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Dr. Agarwal's Health Care Limited

Issue Opens - January 29, 2025 to January 31, 2025

**Price Band
₹382 to ₹402**

**Face Value
₹1**

**Issue Size
₹3,027.26 Cr**

**Lot Size
35 Shares**

**Listing At
NSE, BSE**

Issue Size

75,00,000 shares / ₹220.5 Cr

Fresh Issue

75,00,000 shares / ₹220.5 Cr

Offer for Sale

N/A

Basis of Allotment

Monday, February 3, 2025

Initiation of Refunds

Tuesday, February 4, 2025

Credit of Shares to Demat

Tuesday, February 4, 2025

"Dr. Agarwal's Health" Listing Day

Wednesday, February 5, 2025

Objects of The Offer



- The funds raised from the IPO will be allocated for:
 - Repayment/prepayment, in part or full, of certain of the borrowings and
 - General corporate purposes and unidentified inorganic acquisition.

Brief profile of the Directors

- **Dr. Amar Agarwal**, one of the promoters and Non-Executive Director, is also the Chairperson of the Board. He holds a master's in surgery from Gujarat University and was previously president of the International Society of Refractive Surgery. He has been with the company since 2010 and serves on the board of several subsidiaries.
- **Dr. Ranjan Ramdas Pai** is a Non-Executive Independent Director, with a medical degree from Manipal Academy. He is the founder and chairman of the Manipal Education and Medical Group.
- **Archana Bhaskar** is a Non-Executive Independent Director with a postgraduate diploma from IIM Bangalore and currently serves as Chief HR Officer at Dr. Reddy's.
- **Dr. Adli Agarwal**, also a promoter and Whole-time Director, is the CEO of the company. He holds degrees in medicine and surgery and an MBA from Stanford University, with 12 years of healthcare experience.
- **Dr. Anosh Agarwal**, another promoter and Whole-time Director, is the COO. He has medical and MBA degrees, including an MBA from Harvard, with 12 years in the healthcare industry.
- **Sanjay Dharambir Anand**, a Non-Executive Independent Director, holds a commerce degree from the University of Madras and is a qualified chartered accountant. He has been associated with the Dr. Agarwal group since 2009.

About The Company and Business Overview



Comprehensive Eye Care Services

- Dr. Agarwal's Health Care provides a wide array of eye care services, which are categorized into several key areas: Surgical Services: The company specializes in high-demand surgical procedures, including: Cataract Surgery: Offering advanced techniques such as phacoemulsification and laser-assisted cataract surgery.
- Refractive Surgery: Providing LASIK and other laser correction treatments for vision problems.
- Retina Services: Treatment for conditions like diabetic retinopathy and macular degeneration.
- Cornea Care: Including keratoplasty and corneal transplants.
- Glaucoma Treatment: Early detection and management options.
- Pediatric Ophthalmology: Focused on eye rehabilitation programs for children.
- Optical Services: The company also sells optical products, including eyeglasses, contact lenses, and pharmaceuticals related to eye care.

Key revenue streams for the company include:

- Surgical Services: Significant contributions from cataract and refractive surgeries.
- Consultation & Diagnostics: Income from initial screenings, eye exams, and advanced diagnostic services.
- Optical Products & Pharmaceuticals: Sales of eyeglasses, contact lenses, and proprietary eye-care products.



The table below provides a breakdown of revenues generated from their service lines during the six months ended September 30, 2024 and 2023 and the Financial Years 2024, 2023 and 2022:

Particulars	For the six months ended September 30,			
	2024		2023	
	(₹ in million)	(% of revenue from operations)	(₹ in million)	(% of revenue from operations)
Sale of Services				
Income from Surgeries	5,378.16	65.58%	4,172.31	64.13%
Income from Consultation	437.69	5.34%	380.02	5.84%
Income from Treatments and Investigations	646.97	7.89%	559.87	8.61%
Income from Annual maintenance contracts	1.58	0.02%	0.12	0.00%
Sale of Products				
Opticals, Contact Lens and Accessories	1,052.17	12.83%	840.19	12.91%
Pharmaceutical Products	657.89	8.02%	514.43	7.91%
Advanced Vision Analyzer - AVA & Trial Lens	15.35	0.19%	14.81	0.23%
Other operating revenues*	10.82	0.13%	24.00	0.37%
Total	8,200.63	100.00%	6,505.75	100.00%

Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME					
Revenue from operations	8,200.63	6,505.75	13,321.52	10,179.80	6,960.78
Other income	178.77	121.15	442.97	135.14	177.06
Total income	8,379.40	6,626.90	13,764.49	10,314.94	7,137.84
EXPENSES					
a) Cost of materials consumed	888.82	710.58	1,409.69	1,147.57	852.8
b) Purchases of stock-in-trade	5.02	5.48	10.81	17.62	10.91
c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	-69.39	-59.53	-52.13	-30.58	-26.97
d) Consumption of surgical lens including other consumables	1,025.73	797.92	1,641.47	1,204.45	762.99
e) Consultancy charges for doctors	1,244.63	990.57	2,038.54	1,471.23	927.72
f) Employee benefits expense	1,558.56	1,195.03	2,428.26	1,904.02	1,398.20
g) Finance costs	554.3	458.41	956.21	719.73	453.99
h) Depreciation, amortisation and impairment expenses	1,126.92	821.03	1,703.66	1,282.96	976.6
i) Other expenses	1,441.26	1,203.69	2,222.30	1,762.03	1,213.97
Total Expenses	7,775.85	6,123.18	12,358.81	9,479.03	6,570.21
Restated Profit before tax	603.55	503.72	1,405.68	835.91	567.63
TAX EXPENSE					
a) Current tax	187.78	127.38	277.59	202.22	146.79
b) Deferred tax	20.13	65.01	177.58	-398.61	-10.8
Total tax expenses	207.91	192.39	455.17	-196.39	135.99
Restated Profit for the year	395.64	311.33	950.51	1,032.30	431.64
a) Exchange difference on translation	-39.14	-42.48	-91.1	-37.57	-83.33
Restated total other comprehensive	-46.84	-52.29	-95.13	-48.27	-97.29
Restated total comprehensive income	348.8	259.04	855.38	984.03	334.35
Restated profit for the year attributable to:					
a) Owners of the company	285.61	244.87	830.61	940.97	376.94
b) Non controlling interests	110.03	66.46	119.9	91.33	54.7
Restated other comprehensive income for the year attributable to:					
Earnings per share					
a) Basic (in INR)	1	0.98	3.14	4.01	1.83
b) Diluted (in INR)	1	0.98	3.13	4	1.83

Strengths



- **Market Leadership:** Dr. Agarwal's Health Care is the largest private eye care provider in India, with a network of 209 facilities across the country. This extensive reach positions the company favorably in a growing market for eye care services.
- **Comprehensive Service Offering:** The company provides a wide range of services, including cataract surgeries, LASIK procedures, glaucoma treatments, retinal surgeries, and pediatric ophthalmology. This end-to-end service model enhances customer retention and satisfaction.
- **Scalable Hub-and-Spoke Model:** Dr. Agarwal's operates on an efficient hub-and-spoke model, allowing for scalable operations while maintaining high profitability. This model facilitates expansion into new regions with lower capital expenditure.
- **Strong Brand Equity:** With over a decade of experience and a reputation for clinical excellence and innovation, Dr. Agarwal's has established significant brand recognition in the eye care sector.
- **Experienced Management Team:** The company is led by experienced ophthalmologists who ensure that medical expertise is central to decision-making processes, enhancing operational effectiveness.

Threats

- **Regulatory Risks:** Changes in healthcare regulations or policies could impact operations and profitability, especially as the healthcare sector is subject to stringent oversight.
- **Competition:** The healthcare industry is highly competitive, with numerous players vying for market share in eye care services. Increased competition could affect pricing strategies and market positioning.
- **Dependence on Surgical Revenue:** A significant portion of revenue comes from surgical procedures. Factors such as reduced patient footfall, economic downturns, or reputational challenges could adversely impact this revenue stream.
- **Debt Levels:** While part of the IPO proceeds will be used to repay borrowings, existing liabilities remain substantial, which could impact financial flexibility.
- **Staffing Challenges:** The company's success relies heavily on recruiting and retaining skilled medical professionals. High turnover rates or difficulties in attracting talent may affect service quality and operational efficiency.

Valuation and Outlook



Dr. Agarwal's Health Care Limited IPO is expected to be priced between ₹382 to ₹402 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 127.7x whereas the industry average is 84x

Name of the company	Revenue from Operations (₹ in Millions)	Face Value (₹ per share)	P/E Ratio	Basic EPS (₹)	Diluted EPS (₹)	RONW (%)	NAV per Equity Share as at March 31, 2024 (₹)
Dr. Agarwal's Health Care Limited	13,321.52	1	-	3.14	3.13	6.21%	50.53
Listed Peers							
Apollo Hospitals Enterprise Limited	1,90,592.00	5	107.11	62.5	62.5	12.97%	481.93
Max Healthcare Institute Limited	68,490.00	10	95.88	10.89	10.84	12.58%	86.54
Fortis Healthcare Limited	68,929.20	10	82.11	7.93	7.93	7.82%	101.48
Global Health Limited	32,751.11	2	57.49	17.8	17.8	16.46%	108.17
Narayana Hrudayalaya Limited	50,182.49	10	33.14	38.86	38.86	27.37%	141.98
Krishna Institute of Medical Sciences Limited	24,981.44	2	79.79	7.75	7.75	16.96%	228.47
Aster DM Healthcare Limited	36,989.00	10	136.07	3.6	3.6	3.63%	71.62
Rainbow Children's Medicare Limited	12,969.00	10	67.9	21.38	21.38	17.24%	124.03

Dr. Agarwal's Health Care is India's largest private eye care provider, accounting for 25% of the industry with 209 sites in India and 16 internationally. They use innovative technology to provide a variety of services, including surgeries, non-surgical treatments, and optical products. Revenues increased by 31% to ₹1,332.1 crore in FY24, indicating good growth. However, obstacles include profit margin pressure, regulatory risks, and a reliance on surgical income, as well as competition in the eye care business, are possible negatives.

"Call us on 8448899576" to find out whether or not you should apply.

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