



Dr. Agarwal's Health Care Limited

- 28th January 2025

IPO Details :

IPO Date	January 29, 2025 to January 31, 2025
Face Value	₹1 per share
Price Band	₹382 to ₹402 per share
Lot Size	35 Shares
Total Issue Size	7,53,04,970 shares (aggregating up to ₹3,027.26 Cr)
Fresh Issue	74,62,686 shares (aggregating up to ₹ 300.00 Cr)
Offer for Sale	6,78,42,284 shares of ₹1 (aggregating up to ₹2,727.26 Cr)
Issue Type	Book Built Issue IPO
Listing At	BSE, NSE
Share holding pre issue	30,84,17,160 shares
Share holding post issue	31,58,79,846 shares
Investor Category	Shares Offered
QIB Shares Offered	Not less than 50% of the Net Issue
Retail Shares Offered	Not less than 35% of the Offer
NII (HNI) Shares Offered	Not more than 15% of the Net Issue
Retail (Min & Max) shares	35 shares & 490 shares
Retail (Min & Max) application amount	₹14,070 & ₹1,96,980
S-HNI (Min shares & application amount)	525 Shares & ₹2,11,050
S-HNI (Max shares & application amount)	2,485 Shares & ₹9,98,970
B-HNI (Min shares & application amount)	2,520 Shares & ₹10,13,040
Basis of Allotment	Monday, February 3, 2025
Initiation of Refunds	Tuesday, February 4, 2025
Credit of Shares to Demat	Tuesday, February 4, 2025
Listing Date	Wednesday, February 5, 2025
Cut-off time for UPI mandate confirmation	5 PM on January 31, 2025
Promoters	Dr. Amar Agarwal, Dr. Athiya Agarwal, Dr Adil Agarwal, Dr. Anosh Agarwal, Dr Ashvin Agarwal, Dr. Ashar Agarwal, Dr. Amar Agarwal Family Trust, Dr Adil Agarwal Family Trust, Dr. Anosh Agarwal Family Trust, Dr Ashvin Agarwal Family Trust, Dr. Ashar Agarwal Family Trust, Dr Agarwal's Eye Institute and Dr Agarwal's Eye Institute Private Limited
Registrar	Kfin Technologies Limited

Company Profile :

Incorporated in 2010, Dr. Agarwal's Health Care Limited offers a comprehensive range of eye care services, including cataract and refractive surgeries, consultations, diagnoses, non-surgical treatments, and the sale of optical products, contact lenses, accessories, and eye care-related pharmaceutical items. Dr. Agarwal's Eye Hospital with best eye specialist and 200+ hospitals in India. The company operated 165 facilities across 13 states and four union territories in India, in addition to 15 facilities located in nine countries throughout Africa. Dr Agarwal's Health Care has the highest number of eye care service facilities in India, and a wide array of eye care services, which encompass cataract and refractive surgeries, consultations, diagnoses, non-surgical treatments, as well as the retailing of optical products, contact lenses, accessories, and pharmaceuticals related to eye care. Dr. Agarwal's Group of Eye Hospitals started as a single facility in Chennai in the year 1957.

In FY24, the company reported Revenue from Operations ₹1,332.15 crores (FY23: ₹1,017.98 crores) with Profit After Tax of ₹95.05 crores (FY23: ₹103.23 crores).

Object of the issue :

- ☐ Repayment/prepayment, in partial or full, of certain of borrowings- ₹300 cr
- ☐ General corporate purposes and unidentified inorganic acquisition

Financial Details:

Particulars (Amount in Crores)	30 Sep 2024	31 March 2024	31 March 2023	31 March 2022
Income				
Revenue from Operations (Net)	820.06	1,332.15	1,017.98	696.08
Other Income	17.88	44.30	13.51	17.71
Total Income	837.94	1,376.45	1,031.49	713.78
Expenses				
Cost of Raw Materials Consumed	0.50	1.08	1.76	1.09
Purchase of Stock-in-Trade	88.88	140.97	114.76	85.28
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	(6.94)	(5.21)	(3.06)	(2.70)
Consumption of Surgical Lens including Other Consumables	102.57	164.15	120.45	76.30
Consultancy Charges for Doctors	124.46	203.85	147.12	92.77
Employee Benefits Expense	155.86	242.83	190.40	139.82
Finance Costs	55.43	95.62	71.97	45.40
Depreciation and Amortization Expenses	112.69	170.37	128.30	97.66
Other Expenses	144.13	222.23	176.20	121.40
Total Expenses	777.59	1,235.88	947.90	657.02
Profit / (Loss) Before Tax	60.36	140.57	83.59	56.76
Tax Expense	20.79	45.52	(19.64)	13.60
Profit / (Loss) After Tax	39.56	95.05	103.23	43.16
Basic EPS (in Rs.)	₹ 1.00	₹ 3.13	₹ 4.01	₹ 1.83

Competitive Strengths :

- ❑ **Largest eye care services provider in India:** As per Crisil's report, Dr. Agarwal's Health Care is India's largest eye care service chain in revenue in the last fiscal year 2024, which is approximately 1.7x of the second largest eye care service chain in the country. Additionally, the company had a 25% market share in the segment in the same period. As of September 30, 2024, the company has 193 facilities in India spanning 14 states and 4 UTs, and 16 facilities spread across 9 countries of Africa.
- ❑ **Offers end-to-end comprehensive eye care services:** Dr. Agarwal's Health Care is an end-to-end eye care services provider offering a comprehensive set of services. The company provides a comprehensive range of eye care products and services, covering cataract surgeries, refractive treatments, and other services such as consultations, clinical investigations, and non-surgical treatments. In addition, standard operating procedures (SOPs) are vital growth drivers for the eye care service chain in India.
- ❑ **Company follows scalable, asset-light, hub-and-spoke operating model:** The company operates its network through a hub-and-spoke model, which supports high patient volumes and economies of scale. The company leases all of its facilities except one, which allows it to scale operations with minimal upfront investment. As of September 30, 2024, the company's network in India includes 28 hubs and 165 spokes.
- ❑ **Proven clinical excellence driven by a strong clinical board:** The company has a clinical board to ensure standardization of clinical protocols, products, and processes across its network. The clinical board is overseen by its international advisory team and internal specialty expert team, which provide strategic direction and oversight across its operations.

Key Risk Factors :

- ❑ **Company engages doctors through retainership arrangements:** The success of the company business depends on its ability to recruit and retain sufficient members of trained and skilled doctors and medical staff at its facilities. The doctors have retainer-ship arrangements with the company. If the company fails to retain them could affect its operations, financial condition, and cash flows.
- ❑ **Facilities concentrated in Tamilnadu, Maharashtra and Karnataka:** A significant majority of the facilities are located in the states of Tamilnadu, Maharashtra, and Karnataka in India. As of September 30, 2024, 120 out of a total of 193 are located only in these states. Any adverse developments with respect to these facilities could affect the company's business, operations, and financial condition.
- ❑ **Significantly revenue driven by income of surgeries:** Income from surgeries constitutes a significant majority of the revenue from operations. This segment contributed over 60% in the last two fiscal years 2024 and 2023 and in a six-month period that ended September 30, 2024. Any effect on the segment could affect the company's operations, business, and financial condition.
- ❑ **Company sources its equipment through third party:** The company sources its equipment (including maintenance services), medical consumables, drugs, and supplies through third-party suppliers under various agreements. Failure of third parties to meet their obligations could affect the company's business, operations, and financial condition.

Comparison with Listed Peers :

Name of the Companies	Market Price	Face Value (per Equity Share)	P/E Ratio	EPS (Basic)	EPS (Diluted)	RoNW (%)	NAV (per Equity Share)
Dr. Agarwal's Health Care Limited	NA	1.00	NA	3.14	3.13	6.21%	50.53
Peers Group :							
Apollo Hospitals Enterprise Limited	6,720.10	5.00	80.44	62.50	62.50	12.97	481.93
Max Healthcare Institute Limited	1,025.00	10.00	94.55	10.89	10.84	12.58	86.54
Fortis Healthcare Limited	581.70	10.00	64.70	7.93	7.93	7.82	101.48
Global Health Limited	1,023.00	2.00	56.20	17.80	10.80	16.46	108.17
Narayana Hrudayalaya Limited	1,269.00	10.00	33.90	38.86	38.86	27.37	141.98
Krishna Institute of Medical Sciences Limited	590.45	2.00	65.04	7.75	7.75	16.96	228.47
Aster DM Healthcare Limited	471.50	10.00	53.72	3.60	3.60	3.63	71.62
Rainbow Children's Medicare Limited	1,371.95	10.00	61.39	21.38	21.38	17.24	124.03

SUMMARY :

Revenue from operations grew, operating profit (EBITDA) and net profit of the company with a CAGR of 28.87% / 42.64% / 48.40%, respectively between the two fiscal years 2022- 2024. In FY24, the company revenue significantly rose by 33.44% to ₹1,376.45 cr led by its surgeries vertical which contributed 64.2%, compared with a corresponding period a year ago. The operating profit rose by 43.22% to ₹406.56 cr in FY24 vs. ₹283.56 cr in FY23. The company reported a 29.54% operating margin, improved by 202 bps in the last fiscal. The net profit tumbled by 7.92% to ₹93.05 cr in FY24 vs. ₹103.23 cr in FY23. With this, the company reported a 6.91% net profit margin, which declined by 310 bps in the financial year 2024.

The last three fiscal average EPS and RoNW of the company are ₹3.21 and 11.06, respectively. The issue is priced at a P/BV of 7.96x based on its NAV of ₹50.53 as of March 31, 2024. The company generated 9.33% of the capital of the shareholders (ROE) in the last fiscal. With this, the company has generated a 14.61% return on capital deployed. The pre-IPO PE ratio is 130.44, based on FY24 earnings, which is higher than its peers.

Although the valuations are elevated, investors may still choose to **"Subscribe"** to the IPO, recognizing its potential for sustained growth over the long term.

DISCLAIMER**Prepared By:****Research Analyst : Priyanka Mantri***Email ID: priyanka@adroitfinancial.com***Research Associate : Gaurav Pundir***Email ID: gauravpundir@adroitfinancial.com***Phone Number: 0120-4550300*270/388**

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Sd/-**Priyanka Mantri**

(Research Analyst)