

IPO NOTE

Issue Details

Price Band: ₹ 382 to ₹ 402

Issue Opens on: January 29, 2025

Issue Closes on: January 31, 2025

Lot Size: 35 Shares & in Multiples thereafter

Issue Highlights

Issue Size: ₹ 3,027.26 Cr.

No of Shares: 7,53,04,970

Face Value: ₹ 1

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	300.00
Offer for Sale	2,727.26
Total	3,027.26

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	1,459.18
HNI	15	437.75
Retail	35	1,021.43
Employee	-	63.49
Shareholder	-	45.41
Total	100	3,027.26

Listing

BSE & NSE

Lead Managers

- Kotak Mahindra Capital Co. Ltd.
- Jefferies India Private Limited
- Morgan Stanley India Company
- Motilal Oswal Investment Advisors Limited

Registrar

KFin Technologies Ltd.

Contact Details

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COMPANY OVERVIEW

Dr. Agarwal's Health Care is India's largest eye care service chain by revenue from operations for the FY24, with ~1.7 times the revenue from operations of the second- largest eye care service chain in the country. The company had a market share of ~ 25% of the total eye care service chain market in India during the FY24. As of September 30, 2024, the company had 737 doctors, who specialize in multiple super-specialties, including, cataract, cornea, retinal and refractive surgery, glaucoma, oculoplasty, and neuro-ophthalmology, among others.

During FY24, the company served 2.13 million patients and performed 220,523 surgeries, while for 6 months ended September 30th, 2024, the company served 1.15 million patients and performed 140,787 surgeries. At the same time, it had 193 Facilities in India spanning 14 states and 4 union territories, and 16 Facilities spread across 9 countries in Africa. As of December 2024, the company had the highest number of NABH-accredited eye care facilities with 29 accredited eye care facilities. Their business operations are structured as a "hub and spoke" model with 28 hubs and 165 spokes in India as of September 30, 2024.

HIGHLIGHTS

1. Largest eye care services provider in India with a trusted brand
2. End-to-end, comprehensive eye care services offering
3. Scalable, asset-light, hub-and-spoke operating model
4. Proven clinical excellence driven by a strong clinical board and history of surgical innovations
5. Doctor-promoters leading a team of qualified medical professionals and supported by an experienced management

OBJECTS OF THE ISSUE

1. Repayment/prepayment, in part or full, of certain of the borrowings (₹ 195 Cr.)
2. General corporate purpose and unidentified inorganic acquisition.

Offer for Sale of up to 67,842,284 equity shares. The company will not receive any proceeds from the Offer for sale.

OUR VIEW

Incorporated in 2010, Dr. Agarwal's Health Care Limited, based in Chennai, is a prominent healthcare company focused on advanced eye care services. It offers a wide range of eye care services operating 209 facilities as at HYFY25 with completed treatment of 1.15 million patients and conducted 140,787 surgeries. Their international operations began in 2012 and have expanded to 16 facilities across nine African countries as of September 30, 2024.

With a market share of around 25% in the eye care service chain market and the highest number of facilities in the country as of September 30, 2024, they hold a dominant position in the industry. They plan to expand their presence across India by establishing new facilities to widen their geographic footprint and enhance patient reach. They continue to explore avenues to reduce the cost of eye care services delivery and make it affordable for patients, and contribute to the growth in the profitability.

Dr Agarwal's Health Care Limited's risk includes regulatory risk, geographical concentration, potential declines in surgery revenue due to factors like patient footfall, doctor attrition, economic conditions, and reputational damage, alongside challenges in maintaining brand strength, service quality, and staffing. Also, their international projects mostly subject them to legal, tax, political, and economic risks, not being able to address these issues can adversely affect their financial growth and business.

On the financial front, between FY22-24 it reported 38%/ 41%/ 48% CAGR in Revenue/EBITDA/PAT to ₹ 1,332 Cr./ ₹ 362 Cr./ ₹ 95 Cr. respectively. The company operated on an EBITDA margin of 29.54% and PAT margin of 6.91% for FY24 and the numbers were 27.27% and 4.72% as at HYFY25. Generating ROE and ROCE of 9.33% and 14.61% respectively for FY24. Its Debt to Equity ratio has improved from 2.71x in FY22 to 0.66x in HYFY25.

The issue is priced at a P/BV of 7.63 based on its NAV of Rs. 52.72 as at September 30, 2024 and is asking price is at P/E of 130 at higher price band and if we attribute FY25 earnings, then the asking price is at P/E of around 160x. At the same time the competitors are trading at P/E of 136x (Aster DM Healthcare Ltd.) being highest and 33.14x (Narayana Hrudayalaya Ltd.) being lowest and average Industry P/E stands at 82.44x. The issue appears very aggressively priced.

Dr. Agarwal's Healthcare has positioned itself as a growth story in swiftly expanding eye care segment. However, with various risks associated and aggressive pricing, Investors with High Risk profile can apply with long term view.

Brief Financials

PARTICULARS	As at Sep. '24	₹ in Million		
		FY '24	FY '23	FY '22
Total Income	8,379.40	13,764.49	10,314.94	7,137.84
Total Expenditure	7,775.85	12,358.81	9,479.03	6,570.21
EBITDA	2,284.77	4,065.55	2,838.60	1,998.22
Profit before Tax	603.55	1,405.68	835.91	567.63
Profit after Tax	395.64	950.51	1,032.30	431.64
E.P.S. (Diluted)	1.00*	3.13	4.00	1.83
P/E (x) (Diluted)	-	130	-	-
RONW (%)	1.90*	6.21	14.99	17.75

* Not Annualised

PRICE CHART (@ ₹ 402) (Retail Category)

LOT SIZE	Amount
35	14,070
70	28,140
105	42,210
140	56,280
175	70,350
210	84,420
245	98,490
280	112,560
315	126,630
350	140,700
385	154,770
420	168,840
455	182,910
490	196,980

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Small HNI	525	2,11,050
Big HNI	2,520	10,13,040

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	3/2/2025
Initiation of refunds/unblocking ASBA Fund	4/2/2025
Credit of Equity Shares to demat accounts of Allottees	4/2/2025
Commencement of trading of the Equity Shares on the Stock Exchanges	5/2/2025

For more details, Please refer RHP,

(https://www.sebi.gov.in/filings/public-issues/jan-2025/dr-agarwal-s-healthcare-limited-rhp_91170.html)

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