



## IPO Note – Vijaya Diagnostic Centre Limited

30-August-2021

# Vijaya Diagnostic Centre Limited

## Issue Snapshot:

Issue Open: Sep 01 – Sep 03 2021

Price Band: Rs. 522 – 531 (Discount of Rs 52 for eligible Employees)

\*Issue Size: 35,688,064 eq shares  
(Entirely Offer for sale)

Issue Size: Rs.1862.92 – 1895.03 cr

Reservation for:

QIB Upto 17,769,031 eq sh  
Non Institutional atleast 5,330,710 eq sh  
Retail atleast 12,438,323 eq sh  
Employee Reservation : 150,000 eq sh

Face Value: Rs 1

Book value: Rs 38.53 (Jun 30, 2021)

Bid size: - 28 equity shares and in multiples thereof

100% Book built Issue

## Capital Structure:

Pre Issue Equity: Rs. 10.2 cr  
Post issue Equity: Rs. 10.2 cr

Listing: BSE & NSE

Book Running Lead Managers: ICICI Securities Ltd, Edelweiss Financial Services Ltd, Kotak Mahindra Capital Company Ltd

Registrar to issue: KFin Technologies Private Ltd

## Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	59.8	54.8
Public	40.2	45.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

\*=assuming issue subscribed at higher band  
Source for this Note: RHP

## Background & Operations:

Vijaya Diagnostic Centre Ltd (VDCL) 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. It offers a one-stop solution for pathology and radiology testing services to its customers through 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, it derived 95.91% and 96.20% of its revenue from operations from its core geographies, Hyderabad and rest of Telangana and Andhra Pradesh, respectively.

VDCL offers 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. Its 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"). It also offers a broad spectrum of health and wellness packages to its customers as per their requirements. It focusses on a customer centric approach to enhance the overall quality of services for optimal customer satisfaction. For convenience of customers, it provides value-added services such as home collection of specimens, house calls and various delivery or access modes (i.e., at diagnostic centres, SMS, email and web portal) for test reports.

VDCL has implemented a 'hub and spoke' model, whereby specimens are collected across multiple locations within a catchment area or a region for delivery to its reference laboratories for diagnostic testing. All of its centres offer integrated diagnostics services (pathology and radiology tests under one roof) with smaller spokes offering pathology tests and basic radiology tests and hub centres (ARCs) offering pathology tests, basic radiology tests and advanced radiology tests such as MRI, HRCT, SPECT and PET CT. As of June 30, 2021, its operational network consists of diagnostic centre network of (i) a flagship centre located in Hyderabad, which is its main 'hub' and equipped to conduct all of pathology specimens collection, basic and advanced radiology tests; (ii) 20 hub centres, which are equipped to conduct all of pathology specimens collection, basic radiology tests and certain advanced radiology tests; and (iii) 60 diagnostic centres, which are equipped to conduct a majority of pathology specimen collection and certain basic radiology tests; and a laboratory network of (i) a national reference laboratory co-located with its flagship centre; and (ii) 10 reference laboratories co-located with certain hub centres and diagnostic centres. The Company's diagnostic services are provided by a medical professional team consisting of 74 laboratory doctors, 19 physicians, 105 radiologists and 1,027 well-trained technical staff in its operational network, as of June 30, 2021. As of June 30, 2021, all of its laboratories hold National Accreditation Board for Testing and Calibration Laboratories ("NABL") and three of its diagnostic centres hold Patient Safety & Quality of Care ("NABH") accreditations.

During three months ended June 30, 2021, VDCL conducted approximately 1.96 million pathology tests and 0.22 million radiology tests for approximately 0.94 million customers. During fiscal year 2020, its tests per customer visit was 2.83, its operating revenue per customer was Rs. 1,213.72 and its operating revenue per test was Rs. 428.14, all of which are higher as compared to the listed regional peers.

## Objects of Issue:

The objects of the Offer are to (i) to carry out the Offer for Sale of up to 35,688,064 Equity Shares by the Selling Shareholders; and (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges. VDCL will not receive any proceeds from the Offer and all such proceeds (net of any Offer related expenses to be borne by the Selling Shareholders) will go to the Selling Shareholders. Further, the Company expects that listing of the Equity Shares will enhance its visibility and brand image and provide liquidity to the Shareholders and will also provide a public market for the Equity Shares in India.

## Competitive Strengths

**Largest and Fastest Growing Diagnostic Chain with Dominant Position in South India, Well Positioned to Leverage the High Growth in Indian Diagnostics Industry:** VDCL 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. It has built an extensive operational network consisting of 81 diagnostic centres including a flagship centre located at Hyderabad, and 11 co-located reference laboratories, including a national reference laboratory at its flagship diagnostic centre, across 13 cities and towns in the states of Telangana and Andhra Pradesh and in National Capital Region and Kolkata, as of June 30, 2021. The diagnostics industry in India is highly competitive and fragmented. Standalone centres dominate the Indian diagnostic market with approximately 45% to 50% market share, while hospital-based centres have approximately 35% to 40% market share for the fiscal year 2020.

The Indian diagnostics market was valued at approximately Rs. 710 billion to Rs. 730 billion in the fiscal year 2021, and is projected to grow at CAGR of around 12% to 13% to reach approximately Rs. 920 billion to Rs. 980 billion by fiscal year 2023 driven by rise in health awareness and disposable incomes, increase in demand for better healthcare facilities and quality of care of individuals, and increase in spending on preventive and wellness. Further, the diagnostics market in Telangana and Andhra Pradesh, the states in which it has a significant presence, is projected to grow to approximately Rs. 120 billion to Rs. 130 billion by fiscal year 2023. The combination of VDCL's strong brand position driven by long operating history in its core geographies, its extensive operational network and reputation for providing quality diagnostic services positions it well to continue to grow the scale of its business in Telangana and Andhra Pradesh market and take advantage of growing Indian diagnostic market. In addition, it is expected that VDCL will be able to grow from potential acquisitions of standalone diagnostic centres and laboratories.

**Integrated Diagnostics Provider that Offers One-Stop Solution at Affordable Price:** VDCL offers a comprehensive range of approximately 1,610 pathology tests, which are organised into approximately 740 routine tests and 870 specialized tests, as well as approximately 220 basic and 320 advanced radiology tests that cover a range of specialties and disciplines, as of June 30, 2021. Its test menu includes (i) pathology tests ranging from basic biochemistry and clinical pathology to cytogenetics and high-end molecular diagnostic tests, including protein chemistry, cellular immunology, flowcytometry, genetics, cytogenetics, immunohistochemistry and advanced microbiology tests, and (ii) radiology tests ranging from basic echocardiograms, X-rays and ultrasounds to advanced radiology tests such as MRI, HRCT, SPECT and PET CT. It currently also offer RT-PCR testing and/or CT scan for COVID-19 diagnosis across 33 diagnostic centres in 11 cities and towns and COVID-19 vaccination services at its Kolkata and Gurugram diagnostic centres. Given its focus on the provision of integrated diagnostic services, it has provided 2.8 tests per customer on average fiscal year in fiscal year 2020, that is higher than other listed regional/multi-regional diagnostic chains. Its ability to provide one-stop diagnostic solution is an important factor in customers choosing it as their diagnostic service provider, helps in retaining its customers, and sets it apart from its competitors.

VDCL focus on providing customers quality, hygienic and reliable diagnostic services at affordable prices in India. Its 'hub and spoke' model allows specimens to be collected across multiple locations within a catchment area or a region for delivery to its reference laboratories for diagnostic testing, that provides greater economies of scale and enhances consistency of its testing procedures. Its diagnostic services are provided by a medical professional team consisting of 74 laboratory doctors, 19 physicians, 105 radiologists and 1,027 well-trained technical staff in its operational network, as of June 30, 2021. As of June 30, 2021, all of its laboratories hold National Accreditation Board for Testing and Calibration Laboratories ("NABL") and three of its diagnostic centres hold Patient Safety & Quality of Care ("NABH") accreditations.

**High Brand Recall and Commitment to Superior Quality driving High Individual Consumer Business Share and Customer Stickiness:** VDCL has built a trusted, high quality and reliable brand of choice over the last four decades. Over the years, it has received awards that recognize the strength of its brand and its focus on offering superior diagnostic services. Customers choose it because of its well-established brand name and superior diagnostic service experience. A substantial majority of its customers are individual customers, with over 92.09% of its revenue from operations for the fiscal year 2021, being directly attributed to its individual consumer business, as a result of its trusted and quality diagnostic services built over decades of experience.

VDCL focus on a customer centric approach to delivering its best services that leads to high customer satisfaction and increasing customer stickiness. Its diagnostic centres are designed in accordance with high quality specifications, which include requirements in relation to design of work area, physical infrastructure and placement of technical equipment, with an aim to provide its customers with uniformity of experience for visit across its diagnostic centres. For convenience of its customers, it provides value-added services such as home collection of specimens, house calls and various delivery and access modes (i.e., at diagnostic centres, SMS, email, web portal) to test reports. Its focus on the consumer and, together with its brand's recognition for quality diagnostic services, results in higher brand recall in its core geographies and enable it to have a high share of walk-in customers leading to sticky individual consumer revenues.

**Robust Technical Capability and State of the Art Technology with Strong IT Infrastructure:** VDCL's strong technical capability and ability to adopt to the latest technologies in the diagnostic industry allows it to provide high quality and reliable diagnostic services to its customers. As of June 30, 2021, its radiology testing operations are supported by radiology equipment including 15 CT machines, 18 MRI machines and five PET CT/Gamma machines, which represent the leading technology used in the field, and a team of 105 radiologists across its diagnostic

centres. Diagnostic centres have to constantly upgrade its technology to stay ahead of the competition which involve significant capital investment and maintenance cost. Owing to its continuous investment and the long standing relationships it enjoys with certain medical technology vendors, it has been at the forefront of introducing new tests by adopting the latest medical technologies across its operational network.

VDCL's diagnostic centre operations are supported by front-end centralized information technology platform. It uses Laboratory Information Management System ("LIMS") to automate laboratory workflows, manage samples, test results and associated data for pathology tests, a fully integrated Radiology Information Systems ("RIS") - Picture Archive and Communication Systems ("PACS") to manage radiology workflows, archive and access images from multiple modalities and locations for radiology tests. It has also adopted back-end centralized LIMS and ERP system which allow to more efficiently manage every aspect of its operation, including optimal utilisation of its equipment, billing and receivables management, inventory management, central purchasing and financial controls.

**Long Track Record of Delivering Consistent Profitable Growth, with Strong Cash Generation and Return Metrics:** VDCL's business has demonstrated strong financial performance over the three months ended June 30, 2021 and the last three fiscal years ended March 31, 2021. For the fiscal year 2021, it recorded a total income of Rs. 3,885.93 million, representing a CAGR of 13.26% for fiscal years 2019 to fiscal year 2020. Its OPBDIT margin ranked second among other major diagnostics Players. In addition to its high OPBDIT margins, its attractive financial profile is also evidenced by negative working capital and high cash flow generation leading to its strong net cash position. It has also enjoyed return on net worth of 23.64% and the return on capital employed (pre cash) of 42.00% during the fiscal year 2021.

VDCL's financial performance is due to a combination of (i) a "hub and spoke" model that both yields economies of scale and provides network and operation cost optimization benefits which has driven high margin as well as high return metrics, (ii) high number of tests, revenue and Adjusted EBITDA per footfall driven by its integrated model and high individual consumer business mix, which has translated into high cash flow conversation, and (iii) a network whose size enhances its purchasing power with suppliers. For the fiscal year 2020, its average test per customer was 2.8, operating revenue per customer was Rs. 1,214 and OPBDIT per customer was Rs. 475, all of which are higher as compared to its listed peers.

**Dedicated Management Team with Significant Industry Experience:** VDCL are led by a strong and dedicated team of experienced professionals with skill sets that are complementary and, requisite for the fast-growing Indian diagnostic market. Members of its management team have experience in the healthcare industry, and, under their leadership over the last several years, it has grown rapidly and increased both the productivity and efficiency of its network. Several key members of its management team including its Chairman, Chief Executive Officer, Executive Director, Chief Financial Officer and Company Secretary has extensive functional/industry experience. Its Board of Directors, includes a combination of management executives and experts from healthcare industry. The combination of experienced Board of Directors and dynamic management team positions it well to capitalize on future growth opportunities.

## Business Strategy:

**Deepen Footprint in Core Markets:** VDCL intends to strengthen its presence in regions in which it operates, with emphasis on the states of Telangana and Andhra Pradesh. Out of hospital diagnostics market was valued at approximately Rs. 390 billion to Rs. 395 billion in the fiscal year 2020, and is projected to grow at CAGR of around 12% to 13% to reach approximately Rs. 555 billion to Rs. 565 billion by fiscal year 2023. It intends to deepen its penetration and increase customer base to consolidate leading position in its core markets by (i) expanding service network by opening additional diagnostic centres; (ii) enhancing laboratory capacity and test menu by adding latest technologies; (iii) increasing business from individual customers by offering a portfolio of additional services; (iv) physician engagement through medical awareness initiatives and meetings with medical practitioners; and (v) increased focus on preventive and wellness offerings. It also plans to selectively explore franchisee opportunities with strong local entrepreneurs to augment own centres.

**Leveraging Existing Presence by Focusing on Setting up Spoke Centres and Increasing Home Collection in Existing Catchment Areas:** The diagnostic market in India is under-penetrated relative to its potential demand. VDCL will continue to focus on expanding its network through setting up spokes and select hub centres in existing catchment areas. In addition, it would also be adding reference laboratories in its existing core geographies. In recent years, it has successfully used "hub and spoke" model to grow its business and the total number of its spokes have grown from 45 as of April 1, 2019 to 60 as of June 30, 2021. In light of its success, it plans to set up additional diagnostic centres in Telangana and Andhra Pradesh. VDCL plans to increase its home collection services in core geographies to reach out to more customers.

**Continue to Focus on Providing Customer Centric Services and Offerings:** VDCL plans to increase the breadth of its diagnostic services by offering additional preventive and wellness services and through, among other things, the adoption of new, cutting-edge diagnostic testing technology, as this will expand its scope of diagnostic services and further enhance the reputation of its brand. It also intends to enhance its pathology and radiology test offerings by creating customized packages to its customers, based on customers' age, sex and medical history, to cater to specific their needs. These packages will increase revenue per customer visit. Leveraging the current needs of customer

base, it offers RT-PCR testing for COVID-19 diagnosis across 25 diagnostic centres in nine cities and towns and COVID-19 vaccination services at its diagnostic centres located at Kolkata, West Bengal and Gurugram, Haryana, and intends to grow these test offerings to few other diagnostic centres/hubs. Its dedicated sales and marketing team will continue to promote its specialty tests and disease specific profiles and grow its corporate customer base by marketing its healthcare proposition to human resource departments and other corporate decision makers.

**Expand in Adjacent Geographies and East India:** VDCL intends to establish its presence in adjacent geographies of Telangana and Andhra Pradesh and expand in concentric circles. It has identified key cities and towns that are underserved, and where its brand is well-regarded. A wider geographic reach will expand VDCL's customer base as well as improve its profitability by allowing to better leverage its infrastructure. It also plans to expand its presence in east India, in particular Kolkata. The growing demand presents it with an opportunity to establish a network of its diagnostic centres in east India. It intends to replicate its "hub and spokes" model while expanding into east India and also plans to set up additional diagnostic centres in this region. Given the expected increase in demand for diagnostic services in East India, VDCL expects Kolkata to be one of the focus areas of its medium to long term growth.

**Supplement Organic Growth with Selective Acquisitions:** VDCL intends to supplement its organic growth with selective acquisitions of/strategic partnerships with brands with strong vintage and market position in adjacent markets. While the diagnostics industry is highly fragmented, demand for quality of service and complex tests from customers, as well as high capital expenditure requirements for radiology provides opportunity for faster consolidation in the diagnostics industry in India. In light of this opportunity, VDCL will actively explore select expansion opportunities through strategic acquisitions of/partner with regional diagnostic service providers who possess brand recognition among an existing customer base to, among others:

- increase customer base to consolidate position in core markets in which VDCL currently operate;
- achieve operating leverage in core markets by unlocking potential efficiency and synergy benefits;
- strengthen or expand technological capabilities; and
- grow in new markets

Given VDCL's leading market position, in-depth industry experience and expertise, it is well positioned to take advantage of the expected consolidation opportunities and shift towards organized providers in the Indian diagnostics market.

## Industry

### Key fiscal measures by the Centre to deal with the COVID-19 pandemic impact

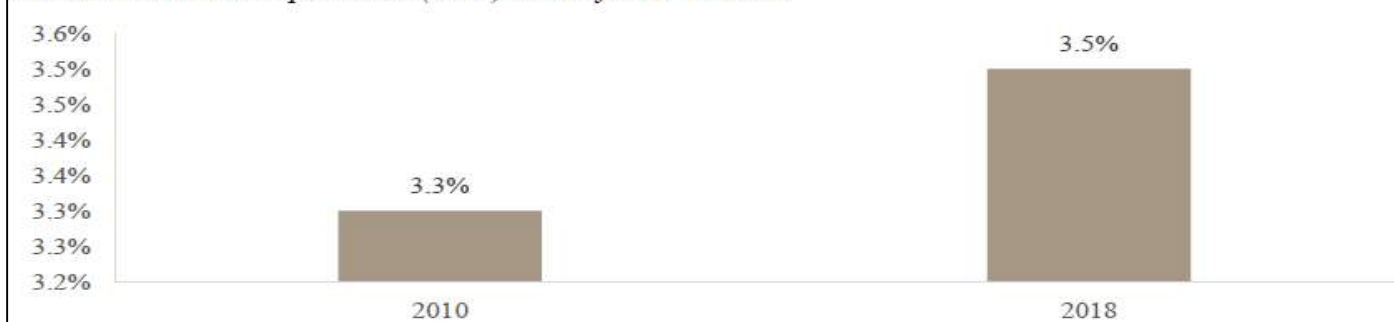
In view of the COVID-19 pandemic's impact on the economy, the Government of India has announced 12 key measures, as part of its stimulus to the economy, under Aatmanirbhar Bharat 3.0. The total stimulus announced by the Government and Reserve Bank of India ("RBI") till date, to help the nation tide over the COVID-19 pandemic, works out to Rs. 29.87 trillion, which is 15% of the national GDP. Out of this, a stimulus worth 9% of GDP has been provided by the Government.

### Social and healthcare-related parameters

India's current healthcare expenditure lower than other developing countries According to the Global Health Expenditure Database compiled by the World Health Organization (the "WHO"), India's current expenditure on healthcare was 3.5% of GDP in 2018. To put this into greater perspective, while India's real GDP in fiscal year 2019 was Rs. 139.8 trillion (at constant fiscal year 2012 prices), India's current healthcare expenditure ("CHE") was approximately Rs. 4.9 trillion. In fact, India trailed not just developed countries, such as the US and the UK, but also developing countries, such as Brazil, Malaysia, Nepal, Singapore, Sri Lanka, Thailand, and Vietnam, in terms of healthcare spending as a percentage of GDP as of 2018.

India's current healthcare expenditure steadily growing with its GDP but with private sector accounting for lion's share India's CHE, though, has increased with its expanding GDP. Between 2010 and 2018, the current healthcare expenditure has grown at a CAGR of 6.2%

*Current healthcare expenditure (CHE) as % of GDP in India*



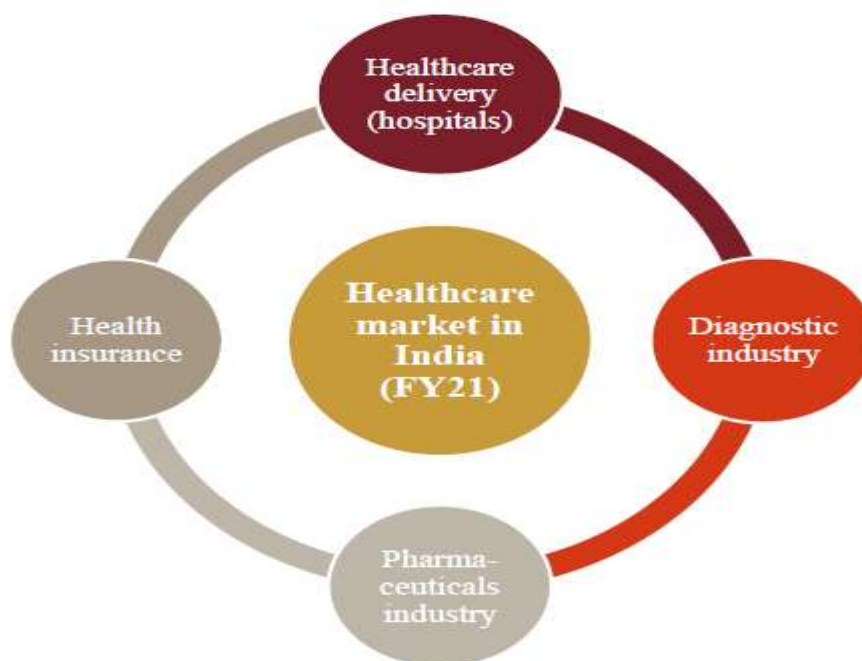
However, at an overall level, the healthcare expenditure in India is low primarily because of under-penetration of healthcare services and low individual spending on healthcare. Further, India's per-capita total expenditure on healthcare (at international dollar rate, adjusted for purchasing-power parity) was only \$73 in 2018 compared to other emerging countries such as \$112 for Indonesia, \$152 for Vietnam, \$157 for Sri Lanka, \$276 for Thailand, \$427 for Malaysia and \$848 for Brazil.

## Out-of-pocket expenditure towards healthcare is high in India

Private health expenditure includes components such as voluntary health insurance, other private health expenditure and out-of-pocket expenditure. In terms of private health expenditure by means of voluntary health insurance and other private health expenditure (excluding out-of-pocket expenditure), India fares poorly compared with Brazil, Malaysia, South Africa, and Thailand. In India, out-of-pocket expenditure on health accounted for approximately 63% of the total health expenditure as of 2018 (the highest among countries compared).

## DIAGNOSTIC INDUSTRY IN INDIA

Structure of healthcare market



### Healthcare market in India is broadly classified into:

**Healthcare delivery market (hospitals)** which was valued at approximately Rs. 4,400 billion\* is projected to grow at a CAGR of 17 to 18% during fiscal year 2021 to fiscal year 2025

**Pharmaceuticals industry** of which the domestic formulations segment was valued at approximately Rs. 1,420 billion\* is projected to grow at a CAGR of 11 to 12% between fiscal year 2021 to fiscal year 2025

**Diagnostic industry** which was valued at Rs. 710 to Rs. 730 billion\* is projected to grow at a CAGR of 14 to 16% between fiscal year 2021 to fiscal year 2023

**Healthcare insurance industry** of which the health insurance premium market stood at Rs. 583 billion as of fiscal year 2021 and is expected to achieve a CAGR of 18 to 19% between fiscal year 2021 to fiscal year 2025

### Market size of the diagnostic industry in India

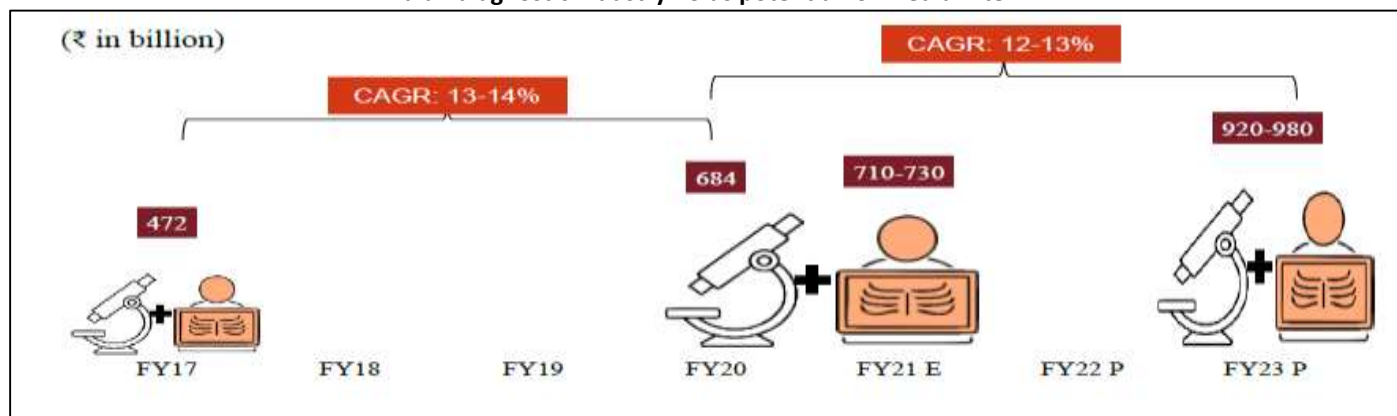
#### Diagnostic services are a key sub-segment of Indian healthcare market

Evidence-based treatment has become the norm for many doctors, as diagnosis enables prescription of correct therapy, and, thereby, faster recovery. Hence, in the spectrum of healthcare delivery services, diagnostic services play the key role of information intermediary, providing useful information for correct diagnosis and treatment of diseases. Diagnostic services currently have an 8 to 14% share in the overall healthcare spending on account of variation between rural and urban across institutions such as government-owned, charitable/trust-based and private.

## Indian diagnostic industry to sustain pace of growth up to fiscal years 2023

With diagnostic services becoming the cornerstone for recommending requisite treatments, as well as monitoring recovery post treatment, the industry has posted healthy growth over the past few years. The diagnostic industry achieved a healthy CAGR of 13 to 14% from fiscal years 2017 to 2020, tracking the growth of healthcare delivery services. However, in fiscal year 2021, CRISIL Research estimates the industry's growth rate will sharply decelerate to approximately 4% on-year to Rs. 710 to Rs. 730 billion, owing to the fallout of the COVID-19 pandemic. In fiscal year 2021, COVID-19 put the brakes, albeit temporarily, on the growth story of the diagnostic sector, especially for small laboratories. With treatments at hospitals being deferred, outpatient footfalls dropping and lockdowns in quarter 1 of fiscal year 2021, the regular volume of diagnostic services took a hit. According to industry players, after a sharp fall in revenue in April and May 2020, there was some revival in demand from June 2020 onwards. Pent-up healthcare demand contributed to revenue during a traditionally lean quarter from a diagnostic perspective, with recovery to pre-COVID-19 levels occurring in the third quarter of fiscal year 2021. However, between fiscal years 2020 and 2023, the industry is expected to return to a healthy growth trajectory of 12 to 13% CAGR, reaching Rs. 920 to 980 billion. The industry is however expected to achieve a higher CAGR between fiscal year 2021 and fiscal year 2023 in the range of 14 to 16% on account of a low growth in fiscal year 2021 due to the COVID-19 pandemic impact on the industry.

### Indian diagnostic industry holds potential for medium term



E: Estimated; P: Projected

Going forward, CRISIL Research expects there to be medium-term growth arising from the increase in demand for in-patient as well as outpatient's treatments. The demand for diagnostic services in any given year also experiences marginal seasonality during epidemics, such as dengue and malaria, and the flu season. Moreover, as literacy rates, health awareness and disposable incomes rise, individuals increasingly demand better healthcare facilities and quality of care, and increase their spending on preventive and wellness, leading to high volume growth of in-patients and outpatient treatments. The rise in healthcare demand has also received a boost from increases in urbanisation and lifestyle-related diseases, such as cardiac diseases, diabetes and cancer, prompting many diagnostic service providers to enhance their offerings in metropolitan areas and tier-I and tier-II cities.

## Hospital-based diagnostic centres

Usually, secondary and tertiary hospitals have pathology laboratories and radiology centres in-house; but some also engage third-party players such as SRL Limited ("SRL"), Metropolis Healthcare Limited ("Metropolis"), and Apollo Diagnostics ("Apollo Diagnostics") (a division of Apollo Health and Lifestyle Limited) to manage their diagnostic facilities. Major hospital chains, such as Apollo Hospitals Enterprise Ltd, HCG, Max Healthcare and Fortis Healthcare have diagnostic arms. Typically, hospitals with 100 to 150 beds or less prefer to outsource their tests rather than set up an in-house laboratory testing facility. Tertiary hospitals, which may not have the equipment to conduct advanced tests, may also send samples to advanced laboratories. Given that equipment for advanced tests is expensive, many hospitals find it economically unviable to operate these, owing to the low testing volume. For example, a hospital may have the equipment to test whether a patient is HIV-positive or not; but to determine a virus count, the sample is sent to a specialised pathology lab. Specialised tests with low patient volume at the hospital may also be outsourced to a chain or standalone diagnostic laboratories offering advanced diagnostic facilities.

## Diagnostic chains

Diagnostic chains such as Thyrocare Technologies Limited ("Thyrocare"), Dr Lal PathLabs Limited ("DLPL"), SRL, Metropolis, Apollo Diagnostics are present either in a specific region/geography or have a multi-regional presence, and offer either or both, pathology and radiology testing services. There are also prominent regional chains in different geographies, such as Vijaya Diagnostic Centre Private Limited ("Vijaya"), Medall Healthcare Private Limited ("Medall"), Suraksha Diagnostics Private Limited ("Suraksha"), Suburban Diagnostics (India) Private Limited, Aarthi Scans Private Limited ("Aarthi"), etc, which have created brand resonance. These players' operating margins tend to be on par with multi-regional chains.

## Standalone centres

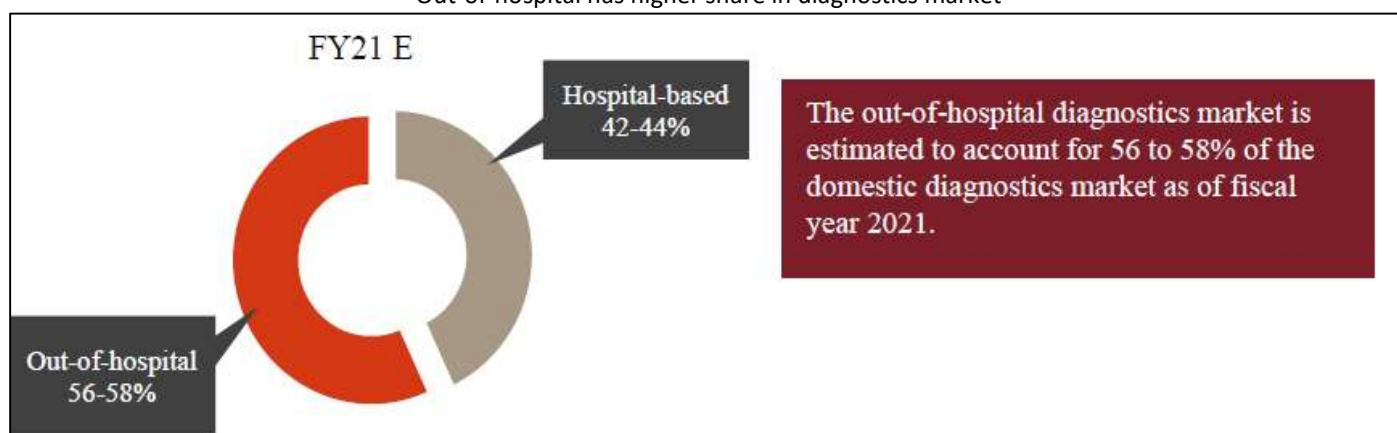
Standalone diagnostic centres make up 45 to 50% share of the market. Low entry barriers and the absence of stringent regulations have helped small pathology laboratories and radiology centres proliferate. These carry out basic tests that require minimal investment and space, and typically have a conventional X-ray and an ultrasound machine. There are also centres with restricted presence offering specialised tests such as magnetic resonance imaging ("MRI") scans, computerised tomography ("CT") scans, advanced positron emission tomography CT ("PET CT") scans and gamma.

## Other business models in diagnostic industry in India

Different business models are being introduced in the diagnostic industry. These are shop-in-shop or PPP model, aggregator model, chain model (via franchisees) and players which focus only on niche tests. Diagnostic chains provide a bouquet of services to a diversified clientele, process samples from smaller hospitals and diagnostic centres, and offer corporate wellness programmes. Players also operate on an aggregator-based model, controlling logistics and quality with partner laboratories.

## Out-of-hospital diagnostics market in India to log 12 to 13% CAGR over fiscal years 2020 to 2023

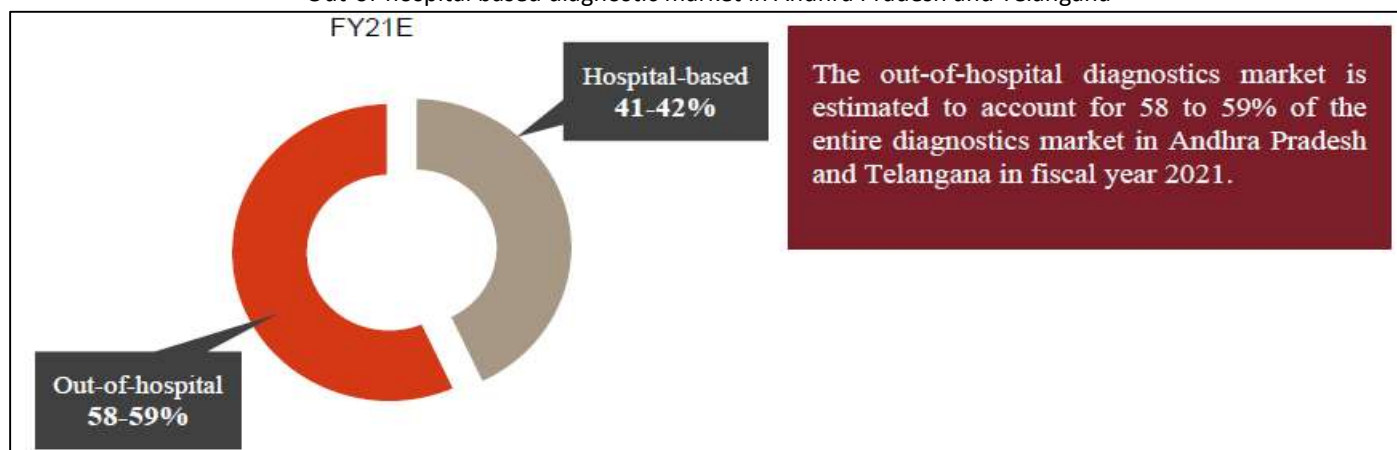
Out-of-hospital has higher share in diagnostics market



As per CRISIL Research estimates, the Indian out-of-hospital diagnostic industry is valued at Rs. 390 billion to Rs. 395 billion in the fiscal year 2020, having achieved a CAGR of approximately 12% over fiscal years 2017 to 2020. Deeper penetration of diagnostic chains has given the out-of-hospital market a push in the past three fiscals. Diagnostic chains have not only increased penetration by way of consolidation with standalone diagnostic players, but also tied up with hospitals to cater to their diagnostic services. The latter not only reduces hospitals' capital expenditure on equipment, but also helps them save on the effort needed to maintain their diagnostic services. The out-of-hospital market, estimated to account for 56 to 58% of the entire domestic diagnostics market, is estimated at Rs. 400 to Rs. 410 billion as of fiscal year 2021. The out-of-hospital market is further projected to grow at a CAGR of 12 to 13% over fiscal years 2020 to 2023 to reach Rs. 555 to Rs. 565 billion in fiscal year 2023. This growth can be attributed to consolidation in the industry and increase in B2C business on account of increasing health awareness among people. Also, the COVID-19 pandemic has boosted demand for radiology testing services, as dependence on high-realisation radiology tests (CT scan over X-ray) has gained traction.

## Out-of-hospital diagnostics market in Andhra Pradesh and Telangana to log 12 to 13% CAGR over fiscal years 2020 to 2023

Out-of-hospital based diagnostic market in Andhra Pradesh and Telangana



Within the Indian diagnostic industry, South India forms about 27 to 29% of the total diagnostic market as of fiscal year 2020. Among the South India market, the share of Andhra Pradesh and Telangana diagnostic market is about 44 to 46% with a value of approximately Rs. 87 billion as of fiscal year 2020, making it one of the largest markets in South India. CRISIL Research estimates the size of the diagnostic industry in Andhra Pradesh and Telangana to have grown to approximately Rs. 87 billion in fiscal year 2020 from approximately Rs. 59 billion fiscal year 2017, at a healthy CAGR of approximately 14%, mirroring growth of the South Indian diagnostic industry market (estimated at Rs. 190 to Rs. 195 billion as of fiscal year 2020). The out-of-hospital market, which accounts for 58 to 59% of the diagnostics market in Andhra Pradesh and Telangana, is estimated to have grown to Rs. 51 billion in fiscal year 2020 from Rs. 35 billion in fiscal year 2017, at a CAGR of approximately 13%.

Going forward, the diagnostic industry in Andhra Pradesh and Telangana is expected to grow at a three-year CAGR of 12.5 to 13.5% to reach Rs. 120 billion to Rs. 130 billion in fiscal year 2023 similar to the projected growth of the South India diagnostics industry that is expected to reach Rs. 275 to 285 billion in fiscal year 2023, at a CAGR of 13 to 14% during fiscal years 2020 and 2023. This growth can be attributed to rising non-communicable diseases (“NCDs”) in the state, increasing share of aged population along with the other fundamental growth drivers such as rising health awareness, conducive government schemes related to healthcare and growing health insurance coverage. Mirroring growth in the Andhra Pradesh and Telangana market, the out-of-hospital diagnostics market is projected to grow to Rs. 70 to Rs. 75 billion in fiscal year 2023 from Rs. 51 billion in fiscal year 2020, at a CAGR of 12 to 13%.

A diagnostic centre generally offers either pathology or radiology services, but few offer both. Typically, advanced radiology testing services are rendered by either secondary or tertiary care hospitals or standalone radiology centres (owned by the MD radiologist) or diagnostic chains (regional/multi-regional) as they entail heavy investments in order to obtain the best-in-class equipment, technology and specially trained professional to operate the equipment. Advanced radiology tests such as PET CT, CBCT and bone densitometry are critical, but at the same time there is a paucity of these services. Specialised testing has also seen many new entrants since substantial growth is expected in this area owing to the shift in disease epidemiology in India, as well as inclinations toward preventive and early diagnosis.

Multi-regional diagnostic chains such as DLPL, Thyrocare, and SRL offer both pathology as well as radiology testing services (SRL and DLPL offer both basic and advanced radiology testing services whereas Thyrocare offers only advanced radiology service). Among regional diagnostic chains, Vijaya provides a combination of diagnostic services under an integrated services model across pathology, radiology, nuclear medicine, imaging, gastroenterology, cardiology and neurology, making it a comprehensive diagnostic centre.

## **Radiology to achieve a CAGR of 13 to 14% over fiscal years 2020 to 2023**

As per CRISIL Research estimates, the Indian radiology market achieved a three-year CAGR of 14% to reach Rs. 291 billion in fiscal year 2020. Going forward, CRISIL expects the radiology business to grow at a higher trajectory with adequate support from factors such as newer and advanced technology, growing dependence on radiology, and preference for high-realisation radiology tests such as CT scans over X-rays. Fundamental factors such as higher dependence on evidence-based treatments along with growing NCDs in India also support growth. Thus, the radiology market is projected to reach around Rs. 420 billion to Rs. 430 billion by fiscal year 2023, at a three-year CAGR of 13 to 14%.

## **COVID-19 has fuelled demand for radiology, increasing its share in diagnostic services**

COVID-19 testing has fuelled demand for both pathology and radiology testing services. However, increasingly, reverse transcription polymerase chain reaction (“RT-PCR”) testing is being used to detect the virus due to its higher sensitivity. As per industry sources, radiology testing services have been crucial to gauge the intensity of infection, especially in the lungs. Hence, a lot of impetus has been given to chest CT scans by practitioners to detect early warning. The share of radiology testing services within diagnostic services increased from nearly 41% in fiscal year 2017 to approximately 43% in fiscal year 2020 at approximately 14% CAGR; CRISIL expects the share to be maintained at 43 to 44% in fiscal year 2023.

## **Industry shifting towards diagnostic chains**

The Indian diagnostics industry is highly fragmented given the high proportion of standalone centres and hospital-based centres, which collectively comprise 83 to 88% of the total market as of fiscal year 2020. Diagnostic chains comprise only 12 to 17% as of fiscal years 2020 further split into regional and multi-regional chains, of which regional chains account for the majority. However, the industry has witnessed a shift from standalone centres to diagnostic chains due to increasing trend of patients’ reliance on diagnostic chains for their quality of service and unavailability of complex tests with standalone centres, not only at an overall country level but also in regional markets. The profitability of the industry is defined on the basis of high volume of testing and optimal utilisation of laboratories. Also, high capital expenditure requirements for radiology testing services deter standalone players from investing beyond basic radiology. Given the low entry barriers and lack of a strong regulatory environment, the industry has many standalone players. This has made the industry highly competitive and fragmented, and hence smaller players are finding it hard to stay profitable. Competition has intensified with the entry of aggregators (online healthcare players), who prefer to partner with established diagnostic chains. On the regional front, players in Andhra Pradesh and Telangana with a strong brand value and trust (like Vijaya and others) have been able to maintain growth in volumes and profitability. However, smaller players are witnessing a decline in volumes, margins and market share due to intense competition and high expectations by consumers in the region. Hence, large regional players are looking at favourable acquisitions of smaller standalone labs in

places which might not only attract them higher volumes, but also help them increase their penetration and reach over the long term. Diagnostic chains, on the other hand, have stronger financial discipline and negotiating power with suppliers, greater capital and administrative resources to meet the needs in order to sustain the business compared with standalone diagnostic centres. Diagnostic chains have expanded into geographies where they have limited presence via inorganic routes. Tier II and III cities are the major focus of these established players, where struggling standalone centres become prime opportunities for acquisition.

## **Preventive and wellness testing packages to boost biochemistry testing**

Mid-sized to large diagnostic chains and hospital-based diagnostic centres are increasingly marketing their test menus in the form of preventive and wellness packages. These health packages help identify pre-existing diseases or the likely risk from particular diseases before the actual symptoms appear. The tests are expected to help people take corrective action before chronic conditions take hold. Most packages either specifically screen for a given chronic disease or contain a slew of tests to ascertain the overall health of a person. Moreover, most of the preventive and wellness tests consist of biochemistry tests to check an individual's risk to chronic diseases, such as cardiovascular diseases and diabetes, among others. However, some diagnostic centres, which have both pathology and radiology services, may add basic imaging tests such as ECG, X-ray, and ultrasound to the test packages.

## **Hub-and-spoke model is most preferred for diagnostic chains**

Diagnostic chains typically adopt a hub-and-spoke model to widen their catchment area. However, this model is more prominent in pathology testing services. Nevertheless, players in radiology testing services also operate on a similar model, by way of referring patients to hub centres from spoke centres for specialised testing, which are carried out at the hub centres.

**National centre (main centre):** These are located centrally, usually in large metropolitan areas, serving as the corporate headquarters of diagnostic chain companies. These are equipped to conduct routine as well as specialised pathology and radiology tests, and may be spread over 10,000 square feet. Reports generated by the regional / national centre are sent to patients through the collection centres/satellite centres, or can be viewed online. The usual turn-around time ("TAT") for a national centre for report generation ranges between a few hours (for routine tests, such as blood analysis and sugar tests) and two to four days, depending on the type of test being carried out. Diagnostic centres opt for air logistics for transporting samples collected at their collection centres in other cities. These are usually done for specialised tests that can only be performed at the national centres or, in the context of a hub-and-spoke model, at regional centres. In the case of advanced radiology testing services, an integrated diagnostic company may refer a patient to its main/national centre, which houses advanced equipment such as MRI machines and PET-CT scan machines.

**Regional centres:** Similar to a national/main centre, regional centres are also usually situated in large metropolitan cities, and act as hubs that collect samples from the satellite centres and collection centres across India. The regional centres also offer comprehensive and specialised testing facilities. With respect to radiology testing services, some of the advanced/ niche imaging tests are also generally carried out in regional centres.

**Satellite centres:** Satellite centres offer limited range of services. These mainly act as feeders for regional centres and national/main centres. Based on complexity of the test, a satellite centre may choose to transfer samples to a regional centre or a national reference centre (whichever is nearer). Satellite centres may be either owned or franchised by a diagnostic chain company. A satellite centre may also house basic radiology tests, such as ECG, X-ray and sonography. For advance tests, patients may be referred to either the regional centre or main/national centre.

**Collection centres:** Collection centres are usually located in hospitals, nursing homes, pathology labs, clinics, prime commercial properties, and retail spaces, among other places. These could be company-owned or a franchisee usually catering to an area of 3 to 5 km radius. Collection centres do not carry out testing. The centres have basic equipment in the form of a refrigerator and a centrifuge, and employ minimal staff, such as a receptionist, laboratory technician, attendants, and delivery staff.

## **With life expectancy improving and changing demographic profile, healthcare services are a must**

With improving life expectancy, India's demographics are also witnessing a change. According to the Report on Status of Elderly in Select States of India, 2011, published by the United Nations Population Fund in November 2012, chronic ailments, such as arthritis, hypertension, diabetes, asthma, and heart diseases, were commonplace among the elderly, with approximately 66% of the respective population reporting at least one of these. With the Indian population expected to grow to approximately 1.4 billion by 2026 with an expected surge of 60 years or more to approximately 13% by 2026 from 8% in 2011, considering the above mentioned factors, the need to ensure that healthcare services are provided to this vast populace is an imperative.

## **Rising income to make quality healthcare services more affordable and preferred**

Even though healthcare is considered a non-discretionary expense, considering that an estimated 83% of households in India had an annual income of less than Rs. 0.2 million in fiscal year 2012, affordability of quality healthcare facilities remains a major constraint. Growth in household income and, consequently, disposable income, are critical to the overall growth in demand for healthcare delivery services in India. The share of households falling in the income bracket above Rs. 0.2 million is expected to go up to approximately 35% in fiscal year

2022 from approximately 23% in fiscal year 2017. Higher income levels will also accentuate spending on preventive and wellness tests, thus aiding the diagnostic industry over the long term.

## **Increasing health awareness to boost preventive/wellness tests**

The majority of healthcare enterprises in India are more concentrated in urban areas. With increasing urbanisation (migration of population from rural to urban areas), awareness among the general populace regarding presence and availability of healthcare services for both preventive and curative care is expected to increase, thus paving the way for growth of the diagnostic industry as well.

## **Growing health insurance penetration to propel demand for the overall healthcare delivery market, including diagnostics**

Low health-insurance penetration is one of the major impediments to the growth of the healthcare delivery industry in India, as affordability of quality healthcare facilities by the lower-income groups remains an issue. As per the Insurance Regulatory and Development Authority ("IRDA"), nearly 499 million people have health insurance coverage in India (as of fiscal year 2020), as against 288 million (in fiscal year 2015), but despite this robust growth, the penetration in fiscal year 2020 stood at only 36%. CRISIL Research believes that while low penetration is a key concern, it also presents a huge opportunity for the growth of healthcare delivery industry in India. With the Pradhan Mantri Jan Arogya Yojana, India's insurance coverage is expected to increase substantially over the next five fiscals. Furthermore, with health insurance coverage in India set to increase, hospitalisation rates are likely to go up. In addition, health check-ups, which form a mandatory part of health insurance coverage, are also expected to increase, boosting demand for a robust healthcare delivery platform.

## **Diagnostic industry in Andhra Pradesh and Telangana**

### **Andhra Pradesh and Telangana among the states with high NCD burden (>50%) in India**

According to reports, the contribution of NCDs (being cardiovascular diseases, diabetes, chronic respiratory diseases, mental health and neurological disorders, cancers, musculoskeletal disorders, chronic kidney disease) to India's total disease burden has increased over the years. Disability-adjusted life years ("DALY(s)") represent the total number of years lost to illness, disability, or premature death within a given population. Of the total disease burden in India measured as DALYs, the share of communicable, maternal, neonatal, and nutritional diseases (termed infectious and associated diseases in this summary for simplicity) dropped from 61% in 1990 to 33% in 2016. There was a corresponding increase in the contribution of NCDs to the total disease burden from 30% to 55%, and of injuries from 9% to 12%. The wide variations between the states in this epidemiological transition are reflected in the range of the contribution of major disease groups to the total disease burden in 2016: 48 to 75% for NCDs, 14 to 43% for infectious and associated diseases, and 9 to 14% for injuries. Among the leading NCDs, the largest disease burden or DALY rate increase from 1990 to 2016 was for diabetes (80%) and ischaemic heart disease (34%). As per the National Health Profile 2019, out of 65,194,599 patients who attended NCD clinics, 4.75% were diagnosed with diabetes, 6.19% with hypertension, 0.30% with cardiovascular ailments, 0.10% with stroke, and 0.26% with common cancers. Of the 17 states compared, Tamil Nadu, Rajasthan, and Uttar Pradesh had the highest number of persons diagnosed with NCDs out of those screened in calendar year 2018, followed by Andhra Pradesh, West Bengal, and Maharashtra.

## **Key Concerns:**

- Business and prospects may be adversely affected if VDCL is unable to maintain and grow its brand name and brand image.
- CEO, Sura Suprita Reddy was named in a criminal proceeding.
- 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 flagship centre and other diagnostic centres may affect the ability to process diagnostic tests, which in turn may adversely affect the business, results of operations and financial condition.
- Operations are concentrated in south India, and any loss of business in such region could have an adverse effect on the business, results of operations and financial condition.
- VDCL depends on third-parties to provide its testing equipment and reagents, and any failure to continue to do so or recall of existing testing equipment and reagents could adversely affect its business, results of operations and financial condition.
- Failure or malfunction of equipment could adversely affect the ability to conduct operations.
- Non-compliance with and changes in any of the applicable laws, rules or regulations, including pricing, safety, health and environmental laws, may adversely affect the business, results of operations and financial condition and cash flows.
- Requires certain approvals, licenses, registrations and permits for conducting business and its inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect the business, results of operations and financial condition.

- Inability to effectively manage growth or to successfully implement business plan and growth strategy could have an adverse effect on the business, results of operations and financial condition.
- VDCL operates in a highly competitive business environment, and inability to compete effectively could have an adverse effect on the business, results of operations and financial condition.
- VDCL may become subject to professional malpractice liability claims, which could be costly and, therefore, could negatively affect the business, results of operations and financial condition.
- Any inadequacy in collection of, or failure or delay in the delivery of, specimens to VDCL's processing laboratories could compromise or destroy the integrity of such specimens, which could adversely affect the business, results of operations and financial condition.
- Implementation of pricing policies by the Government or other authorities could adversely affect the business, results of operations and financial condition.
- Failure to introduce new tests, services and technologies or acquire new or improved equipment could adversely affect the business, results of operations and financial condition.
- Relies on information technology systems and third-party platform for the operation of the business and any disruption to its systems and/or third-party platform could adversely affect the business and reputation and result in litigation.
- Cyber threats and non-compliance with and changes in privacy laws and regulations may adversely affect the business, results of operations and financial condition and cash flows.
- If VDCL pursues strategic acquisitions, it may not be able to successfully consummate favourable transactions or successfully integrate acquired businesses.
- Employee misconduct or failure of VDCL's internal processes or procedures could harm it by impairing its ability to attract and retain patients and subject it to significant legal liability and reputational harm.
- Insurance coverage may not be sufficient or may not adequately protect VDCL against all material hazards, which may adversely affect the business, results of operations and financial condition.
- Ability to attract individual patients is largely dependent on the disposable income and increasing general health awareness of India's general population, which could decline due to a variety of factors.
- Faces foreign exchange risks that could adversely affect the results of operations.
- VDCL's operations may be adversely affected by the effects of health pandemics, civil disturbances, social unrest, hostilities or acts of terrorism, natural disasters such as extreme weather events and other criminal activities.
- Changing laws, rules and regulations and legal uncertainties, including any adverse application of tax laws and regulations across the multiple states VDCL operates in, could have an adverse effect on the business, financial condition, results of operations and cash flows
- A slowdown in economic growth in India or political instability or changes in the Government in India could adversely affect the business.
- Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of the Equity Shares, independent of our operating results.
- Any adverse change in India's sovereign credit rating by an international rating agency could adversely affect the business, results of operations and cash flows.

# Vijaya Diagnostic Centre Limited

## Profit & Loss

Particulars (Rs in million)	Q1FY22	FY21	FY20	FY19
Revenue from Operations	1226.9	3767.5	3388.2	2925.9
Other Income	32.8	118.5	153.6	103.6
<b>Total Income</b>	<b>1259.7</b>	<b>3885.9</b>	<b>3541.8</b>	<b>3029.4</b>
<b>Total Expenditure</b>	<b>658.3</b>	<b>2107.7</b>	<b>2062.0</b>	<b>1844.7</b>
Cost of materials consumed	210.8	571.0	439.1	404.8
Employee benefits expense	161.5	574.4	624.0	538.8
Other expenses	286.0	962.4	998.9	901.1
<b>PBIDT</b>	<b>601.4</b>	<b>1778.2</b>	<b>1479.8</b>	<b>1184.8</b>
Interest	40.0	152.5	153.9	135.3
<b>PBDT</b>	<b>561.4</b>	<b>1625.8</b>	<b>1326.0</b>	<b>1049.4</b>
Depreciation and amortization	119.2	504.5	491.7	396.3
<b>PBT</b>	<b>442.2</b>	<b>1121.2</b>	<b>834.3</b>	<b>653.2</b>
<b>Tax (incl. DT &amp; FBT)</b>	<b>108.9</b>	<b>272.1</b>	<b>209.2</b>	<b>190.5</b>
Current tax	117.4	317.4	230.6	196.7
Deferred Tax	-8.5	-45.3	-21.4	-6.2
<b>PAT</b>	<b>333.3</b>	<b>849.1</b>	<b>625.1</b>	<b>462.7</b>
EPS (Rs.)	3.2	8.3	6.1	4.5
Face Value	1	1	1	1
OPM (%)	46.3	44.1	39.1	37.0
PATM (%)	27.2	22.5	18.4	15.8

(Source: RHP)

## Balance Sheet

Particulars (Rs in million) As at	Q1FY22	FY21	FY20	FY19
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	1342.0	1357.6	1398.5	1437.3
Capital work-in-progress	60.7	81.8	92.6	27.1
Goodwill	53.4	53.4	53.4	68.8
Other intangible assets	15.0	6.0	10.4	7.5
Right of use asset	1452.6	1260.0	1253.8	1078.8
Intangible assets under development	3.5	12.4	3.7	0.0
<b>Financial assets</b>				
<i>Investments</i>	0.4	0.4	0.4	0.4
<i>Other financial assets</i>	185.1	122.2	54.9	43.2
Deferred tax assets, (net)	69.6	61.0	15.8	11.8
Income tax assets (net)	3.7	5.7	9.1	8.4
Other assets	77.9	61.1	66.6	6.5
	<b>3263.8</b>	<b>3021.6</b>	<b>2959.0</b>	<b>2689.7</b>
<b>CURRENT ASSETS</b>				
Inventories	63.0	26.4	27.7	21.8
<b>Financial assets</b>				
Investments	279.6	276.3	546.7	688.4
Trade receivables	55.5	64.1	80.0	91.3
Cash and cash equivalents	101.6	66.9	555.7	96.2
Bank balances other than Cash and cash equivalents	2147.9	1875.6	626.2	430.1
Other financial assets	93.3	51.9	5.4	29.7
Other current assets	41.2	26.7	21.7	17.1
	<b>2782.0</b>	<b>2387.8</b>	<b>1863.5</b>	<b>1374.6</b>
<b>TOTAL ASSETS</b>	<b>6045.8</b>	<b>5409.4</b>	<b>4822.6</b>	<b>4064.3</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	102.0	45.3	45.3	45.3

Instruments entirely equity in nature	0.0	0.0	0.0	24.1
Other equity	3821.3	3544.7	2700.1	2004.4
Equity attributable to owners of the Company	<b>3923.3</b>	<b>3590.1</b>	<b>2745.4</b>	<b>2073.8</b>
Non-controlling interest	5.8	2.3	-4.0	-3.7
	<b>3929.1</b>	<b>3592.3</b>	<b>2741.4</b>	<b>2070.1</b>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities				
Borrowings	0.0	32.8	221.3	315.4
Lease liabilities	1463.4	1264.7	1196.1	1034.2
Other financial liabilities	0.7	2.2	8.8	18.7
Provisions	80.7	77.0	67.4	53.2
Other liabilities	0.8	0.5	1.2	1.4
	<b>1545.6</b>	<b>1377.2</b>	<b>1494.8</b>	<b>1422.8</b>
<b>CURRENT LIABILITIES</b>				
<b>Financial liabilities</b>				
Borrowings	11.9	12.0	107.1	108.9
Lease liabilities	108.2	101.0	87.8	72.6
Trade payables				
-Due to micro and small enterprises	1.0	2.7	0.3	0.0
-Due to creditors other than micro and small enterprises	258.2	218.9	216.6	217.5
Other financial liabilities	83.0	61.3	129.7	115.0
Income tax liabilities	78.5	16.2	14.5	16.0
Provisions	8.9	7.4	10.4	10.8
Other liabilities	21.3	20.5	20.1	30.6
	<b>571.1</b>	<b>439.9</b>	<b>586.4</b>	<b>571.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6045.8</b>	<b>5409.4</b>	<b>4822.6</b>	<b>4064.3</b>

(Source: RHP)

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