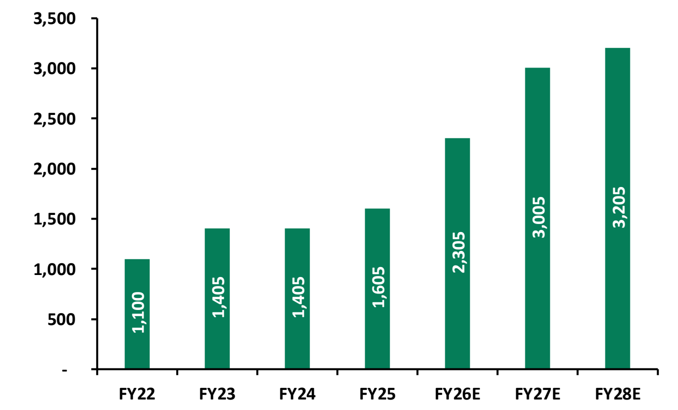
Source: Company, SMIFS Research

Fig 8: EBITDA



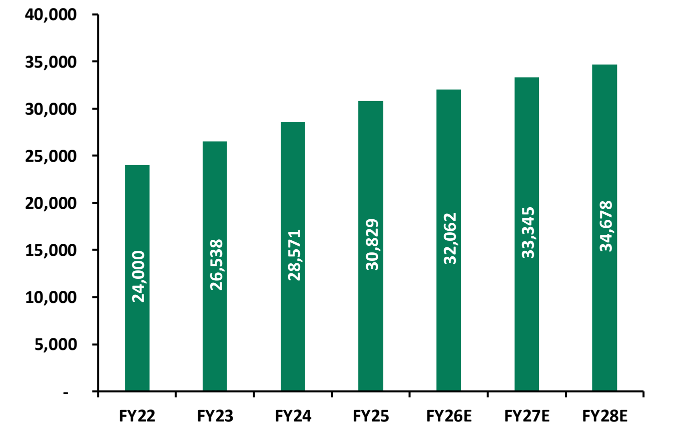
Source: Company, SMIFS Research

Fig 9: Bed capacity



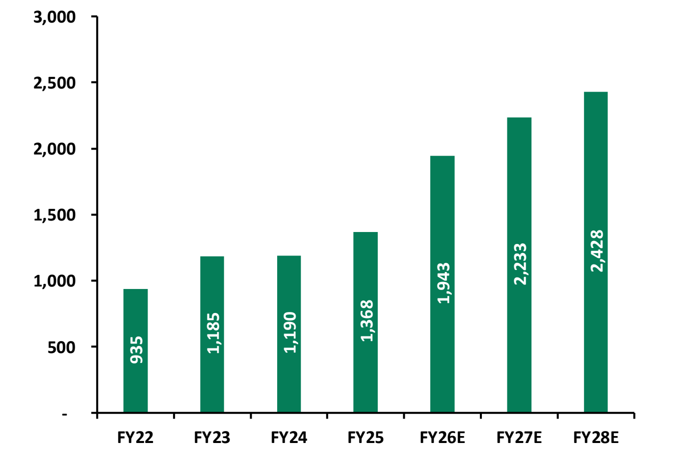
Source: Company, SMIFS Research

Fig 10: ARPOB



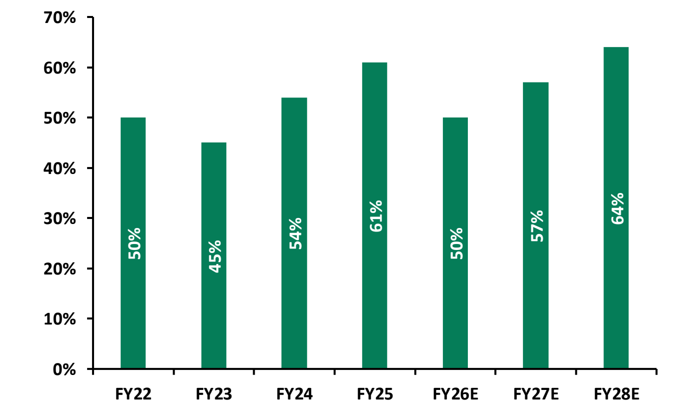
Source: Company, SMIFS Research

Fig 11: Operational beds



Source: Company, SMIFS Research

Fig 12: Occupancy (%)



Source: Company, SMIFS Research

Financial Statements

Income Statement

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenues	**6,705**	**8,805**	**11,981**	**16,310**	**20,483**
Raw Materials	1,333	1,785	2,408	3,278	4,097
% of sales	*19.9*	*20.3*	*20.1*	*20.1*	*20.0*
Personnel	1,170	1,625	2,368	3,158	3,925
% of sales	*17.5*	*18.5*	*19.8*	*19.4*	*19.2*
SG&A Expenses	2,403	3,192	4,339	5,901	7,352
% of sales	*35.8*	*36.3*	*36.2*	*36.2*	*35.9*
EBITDA	**1,799**	**2,202**	**2,866**	**3,972**	**5,109**
Other Income	156	162	407	224	101
Depreciation & Amortization	293	572	729	1,096	1,464
EBIT	**1,663**	**1,793**	**2,544**	**3,100**	**3,746**
Finance cost	94	75	18	18	18
Core PBT	**1,412**	**1,556**	**2,119**	**2,858**	**3,626**
Exceptional items	-	-	-	-	-
PBT	**1,568**	**1,717**	**2,526**	**3,082**	**3,727**
Tax-Total	424	412	682	832	1,044
Effective tax rate (%)	*27.0*	*24.0*	*27.0*	*27.0*	*28.0*
PAT	**1,145**	**1,306**	**1,844**	**2,250**	**2,684**
Non-controlling interest	0	0	-23	-23	-23
Adjusted PAT	**1,145**	**1,305**	**1,866**	**2,272**	**2,706**

Source: Company, SMIFS Research Estimates

Key Ratios

YE March	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratio (%)					
Revenue	28.9	31.3	36.1	36.1	25.6
EBITDA	34.5	22.4	30.1	38.6	28.6
Adjusted PAT	74.1	14.0	43.0	21.7	19.1
Margin Ratios (%)					
Gross Profit	80.1	79.7	79.9	79.9	80.0
EBITDA	26.8	25.0	23.9	24.4	24.9
EBIT	24.8	20.4	21.2	19.0	18.3
Core PBT	21.1	17.7	17.7	17.5	17.7
Adjusted PAT	17.1	14.8	15.6	13.9	13.2
Return Ratios (%)					
ROE	21.7	10.4	10.8	11.7	12.4
ROCE	17.2	10.5	10.6	11.5	12.2
Turnover Ratios (days)					
Gross Block Turnover (x)	1.1	1.1	1.0	1.0	1.0
Adj OCF/Adj PAT (%)	NA	108.8	47.0	71.0	96.5
Inventory	4.4	8.7	9.3	9.3	9.3
Debtors	123.6	125.0	115.0	112.0	110.0
Creditors	15.9	12.1	16.1	16.1	16.1
Cash conversion cycle	112.1	121.6	108.2	105.2	103.2
Solvency Ratio (x)					
Debt-equity	0.1	0.0	0.0	0.0	0.0
Net debt-equity	-0.2	-0.3	-0.3	-0.1	-0.1
Gross Debt/EBITDA	0.5	0.1	0.1	0.1	0.1
Current Ratio	7.6	10.1	10.2	7.0	6.1
Interest coverage ratio	17.7	24	138	169	204
Dividend					
DPS	-	-	-	-	-
Dividend Yield (%)	-	-	-	-	-
Dividend Payout (%)	-	-	-	-	-
Per share Ratios (Rs)					
Basic EPS (reported)	13.3	13.5	19.1	23.3	27.9
Adjusted EPS	13.3	13.5	19.4	23.6	28.1
CEPS	21.9	28.7	39.6	51.4	63.7
BV	133.4	249.9	278.4	313.0	354.3
Valuation (x)*					
Adj P/E	29.2	36.3	33.1	27.2	22.9
P/BV	3.8	2.9	3.4	3.0	2.7
EV/EBITDA	17.8	19.6	19.8	15.0	11.9
EV/Sales	4.8	4.9	4.7	3.7	3.0
Adj MCap /Core PBT	22.0	27.6	26.7	20.8	16.6
Adj MCap /Adj OCF	NA	30.3	64.4	36.8	23.1

Source: Company, SMIFS Research Estimates

Balance Sheet

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Source of funds					
Capital	859	964	964	964	964
Reserves & Surplus	7,885	15,408	17,274	19,546	22,252
Shareholders' Funds	**8,743**	**16,371**	**18,238**	**20,510**	**23,216**
Total Loan Funds (Lease)	**846**	**116**	**263**	**263**	**263**
Other liabilities	25	41	332	332	332
Total Liabilities	**9,615**	**16,529**	**18,833**	**21,105**	**23,811**
Application of funds					
Gross Block	6,060	7,814	11,914	16,760	20,642
Net Block	3,822	5,004	6,875	10,625	13,043
Capital WIP	-	2,221	1,101	1,101	1,101
Quasi Investments	80	53	53	53	53
Other Investments	-	3	20	20	20
Other non-current assets	**1,189**	**1,474**	**1,777**	**1,957**	**2,130**
Inventories	81	210	306	416	523
Sundry Debtors	2,270	3,015	3,775	5,005	6,173
Current Investments	-	742	193	193	193
Cash & Bank Balances	2,386	4,406	5,354	2,536	1,550
Other current Assets	365	185	172	223	272
Total Current Assets	**5,102**	**8,557**	**9,800**	**8,373**	**8,711**
Sundry Creditors	**292**	**291**	**528**	**719**	**903**
Other Current Liabilities	287	492	266	306	344
Total Current Liabilities	**578**	**783**	**795**	**1,025**	**1,248**
Net Current Assets	**4,524**	**7,774**	**9,006**	**7,348**	**7,463**
Total Assets	**9,615**	**16,529**	**18,833**	**21,105**	**23,811**

Source: Company, SMIFS Research Estimates

Cash Flow

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Operating profit before WC changes	**1,830**	**2,257**	**2,888**	**3,994**	**5,131**
Net changes in working capital	(1,423)	(495)	(1,311)	(1,531)	(1,458)
Tax Paid	(437)	(266)	(682)	(832)	(1,044)
Cash flow from operating activities	**-31**	**1,496**	**895**	**1,632**	**2,629**
Adj. OCF	**(125)**	**1,421**	**877**	**1,613**	**2,611**
Capital expenditure	-934	-3,108	-1,481	-4,846	-3,882
Adj FCF	-1,059	-1,687	-604	-3,233	-1,271
Cash flow from investing activities	**-2,259**	**-4,202**	**-637**	**-4,622**	**-3,781**
Debt	-2,631	-733	159	0	0
Dividend	-	-	-	-	-
Interest and Lease	-94	-75	-30	-18	-18
Cash flow from financing activities	**3,042**	**5,274**	**647**	**173**	**166**
Net change in cash	**753**	**2,569**	**905**	**-2,818**	**-986**

Source: Company, SMIFS Research Estimates

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