

Vijaya Diagnostic Centre | BUY

Strong Q1; Volume surge, margins hold steady

Vijaya Diagnostics reported strong 1QFY26 results, with revenue, EBITDA, and PAT growing 20%, 20%, and 22% YoY, respectively, and coming in 4%, 5%, and 7% above street estimates. EBITDA margin remained flat YoY at 39.14%, slightly ahead of expectations, despite the company being in an expansion phase. Operationally, test volume grew by a healthy 16.7% YoY, while footfall increased 14.4% YoY, and revenue per test rose to INR 477, up 4% YoY, driven by a better case mix. The company had launched five new hubs in 4QFY25, which began contributing meaningfully in 1QFY26; encouragingly, these hubs did not dilute margins as earlier anticipated and ramped up well in their first quarter of operations. This suggests that Vijaya may outperform its earlier guidance of a 150–200bps EBITDA margin dip in FY26, as that pressure was not visible in 1Q. We believe the ramp-up of new hubs, along with the addition of more spokes, will support strong double-digit growth, with revenue, EBITDA, and PAT CAGR of 16%, 17%, and 23% over FY25–28, respectively, and free cash flow generation of INR 6.6bn over the next three years. Historically, Vijaya has consistently outperformed leading listed diagnostics peers, growing at ~2x their rate. The outperformance is further likely to sustain over the next 2 years. Therefore, we expect the valuation premium to prevail and value Vijaya at 60x June'27 EPS, arriving at an updated target price of INR 1,329, implying a 16% upside; maintaining our BUY rating.

- **Performance across key metrics:** Strong performance led by volume growth and product mix. Total tests for the quarter are at 3.94mn (+16.7%), with average realization per test being at INR 477 (+3.1% YoY). Total footfall was at 1.1mn (+14.4% YoY), resulting in avg. test per footfall being 3.58 (+2.1%) and avg. realisation per footfall being INR 1,707 (+5.3%). The company has 157 centres, up from 151 centres as of FY25 end and 146 centres as of 1QFY25. Wellness contributed 14.2% to revenue (vs 13.4% as of 1QFY25). Radiology contributed 39% (vs 38% for 1QFY25) to top-line, thus boosting the average realization. Price increase was 1-1.5%, rest of the increase in realization was because of product mix. The company doesn't plan to do further price hikes in the year.
- **Expansion plan on track:** In 1Q, Vijaya commissioned 5 hubs and 1 spoke (2 in Kolkata, 2 in Pune and 2 in Bangalore), the company is on track to open 10 hubs this FY. Vijaya is planning 3 hubs in 2QFY26 spread across core geography (1 in AP and 1 in Telangana) and West Bengal (1). West Bengal will further see 2 additional in 2HFY26. Other than these, there are 2 spokes planned in Hyderabad (1 in 2Q and 1 in 2H).
- **Financial highlights:** The gross margins expanded 62bps on YoY basis on account of higher contribution of Radiology. The drag of expansion on EBITDA margin was 1-1.5%, but was offset by operating leverage. Typically, hubs breakeven on receiving 1/3rd of capacity, the company expects all the hub/centres to attain breakeven within 12 months. 1 hub centre in Bangalore is on track to attain breakeven earlier than the estimated time line, and the Nizamabad Hub Centre in Telangana has already achieved breakeven within 2 quarters of its operations. Thus, we believe the company might outperform the margin guidance for FY26. Further, the company gave CAPEX guidance of INR 1.50-1.55bn for new centres and 2-3% of sales as replacement CAPEX for FY26.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	5,478	6,814	8,006	9,287	10,588
Sales Growth (%)	19.3	24.4	17.5	16.0	14.0
EBITDA	2,209	2,732	3,146	3,743	4,341
EBITDA Margin (%)	40.3	40.1	39.3	40.3	41.0
Adjusted Net Profit	1,217	1,448	1,691	2,144	2,659
Diluted EPS (INR)	11.9	14.2	16.6	21.0	26.1
Diluted EPS Growth (%)	42.8	19.0	16.8	26.8	24.0
ROIC (%)	27.1	26.7	27.2	30.9	36.8
ROE (%)	20.2	19.9	19.6	21.1	21.9
P/E (x)	95.6	80.3	68.8	54.3	43.8
P/B (x)	17.7	14.6	12.5	10.5	8.8
EV/EBITDA (x)	52.1	41.9	36.2	30.0	25.4
Dividend Yield (%)	0.1	0.2	0.3	0.3	0.4

Source: Company data, JM Financial. Note: Valuations as of 28/Jul/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,329
Upside/(Downside)	16.4%
Previous Price Target	1,218
Change	9.1%

Key Data – VIJAYA IN

Current Market Price	INR1,141
Market cap (bn)	INR117.2/US\$1.4
Free Float	47%
Shares in issue (mn)	101.9
Diluted share (mn)	102.0
3-mon avg daily val (mn)	INR325.4/US\$3.8
52-week range	1,277/740
Sensex/Nifty	80,891/24,681
INR/US\$	86.7

Price Performance

%	1M	6M	12M
Absolute	15.3	22.6	43.7
Relative*	19.9	16.0	44.6

* To the BSE Sensex

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- **Region wise update:** The Hyderabad business returned to double digit growth. The driver for this growth was volume increase due to increase in market share. In West Bengal, the strategy remains to focus on expansion for next 2-3 years, opening new hubs followed by addition of spokes. The intent is to ramp up the geography to INR 1bn over next 3 years. In Pune, the PH centers were at max capacity at the time of acquisition, as such focus in on increasing the capacity in the region.
- **1QFY26 review:**
 - Revenue at INR 1.9bn (+4%/+3% vs street/JMFe) and is +20% YoY
 - Gross Profit of INR 1.7bn, +21% YoY, with gross margin at 88.6% (+62bps YoY, +48bps vs JMFe)
 - EBITDA at INR 735mn (+5%/4% vs street/JMFe) and is +20% YoY
 - EBITDA Margin at 39.1% (+61bps/+42bps vs street/JMFe) and is -10bps YoY
 - PAT at INR 383mn (+7%/+10% vs street/JMFe) and is +22% YoY

Exhibit 1. 1Y Forward P/E ratio graph



Source: Bloomberg

Exhibit 2. Valuation methodology

Particulars	Value	Unit
June '27 EPS	22.1	INR
Multiple	60	X
Target price	1,329	INR
CMP	1,141	INR
% Upside	16%	%

Source: JM Financial

Exhibit 3. 1QFY26 review

Vijaya Diagnostics - P&L (INR mn)	1QFY25A	1QFY26A	% YoY	1QFY26E	% Delta vs. JMFe	1QFY26E (cons)	% Delta vs. cons	4QFY25A	% QoQ
Total Revenue	1,562	1,881	20%	1,820	3%	1,814	4%	1,732	9%
COGS	188	214	14%	216	-1%			222	-3%
Gross Profit	1,375	1,666	21%	1,604	4%			1,511	10%
- % of revenue	88.0%	88.6%	62 bps	88.1%	48 bps			87.2%	141 bps
Staff Cost	274	316	16%	320	-1%			284	11%
Other expenses	489	615	26%	580	6%			538	14%
EBITDA	612	735	20%	704	4%	698	5%	689	7%
EBITDA margin (%)	39.2%	39.1%	-10 bps	38.7%	42 bps	38.5%	61 bps	39.8%	-65 bps
Other Income	36	70	98%	45	57%			55	27%
Finance Cost	63	75	19%	73	3%			72	4%
Depreciation	166	209	26%	200	4%			188	11%
PBT	419	522	25%	476	10%			484	8%
Exceptional Items	0	0		0				-10	
Tax	104	136	31%	125	9%			125	9%
Tax Rate (%)	24.8%	26.1%	5%	26.3%	-1%			26.4%	-1%
Minority Interest	2	3	56%	2				2	10%
PAT (Reported)	313	383	22%	349	10%	357	7%	346	11%
PAT margin (%)	20.1%	20.4%	32 bps	19.2%	123 bps	22.9%	-248 bps	20.0%	39 bps
PAT (Adjusted)	313	383	22%	349	10%	357	7%	354	8%
Adjusted PAT margin (%)	20.1%	20.4%	32 bps	19.2%	123 bps			20.4%	-4 bps
Diluted EPS	3.1	3.8	22%	3.4	10%			3.4	11%
No. of shares	102	102		102				102	

Vijaya Diagnostics - Cost margins	1QFY25A	1QFY26A	% YoY	1QFY26E	% Delta vs. JMFe		4QFY25A	% QoQ
COGS/sales	12.0%	11.4%	-62 bps	11.9%	-48 bps		12.8%	-141 bps
Staff cost/sales	17.5%	16.8%	-71 bps	17.6%	-77 bps		16.4%	41 bps
Other expenditure/sales	31.3%	32.7%	142 bps	31.9%	84 bps		31.1%	164 bps

Source: Company

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	5,478	6,814	8,006	9,287	10,588
Sales Growth	19.3%	24.4%	17.5%	16.0%	14.0%
Other Operating Income	0	0	0	0	0
Total Revenue	5,478	6,814	8,006	9,287	10,588
Cost of Goods Sold/Op. Exp	654	848	969	1,179	1,345
Personnel Cost	902	1,122	1,345	1,486	1,673
Other Expenses	1,712	2,113	2,546	2,879	3,229
EBITDA	2,209	2,732	3,146	3,743	4,341
EBITDA Margin	40.3%	40.1%	39.3%	40.3%	41.0%
EBITDA Growth	21.4%	23.7%	15.2%	19.0%	16.0%
Depn. & Amort.	570	706	848	949	974
EBIT	1,639	2,026	2,299	2,794	3,367
Other Income	208	183	247	371	500
Finance Cost	240	267	292	306	321
PBT before Excep. & Forex	1,607	1,942	2,255	2,859	3,546
Excep. & Forex Inc./Loss(-)	-21	-10	0	0	0
PBT	1,587	1,932	2,255	2,859	3,546
Taxes	390	494	564	715	886
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,196	1,438	1,691	2,144	2,659
Adjusted Net Profit	1,217	1,448	1,691	2,144	2,659
Net Margin	22.2%	21.3%	21.1%	23.1%	25.1%
Diluted Share Cap. (mn)	102.0	102.0	102.0	102.0	102.0
Diluted EPS (INR)	11.9	14.2	16.6	21.0	26.1
Diluted EPS Growth	42.8%	19.0%	16.8%	26.8%	24.0%
Total Dividend + Tax	102	204	357	357	510
Dividend Per Share (INR)	1.0	2.0	3.5	3.5	5.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,587	1,932	2,255	2,859	3,546
Depn. & Amort.	570	706	848	949	974
Net Interest Exp. / Inc. (-)	220	245	292	306	321
Inc (-) / Dec in WCap.	-14	-74	-12	65	26
Others	-190	-165	0	0	0
Taxes Paid	-339	-399	-564	-715	-886
Operating Cash Flow	1,833	2,245	2,818	3,464	3,981
Capex	-880	-956	-1,500	-1,200	-1,000
Free Cash Flow	953	1,289	1,318	2,264	2,981
Inc (-) / Dec in Investments	-1,475	0	0	0	0
Others	932	-863	0	0	0
Investing Cash Flow	-1,423	-1,819	-1,500	-1,200	-1,000
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-102	-103	-357	-357	-510
Inc / Dec (-) in Loans	0	-239	-292	-306	-321
Others	-343	-179	0	0	0
Financing Cash Flow	-445	-520	-648	-663	-831
Inc / Dec (-) in Cash	-36	-94	670	1,601	2,150
Opening Cash Balance	241	222	128	798	2,399
Closing Cash Balance	222	128	798	2,399	4,549

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	6,572	7,957	9,281	11,054	13,188
Share Capital	102	103	103	103	103
Reserves & Surplus	6,470	7,854	9,179	10,951	13,086
Preference Share Capital	0	0	0	0	0
Minority Interest	27	34	44	59	74
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	0	53	53	53	53
Total - Equity & Liab.	6,599	8,044	9,378	11,166	13,315
Net Fixed Assets	7,508	9,351	10,003	10,254	10,280
Gross Fixed Assets	10,519	12,452	13,952	15,152	16,152
Intangible Assets	5	0	0	0	0
Less: Depn. & Amort.	-3,098	-3,804	-4,652	-5,600	-6,575
Capital WIP	82	703	703	703	703
Investments	1,092	1,846	1,846	1,846	1,846
Current Assets	1,228	1,539	2,181	3,813	5,991
Inventories	52	49	60	73	83
Sundry Debtors	162	148	110	127	145
Cash & Bank Balances	222	128	798	2,399	4,549
Loans & Advances	0	0	0	0	0
Other Current Assets	791	1,214	1,214	1,214	1,214
Current Liab. & Prov.	3,228	4,692	4,653	4,748	4,803
Current Liabilities	2,723	3,298	3,259	3,355	3,409
Provisions & Others	505	1,393	1,393	1,393	1,393
Net Current Assets	-2,000	-3,153	-2,471	-935	1,189
Total - Assets	6,599	8,044	9,378	11,166	13,315

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	22.2%	21.3%	21.1%	23.1%	25.1%
Asset Turnover (x)	0.6	0.7	0.7	0.7	0.7
Leverage Factor (x)	1.4	1.4	1.4	1.3	1.3
RoE	20.2%	19.9%	19.6%	21.1%	21.9%

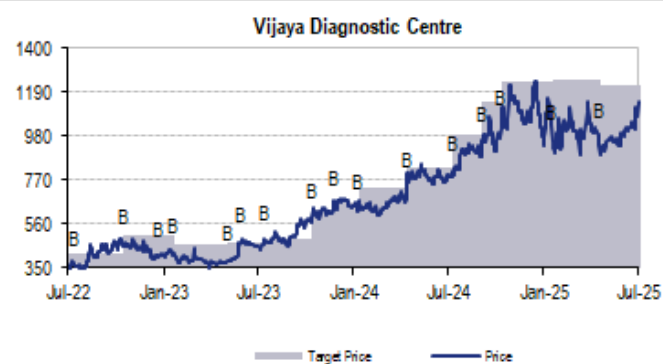
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	64.5	78.0	91.0	108.4	129.3
ROIC	27.1%	26.7%	27.2%	30.9%	36.8%
ROE	20.2%	19.9%	19.6%	21.1%	21.9%
Net Debt/Equity (x)	-0.2	-0.2	-0.3	-0.4	-0.5
P/E (x)	95.6	80.3	68.8	54.3	43.8
P/B (x)	17.7	14.6	12.5	10.5	8.8
EV/EBITDA (x)	52.1	41.9	36.2	30.0	25.4
EV/Sales (x)	21.0	16.8	14.2	12.1	10.4
Debtor days	11	8	5	5	5
Inventory days	3	3	3	3	3
Creditor days	37	30	22	26	26

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
4-Jul-22	Buy	420	
10-Aug-22	Buy	419	-0.2
11-Nov-22	Buy	505	20.5
17-Jan-23	Buy	505	0.0
15-Feb-23	Buy	460	-8.9
30-May-23	Buy	470	2.2
25-Jun-23	Buy	470	0.0
10-Aug-23	Buy	493	4.9
8-Nov-23	Buy	630	27.8
21-Dec-23	Buy	665	5.6
6-Feb-24	Buy	730	9.8
9-May-24	Buy	830	13.7
6-Aug-24	Buy	990	19.3
1-Oct-24	Buy	1,145	15.7
7-Nov-24	Buy	1,237	8.0
13-Feb-25	Buy	1,247	0.8
13-May-25	Buy	1,218	-2.3

Recommendation History



APPENDIX I

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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