

AUGUST 27, 2021

## IPO Note

## VIJAYA DIAGNOSTICS LTD

NOT RATED

(Note: All the information in this note is taken from RHP)

(For private circulation only)

## Offer Details

The price band is in the range of Rs. 522-531 per share. The total issue size (offer for sale - OFS) is of Rs. 1895cr (at upper band of Rs. 531/share).

## Details of The offer

Particulars	Details
Price band (Rs/share)	Rs 522 - 531 per equity share
Opening date of the Issue <sup>^</sup>	1st September, 2021
Closing date of the issue	3rd September, 2021
<b>No. of shares pre-issue (nos. Cr)</b>	<b>10.20</b>
Fresh Issue (nos. Cr)*	0.00
Offer for sale (nos. Cr)*	3.57
<b>No. of shares post-issue (nos. Cr)*</b>	<b>10.20</b>
<b>Issue size (Rs Cr)*</b>	<b>1895.0</b>
Face Value (Rs/ share)	1
Bid Lot	28 equity shares and in multiple of 28 thereafter
Emp Reservation: (Discount Rs.52/share)	1,50,000 Equity shares Rs. 7.19/- crs. @ upper price band.
<b>Book Building</b>	
QIBs (Including Anchor)	50%
Non-Institutional	15%
Retail	35%
Lead managers	ICICI Securities Limited; Edelweiss Financial Services; Kotak Investment Bank
Registrar to the issue	Kfin Technologies Private Ltd

Source: RHP, \* Based on upper price band

## Objects of the offer

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.

The Company 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.

## Selling Shareholder Details

Selling Shareholder	Number of Equity Shares offered in the Offer for Sale
Dr. S. Surendranath Reddy	Upto 5,098,296
Karakoram Limited	Upto 29,487,290
Kedaara Capital Alternative Investment Fund 1	Upto 1,102,478
<b>Total</b>	<b>3,56,88,064</b>

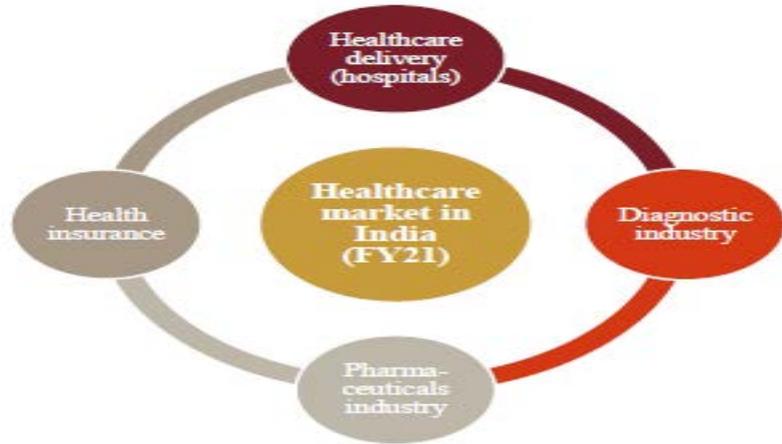
Source: RHP

Purvi Shah

purvi.shah@kotak.com

+91 22 6218 6432

### Structure of healthcare market



Source: RHP

### Structure of diagnostic industry in India

Based on business model

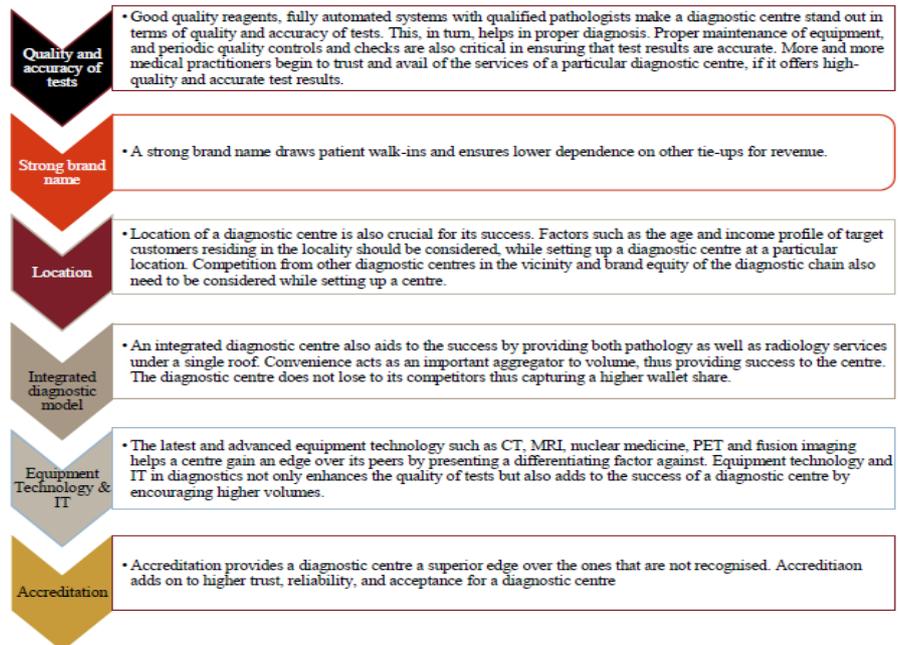


Diagnostic centres in India can be classified into hospital-based, diagnostic chains, and standalone centres:

- Hospital-based diagnostic centres are located in hospitals for captive use. These are mostly owned by hospitals, or may be given to third parties to manage
- Diagnostic chains are owned diagnostic centres, with two or more centres. These mostly operate through a hub-and-spoke model of collection centres
- Standalone diagnostic centres are single unit centres. Majority of these have small-scale of operations, and offer either pathology, basic radiology or advanced radiology services

Source: RHP

### Success factors for diagnostic players



Source: RHP

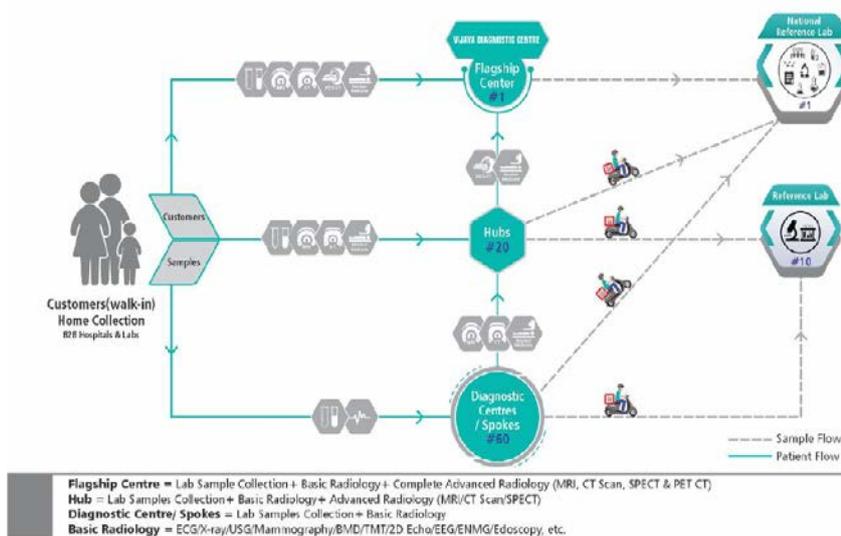
## Company Background

Vijaya Diagnostic Centre is the largest integrated diagnostic chain in southern India, by operating revenue, and also one of the fastest-growing diagnostic chain by revenue for FY20 (Source: CRISIL Report). They offer a one-stop solution for pathology and radiology testing services to their customers through an 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. The company offers a comprehensive range of ~ 740 routine and 870 specialized pathology tests and ~ 220 basic and 320 advanced radiology tests that cover a range of specialties and disciplines, as of June 30, 2021. Their test menu includes pathology tests ranging from basic biochemistry and clinical pathology to cytogenetics and high-end molecular diagnostic tests, and radiology tests. They also offer a broad spectrum of health and wellness packages to the customers as per their requirements.

They have implemented a ‘hub and spoke’ model, whereby specimens are collected across multiple locations within a catchment area or a region for delivery to the reference laboratories for diagnostic testing. All of their 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. The 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 the company’s laboratories hold National Accreditation Board for Testing and Calibration Laboratories (“NABL”) and three of the diagnostic centres hold Patient Safety & Quality of Care (“NABH”) accreditations.

### Vijaya Diagnostic Centre’s operational network:

#### Our Operational Network



Source: RHP

## Diagnostic Centres & Laboratory Details

### Diagnostic Centres

Operational facilities	FY19	FY20	FY21	Q1FY22
Flagship centre	1	1	1	1
Hub centres	15	16	19	20
Diagnostic centres/spokes	45	56	60	60
<b>Total</b>	<b>61</b>	<b>73</b>	<b>80</b>	<b>81</b>

Source: RHP

### Laboratory (Co-located with its diagnostic centres)

Operational facilities	FY19	FY20	FY21	Q1FY22
National Reference Laboratory	1	1	1	1
Reference Laboratories	10	10	10	10
<b>Total</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>

Source: RHP

## Company's geographical spread:

### The table below sets forth number of centres by cities and/or regions

City/Region	FY19	FY20	FY21	Q1FY22
Hyderabad	46	58	63	64
Rest of Telangana and Andhra Pradesh	12	13	15	15
Others	3	2	2	2
<b>Total</b>	<b>61</b>	<b>73</b>	<b>80</b>	<b>81</b>

Source: RHP

### The table below shows revenue (In Rs Cr) from operations by cities and/or regions

City/Region	FY19	FY20	FY21	Q1FY22
Hyderabad	249.1	289.7	304.2	100.3
Rest of Telangana and Andhra Pradesh	27.9	37.1	58.2	17.4
Others	15.6	12.0	14.3	5.0
<b>Total</b>	<b>292.6</b>	<b>338.8</b>	<b>376.7</b>	<b>122.7</b>

Source: RHP

## Management Background

Name	Designation	Background
Dr. S. Surendranath Reddy	Executive Chairman	He holds a bachelor's degree in medicine from Shri Venkatesvara University and a provisional degree of Doctor of Medicine in Radiology from Osmania Medical College, Hyderabad. He has over 19 years of experience with the Company. He is a life member of the Indian Radiological and Imaging Association.
Sunil Chandra Kondapally	Executive Director	He has been associated with the Company since incorporation. He holds a bachelor's degree in science in electrical engineering from Florida State University. He has over 17 years of experience in the field of pharmaceutical industry. He founded a pharmaceutical services company Trikona Pharmaceuticals Private Limited in 2016 and QPS Bioserve India Private Limited in 2004 and, which focuses on the development of innovative pharmaceutical products. He has worked in operations, quality accreditation, finance, marketing and network expansion departments of the Company since its incorporation.
S Geeta Reddy	Non-Executive Director	She holds a bachelor's degree in law from Osmania University. She is enrolled as an Advocate with the Andhra Pradesh High Court in 1986. She is on the board of directors of various companies such as, Sura Agritech Private Limited, Iffco Kisan SEZ Limited, Namrata Diagnostic Centre Private Limited, Vijaya Hospitals Private Limited and Doctorslab Medical Services Private Limited.
Satyanarayana Murthy Chavali	Non-Executive-Independent	He holds a bachelor's degree in technology from Indian Institute of Technology, Madras and a post graduate diploma in management from Indian Institute of Management, Bangalore. He previously worked as a chief executive officer of Aurigene Discovery Technologies Limited and has previously worked at Dr. Reddy's Laboratories Limited.

Source: RHP

## Key Strengths

### **Largest and Fastest Growing Diagnostic Chain with Dominant Position in South India, Well Positioned to Leverage the High Growth in Indian Diagnostics Industry**

Vijaya Diagnostic Centre is the largest integrated diagnostic chain in southern India, by operating revenue, and also one of the fastest-growing diagnostic chain by revenue for FY20 (Source: CRISIL Report). They have 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.

According to the CRISIL Report, the Indian diagnostics market was valued at approximately Rs 710 bn to Rs 730 bn in FY21, and is projected to grow at CAGR of around 12% to 13% to reach approximately Rs 920 bn to Rs 980 bn by FY23 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, according to the CRISIL Report, the diagnostics market in Telangana and Andhra Pradesh, the states in which Vijaya Diagnostic has a significant presence, is projected to grow to ~ Rs 120 bn to Rs 130 bn by FY23. The company believes that the combination of its strong brand position driven by its long operating history in core geographies, extensive operational network and its reputation for providing quality diagnostic services positions them well to continue to grow the scale of business in Telangana and Andhra Pradesh market and take advantage of growing Indian diagnostic market. In addition, they expect that they 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**

They offer 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.

Their 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, flow cytometry, 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.

They 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 Kolkata and Gurugram diagnostic centres. Given their focus on the provision of integrated diagnostic services, they have provided 2.8 tests per customer on average in FY20, that is higher than other listed regional/multi-regional diagnostic chains, according to the CRISIL Report.

### **High Brand Recall and Commitment to Superior Quality driving High Individual Consumer Business Share and Customer Stickiness**

Vijaya Diagnostic has built a trusted, high quality and reliable brand of choice over the last four decades. A substantial majority of its customers are individual customers, with over 92.09% of revenue from operations for the FY21, being directly attributed to individual consumer business, as a result of its trusted and quality diagnostic services built over decades of experience.

The company focuses on a customer centric approach to delivering best services that leads to high customer satisfaction and increasing customer stickiness. For convenience of customers, they provide 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. Their home collection service allows specimens to be collected from their customers' locations, such as their homes or offices, in nine cities in India, as of June 30, 2021. They believe their focus on the consumer and, together with what they believe is their brand's recognition for quality diagnostic services, results in higher brand recall in core geographies and enable 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**

Vijaya Diagnostic Centre's strong technical capability and ability to adopt to the latest technologies in the diagnostic industry allow them to provide high quality and reliable diagnostic services to their customers. As of June 30, 2021, their radiology testing operations are supported by radiology equipment including 15 CT machines, 18 MRI machines and five PET CT/Gamma machines, which they believe represent the leading technology used in the field, and a team of 105 radiologists across diagnostic centres. They believe that they were among the first diagnostic services providers in south India to offer PET-CT scan in 2008.

Their diagnostic centre operations are supported by front-end centralized information technology platform. They use 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.

Their front-end information technology system enables them to (i) achieve standardization across operations; (ii) reduce incidence of errors due to human intervention; (iii) monitor technical operations; (iv) closely track key performance metrics and maintain the turn-around time ("TAT"); (v) provide convenience to their consumers and customers, by allowing them to book appointments, complete registration and access test reports online; and (vi) allows consumers to make payments online (via a secured gateway).

They have also adopted back-end centralized LIMS and ERP system which allow them to more efficiently manage every aspect of the operation, including optimal utilisation of the 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**

For the FY21, they recorded a total income of Rs 388.59 cr, representing a growth of 13.26% for FY19 to FY20; their operating revenue per test was Rs 428 and OPBDIT per test was Rs 168 for FY20; while their operating revenue per customer was Rs 1,214 and OPBDIT per customer was Rs 475 for FY20. Their OPBDIT margin ranked second among other major diagnostics players as per the CRISIL Report. In addition to high OPBDIT margins, their attractive financial profile is also evidenced by negative working capital and high cash flow generation leading to strong net cash position. They have also enjoyed return on net worth (RoNW) of 23.64% and the return on capital employed (pre cash) (RoCE) of 42% during the FY21.

Their 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 their integrated model and high individual consumer business mix, which has translated into high cash flow conversation, and (iii) a network whose size enhances their purchasing power with suppliers. For the FY20, the average test per customer was 2.8, operating revenue per customer was Rs 1,214 and OPBDIT per customer was Rs 475.

## Strategies

### Deepen Footprint in the Core Markets

Vijaya Diagnostic Centre intends to strengthen their presence in regions in which they operate, with emphasis on the states of Telangana and Andhra Pradesh. They intend to deepen their penetration and increase customer base to consolidate leading position in the 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. They also plan to selectively explore franchisee opportunities with strong local entrepreneurs to augment own centres.

### Leveraging on Existing Presence by Focusing on Setting up Spoke Centres & Increase Home Collection in Existing Catchment Areas

The diagnostic market in India is under-penetrated relative to its potential demand. Company will continue to focus on expanding their network through setting up spokes and select hub centres in existing catchment areas. In addition, they would also be adding reference laboratories in the existing core geographies. In recent years, they have successfully used “hub and spoke” model to grow the business and the total number of spokes have grown from 45 as of April 1, 2019 to 60 as of June 30, 2021. In light of their success, they plan to set up additional diagnostic centres in Telangana and Andhra Pradesh. In addition, increasing competition has prompted industry players to adopt various techniques to differentiate themselves in terms of bandwidth, such as providing home pick-up and point-of-contact testing.

### Continue to Focus on Providing Customer Centric Services and Offerings

Company plans to increase the breadth of the diagnostic services by offering additional preventive and wellness services and through, among other things, the adoption of new, cutting-edge diagnostic testing technology, as they believe this will expand their scope of diagnostic services and further enhance the reputation of their brand. For example, they intend to offer more preventive and wellness packages, preventive healthcare screening and chronic and lifestyle disease management services to individual and corporate customers, given the increasing health awareness of, and concomitant increase in, chronic and lifestyle diseases in India. This would include additional development in the areas of genetics, molecular and oncology testing, as well as an expansion of their current chronic disease management and wellness programs.

They also intend to enhance their pathology and radiology test offerings by creating customized packages to their customers, based on customers’ age, sex and medical history, to cater to specific their needs. Their 115 dedicated sales and marketing team will continue to promote their specialty tests and disease specific profiles and grow their corporate customer base by marketing their healthcare proposition to human resource departments and other corporate decision makers.

### Expand in Adjacent Geographies and East India

They intend to establish their presence in adjacent geographies of Telangana and Andhra Pradesh and expand in concentric circles. They have identified key cities and towns that they believe are underserved, and where their brand is well-regarded. They expect that a wider geographic reach will expand their customer base as well as improve their profitability by allowing them to better leverage their infrastructure.

They also plan to expand presence in east India, in particular Kolkata. They believe that the growing demand presents them with an opportunity to establish a network of diagnostic centres in east India. They intend to replicate their “hub and spokes” model while expanding into east India. In 2014, they acquired a majority stake in Medinova, a diagnostic service provider which currently has an established hub in Kolkata, and successfully integrated it into their operational network. They plan to set up additional diagnostic centres in this region. Given the expected increase in demand for diagnostic services in East India, they expect Kolkata to be one of the focus areas of their medium to long term growth.

### Supplement Organic Growth with Selective Acquisitions

They intend to supplement their organic growth with selective acquisitions of/strategic partnerships with brands with strong vintage and market position in adjacent markets. According to the CRISIL Report, 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, they 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 their customer base to consolidate their position in core markets in which they 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.

### Risks



Source: RHP

## Financials

### Statements of Profit and Loss (Rs. In Cr)

Y/E March	FY19	FY20	FY21	Q1FY21	Q1FY22
<b>INCOME</b>					
Revenue from operations	292.6	338.8	376.7	51.7	122.7
Other income	10.4	15.4	11.8	2.3	3.3
<b>Total Revenue</b>	<b>302.9</b>	<b>354.2</b>	<b>388.6</b>	<b>54.0</b>	<b>126.0</b>
<b>EXPENDITURE</b>					
Raw Material Cost	40.5	43.9	57.1	7.6	21.1
Employee Expense	53.9	62.4	57.4	12.9	16.1
Other Expense	90.1	99.9	96.2	17.5	28.6
<b>Total Expenditure</b>	<b>184.5</b>	<b>206.2</b>	<b>210.8</b>	<b>37.9</b>	<b>65.8</b>
<b>EBITDA</b>	<b>118.5</b>	<b>148.0</b>	<b>177.8</b>	<b>16.1</b>	<b>60.1</b>
Interest Cost	13.5	15.4	15.2	3.8	4.0
Depreciation	39.6	49.2	50.5	11.6	11.9
Exceptional Item	-	-	-	-	-
<b>PBT</b>	<b>65.3</b>	<b>83.4</b>	<b>112.1</b>	<b>0.6</b>	<b>44.2</b>
Total Tax expense	19.0	20.9	27.2	-1.2	10.9
<b>Profit for the year</b>	<b>46.3</b>	<b>62.5</b>	<b>84.9</b>	<b>1.8</b>	<b>33.3</b>
EPS (Rs per share) on Diluted Equity	4.5	6.1	8.3	0.2	3.3

Source: Company's RHP

### Statement of Assets and Liabilities (Rs. In Cr)

Y/E March	FY19	FY20	FY21	Q1FY21	Q1FY22
<b>EQUITIES AND LIABILITIES</b>					
Equity	4.5	4.5	4.5	4.5	10.2
Reserves and Surplus	202.9	270.0	354.5	271.9	382.1
Non-controlling interest	-0.4	-0.4	0.2	-0.6	0.6
Borrowings	55.8	46.7	10.8	49.6	9.6
Other Liabilities and Provisions	143.6	161.4	170.9	164.8	202.1
<b>Total</b>	<b>406.4</b>	<b>482.3</b>	<b>540.9</b>	<b>490.2</b>	<b>604.6</b>
<b>ASSETS</b>					
Cash + Cash in bank	52.6	118.2	194.2	167.8	224.9
Inventories	2.2	2.8	2.6	3.5	6.3
Receivables	9.1	8.0	6.4	7.2	5.6
Financial Assets	76.2	60.7	45.1	8.9	55.8
Fixed Assets	261.9	281.2	277.1	289.2	292.7
Other Assets	4.4	11.3	15.4	13.5	19.2
<b>Total</b>	<b>406.4</b>	<b>482.3</b>	<b>540.9</b>	<b>490.2</b>	<b>604.6</b>

Source: Company's RHP

### Statement of Cash Flows (Rs. In Cr)

Y/E March	FY19	FY20	FY21	Q1FY21	Q1FY22
Net cash (used in) / generated from operating activities	90.5	106.1	129.6	6.7	50.9
Net cash (used in) / generated from Investing Activities	-89.8	-30.6	-129.8	-25.3	-36.9
Net cash generated from / (used in) Financing Activities	-7.2	-29.5	-48.8	-6.4	-10.6
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>-6.5</b>	<b>45.9</b>	<b>-48.9</b>	<b>-24.9</b>	<b>3.5</b>
Cash and Cash equivalents at beginning of the period / year	16.1	9.6	55.6	55.6	6.7
Cash and Cash equivalents at end of the period / year	9.6	55.6	6.7	30.6	10.2

Source: Company's RHP

## RATING SCALE (PRIVATE CLIENT GROUP)

### Definitions of ratings

<b>BUY</b>	– We expect the stock to deliver more than 15% returns over the next 12 months
<b>ADD</b>	– We expect the stock to deliver 5% - 15% returns over the next 12 months
<b>REDUCE</b>	– We expect the stock to deliver -5% - +5% returns over the next 12 months
<b>SELL</b>	– We expect the stock to deliver < -5% returns over the next 12 months
<b>NR</b>	– <b>Not Rated.</b> Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
<b>SUBSCRIBE</b>	– We advise investor to subscribe to the IPO.
<b>RS</b>	– <b>Rating Suspended.</b> Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
<b>NA</b>	– <b>Not Available or Not Applicable.</b> The information is not available for display or is not applicable
<b>NM</b>	– <b>Not Meaningful.</b> The information is not meaningful and is therefore excluded.
<b>NOTE</b>	– Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

### FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

<b>Rusmik Oza</b> Head of Research rusmik.oz@kotak.com +91 22 6218 6441	<b>Arun Agarwal</b> Auto & Auto Ancillary arun.agarwal@kotak.com +91 22 6218 6443	<b>Amit Agarwal, CFA</b> Transportation, Paints, FMCG agarwal.amit@kotak.com +91 22 6218 6439	<b>Hemali Dhame</b> Banking & Finance Hemali.Dhame@kotak.com +91 22 6218 6433
<b>Jatin Damania</b> Metals & Mining, Midcap jatin.damania@kotak.com +91 22 6218 6440	<b>Purvi Shah</b> Pharmaceuticals purvi.shah@kotak.com +91 22 6218 6432	<b>Rini Mehta</b> Research Associate rini.mehta@kotak.com +91 80801 97299	<b>K. Kathirvelu</b> Support Executive k.kathirvelu@kotak.com +91 22 6218 6427
<b>Sumit Pokharna</b> Oil and Gas, Information Tech sumit.pokharna@kotak.com +91 22 6218 6438	<b>Pankaj Kumar</b> Midcap pankajr.kumar@kotak.com +91 22 6218 6434		

### TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

<b>Shrikant Chouhan</b> shrikant.chouhan@kotak.com +91 22 6218 5408	<b>Amol Athawale</b> amol.athawale@kotak.com +91 20 6620 3350	<b>Sayed Haider</b> Research Associate sayed.haider@kotak.com +91 22 62185498
---	---	--

### DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

<b>Sahaj Agrawal</b> sahaj.agrawal@kotak.com +91 79 6607 2231	<b>Prashanth Lalu</b> prashanth.lalu@kotak.com +91 22 6218 5497	<b>Prasenjit Biswas, CMT, CFTe</b> prasenjit.biswas@kotak.com +91 33 6615 6273
---	---	--

## Disclosure/Disclaimer (Private Client Group)

Kotak Securities Limited established in 1994, is a subsidiary of Kotak Mahindra Bank Limited. Kotak Securities is one of India's largest brokerage and distribution house.

Kotak Securities Limited is a corporate trading and clearing member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSE), National Commodity and Derivatives Exchange (NCDEX) and Multi Commodity Exchange (MCX). Our businesses include stock broking, services rendered in connection with distribution of primary market issues and financial products like mutual funds and fixed deposits, depository services and Portfolio Management.

Kotak Securities Limited is also a depository participant with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Kotak Securities Limited is also registered with Insurance Regulatory and Development Authority as Corporate Agent for Kotak Mahindra Old Mutual Life Insurance Limited and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI). We are registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advise/warning/deficiency letters/ or levied minor penalty on KSL for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

We offer our research services to clients as well as our prospects.

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.

This material is for the personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Kotak Securities Ltd. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.

We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed. Neither Kotak Securities Limited, nor any person connected with it, accepts any liability arising from the use of this document. The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

Kotak Securities Limited has two independent equity research groups: Institutional Equities and Private Client Group. This report has been prepared by the Private Client Group.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Kotak Securities Limited (KSL) may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. The views provided herein are general in nature and does not consider risk appetite or investment objective of particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with KSL. Kotak Securities Limited is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation. Kotak Securities Limited does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and take professional advice before investing.

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

No part of this material may be duplicated in any form and/or redistributed without Kotak Securities' prior written consent.

Details of Associates are available on [www.kotak.com](http://www.kotak.com)

1. "Note that the research analysts contributing to the research report may not be registered/qualified as research analysts with FINRA; and
2. Such research analysts may not be associated persons of Kotak Mahindra Inc and therefore, may not be subject to NASD Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account

Any U.S. recipients of the research who wish to effect transactions in any security covered by the report should do so with or through Kotak Mahindra Inc. (Member FINRA/SIPC) and (ii) any transactions in the securities covered by the research by U.S. recipients must be effected only through Kotak Mahindra Inc. (Member FINRA/SIPC) at 369 Lexington Avenue 28th Floor NY NY 10017 USA (Tel:+1 212-600-8850).

Kotak Securities Limited and its non US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non US issuers, prior to or immediately following its publication. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. This research report and its respective contents do not constitute an offer or invitation to purchase or subscribe for any securities or solicitation of any investments or investment services. Accordingly, any brokerage and investment services including the products and services described are not available to or intended for Canadian persons or US persons."

Research Analyst has served as an officer, director or employee of subject company(ies): No

We or our associates may have received compensation from the subject company(ies) in the past 12 months.

We or our associates have managed or co-managed public offering of securities for the subject company(ies) in the past 12 months: No

We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report. Our associates may have financial interest in the subject company(ies).

Research Analyst or his/her relative's financial interest in the subject company(ies): No

Kotak Securities Limited has financial interest in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No

Nature of financial interest is holding of equity shares or derivatives of the subject company.

Our associates may have actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No.

Kotak Securities Limited has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No

AUGUST 27, 2021

---

By referring to any particular sector, Kotak Securities Limited does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and take professional advice before investing. Such representations are not indicative of future results.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report.

"A graph of daily closing prices of securities is available at <https://www.nseindia.com/ChartApp/install/charts/mainpage.jsp> and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>. (Choose a company from the list on the browser and select the "three years" icon in the price chart)."

Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +22 67132430. Website: [www.kotak.com](http://www.kotak.com)/[www.kotaksecurities.com](http://www.kotaksecurities.com). Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: INZ000200137 (Member ID: NSE-08081; BSE-673; MSE-1024; MCX-56285; NCDEX-1262), AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97. Our research should not be considered as an advertisement or advice, professional or otherwise. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing. Investments in securities market are subject to market risks, read all the related documents carefully before investing. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts. **Kotak Securities Limited is a Syndicate member for the public issue of VIJAYA DIAGNOSTICS LTD.** Compliance Officer Details: Mr. Manoj Agarwal. Call: 022 - 4285 8484, or Email: [ks.compliance@kotak.com](mailto:ks.compliance@kotak.com).

In case you require any clarification or have any concern, kindly write to us at below email ids:

- **Level 1:** For Trading related queries, contact our customer service at 'service.securities@kotak.com' and for demat account related queries contact us at [ks.demat@kotak.com](mailto:ks.demat@kotak.com) or call us on: Toll free numbers 18002099191 / 1860 266 9191
- **Level 2:** If you do not receive a satisfactory response at Level 1 within 3 working days, you may write to us at [ks.escalation@kotak.com](mailto:ks.escalation@kotak.com) or call us on 022-42858445 and if you feel you are still unheard, write to our customer service HOD at [ks.servicehead@kotak.com](mailto:ks.servicehead@kotak.com) or call us on 022-42858208.
- **Level 3:** If you still have not received a satisfactory response at Level 2 within 3 working days, you may contact our Compliance Officer (Mr. Manoj Agarwal) at [ks.compliance@kotak.com](mailto:ks.compliance@kotak.com) or call on 91- (022) 4285 8484.
- **Level 4:** If you have not received a satisfactory response at Level 3 within 7 working days, you may also approach Managing Director / CEO (Mr. Jaideep Hansraj) at [ceo.ks@kotak.com](mailto:ceo.ks@kotak.com) or call on 91-(022) 4285 8301.