

Issue Details

Issue Size	Rs. 1,862 Crore – Rs. 1,894 Crore	Price Band:	Rs.522 – Rs.531
IPO Date:	01 st Sept 2021 to 03 rd Sept 2021	Offer Ratio:	QIB: 50%, NII: 15%, Retail: 35%
Bid Lot:	28 Equity Shares and in multiples thereof		

Company Profile

Vijaya Diagnostic Centre Limited is the largest integrated diagnostic chain in southern India, by operating revenue, and also one of the fastest-growing diagnostic chain by revenue for fiscal year 2020 (Source: CRISIL Report). The company offer a one-stop solution for pathology and radiology testing services to their customers through its extensive operational network, which consists of 81 diagnostic centres and 11 reference laboratories across 13 cities and towns in the states of Telangana and Andhra Pradesh and in the National Capital Region and Kolkata as on June 30, 2021. For the three months ended June 30, 2021 and the fiscal year 2021, the company derived 95.91% and 96.2% of its revenue from operations from their core geographies, Hyderabad and rest of Telangana and Andhra Pradesh, respectively.

The company offer a comprehensive range of approximately 740 routine and 870 specialized pathology tests and approximately 220 basic and 320 advanced radiology tests that cover a range of specialties and disciplines, as of June 30, 2021. The company's test menu includes pathology tests ranging from basic biochemistry and clinical pathology to cytogenetics and high-end molecular diagnostic tests, and radiology tests ranging from basic echocardiograms, X-rays and ultrasounds to advanced radiology tests including computerised tomography ("CT") scans, magnetic resonance imaging ("MRI") scans, single photon emission computed tomography ("SPECT") and advanced positron emission tomography CT ("PET CT"). The company has implemented a 'hub and spoke' model, whereby specimens are collected across multiple locations within a catchment area or a region for delivery to their reference laboratories for diagnostic testing.

The company was founded and promoted by Dr. S. Surendranath Reddy, their executive Chairman, who is a first generation entrepreneur and has more than four decades of experience in integrated diagnostics business and is a radiologist. During three months ended June 30, 2021, the company conducted approximately 1.96 million pathology tests and 0.22 million radiology tests for approximately 0.94 million customers. For the three months ended June 30, 2021 and fiscal years 2021, 2020, 2019, the company's total income was 1,259.70 million, ₹ 3,885.93 million, ₹3,541.82 million and ₹ 3,029.44, respectively, and their profit/(loss) for the period/year was ₹ 849.11 million, ₹ 625.07 million and ₹ 462.72 million, respectively.

Competitive Strengths

- Largest and Fastest growing diagnostic chain with dominant position in South India, well positioned to leverage the high growth in Indian diagnostic industry
- Integrated diagnostics provider that offers one-stop solution at affordable price with focus on superior quality standards
- High Brand recall driving high individual consumer business share and customer stickiness
- Strong technical capabilities, quality infrastructure and state of the art medical technology with strong IT infrastructure
- Dedicated management team with significant industry experience

Object of the Offer

The company will not directly receive any proceeds from the offer and all the offer proceeds will be received by the Selling Shareholders, in proportion to the Offered Shares sold by the respective Selling Shareholders as part of the Offer.

Financials (Restated Consolidated)

(₹ In Millions)

Particulars	June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Equity Share Capital	101.97	45.32	45.32	45.32
Reserves	3,821.29	3,544.74	2,700.11	2,004.40
Net Worth* (pg 224)	3,929.08	3,592.32	2,741.39	2,070.10
Total Borrowings	11.92	44.72	328.40	424.26
Revenue from Operations	1,226.86	3,767.46	3,388.21	2,925.87
EBITDA (pg 218)	601.39	1,778.84	1,479.82	1,184.77
Profit Before Tax	442.15	1,121.24	834.27	653.18
Net Profit for the year	333.25	849.11	625.07	462.72

* Not annualised for the three month period ended June 30, 2021

* Net Worth means the aggregate value of paid-up equity share capital and other equity created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, derived from the Restated Financial Information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation

Comparison with peers

Company	FV/Share (₹)	EPS	RONW (%)	NAV (₹ per share)	P/E (times)
Vijaya Diagnostic Centre Limited	1	8.26	23.64	35.23	-
Listed Peers					
Dr Lal Path Labs Limited	10	35.33	23.42	149.38	107.3
Metropolis Healthcare Limited	2	35.97	25.91	138.23	74.4

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the annual audited financial results of the company for the year ended March 31, 2021.

Source for the company: Based on the Restated Financial Statements for the year ended March 31, 2021.

Notes:

1. P/E Ratio has been computed based on the closing market price of equity shares on BSE on August 11, 2021, divided by the Basic EPS

2. Net Profit is the Profit for the year attributable to equity shareholders of the Company

3. Return on Net Worth (%) = Profit for the year attributable to equity shareholders of the Company divided by net worth as attributable to equity shareholders of the Company at the end of the year.

4. NAV is computed as the closing net worth divided by the closing outstanding number of equity shares. The Company has, pursuant to a Board resolution dated March 22, 2021 and Shareholders resolution dated March 22, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹1 each. Further subsequent to March 31, 2021, pursuant to a Board resolution dated May 26, 2021 and Shareholders resolution dated May 26, 2021, bonus share has been issued in the ratio of 5 equity shares for every 4 equity shares. Net asset value per share is considered post sub-division and bonus issue.

Key Risk Factors

- There company's business, financial condition and results of operations may be adversely affected by global health epidemics, including the recent COVID-19 outbreak, and the continuing effect of the same cannot be predicted.
- Any interruptions at the company's flagship centre and other diagnostic centres may affect their ability to process diagnostic tests, which in turn may adversely affect their business, results of operations and financial condition.
- The company depend on third-parties to provide them their testing equipment and reagents, and any failure to continue to do so or recall of existing testing equipment and reagents could adversely affect their business, results of operations and financial condition.
- The company's CEO, Sura Suprita Reddy was named in a criminal proceeding.
- The company's operations are concentrated in south India, and any loss of business in such region could have an adverse effect on their business, results of operations and financial condition.
- The company is dependent on a number of key personnel, including their senior management and qualified and experienced laboratory professionals, and the loss of, or their inability to attract or retain such persons could adversely affect its business, results of operations and financial condition.

- There are outstanding legal proceedings involving the Company, Subsidiaries and Directors which may adversely affect their business, financial condition and results of operations.
- The company face foreign exchange risks that could adversely affect their results of operations.
- The company in the past entered into related party transactions and may continue to do so in the future.
- The company has contingent liability that has not been provided for in their financial statements, which, if it materialises, may adversely affect its results of operations.
- The company's Group Companies have incurred losses in the past and may incur losses in the future.
- The company will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the net proceeds from the Offer for Sale.
- Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of their Equity Shares, independent of their operating results.

(Please read carefully the Risk Factors given in detail in section II (page 21 onwards) in RHP)

Disclaimer:

The information contained herein are strictly confidential and are meant solely for the information of the recipient and shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written permission of JM Financial Services Ltd. ("JMFS"). The contents of this document are for information purpose only. This document is not an investment advice and must not alone be taken as the basis for an investment decision. Before taking any decision to invest, the recipient of this document must read carefully the Red Herring Prospectus ("RHP") issued Vijaya Diagnostic Centre Limited dated August 24, 2021 to know the details of IPO and various risks and uncertainties associated with the investment in the IPO of the Company. All recipients of this document must before acting on the given information/details, make their own investigation and apply independent judgment based on their specific investment objectives and financial position. They can also seek appropriate professional advice from their own legal and tax consultants, advisors, etc. to understand the risks and investment considerations arising from such investment. The investor should possess appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances before making any decisions on the investment. The Investor shall be solely responsible for any action taken based on this document. JMFS shall not be liable for any direct or indirect losses arising from the use of the information contained in this document and accept no responsibility for statements made otherwise issued or any other source of information received by the investor and the investor would be doing so at his/her/its own risk. The information contained in this document should not be construed as forecast or promise or guarantee or assurance of any kind. The investors are not being offered any assurance or guaranteed or fixed returns on their investments. The users of this document must bear in mind that past performances if any, are not indicative of future results. The actual returns on investment may be materially different than the past. Investments in Securities market products and instruments including in the IPO of the Company are highly risky and they are generally not an appropriate avenue for someone with limited resources/ limited investment and low risk tolerance. Such Investments are subject to market risks including, without limitation, price, volatility and liquidity and capital risks. Therefore, the users of this document must carefully consider all the information given in the RHP including the risks factors given in section II, page 21 onwards before making any investment in the Equity Shares of the Company.

In rendering this information, JMFS assumed and relied upon, without independent verification, the accuracy and completeness of the details/data provided by the Company by way of RHP. JMFS does not warrant the accuracy, reasonableness and/or completeness of any information mentioned in this document. Also, JMFS takes no responsibility of updating any data/information in this document from time to time. JMFS, its affiliates/associates and any of its directors, officers, employees and any other persons associated with it shall not be liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this document in any manner whatsoever.

This document is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JMFS and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this report may come, are required to take note of such restrictions and comply with the same.

Registration details:

JM Financial Services Ltd.

Stock Broker - Registration No. - INZ000195834

Corporate Identity Number: U67120MH1998PLC115415

Registered office Address: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra Pin- 400025.

Tel: (91 22) 6630 3030 |Fax: (91 22) 6630 3223

Corporate office Address: 5th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra Pin- 400025.

Tel: (91 22) 6704 3000/3024 3000 |Fax: (91 22) 6704 3139.