November 8, 2024

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1
G Block, Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051

Symbol: YATHARTH

Dept. of Listing Operations
BSE Limited,
P J Towers, Dalal Street,
Mumbai -400001, India

Scrip Code: 543950

Subject: Credit Ratings

Dear Sir(s)/ Madam,

With reference to the subject cited above and in terms of Regulation 30 read with Para A of Part A of Schedule III to the SEBI Listing Regulations, we wish to inform you that CRISIL Ratings Limited has assigned the corporate credit rating of **"CRISIL A-/ Stable"** to Yatharth Hospital and Trauma Care Services Ltd.

The detail of Credit ratings assigned to the Company is as under:

Rating action

Corporate credit rating	CRISIL A-/Stable (Assigned)

We request you to take the above information on your records and disseminate the same on your respective websites.

Thanking you
Your faithfully,
For **Yatharth Hospital and Trauma Care Services Limited**

Yatharth Hospital & Trauma Care Services Ltd.

Ritesh Mishra
Company Secretary & Compliance Officer
Mem. No. A51166
Encl: Rating Rationale

CRISIL Ratings

Rating Rationale

November 08, 2024 | Mumbai

Yatharth Hospital And Trauma Care Services Limited

'CRISIL A-/Stable' assigned to Corporate Credit Rating

Rating Action

Corporate Credit Rating	**CRISIL A-/Stable (Assigned)**

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its **'CRISIL A-/Stable'** corporate credit rating to Yatharth Hospital and Trauma Care Services Ltd (Yatharth Hospital; part of the Yatharth group).

The rating reflects the extensive industry experience of the promoters, the group's established market position and its strong financial risk profile.

The Yatharth group's established track record and market presence has supported the improvement in operating income at a compound annual growth rate of ~43% in the three fiscals through March 2024. The operating income is expected to improve to over Rs 800 crore in fiscal 2025 (Rs 673.25 crore previous fiscal), driven by higher occupancy level of 54% in fiscal 2024 against 45% in fiscal 2023 (despite an increase in operational beds from 935 in fiscal 2022 to 1,185 in fiscal 2024). There has been a steady increase in average revenue per occupied bed to Rs ~25,080 in fiscal 2024 (Rs ~23,000 in fiscal 2023) owing to higher number of specialised treatments as the group has introduced medical services such as radiation oncology, human organ transplant, robotics surgery and medical tourism over the years. Operating margin has remained healthy at over 27.4% in fiscal 2024 and is expected to sustain at around 25% over the medium term given the increasing scale and occupancy levels.

The group had raised funds of around Rs 610 crore through its initial public offering (IPO) conducted in August 2023. This has resulted in prepayment of majority of its external debt (Rs 245 crore), which has strengthened financial risk profile and liquidity.

The group recently announced its plans to acquire two new hospitals. It plans to acquire a 60% stake (at an investment of Rs 92.2 crore) in MGS Infotech Research and Solutions Pvt Ltd, which is currently setting up a 400-bed hospital in Faridabad, Haryana. The second acquisition is of a 200-bed super-specialty hospital, MD City, in Model Town, New Delhi, for about Rs 160 crore. Both the acquisitions are expected to take place in fiscal 2025, for which the group plans to raise funds in the near term. The hospitals are expected to commence operations in near to medium term. The group also plans to invest Rs 100 crore and Rs 80 crore, respectively, in both the hospitals for equipment and modernisation in fiscal 2026. The acquisition will help diversify geographical presence. Timely commencement and successful ramp up in operations of the new hospitals will remain monitorable over the medium term.

These strengths are partially offset by geographic concentration in revenue, exposure to intense competition and regulatory changes, and working capital-intensive operations.

Analytical approach

CRISIL Ratings has combined the business and financial risk profiles of Yatharth Hospital and its wholly owned subsidiaries, AKS Medical and Research Centre Pvt Ltd (AKS), RamRaja Multispecialty Hospital & Trauma Centre Pvt Ltd (RamRaja), and Pristine Infracon Pvt Ltd (PIPL).

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key rating drivers & detailed description

Strengths

- **Extensive experience of the promoters and established market position:** The two-decade-long experience of the promoters in the healthcare industry, their strong understanding of the market dynamics and healthy business relationships in the region will continue to support the business risk profile. Strong recall of the Yatharth brand with diversified reach via multiple hospitals has helped the group to sustain revenue growth over the past few fiscals. The group has been offering multispecialty primary healthcare services since 2010 and has been expanding its presence with four hospitals having capacity of 1,350 beds. The business acumen of the promoters has helped to increase consolidated operating income to Rs 673 crore in fiscal 2024 (of which Yatharth Hospital accounts for about 75%) which is expected to touch Rs 800 crore in fiscal 2025.

  The group began operations with one hospital in Noida in 2010 and expanded its reach to Greater Noida (both in Uttar Pradesh [UP]) in 2013. Through its subsidiaries, it has further diversified its presence in Greater Noida West in 2019, Jhansi (both in UP) in 2022 and Faridabad (Haryana) in 2024. The Faridabad hospital was added after the recent acquisition of PIPL on March 28, 2024. The group also recently announced its plans to acquire two new hospitals in Faridabad and Model Town.

- **Strong financial risk profile:** The group raised around Rs 610 crore through its IPO in August 2023, proceeds from which were used to prepay majority of its external debt (Rs 245 crore), thereby improving the financial risk profile. Gearing improved to around 0.1 time as on March 31, 2024, from 1.84 times as on March 31, 2023, and is expected at a similar level for fiscal 2025. Networth also strengthened to over Rs 814.6 crore as on March 31, 2024, and is expected to improve further to over Rs 910 crore as on March 31, 2025. The debt protection metrics were robust due to low leverage and healthy profitability: interest coverage and net cash accrual to total debt ratios are expected at around 20 times and 1.9 times, respectively, for fiscal 2025 (16 times and 1.3 times, respectively, previous fiscal). The metrics are expected to improve further over the medium term.

  Apart from the two recently announced acquisitions, the group does have large capital expenditure (capex) plans to expand capacity at the Noida and Greater Noida hospitals at a total investment of more than Rs 250 crore. It has already acquired land at a total investment of Rs 30 crore adjacent the hospitals. The group plans to fund these acquisitions through internal accrual and surplus funds. Hence, financial risk profile should remain strong over the medium term in the absence of any external debt.

Weaknesses:

- **Geographical concentration in revenue and exposure to intense competition and regulatory changes:** Operations are largely localised in North India, against corporate hospitals that have presence across India. Four out of the five hospitals of the group that are currently operational are in Delhi NCR (3 in Noida and 1 in Faridabad). Also, the group is exposed to competition. Around 75% of the revenue is driven by the flagship hospitals in Noida and Greater Noida. The Faridabad hospital has been added after the recent acquisition of PIPL and the Jhansi hospital operationalised in fiscal 2023. Hence, ramp up in the operations of the Jhansi and Faridabad hospitals aiding geographical diversion is yet to be seen. Furthermore, the healthcare industry is susceptible to government guidelines related to medical practices such as disposal of solid waste and timely renewal of approvals, licences and permits. An increase in compliance cost or regulatory changes may adversely affect the business over the medium term.

- **Ramp up in operations and occupancy yet to be established in new geographies:** The overall occupancy level is improving, but remains moderate at ~54% in fiscal 2024 (45% previous fiscal). The lower occupancy is due to the hospitals in Greater Noida and Jhansi, which were operating at ~28% and 23%, respectively, in fiscal 2024. Furthermore, the group has added new hospitals and the track record of ramp up in their operations with healthy occupancy levels is yet to be seen. Despite the new hospitals, the consolidated occupancy level is expected to remain moderate at 55-65% in the near term. The ramp up of the newly set-up hospitals will remain a critical factor over the medium term.

- **Working capital-intensive operations:** Gross current assets were high at 217 days as on March 31, 2024 (111 days previous fiscal), owing to stretched receivables of 124 days (76 days) as majority of the clients are government entities that delay payment. Receivables of more than 6 months stood at Rs 146 crore (35% of total receivables). These are partially supported by payables of 60-90 days. Improvement in working capital cycle will remain a key rating sensitivity factor.

Liquidity: Strong

Expected annual cash accrual of over Rs 140-200 crore will be more than adequate to meet yearly term debt obligation of Rs 7-8 crore over the medium term. The group had surplus liquid funds of over Rs 160 crore as on September 30, 2024 (Rs 144 crore as on March 31, 2024), which will cushion liquidity. The current ratio was healthy at 7.6 times as on March 31, 2024. The group also started availing of a factoring limit of Rs 50 crore from June 2024, of which Rs ~48.18 crore was utilised by September 30, 2024. The group has also been sanctioned a cash credit limit of Rs 4 crore, which remains unutilised.

Outlook: Stable

The group will continue to benefit from the extensive experience of its promoters and established relationships with clients.

Rating sensitivity factors

Upward factors

- Improvement in revenue by over 15% at group level supported by ramp up in operations in its subsidiaries, along with sustenance of operating margin at 25-26%
- Improvement in working capital cycle and track record of maintenance of surplus liquid funds

Downward factors

- Decline in revenue by more than 25% or operating margin falling below 20%
- Large, debt-funded capex weakening the capital structure or substantial increase in working capital requirement adversely affecting liquidity and the overall financial risk profile

About the group

Incorporated in 2008 and promoted by Dr Ajay Tyagi and Dr Kapil Tyagi, Yatharth Hospital operates hospitals in Greater Noida (operations began in 2010; 400-bed capacity) and Noida (operations began in 2013; 250-bed capacity). It is listed on the National Stock Exchange and the Bombay Stock Exchange.

Incorporated in 2009, AKS operates a 450-bed multi-specialty hospital in Noida Extension. The company is a wholly owned subsidiary of Yatharth Hospital. It began operations in May 2019.

Incorporated in 2012, RamRaja operates a 305-bed hospital in Jhansi and was acquired by Yatharth Hospital in fiscal 2022. This was acquired by the group in fiscal 2022 and operations commenced from April 2022.

Incorporated in 2010, PIPL operates a 200-bed hospital in Faridabad, providing comprehensive medical, surgical, ortho, neuro, dental, and obstetric care. This was acquired by the group on March 28, 2024, and operationalised in April 2024.

Key financial indicators - Consolidated

As on / for the period ended March 31		2024	2023
Operating income	Rs crore	673.24	522.49
Reported profit after tax (PAT)	Rs crore	81.25	65.77
PAT margin	%	12.07	12.59
Adjusted debt/adjusted networth	Times	0.10	1.84
Interest coverage	Times	16.09	6.03

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity level	Rating assigned with outlook
NA	NA	NA	NA	NA	NA	NA	NA

Annexure – List of entities consolidated

Names of entities consolidated	Extent of consolidation	Rationale for consolidation
Yatharth Hospital and Trauma Care Services Ltd	Full consolidation	Holding company
AKS Medical and Research Centre Pvt Ltd	Full consolidation	Wholly owned subsidiary
Ramraja Multispeciality Hospital & Trauma Centre Pvt Ltd	Full consolidation	Wholly owned subsidiary
Pristine Infracon Pvt Ltd	Full consolidation	Wholly owned subsidiary

Annexure - Rating History for last 3 Years

	Current			2024 (History)		2023		2022		2021		Start of 2021
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Corporate Credit Rating	LT	0.0	CRISIL A-/Stable	14-03-24	Withdrawn (Issuer Not Cooperating)*	11-04-23	CRISIL BBB/Negative	31-05-22	CRISIL BBB/Stable	26-07-21	CRISIL BBB/Stable	--
			--		--		--	11-05-22	CRISIL BBB/Stable		--	--

All amounts are in Rs.Cr.
** - Issuer did not cooperate; based on best-available information*

Criteria Details

Links to related criteria
[CRISILs Approach to Financial Ratios]
[Rating criteria for manufaturing and service sector companies]
[CRISILs Bank Loan Ratings - process, scale and default recognition]
[CRISILs Criteria for Consolidation]

Media Relations	Analytical Contacts	Customer Service Helpdesk
Prakruti Jani Media Relations **CRISIL Limited** M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com **Rutuja Gaikwad** Media Relations **CRISIL Limited** B: +91 22 3342 3000 **Rutuja.Gaikwad@ext-crisil.com**	Nitin Kansal Director **CRISIL Ratings Limited** D:+91 124 672 2154 nitin.kansal@crisil.com Smriti Singh Team Leader **CRISIL Ratings Limited** B:+91 124 672 2000 smriti.singh@crisil.com Naman Kalra Rating Analyst **CRISIL Ratings Limited** B:+91 124 672 2000 Naman.Kalra@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

Note for Media:
This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: TWITTER | LINKEDIN | YOUTUBE | FACEBOOK

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') provided by CRISIL Ratings Limited ('CRISIL Ratings'). For the avoidance of doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for use only within the jurisdiction of India. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings provision or intention to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

The report is a statement of opinion as on the date it is expressed, and it is not intended to and does not constitute investment advice within meaning of any laws or regulations (including US laws and regulations). The report is not an offer to sell or an offer to purchase or subscribe to any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way.

CRISIL Ratings and its associates do not act as a fiduciary. The report is based on the information believed to be reliable as of the date it is published, CRISIL Ratings does not perform an audit or undertake due diligence or independent verification of any information it receives and/or relies on for preparation of the report. THE REPORT IS PROVIDED ON "AS IS" BASIS. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, CRISIL RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE. In no event shall CRISIL Ratings, its associates, third-party providers, as well as their directors, officers, shareholders, employees or agents be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

The report is confidential information of CRISIL Ratings and CRISIL Ratings reserves all rights, titles and interest in the rating report. The report shall not be altered, disseminated, distributed, redistributed, licensed, sub-licensed, sold, assigned or published any content thereof or offer access to any third party without prior written consent of CRISIL Ratings.

CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains or its associates. Ratings are subject to revision or withdrawal at any time by CRISIL Ratings. CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors.

CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For more detail, please refer to: https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the Securities and Exchange Board of India regulations (and other applicable regulations, if any), are made available on its websites, www.crisilratings.com and https://www.ratingsanalytica.com (free of charge). CRISIL Ratings shall not have the obligation to update the information in the CRISIL Ratings report following its publication although CRISIL Ratings may disseminate its opinion and/or analysis. Reports with more detail and additional information may be available for subscription at a fee. Rating criteria by CRISIL Ratings are available on the CRISIL Ratings website, www.crisilratings.com. For the latest rating information on any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: **https://www.crisilratings.com/en/home/our-business/ratings/credit-ratings-scale.html**