

December 29, 2023

Vijaya Diagnostic Centre Limited: Update on Material Event

Summary of rating outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/ Short-term – Unallocated limits	34.00	34.00	[ICRA]AA-(Stable)/[ICRA]A1+; outstanding
Total	34.00	34.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA notes the recent announcement, dated December 19, 2023, that Vijaya Diagnostic Centre Limited (VDCL) has acquired 100% stake in P H Diagnostic Centre Limited (PHDC), based out of Pune, Maharashtra, which has 22 facilities, including hubs, spokes and collection centres, for a purchase consideration of Rs. 147.5 crore. The acquisition was completely funded through cash. PHDC is a Business-to-Consumer (B2C) player in the Pune market with revenues of Rs. 41.3 crore in FY2023. This acquisition is expected to expand VDCL's geographic presence. ICRA will monitor the impact of the acquisition on its consolidated financials and will access the credit profile, as and when the exact impact on the consolidated profile is ascertained.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position, and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology –Diagnostic Service Providers
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of VDCL and its subsidiaries (Annexure II).

About the company

Vijaya Diagnostic Centre Limited was founded by Dr. S Surendranath Reddy in 1981 as a proprietorship concern. It was subsequently incorporated as a private limited company in 2002 and listed in the stock market in September 2021. The company is engaged in providing a comprehensive range of diagnostic services spanning radiology and imaging, nuclear medicine, conventional and specialist lab services, and diagnostic cardiology. VDCPL operates 121 centres (as of June 30, 2023) primarily in Andhra Pradesh, Telangana, and West Bengal.

Key financial indicators

VDCL (Consolidated)	FY2022	FY2023	H1 FY2024*
Operating income	462.3	459.2	259.9
PAT	110.7	85.2	60.0
OPBDIT/OI	44.0%	39.6%	40.6%
PAT/OI	23.9%	18.6%	23.1%
Total outside liabilities/Tangible net worth (times)	0.5	0.5	0.5
Total debt/OPBDIT (times)	0.9	1.4	1.2
Interest coverage (times)	12.4	8.7	9.0

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amounts in Rs crore; *Unaudited for H1 FY2024.
All calculations are as per ICRA Research; Source: Company financials, ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Amount o/s as of Mar 31, 2023 (Rs. crore)	Current rating (FY2024)		Chronology of rating history for the past 3 years			
				Date & rating in FY2024		FY2023	FY2022	FY2021	
				Dec 29, 2023	Oct 09, 2023				
1 Unallocated	Long-term /Short-term	34.0	-	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]A+(Stable)/ [ICRA]A1+	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long Term / Short Term – Unallocated	Not applicable

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

Annexure-I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Unallocated limits	NA	NA	NA	34.0	[ICRA]AA-(Stable)/[ICRA]A1+

Source: Company

Annexure-II: List of entities considered for consolidated analysis:

Company name	Holding by VDCL	Relationship with VDCL	Consolidation approach
Medinova Diagnostic Centre Limited	62.14%	Direct subsidiary	Full consolidation
VDC Diagnostic Karnataka (LLP)	100.0%	Direct subsidiary	Full consolidation
Doctors Lab Diagnostic Centre Private Limited	100.0%	Direct subsidiary	Full consolidation
Medinova Millennium MRI Services LLP*	100.0%	Step down subsidiary	Full consolidation
Namrata Diagnostic Centre Private Limited**	100.0%	Step down subsidiary	Full consolidation
P H Diagnostic Centre Private Limited	100.0%	Direct subsidiary	Full consolidation

Source: Annual report of VDCL; apart from Medinova, other subsidiaries are non-operational

*Subsidiary of Medinova Diagnostic Services Limited

**Subsidiary of Doctors Lab Diagnostic Centre Private Limited

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