



MSEARCH

INITIAL PUBLIC OFFER (IPO)

28-01-2025

DR. AGARWAL'S HEALTHCARE LTD.

29-01-2025 TO 31-01-2025

Industry: Eye Care Services

Price Band: ₹382-402

Recommendation: Subscribe for Long term

Post Implied Market Cap: - ₹12,082 Cr - ₹12,698Cr

Key Data

Issue Size (₹ Cr)	2,892 - 3,027
Fresh (₹)	300
OFS (₹)	2,727
No. of shares offered	7,56,95,687- 7,53,04,970
Face Value (₹ /share)	1
Bid Lot	35

About the Company

Dr. Agarwal's Health Care (Dr. Agarwal's) Ltd is India's largest eye care service chain by revenue in FY 2024, holding a 25% market share in the organized eye care service market. The company offers a comprehensive range of eye care services, including surgeries (cataract, refractive, retinal, etc.), consultations and non-surgical treatments. It also sells opticals, contact lenses, accessories and eye care-related pharmaceutical products. With 737 specialized doctors, the company operates 193 facilities across 14 states and 4 union territories in India, along with 16 facilities across 9 African countries, showcasing its extensive domestic and international presence.

Investment Rationales

- Largest eye care services provider in India with a trusted brand:** Dr. Agarwal's is India's largest eye care service chain by revenue in FY 2024, generating 1.7 times the revenue of its closest competitor and holding a 25% market share in the organized eye care segment. The company operates 193 facilities across 14 states and 4 union territories in India and 16 facilities across 9 African countries. With a presence in Tier-I cities (70 facilities) and other cities (123 facilities), the company has established itself as a trusted brand, earning numerous awards, including "Best Employer 2024-2025" and "Most Trusted Eye Hospital Brand in India." Its long-standing operational history and diversified geographic presence underscore its leadership in the eye care services market.
- End-to-end, comprehensive eyecare services offering:** The company provides comprehensive, end-to-end eye care services, including cataract, corneal, retinal, refractive surgeries, glaucoma treatments and oculoplasty. It also offers consultations, clinical investigations and non-surgical treatments. Many of its facilities have pharmacies and optical counters, enabling the cross-selling of ophthalmic and nutraceutical products, as well as glasses, lenses and frames. The company's key surgical capabilities include advanced procedures like intraocular lens implantation, cornea transplantation, LASIK and innovative pupilloplasty techniques, ensuring a wide range of solutions for diverse ophthalmic needs.
- Scalable, asset-light, hub-and-spoke operating model:** Dr. Agarwal's operates on a "hub-and-spoke" model, enabling high patient volumes, efficient resource utilization and scalability. The network includes 28 hubs (Tertiary Facilities, including 3 Centres of Excellence) and 165 spokes (53 Primary and 112 Secondary Facilities) across India as of September 30, 2024. Patients can visit nearby spokes for initial care and are referred to hubs for advanced treatments. The asset-light approach, with leased facilities and limited upfront investment focused on medical equipment, has allowed rapid expansion from 91 Facilities in March 2022 to 193 Facilities by September 2024.
- Proven clinical excellence driven by a strong clinical board and history of surgical innovations:** Dr. Agarwal's ensures standardized clinical protocols across its network through a clinical board overseen by international and internal specialty experts. Its 3 Centres of Excellence (COEs) in Chennai, Tirunelveli, and Cuttack focus on quality control, clinical research, and advanced ophthalmology training. The company's doctors hold 2 patents and have developed surgical techniques like Glued IOL and PDEK. With ongoing research, it completed 28 clinical trials and published 58 papers in international journals since FY 2022. Company also has 29 NABH-accredited facilities, the highest among Indian eye care providers as of December 2024.
- Continued organic expansion of the network in India:** Company leverages its capital-efficient hub-and-spoke model to expand its presence in key clusters like Chennai, Hyderabad and Bengaluru, where it has operated for over a decade. The company focuses on organic growth by targeting underserved micro-markets lacking adequate eye care facilities. With India's eye care market growing at a CAGR of 11.5% from FY2019 to FY2024, reaching ₹ 378 billion, the company aims to enhance patient reach by expanding its Primary Facility network to meet rising demand.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	03-02-2025
Refunds/Unblocking ASBA Fund	04-02-2025
Credit of equity shares to DP A/c	04-02-2025
Trading commences	05-02-2025

Shareholding (No. of shares)

Pre-Issue	30,84,17,160
Post Issue (Lower price band)	31,62,70,563
Post Issue (Higher price band)	31,58,79,846

Shareholding Pattern

Promoter:	
Pre Issue	37.17%
Post Issue	31.98%
Promoter Group:	
Pre Issue	0.56%
Post Issue	0.47%
Investor Selling Shareholders:	
Pre Issue	61.85%
Post Issue	43.30%
Public - Others:	
Pre Issue	0.42%
Post Issue	24.25%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Other Details

BRLMs: Kotak Mahindra Capital, Morgan Stanley India, Jefferies India, Motilal Oswal Investment Advisors.

Registrar: KFin Technologies.

Listing: BSE & NSE

Research Analyst

Rajan Shinde
rajan.shinde@mehtagroup.in
022-61507142

Risk

- Operates in high regulated industry.
- Retention of qualified and experienced doctors.
- Majority of total issue is OFS i.e 90.09%.

MView

We believe Dr. Agarwal's Health Care Ltd brings investors an opportunity to invest in India's largest eye care service chain by revenue in FY2024, holding a dominant 25% market share in the organized segment. We think company's extensive network of 193 facilities across 14 states and 4 union territories in India, along with 16 facilities in 9 African countries, highlights its ability to cater to diverse demographics and solidifying its market leadership. Leveraging an efficient asset-light hub-and-spoke model, Dr. Agarwal's has scaled operations rapidly from 91 facilities in March 2022 to 193 by September 2024, enhancing patient accessibility while optimizing resource utilization. We also think Dr. Agarwal's comprehensive offerings, spanning advanced surgeries, consultations, non-surgical treatments and integrated pharmacies and optical counters, drive cross-selling opportunities. By looking at the financials, the company showcased robust revenue growth, with a 46.2% increase in FY2023 and 30.9% in FY2024, though profits dipped by 8% in FY2024 following a sharp 139% rise in FY2023. On valuation parse at the upper price band of Rs.402/-, the issue is asking for a Market cap of Rs.12698 cr/-. Based on one-year fwd. FY26E earnings and adjusted interest cost benefit post repayment of debt, the valuation comes to reasonable PE 79x which seems the ask price is in line with similar listed industry peers, living limited upside in the short term. While before investing, Investors should also look at IPO offers which come with Rs.2727 cr OFS which is almost 90% of total issue which is an area of concern for new investor. We believe India's eye care market is expected to grow at a CAGR of ~11.5%, reaching Rs.378 billion in FY2024, presenting significant opportunities for the company to deepen its footprint in underserved regions. We believe its organic growth strategy and focus on expanding the primary facility network position it well to capture this growing demand. Hence, looking at all attributes we recommend our investors to "SUBSCRIBE" the Dr. Agarwal's Health Care Ltd IPO for long term perspective only.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	2024 (06)	2023 (06)	As at March' 31		
			2024	2023	2022
Equity Share Capital	30.76	9.33	9.33	7.93	6.86
Other Equity	1,473.64	1,279.30	1,330.05	621.63	205.52
Net Worth	1,502.67	1,286.93	1,337.68	627.83	212.34
Borrowings	373.68	394.69	387.79	356.18	290.18
Revenue from Operations	820.06	650.58	1,332.15	1,017.98	696.08
Revenue Growth	26.05%	-	30.86%	46.25%	-
Adj. EBITDA	228.48	178.32	406.56	283.86	199.82
Adj. EBITDA Margin (%) as stated	27.27%	26.91%	29.54%	27.52%	27.99%
Net Profit for the Period	39.56	31.13	95.05	103.23	43.16
Net Profit Margin	4.72%	4.70%	6.91%	10.01%	6.05%
EPS	1	0.98	3.13	4.00	1.83
ROE (%)	2.69%	3.14%	9.33%	23.12%	19.96%
NAV (₹) as stated	52.72	51.54	50.53	26.73	10.32
ROCE (%)	8.30%	5.95%	14.61%	15.18%	15.02%
Net Debt/ EBITDA	3.74	4.32	2.07	2.50	2.59

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Revenue from Ops. (₹ in Cr)	Mcap (₹ in Cr)	FV	EPS	NAV (₹ Per Share)	P/B	P/E	RoNW (%)
Dr. Agarwal's Healthcare Ltd.	1,332.15	12698	1	3.63	59.45	6.8	110.6	6.21%
Apollo Hospitals Enterprise	19,059.20	96354	5	62.50	481.93	12.8	81.4	12.97%
Max Healthcare Institute	6,849.00	99383	10	10.84	86.54	11.4	94.3	12.58%
Fortis Healthcare	6,892.92	44614	10	7.93	101.48	5.6	64.8	7.82%
Global Health	3,275.11	27327	2	17.80	108.17	8.7	56.0	16.46%
Narayan Hrudayalaya	5,018.25	26303	10	38.86	141.98	8.2	33.8	27.37%
Krishna Inst. of Medical Sciences	2,498.14	23570	10	38.75	228.47	11.8	71.2	16.96%
Aster DM Healthcare	3,698.90	24032	10	2.60	71.62	7.0	87.2	3.63%
Rainbow Children's Medicare	1,296.90	14001	10	21.38	124.03	10.4	60.4	17.24%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 27-01-2025

Dr. Agarwals Healthcare Ltd, EPS/PE,PB, NAV calculated on annualised basis post money



MSEARCH

DISCLAIMER & DISCLOSURE

This Report is published by Mehta Equities Limited (hereinafter referred to as "MEL") for registered client circulation only. MEL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH00000552. MEL is a registered broker with the Securities & Exchange Board of India (SEBI) and registered with National Stock Exchange of India Limited and BSE Limited in cash and derivatives segments, Multi Commodity Exchange of India (MCX), National Commodity & Derivatives Exchange Ltd. (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL), is registered with SEBI for providing PMS services and distribute third party PMS product and also member of Association of Mutual Funds of India (AMFI) for distribution of financial products.

MEL a "Research Entity" under SEBI (Research Analyst) Regulations 2014 has independent research teams working with a Chinese wall rule with other business divisions of MEL as mentioned above.

MEL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. MEL, its associates or Research analyst or his relatives do not hold any financial interest in the subject company. MEL or its associates or Research analysts do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. MEL or its associates or Research Analyst or his relatives do not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

MEL or its associates or Research analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Research analyst during the past twelve months. MEL or its associates have not received any compensation or other benefits from the company covered by Research analyst or third party in connection with the research report. Research Analyst has not served as an officer, director or employee of Subject Company and MEL / Research analyst has not been engaged in market making activity of the subject company.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. MEL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader. This research has been prepared for the general use of the clients of MEL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MEL will not treat recipients as customers by virtue of their receiving this report. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MEL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. MEL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MEL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. MEL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, MEL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

The information/document contained herein has been prepared by Mehta Equities Ltd and is intended for use only by the person or entity to which it is addressed to. This information/document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This information/document is subject to changes without prior notice. Kindly note that this information/document is based on technical analysis by studying charts, patterns, trends of a stock's price movement and trading volume of the stock and as such, may not match with any company's fundamentals. This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this information/report at the same time. MEL will not treat recipients as customers by virtue of their receiving this information/report.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of MEL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither MEL, nor its directors, employees, or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Analyst Certification: Research Analyst the author of this report, hereby certify that the views expressed in this research report accurately reflects my personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the Research analyst was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The Research analyst is principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell: < -20% within the next 12 Months

MEHTA EQUITIES LTD

BSE - Membership Clearing No. 122 - SEBI Regn. No. INB010683856, NSE - Membership Clearing No. 13512-
SEBI Regn. No. INB231351231, NSE FO SEBI Regn. No. INF231351231, CIN No: U65990MH1994PLC078478
MSEI - Membership Clearing No. 51800 - SEBI Regn. No. INB261351234 SEBI registered RA Reg No INH00000552
Mehta Equities Limited, 903, 9th Floor, Lodha Supremus, Dr.E.Moses Road, Worli Naka, Worli, Mumbai 400 018, India
Tel: +91 22 6150 7101, Fax: +91 22 6150 7102
Email: info@mehtagroup.in, Website: www.mehtagroup.in
Compliance Officer: Prakash Joshi
Email Id: compliance@mehtagroup.in
Phone No +91 22 61507180
For grievance redressal contact Customer Care Team Email: help.kyc@mehtagroup.in Phone: +91 22 61507154