October 14, 2025

Dr. Agarwals Health Care Limited: [ICRA]AA- (Stable)/ [ICRA]A1+ assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term Loans	88.32	[ICRA]AA-(Stable); Assigned
Long-term/ Short-term – Unallocated	11.68	[ICRA]AA-(Stable)/ [ICRA]A1+; Assigned
Total	**100.00**	

**Instrument details are provided in Annexure I*

Rationale

The assigned ratings reflect Dr. Agarwal's Health Care Limited's (DAHCL/the company) established position in India's organised ophthalmology segment, supported by its strong brand equity, proven track record, and the promoters' long-standing experience in the eye care industry. DAHCL provides a comprehensive range of eye care services such as cataract, refractive, retinal, corneal, glaucoma, and other advanced procedures. DAHCL operates on a hub-and-spoke model, anchored by tertiary centres (including centres of excellence (COEs) in Chennai, Tirunelveli, and Cuttack) and secondary centres further complemented by primary centres. While primary centres act as patient feeder centres, secondary and tertiary centres offer surgical treatments including specialty and complex surgeries. This day-care, asset-light format enables high patient throughput and faster breakeven timelines while clustering ensures patient retention within DAHCL's ecosystem.

The ratings also factor in DAHCL's large network of centres and international presence complemented by healthy long-term outlook for the health care industry. As of June 30, 2025, DAHCL operated 230 facilities across India and 19 international centres across 9 countries in Africa. The company served 2.43 million patients and performed 2.82 lakh surgeries in FY2025, supported by a team of 831 doctors. ICRA notes that surgeries remain the dominant revenue contributor, accounting for 65% of the company's FY2025 revenues. Within surgeries, cataract operations continue to be its largest segment, with increasing adoption of premium lenses and advanced techniques supporting improvement in yield per patient, in turn supporting the revenues and margins. Supported by increasing footfalls, improving surgical conversions, commencement of new centres, and incremental revenues from acquisitions, DAHCLs revenue grew to Rs. 1,711 crore in FY2025 from Rs. 471 crore in FY2021, reflecting a robust CAGR of 38%. Supported by the same, the company's Operating Profit Margin (OPM) has also remained healthy and rangebound between 26.7-27.6% over the last four fiscals.

The ratings also consider DAHCL's strong financial profile, aided by the Rs. 300 crore equity infusion through its Initial Public Offering (IPO) in February 2025, which strengthened its liquidity position (cash and liquid investments of Rs. 537 crore as on March 31, 2025) and net worth. ICRA notes that of the IPO proceeds, Rs. 195 crore was utilised for debt repayment, resulting in improved gearing. While total debt (including lease liabilities) reduced marginally to Rs. 960.9 crore as on March 31, 2025 from Rs. 966.5 crore as on March 31, 2024, the total debt (excluding lease liabilities) reduced significantly to Rs. 246.9 crore from 387.8 crore during the same period. Additionally, supported by improved operating profits, the leverage metrics also improved with Total Debt (including lease liabilities)/OPBDITA at 2.1x as on March 31, 2025 (over 2.6x as on March 31, 2024 and 3.1x as on March 31, 2023). DAHCL's coverage indicators also remain healthy with interest coverage at 4.1x in FY2025 over 3.7x in FY2024. As DAHCL operates through an asset-light model wherein it leases space for setting up its eye care centres, ICRA expects the lease liabilities to increase in line with new greenfield centres, while acquisitions (if any) may result in higher net debt levels. ICRA also notes that the company's payor mix is dominated by cash and insurance patients (greater than 90% as on June 30, 2025) which supports healthy margins and keeps working capital intensity low.

However, the ratings remain constrained by DAHCL's sizeable expansion plans of opening 55+ new centres annually, along with reconstruction of its flagship Chennai centre. This is expected to result in approximately Rs. 380-400 crore capex in FY2026. While the capex for opening new centres is expected to be funded through DAHCL's internal accruals and existing liquidity, timely execution of the same and subsequent healthy ramp up of operations at the new centres and impact of the same on the company's margin trajectory remain monitorable. DAHCL has a put option liability of around Rs. 330 crore for acquiring the remaining 49% stake in Dr. Thind Eye Care Pvt Ltd (DTEPL). While the put option liability for DTEPL is likely to become payable after FY2029, it represents significant future outflows and the timing and impact of the same on the company's debt metrics and liquidity position will remain a key monitorable.

Further, ICRA notes that currently, the revenue profile of DAHCL is skewed as around 65% (as on June 30, 2025) of its revenues come from centres in southern India. DAHCL is mitigating this concentration risk through active diversification via greenfield projects in Maharashtra, Gujarat, and Delhi NCR in addition to acquisitions of other eye care chains. DAHCL also faces stiff competition from organised chains, unorganised clinics, and multi-specialty hospitals, which exert pricing pressure on commoditised cataract surgeries and intensify talent acquisition challenges. ICRA notes that the company's doctor dependent model also entails high consultancy and employee costs and its ability to retain doctors and experts remains critical for sustaining its surgery mix and patient footfalls. Further, in line with other industry players, DAHCL's performance remains exposed to the risk of adverse regulatory measures.

The Stable outlook reflects ICRA's expectation that DAHCL will maintain credit metrics commensurate with the current rating despite significant expansion plans. Further, the outlook underlines ICRA's expectations of timely ramp up of new centres and that the company will be able to manage its acquisition-related liabilities without material weakening of DAHCL's financial profile.

Key rating drivers and their description

Credit strengths

Established brand position in the eyecare segment with experienced promoters - DAHCL has an established presence in India's organised ophthalmology segment, supported by the promoters' long-standing experience in the eye care segment. DAHCL's ability to attract and retain highly skilled ophthalmologists, has helped the company build strong brand equity over the years. Combined with a comprehensive range of services and adoption of advanced technologies such as FEMTO Cataract and SMILE for refractive, these factors have helped DAHCL maintain its leadership position with an estimated 25% market share of the organised eye care segment. Going forward, ICRA expects DAHCL to continue to benefit as consumer preferences shift from unorganised to organised chains for eye care treatment.

Strong financial profile – DAHCL's financial profile is characterised by a strong capital structure, healthy profitability and coverage metrics. Following the IPO in February 2025, the company reduced external borrowings significantly to Rs. 246.9 crore from Rs. 387.8 crore in FY2024, even as total debt including lease liabilities remained stable at Rs. 960.9 crore as on March 31, 2025. Improved operating performance and enhanced liquidity position following the IPO has also supported deleveraging, with Total Debt (including lease liabilities)/OPBDITA improving to 2.1x as on March 31, 2025 from 3.1x as on March 31, 2023, and Net Debt/OPBDITA reducing to 1.2x from 2.5x over the same period. Interest coverage also strengthened to 4.1x in FY2025 over 3.7x in FY2024 on account of higher operating profits. While lease liabilities are expected to rise with the addition of new centres, DAHCL's ability to maintain healthy operating profitability and coverage ratios provides comfort.

Healthy long-term demand outlook for the healthcare industry – The Indian eye care industry, in line with the broader healthcare industry is expected to benefit from strong demand, driven by rising awareness, increasing screen time, early onset of cataract, and growing adoption of premium procedures. DAHCL, with its extensive network of 230 domestic centres and 19 international facilities as on June 30, 2025, is well positioned to capitalise on these growth drivers.

Credit challenges

Sizeable capex plans towards addition of new facilities; pace of ramp up remains critical going forward – DAHCL has an aggressive expansion strategy, targeting 55+ new centres annually and plans of reconstructing its flagship Chennai COE. This entails a capex outlay of Rs. 380–400 crore in FY2026. While the capex is expected to be funded through internal accruals and existing liquidity, timely execution and healthy ramp-up of operations at the new centers will be critical to maintaining the company's profitability levels.

Stiff competition in the healthcare industry – The company faces stiff competition from other organised eye care chains, unorganised clinics, and multi-specialty hospitals. This competitive landscape exerts pricing pressure on procedures such as cataract surgeries and exposes DAHCL to talent acquisition challenges. DAHCL's ability to retain skilled doctors and sustain favourable case mix along with patient footfalls will remain a key monitorable.

Exposed to regulatory risks inherent in the sector - Regulatory risks pertaining to restrictive pricing regulations levied by the Central and state government organisations could constrain the company's profit margins.

Environmental and social risks

Environmental risks: Although exposure to environmental risks remains low for entities in the healthcare industry, DAHCL is exposed to the risk of environmental impact arising from their discharge of bio-medical, pollutant and hazardous waste.
Social risks: Exposure to social risks is moderate for the healthcare sector. Social risks for industry players include litigation exposure, and high compliance standard requirements given the importance of the service being provided. Further, the regulatory nature such as price-control measures, could impact the earnings of industry players. Additionally, hiring and retaining quality human capital, who could drive patient footfalls, are key to earnings of industry players.

Liquidity position: Strong

DAHCL's liquidity profile is strong, supported by free cash and cash equivalents of Rs. 453 crore as on June 30, 2025 and its unutilised working capital (overdraft) limits of Rs. 9 crore. Further, the company is expected to generate healthy cash flows, which, coupled with its existing liquidity levels should meet the funding requirement of the planned greenfield capex of around Rs. 380-400 crore in FY2026. The capex will be funded through a mix of internal accruals and existing cash balances. The company also has repayment obligations of Rs. 89.6 crore in FY2026 and Rs. 22.4 crore in FY2027. Further, funding mechanism for acquisitions (if any) will remain key monitorable.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a sustained improvement in its revenues and earnings supported by an improvement in the existing centres as well as healthy ramp up of greenfield centres being set up by the company/ acquisitions, while maintaining its comfortable credit metrics and liquidity position on a sustained basis.

Negative factors – Pressure could arise due to a sustained material deterioration in the margins or debt metrics. A specific trigger for a rating downgrade could be Total Debt (including lease liabilities)/OPBDITA of more than 3.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Hospitals](#)
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of DAHCL. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

Incorporated in 2010, Dr Agarwals Health Care Limited (DAHCL) provides a comprehensive range of eyecare services, including cataract, refractive and other surgeries, consultations, diagnosis and non-surgical treatments; and sells optical and eyecare related pharmaceutical products. The group has a network of 249 facilities, as of June 30, 2025, of which 19 facilities are located outside India in Mauritius, Zambia, Tanzania, etc. The company operates in India, through a hub and spoke model wherein tertiary centers (hubs) and secondary centres are supported by primary facilities for diagnostics, consultations and selective procedures.

The group is led by Chairman, Dr. Amar Agarwal, who has more than 35 years of clinical experience in the eyecare services industry, and an experienced management team comprising of Dr. Adil Agarwal - Chief Executive Officer, Dr. Anosh Agarwal - Chief Operating Officer, Dr Ashvin Agarwal – Chief Clinical Officer and Dr Ashar Agarwal - Chief Business Officer.

DAHCL also has a listed Indian subsidiary, Dr Agarwals Eye Hospital Limited (DAEH). Incorporated in 1994, DAEH is engaged in the business of providing eye care and related business, predominantly in Tamil Nadu. DAEH is also a listed company. DAHCL holds 71.90% shareholding in DAEH as of June 30, 2025. In 2024, DAHCL acquired Dr Thind Eye Care Private Limited (DTEPL) and currently holds around 51% shareholding in DTEPL as of March 2025.

Key financial indicators (audited)

DAHCL (Consolidated)	FY2024	FY2025
Operating income	1,332	1,711
PAT	95	110
OPBDIT/OI	27.6%	27.3%
PAT/OI	7.1%	6.4%
Total outside liabilities/Tangible net worth (times)	0.9	0.9
Total debt/OPBDIT (times)	2.6	2.1
Interest coverage (times)	3.7	4.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current (FY2026)		Chronology of rating history for the past 3 years					
		FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Oct 14, 2025	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long term	88.32	[ICRA]AA-(Stable)	-	-	-	-	-	-
Unallocated	Long term/ Short term	11.68	[ICRA]AA-(Stable)/ [ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple
Long Term/Short Term – Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	FY2022-23	8.5-8.9%	FY2029	88.32	[ICRA]AA-(Stable)
NA	Unallocated	NA	NA	NA	11.68	[ICRA]AA-(Stable)/ [ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis (as on March 31, 2025)

Company name	DAHCL ownership	Consolidation approach
Dr. Agarwal's Eye Hospital Limited (Subsidiary)	71.90%	Full Consolidation
Elisar Life Sciences Private Limited (Subsidiary)	93.18%	Full Consolidation
Dr. Thind Eye Care Private Limited (Subsidiary)	51.00%	Full Consolidation
Aditya Jyot Eye Hospital Private Limited (Subsidiary)	87.75%	Full Consolidation
Orbit Healthcare Services (Mauritius) Limited (Subsidiary)	100.00%	Full Consolidation
Orbit Healthcare Services (Ghana) Limited (Step-down subsidiary)	100.00%	Full Consolidation
Orbit Health Care Services (Kenya) Limited (Step-down subsidiary)	100.00%	Full Consolidation
Orbit Healthcare Services Mozambique Limitada (Step-down subsidiary)	97.00%	Full Consolidation
Orbit Health Care Services Limited, Rwanda (Step-down subsidiary)	100.00%	Full Consolidation
Orbit Healthcare Services Madagascar SARL (Step-down subsidiary)	80.00%	Full Consolidation
Orbit Healthcare Services (Tanzania) Limited (Step-down subsidiary)	100.00%	Full Consolidation
Orbit Health Care Services (Uganda) Limited (Step-down subsidiary)	100.00%	Full Consolidation
Orbit Health Care Services (Zambia) Limited (Step-down subsidiary)	100.00%	Full Consolidation

Source: Company

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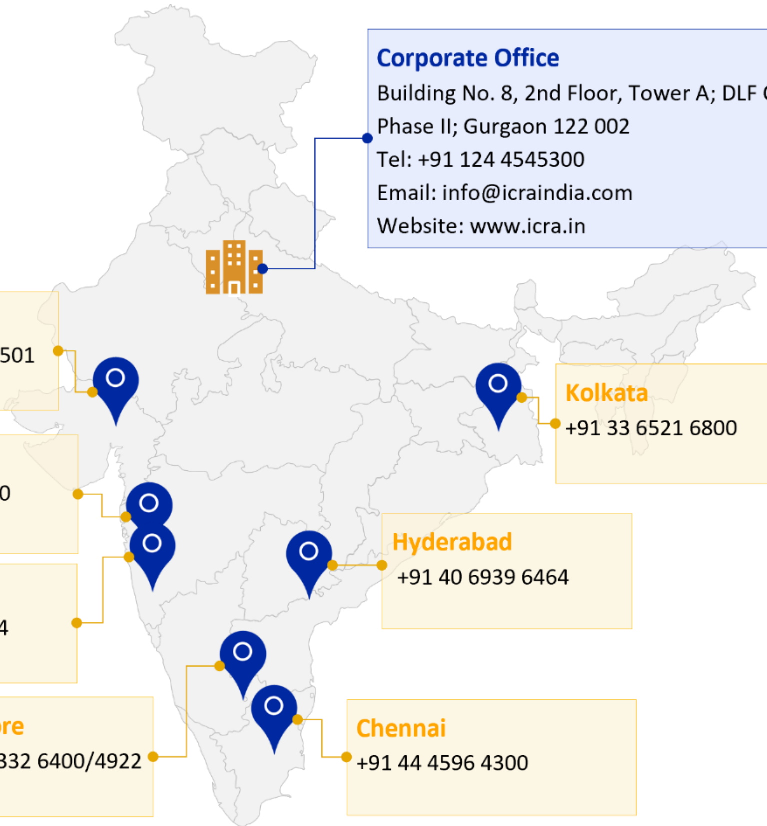

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