



**VIJAYA
DIAGNOSTIC
CENTRE** ®

August 02, 2025

The Listing Department,
National Stock Exchange of India Limited
NSE Symbol: **VIJAYA**

The Corporate Relations Department,
BSE Limited
BSE Scrip code: **543350**

Dear Sir/Madam,

Sub: Transcript of the Earnings conference call organized on July 28, 2025

Referring to our letter dated July 28, 2025, we are enclosing herewith the Transcript of the Earnings Conference Call organized on July 28, 2025, post declaration of the Unaudited Financial Results of the Company for the first quarter ended June 30, 2025.

Please take the information on your record.

Thanking you.

Yours faithfully,
For **Vijaya Diagnostic Centre Limited**

Hansraj Singh
Company Secretary & Compliance Officer
M. No. F11438

Encl.: as above



“Vijaya Diagnostic Center Limited Q1 FY'26 Earnings Conference Call”

July 28, 2025



MANAGEMENT: **MR. SUNIL REDDY - EXECUTIVE DIRECTOR, VIJAYA
DIAGNOSTIC CENTER LIMITED**
**MR. SIVARAMARAJU VEGESNA - VICE PRESIDENT,
OPERATIONS, VIJAYA DIAGNOSTIC CENTER LIMITED**
**MR. DHIREN GALA - ASSISTANT GENERAL MANAGER,
STRATEGY AND INVESTOR RELATIONS, VIJAYA
DIAGNOSTIC CENTER LIMITED**

MODERATOR: **MR. AMEY CHALKE – JM FINANCIAL INSTITUTIONAL
SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Vijaya Diagnostic Q1 FY'26 Earnings Conference Call hosted by JM Financial Institutional Securities Limited.

As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Amey Chalke from JM Financial Institutional Securities Limited. Thank you and over to you, sir.

Amey Chalke: Thank you, Pari. Good evening, everyone. I, Amey Chalke, on behalf of JM Financial, welcome you all to the Q1 FY'26 Earnings Call of Vijaya Diagnostic.

At the outset, I thank the Management of Vijaya for giving this opportunity to host the call. I am looking forward to have an insightful interaction on the Quarterly Earnings and the Outlook here onwards.

Today, from the company, we have with us Mr. Sunil Reddy – Executive Director, Mr. Sivaramaraju – Vice President (Operations), and Mr. Dhiren Gala – Assistant General Manager (Strategy and Investor Relations). I now hand over the call to the Management for their opening remarks. Over to you, sir.

Sunil Reddy: Thank you, Amey. This is Sunil Reddy – Executive Director. Thank you for hosting the call. So, good evening, everybody, and thank you all for joining this call.

I will begin by sharing the business updates, followed by the financial highlights for the quarter ended 30th June 2025.

I am pleased to begin my address on a positive note, highlighting that we have delivered a strong year-on-year revenue growth of 20.4%, with our Hyderabad market's contribution returning to double-digit growth this quarter. The strong performance was largely driven by volume and change in the test mix. I am also happy to state that all the new hubs, which we have started in Pune, Bangalore, and West Bengal, are up and running with steady footfall. We remain optimistic about achieving breakeven across all centers within the 12 months, with one hub center in Bangalore on track to reach breakeven even earlier than the estimated timeline. I am also pleased to share that our Nizamabad hub center in Telangana has achieved breakeven within two quarters of its operations.

Looking ahead, we will be commissioning three hubs in Q2 of FY'26 across our core geography and in West Bengal. The other two hubs in West Bengal are also on track to be operationalized in the second half of FY'26. Earlier calls, we have mentioned that we will be doing 10 hubs in this financial year. So, just keep in mind that I am just giving you updates on that and we are on track to do that.

I will also take you through the financial performance and key developments for the current quarter:

The consolidated revenue for the current quarter stood at Rs.188 crores, reflecting a strong revenue growth of about 20.4% year-on-year. The revenue growth was driven by a test volume growth of 17% year-on-year and change in the test mix. And the patient footfall also grew by 14% year-on-year.

Coming to EBITDA:

We delivered a healthy margin of 39.1%, underscoring the strength of our business model. And this is in spite of the drag from the launch of multiple hubs during the current quarter. The strong growth momentum in our core network drove meaningful operating leverage, which helped us in delivering strong margins and also the PAT margin is very healthy at 20.4%.

Coming to updates on capital investments:

As discussed earlier, we commissioned a total of five hubs, and one spoke in the current quarter. And again, the background is that in this year, we planned 10 hubs in the financial year. So, already five hubs have been done.

To conclude:

We are encouraged by the positive reception our brand has received in newly operational hubs in new geographies. And also our existing network continues to witness growing footfalls as Vijaya steadily gains market share driven by our integrated offering with comprehensive portfolio under one roof. We are well positioned to capitalize on the evolving diagnostic landscape where increasing awareness is driving greater emphasis on brand, trust, quality, and wellness.

That's all from my side. And I would now request the moderator to open the line for questions and answers. Thank you. And thank you, Amey, for hosting the call.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nancy Yadav from Allegro. Please go ahead.

Nancy Yadav: Hi, sir. Thank you for the opportunity and congrats on a great set of numbers. I just wanted to get two numbers. Could you tell me the net cash number for the quarter end?

Sivaramaraju: So, the cash position as on 30th June is about Rs. 270 crores. And if you take the net cash after the capital creditors, it is about Rs. 220 crores.

Nancy Yadav: Okay, understood. And sir could you also give an idea of the shift in lease liabilities from the previous quarter?

Sunil Reddy: We didn't get the question, Nancy. Could you repeat that?

Nancy Yadav: I am just trying to ask the lease liabilities number itself.

Sunil Reddy: Lease liabilities?

Sivaramaraju Vegesna: So, we have an addition of five hubs in this quarter, Nancy, out of which two hubs the rental started in the last quarter itself. So, if you see the actual movement, I think it is about a crore. Increase in liabilities is about a crore.

Nancy Yadav: All right, understood. Thank you so much, sir. All the best.

Moderator: Thank you. The next question is from the line of Anshul from Emkay Global. Please go ahead.

Anshul: Hi, thank you for the opportunity. So, a couple of questions. First, on any reason for this strong momentum in a seasonally weak quarter? Is it because monsoons have come in quicker than anticipated? Or was there any pent-up demand from Q4? Any particular reason for this strong volume growth in the quarter?

Sunil Reddy: No, I would say it's just, I think, a function of the brand. In the home market, what has happened is that we are seeing all centers getting more footfalls and more business is shifting to us from maybe the unorganized sectors. And as you can see, the new centers are all outside of Hyderabad. So, the, I mean, people like you have expected that this would be a drag on business and EBITDA, but that has not happened. Bangalore is doing well, Nizamabad is doing well. Whatever we have opened in Kolkata is doing well. So, by god's grace everything is doing well.

Anshul: So, you're calling that there's no one-off as such because of any particular reason, and this growth momentum could continue for the remainder of the year as well?

Sivaramaraju Vegesna: We don't know the extent, so it can be only just 1%-1.5%, which happened in the initial days of April, right, from April 1 to 10. But otherwise, what we have seen in the quarter is across these three months, we have seen with the average daily revenue went up from May to April and from June to May. So, while we don't want to comment anything on the exact number going forward, but then it's basically for the last 7 to 8 quarters, except one quarter, I think we were doing fairly well, growing more than 17%-18%.

Anshul: Got it. That's useful. And to allude as a follow-up question to what Sunil sir was saying that, if you could quantify the drag because of the newly commissioned hubs in the current quarter, I am trying to understand, there's hardly any margin dip in the current quarter despite commissioning these hubs. If you could just quantify the drag?

Sunil Reddy: Yes. So, basically, Anshul, that is what I was saying, that there is no drag. All the hubs have actually done well. The new hubs in new geographies have done well. So, because of that, there is not much of a drag on the margins or the revenue.

- Sivaramaraju Vegesna:** So, yes, like sir said, the drag was much lower than what we expected because these centers are doing well. And also because of the leverage that we are getting from the growth from the existing network that helped us keeping the margins intact at 39.1%.
- Anshul:** Just one clarification on this, Generally, when hubs reach, say, about 50% of their potential or slightly lower than that, we used to break even. Does that still hold true or very difficult to fathom whether within the first two months itself, the ramp-up has been so strong?
- Sivaramaraju Vegesna:** So, basically, again, it depends from hub to hub, Anshul. But generally, the hubs will breakeven when they reach 33%, one-third of its capacity. And again, like sir said, so basically the drag initially that we expected was slightly higher number, but it was only close to around 1%-1.2%. But again, because of the operating leverage, the operating leverage played well and that basically took care of this 1.2% of drag.
- Anshul:** Got it. And all expenses of these commission hubs would be in Q1, right? There would not be any...?
- Sivaramaraju Vegesna:** For certain hubs, it is only half quarter because we started centers in Kolkata and also the centers like Kalyani Nagar, they started only in the month of May. So, you know, it's only like about close to 1 to 1.5 months of the operational expenditure.
- Anshul:** Got it. Just one more question from my end. Have we started finalizing plans for hub additions in FY27? How does FY27 look like and any guidance on CAPEX numbers for both FY26-27 would be useful?
- Sivaramaraju Vegesna:** So, basically, like we always do, we are scouting for locations across these geographies that we have mentioned, both in our core geographies and also Bangalore, Kolkata, and Pune. So, maybe we will be in a better position to answer this question by the next call because still we are in talks with the landlords and we are still scouting for few more locations. So, maybe by next call we will have an answer, Anshul.
- Dhiren Gala:** Anshul, for FY'26, the guidance is the overall CAPEX for the newer centers would be around Rs. 150-155 crores and replacement CAPEX would be anywhere between 2%-3% of the overall topline.
- Anshul:** Thanks, Dhiren. I have other questions. I will fall back in the queue. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Manik Bansal from Master Capital Services. Please go ahead.
- Manik Bansal:** Hi, sir. Thank you for the opportunity. My question is, like, what is the strategic rationale behind not participating in the PPP model at the National Health Mission that is gaining a lot of traction right now?

- Sunil Reddy:** So, we have discussed this in many calls earlier. PPP is not something new. And we have looked at it on many occasions earlier. So, there are two factors to PPP. One is that when you do business with governmental PPP models, the CAPEX remains the same, but your price realization drops. And secondly, the receivables become sometimes a problem. So, we have chosen as a company, our business model is that we stay away from PPP. It's just a choice of the company.
- Manik Bansal:** Okay, but if we look at on realization front, there are some labs that are operating on pay basis, like they collect from the patients itself. So, there is no case of getting reimbursement from government.
- Sivaramaraju Vegesna:** No, it's always a mix. And it also depends on the tender. There is no such contract which says only on cash mode, right. So, even across geographies, different PPPs, you have a mix of both cash and credit. Okay, but like sir mentioned, so the ARP is dropped and it requires different, like sir said, it's a choice that company we want to focus on B2C. If you have to do business, there are multiple channels B2B, B2C and PPP. It was a conscious call that we want to focus on B2C and grow B2C.
- Manik Bansal:** Okay, thank you. Thank you so much.
- Sivaramaraju Vegesna:** Yes, just to add to that, I would much rather open a center opposite the government hospital and do B2C business rather than doing PPP inside the government hospital.
- Manik Bansal:** So, sir, why is that? If you can just elaborate a little?
- Sunil Reddy:** Like we said, it was more of a choice, right, because of the receivable issues and also the CAPEX remains the same and the realizations drop. Our strength is like scaling up our model in B2C and the focus of the company and the management is to grow that part of the business.
- Manik Bansal:** Okay. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Siddhant from Tusk Investment. Please go ahead.
- Siddhant:** Good evening, sir. So, my first question is regarding the old center volume growth, what sort of growth are we seeing in the industry in terms of the old centers?
- Sivaramaraju Vegesna:** So, in fact, if you see the centers which were opened two years back, right, if you take the entire set, right, so they have grown at a CAGR of say 11%, which contributed, in terms of revenue, it has contributed almost close to 15% plus, right. But in terms of volume, they've grown close to 11. In terms of patient footfall, they've grown about 11%. And also in the test, if you see number of tests, they've grown roughly around 13% in the old centers.
- Siddhant:** So, that means that if revenue has grown by 15, then we are seeing the volume plus the price mix, so like 3%-4% has been the price hike?

- Sivaramaraju Vegesna:** Not the price increase. So, if you actually see, because since we have opened, a few of the hubs, even in the last 2 to 3 years, we have done a lot of hub addition, right? It is basically because of the hub addition, right? And if you also see the mix, revenue mix of this quarter, radiology was at around 39%, whereas pathology was 61%. And again, out of radiology, it was predominantly because of the advanced radiology. So, the price effect is only about 1.5%. The rest is because of the test mix that happened during the quarter.
- Siddhant:** Okay. So, basically, the old center volume is anywhere between 11% to 12% volume growth?
- Sivaramaraju Vegesna:** So, test volume is still at 13%, that 15%-16% of growth was delivered by that 13%, 13%-14% of the volume growth. Test volume growth.
- Siddhant:** This we are talking about the old centers only?
- Sivaramaraju Vegesna:** Old centers, yes. Overall at a company level, 20.4% growth was on account of 17% test growth and 14.4% footfall growth.
- Siddhant:** Right. So, sir, going forward, like how like this number should we project, like the old center or industry growth, will it be in the similar range or can we expect this to go up?
- Sivaramaraju Vegesna:** So, generally see, when we guide 15%, right, so we always say 15%, when we guide 15% of revenue growth, I think that that will be backed by about 13% of volume growth. So, out of which 9% to 10% of the growth would be coming from the existing centers and the rest is from the new centers.
- Siddhant:** So, that 9% to 10% will be the thing going forward also. Like we are not expecting that to increase?
- Sivaramaraju Vegesna:** Yes.
- Siddhant:** Okay.. And sir we are aggressively entering the West Bengal market, especially in Kolkata and other parts of West Bengal. So, what sort of growth are we seeing in this region versus like Telangana and Andhra Pradesh?
- Sunil Reddy:** So, Siddharth, firstly, we are not entering, we have fully entered into West Bengal. We have centers in West Bengal which are fully operational, both in South Kolkata as well as in VIP Road, Krishna Nagar, Barasat. So, we are fully there, right? And these centers are doing well, they are ramping up well.
- Sivaramaraju Vegesna:** So, still they are in the ramping up stage. So, if you see in terms of growth, it will look like close to 70-80 whatever percentage, but they are ramping up, still in the ramping up phase.
- Siddhant:** No, I just wanted to understand, like we are entering the Eastern market. So, how is the growth overall in the Eastern market, like versus our home market, which was Telangana and AP? So,

we have entered Eastern India, so what sort of growth are we targeting or we are already seeing in Eastern India? That's why we have shifted our base or maybe we are wanting to target this market as well?

Sivaramaraju Vegesna: No, Siddhant, so actually, more than personally, we should see in qualitative terms. Like if you see the earlier, like pre-2021, we had only one center, which was Medinova, right? On that base, you are seeing now we started adding multiple centers. So, what we are basically seeing is to, at least in the next 2 to 3 years, it is like opening of more and more hubs, followed up by spokes. And how do we ramp up Rs. 50 to Rs. 100 crore kind of revenue in this geography? Is the target more than in percentage terms, in the absolute terms, how do we go to 100 crore revenue, surpass that number in the next 3 years is basically the focus as of now. And for us to open more and more centers, the centers that we have launched are doing well. Earlier Medinova did well and then we launched VIP Road. It did break even within nine months and afterwards also we are seeing good traction at the center. And even in the recent centers, it's hardly been just 2 to 3 months, and the numbers are encouraging. So, that is the reason why we are looking for more and more centers in this geography.

Siddhant: Okay, sir. And sir in terms of margins, like what will be our margin profile be for like a new center, like for 0 to 1 or 0 to 2 years versus a mature center more than 3 years, what will be the margin profile?

Sunil Reddy: Are you asking about east or specifically about?

Siddhant: Overall, like even if like any general 0 to 2 years of operational of a new center, what will be the margin versus a mature center, which is a 3 plus?

Sunil Reddy: Well, we have declared an EBITDA margin, Siddhant. So, why would you want us to break that up?

Siddhant: Just to see how, like in terms of projection, like how fast it is getting ramped up, like are we making losses in the first year versus second or third year when we open a new center?

Sunil Reddy: No, but see, again, when we say that we are breaking even on a center in 2 or 3 quarters, that basically means that we are not making losses on a new center. So, beyond that...

Siddhant: So, there is no guidance, okay.

Sunil Reddy: I cannot give that guidance. It would be wrong for me to give that guidance because it will be sensitive and it will be information for my competition. I do not want to give that guidance.

Siddhant: Okay, sir, I will get back into the queue and thank you so much.

Moderator: Thank you. The next question is from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.

- Abdulkader Puranwala:** Hi, sir. Thank you for the opportunity. My first question is with regards to PH or Pune as a cluster. So, if I recall it correctly, we had added a couple of centers in last quarter Q4 and I think the revenues still are growing at a mild 3%-4% from this particular geography. So, any color as to how the ramp-up has happened at those new hubs and going ahead, how should we look at Pune as a territory for growth?
- Sunil Reddy:** So, as Mr. Ahmed, I think we have acquired this company PH and of course, they were the number one diagnostic brand in Pune when we acquired. But the only small constraint was that all of the centers were running at almost full capacity. So, that is the reason why even in earlier calls, we mentioned that we have to add new centers to kind of increase growth. And that is what we are doing. We are adding new hubs and new spokes in Pune right now. In terms of how to add color, if you have any suggestions, please give us suggestions. We are happy to listen to you.
- Abdulkader Puranwala:** I recall that you are adding hubs. So, just wanted to also understand that the two new hubs you added in Q4, any color there as to how the ramp-up has happened?
- Sivaramaraju Vegesna:** So, we added only one hub in Q4 and the second hub we just opened in the month of May and the full-fledged operation just started at the end of May. So, the one hub that we opened in Q4, like we mentioned in the previous call also, it took 1 to 2 months' time when compared to the other hubs. But now if you see, there is traction even in the Pune market. And we have seen an uptick in the revenues from the past 1.5 months at Pune. So, we will be able to give you more updates in the next concall.
- Abdulkader Puranwala:** Sure, sir. Got it. And, sir, just one more, if I may. On the EBITDA margins, so earlier we had guided that there would be an impact of, say, close to 100 bps to 200 bps margins this year because of new hub addition. Now that, you know, I think the operating drag is not that very significant. Is there any revision to the guidance that we had given earlier?
- Sivaramaraju Vegesna:** We are not revising the guidance. It will still be 1%-1.5% because there are five more hubs which are going to open in the next two quarters. So, as of now, and even in the Q1, like we said, few of the hubs, it was only 1.5 months of operations. Right. So, at a year level, still we want to maintain that guidance of 1%-1.5%, the EBITDA margin around 38-38.5% at a full year level.
- Abdulkader Puranwala:** Understood, sir. Thank you. And I will get back to you.
- Moderator:** Thank you. The next question is from the line of Lokesh Manik from Vallum Capital. Please go ahead.
- Lokesh Manik:** Yes. Hi. Good evening to the team. So, my question was on the IndAS impact, if you can please quantify for depreciation, write-off used assets and for interest, leased liabilities for this quarter?

- Dhiren Gala:** So, the IndAS impact for this quarter is around 1%, around Rs. 1.8 crores. So, out of that, the interest impact would be around 0.92 and depreciation will be 0.95. So, overall around Rs. 1.8 crores will be the impact for Q1 FY26.
- Lokesh Manik:** Okay. That's it from my side, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Surya Narayan Patra from Phillip Capital (India) Private Limited. Please go ahead.
- Surya Narayan Patra:** Thank you for the opportunity, sir. Congrats for the great set of numbers. My first question is about, let's say, if I see the revenue per patient for the quarter, in the slack quarter it is looking like the best so far. So, what is driving this? Is it some kind of mixed change within pathology or radiology? What is driving this? In fact, since last, if I see some 20-odd quarters, there is a consistent expansion in the revenue per patient and this quarter it is looking like the best ever. So, what is helping this achieving this number?
- Sunil Reddy:** Thank you, Mr. Surya. So, actually, so it is the, I would say, the strong brand and the trust that we have from our customers. What has been happening is that even in existing older centers, we are seeing strong growth and even though we are opening newer centers, new hubs and spokes are being opened, the growth in older centers is resulting at a consolidated level, the numbers are looking very strong. By the way, we have always been very conservative in giving our guidance. So, I would say we are conservative and we are also very lucky.
- Surya Narayan Patra:** Correct, sir. So, also on the, if I just see the revenue per center also, that has also been very, very consistent and in the slack season, we are seeing one of the strongest kind of revenue per center number, although we have added new centers and which are not fully operational. So, something is really helping. What is that? I am not able to figure it out.
- Sunil Reddy:** Firstly, are you comparing us with pure pathology centers or non-pathology centers?
- Surya Narayan Patra:** No, I am saying just revenue per center only. On a broader basis, I am looking at it. So, I am seeing one of the strongest number this quarter. So, although it was a kind of relatively slack period and new centers has been added. So, is that there is a conscious focus or approach that we are adopting to improvise our revenue per patient and that is how ultimately this center numbers are, revenue per center or revenue per patient, those numbers are getting inflated or getting improved?
- Sunil Reddy:** Okay. There are two factors. One is firstly, this is not slack season. Typically we look at Q3 or maybe part of Q4 as being slack season. So, anyway, that is different. But also if you look at the mix, radiology has been slightly higher in this quarter, right?
- Surya Narayan Patra:** Yes, that is clearly visible. 39%.

- Sunil Reddy:** Yes. So, what happens when radiology is higher is your average revenue per patient will automatically move up, right? Because the test costs are higher. That is what you are seeing.
- Surya Narayan Patra:** Yes, exactly. So, I think this is the best number in terms of the radiology contribution for the quarter that we are witnessing. But in terms of the scope and opportunity for the radiology's progression in terms of revenue share, if we see, what is the maximum potential scope in terms of the radiology's revenue share to the overall company's revenue?
- Sivaramaraju Vegesna:** So, Surya, firstly, see the advantage of the model itself, like we discussed over multiple calls, is that we are B2C integrated and creating that dense network in the geographies that we operate. Even if you take the Hyderabad market, which is almost 70% of our revenue, in this market itself, time to time, we have expanded the network, right? And there's not a large gap between player number one and player number two in this market, right? And with the awareness that is getting created over branded healthcare play, which we have, to a certain extent, we have seen in hospitals, right? And also many other things are playing out. If you see the wellness share last year, Q1 is about close to 13.5% versus 14.2% now. If you take home collection as a channel, earlier we were at 2.5% of our overall revenue, now we are close to 3.2% to 3.3%. And also the revenue that we are getting through digital means. There are multiple things that are working well for the company. And the advantage of becoming B2C player with dense network is that you get stronger year-on-year in the geographies that you operate, right? So, that which will allow you to inch the market share. So, that's what I think we were, to a certain extent, we were seeing every year for the last 3 to 4 years, if you see, know, Hyderabad is still playing well for us, right? And, as a market, Hyderabad healthcare market is still growing at that double digit, I think, and Vijaya being the strongest player with the trust that we have from our patients, I think that will allow us to grow in that double digit at least in the near future.
- Surya Narayan Patra:** Okay. One point about the wellness, sir. See, there is a kind of, you are delivering one of the fastest growth compared to anybody in the industry. So, far as wellness is concerned, what is really helping you here? It is a kind of enhanced focus towards the packages, the number of packages that you offer, or it is the kind of that having package covering both radiology and pathology, what is helping you to achieve a faster growth in the wellness compared to the overall market wellness growth trend?
- Sivaramaraju Vegesna:** It's a mix of both, Surya. It's basically the focus of the company and also the awareness that's been created in the market, and the coverage that we have increased to offer to our corporate customers. So, it's a mix of all the three.
- Sunil Reddy:** Also, Surya, just to be clear, when you look at any of the larger diagnostic players, and you look at wellness in absolute terms, the numbers are not going to be very big. So, any incremental change, if you really look at it in absolute terms is not very big, right? So, we are getting more because of probably patient awareness is higher, our digital marketing is doing better. If I add 1 or 2 crores more in a quarter, that will look better.

- Surya Narayan Patra:** Towards the base?
- Sunil Reddy:** Yes. In percentage terms, you will see a significant number, but don't go too much by the percentage terms. Look at the absolute numbers.
- Surya Narayan Patra:** Sure, sir. Just last one point, sir, from my side. Can you just tell me the number of the six center addition during the quarter, which all the area that you have added?
- Sivaramaraju Vegesna:** So, we have added two in Pune, one obviously Ambegaon in the far end of Q4. And the second one was Kalyani Nagar. Then two in Kolkata, in West Bengal. So, one in Barasat, Kolkata, and then Krishna Nagar, a district two hours away from Kolkata. Then we added two in Bangalore, which is Yelahanka towards your Hebbal and one in HSR.
- Surya Narayan Patra:** Okay. Sure, sir. Thank you. Wish you all the best.
- Sunil Reddy:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sumit Gupta from Centrum. Please go ahead.
- Sumit Gupta:** Hi, good evening. So, I have a few questions. First is, like from the newly opened hubs, how much incremental volume growth can be expected over the next 2 to 3 years?
- Sivaramaraju Vegesna:** Sumit, I think our guidance is always consistent from the time of IPO days. The guidance would be 15% plus of revenue growth backed by volumes, which will be about close to 13%. And 1.5% to 2% would be the change in the price. So, we would like to stick to that. Obviously the effort that we are putting is to surpass that, but then the guidance we want to be consistent on our guidance.
- Sumit Gupta:** That's fine. Just I was looking from the newly opened hub. So, how is the traction that you are getting in, let's say, Bangalore and with respect to West Bengal market also, how is the competitive scenario shaping up?
- Sivaramaraju Vegesna:** So, like we told, Sumit, competition scenario is the same always, right? It is only that, every company has their own strength. And in terms of the kind of equipment, quality, people, many other things that we have. And Bangalore, like we discussed earlier, there's a lot of, again, branded healthcare play in terms of hospitals. And when you see in integrated diagnostics, you have very limited, you have more number of players with only 2 to 3 centers each operating at different pockets. That is where, and with the strength of radiologists that we have, we definitely would leverage that strength. And all these factors are helping us to get that faster traction in these geographies.
- Sumit Gupta:** Understood. And with respect to wellness, what's the margin like wellness generally means? I understand it's small with respect to on the quantum side, but the margin front, how much is it?

- Sivaramaraju Vegesna:** We should not actually, we don't track that separately. At a gross margin level, obviously, you will have some impact. But if you see wellness is that extra business that you do other than your need-based business. Just by adding one footfall to a branch is not going to increase your fixed cost at that branch. It is only the variable cost, which is like ~30% of our total cost is variable and ~70% of our total cost is fixed in nature. So, at EBITDA level, it doesn't matter much, but yes, at a gross margin level, you will have lower margins on wellness.
- Sumit Gupta:** Right. So, going forward also, we can expect this 14% kind of contribution to stay at this level, or we can see some increase?
- Sivaramaraju Vegesna:** So, it keeps changing between quarters, but at a year level, maybe I think...
- Sumit Gupta:** No, on a blended basis.
- Sivaramaraju Vegesna:** Yes, blended basis, 14% to 15%
- Sunil Reddy:** Typically, Sumit, earlier in fact it used to be about 11% to 12%. So, 14 is actually at the higher end of the band.
- Sumit Gupta:** Okay. Yes, I was asking because this has increased around 150 bps. So, going forward also, we can expect this trend to continue or stabilize. So, you're saying stabilization around 13%-14%?
- Sivaramaraju Vegesna:** Yes, at this range, yes.
- Sumit Gupta:** Understood. Thank you. All the best.
- Sivaramaraju Vegesna:** Thank you.
- Moderator:** Thank you. The next question is from the line of Harshal Patil from Mirae Asset Capital Market. Please go ahead.
- Harshal Patil:** Good evening, sir. And thanks for the opportunity. Sir, just one clarification, you did earlier say that out of the revenue per test increase, about 1% to 1.5% would be largely attributable to some price increases. So, I presume that this would be ideally done in some select pocket or some select category of tests for this quarter. So, would that be the right assumption?
- Sivaramaraju Vegesna:** So, every year we take select tests of select geographies, right? It is not across the test menu, it is across a few tests, your understanding is right.
- Harshal Patil:** So, going ahead, I believe like further price hikes, or something should be possible or shouldn't be possible? I mean, considering that we have taken for some select tests only.
- Sivaramaraju Vegesna:** So, as of now, see, if you ask me, yes, it is possible. But in this particular financial year, we have no plans of increasing the pricing further. Generally, we do in Q1 of every financial year.

- Harshal Patil:** Okay, that helps. And sir just second question. In our core markets, Hyderabad, we have been really going strong in terms of test volumes and the reason you alluded to rightly was market share gains. I presume this would be more from the unorganized sector. So, just extrapolating this and wanting to understand like the new centers which we have been commissioning, they're also kind of gaining some good traction and we have been reporting some good growth numbers. So, apart from the underlying demand, is there also this market share gain theory working around or not?
- Sivaramaraju Vegesna:** So, Harshal, definitely right. So, because if you see Hyderabad, like we said, we don't have numbers in hand, but definitely we are gaining some market share because competitors are not growing at this pace. And in all the other geographies, the new geographies, like Pune, Kolkata, Bangalore, all these are new geographies where we just started growing. So, definitely, as we progress, at least for the initial years, we will be gaining some market share every year in these new geographies.
- Harshal Patil:** Okay. That helps. Thank you and all the best.
- Sivaramaraju Vegesna:** Thanks.
- Moderator:** Thank you. The next question is from the line of Lokesh Manik from Vallum Capital. Please go ahead.
- Lokesh Manik:** Thank you again for the opportunity. My question was on pathology. So, for sourcing, what is the model that you employ? Is it CAPEX driven where you purchase the equipment and then the consumables or it is a rental reagent model that many peers follow in the market? Which model do you follow out here?
- Sivaramaraju Vegesna:** It is a reagent rental model.
- Sunil Reddy:** Mostly for routine lab testing, it is always on reagent rental. Only on the more specialized lab testing, we end up buying the equipment.
- Lokesh Manik:** Okay. And the repair and maintenance cost would be on the OEM or this would be on our books?
- Sivaramaraju Vegesna:** If it is reagent rental, it is with the OEM, not on our books. If you purchase it, then it will be on your books.
- Lokesh Manik:** Great. Thank you so much, sir. That's it for my side.
- Moderator:** Thank you. The next question is from the line of Gaurav from Antique Stock Broking. Please go ahead.
- Gaurav:** Hi. Good evening. Congratulations, sir. On the gross margin trajectory, we were seeing some softer margins, you know H2 of last year. And this year also, given the FOREX, etc., we were

expecting some input cost pressures and some gross margin decline. But gross margins have actually expanded this quarter. So, anything that has changed, we have not taken pricing hike as well. So, any structural change and what should be the gross margin guidance for this year?

Sunil Reddy: See, in our business, especially in a B2C model, you have to understand that price changes are not easy to do. So, it only happens occasionally when our input costs go up. And if you look at input costs, in the recent times, there have been a few input costs due to which certain tests, certain specific tests, yes, we have increased prices. But across the board, we have not increased prices. So, as Siva mentioned earlier, we have got growth basically because of volume and footfall growth.

Sivaramaraju Vegesna: And if you see the test mix, Gaurav, so 39% is radiology. Whenever radiology revenue goes up, you will see higher gross margins because the material consumption radiology is much lesser than what you see in pathology.

Dhiren Gala: Also, Gaurav, within radiology also, the advanced radiology component has gone up with the new hubs coming up during this quarter. And also, if you compare it with Q4, the wellness proportion has reduced a bit. So, all these factors have resulted in higher gross margins for the quarter.

Gaurav: So, we have always seen the radiology business growing faster than the pathology business. So, the gross margin trajectory on an annual basis should keep on improving, generally, directionally, since the radiology is growing faster and share will keep on growing?

Sunil Reddy: No, necessarily, Gaurav, because at our scale, the proportion of radiology and pathology will not change significantly. Maybe on a quarterly basis, you might see a 1% or 2% change because we have added some hubs. And next quarter, we may add more spokes. So, that 1% or 2% will change. But beyond that, you will not see a big change. And so you are not going to see a big change in the mix between radiology and pathology.

Gaurav: Understood. Second question that I have, so Q2 is generally the best for a pathology business. And, one month has passed into Q2. Any indication you can give us how is the acute season shaping out this quarter?

Sivaramaraju Vegesna: We have to still wait, Gaurav, because to be very frank, the season, the general Q2 season where you see a lot of fever related testing all that, they just started picking up. So, initially, we thought this time it was early monsoon, but then actually the monsoons are slightly delayed in the geographies that we are operating in at least.

Gaurav: Okay, sir. I will join back the queue. Thank you so much and all the best.

Sunil Reddy: So, don't take that as a negative. Don't take that as a positive. We cannot comment on anything right now.

- Gaurav:** Sure, sir.
- Moderator:** Thank you. The next question is from the line of Siddhant from Tusk Investment. Please go ahead.
- Siddhant:** Hello. Sir, is there any capacity constraint per center in terms of volume or revenue like beyond which it is not possible to grow?
- Sivaramaraju Vegesna:** It actually depends from center to center, Siddhant, because sometimes you see capacity constraint on radiology on few of the equipment. But again, it depends like we have spokes which are about from 1,800 square feet to 3,300 square feet, 3,500 square feet. Each center have a different capacity. So, it's definitely every center I think beyond a point will have capacity constraint, but then difficult to generalize and give you a number.
- Sunil Reddy:** Right now, largely, Siddhant, we don't have that in our network. To some extent in Pune, we did have that. We acquired PH, we did have some capacity constraints. But as you know, we are adding new centers in Pune just to address that. So, beyond that, there are no capacity constraints currently.
- Siddhant:** Right. But it will be very difficult to actually put like quantified in terms of volume or revenue?
- Sivaramaraju Vegesna:** It's because like within the spokes, like we told earlier, so within the spokes, we have a spoke generating Rs. 6 crore revenue a year. So, ideal spoke will generate Rs. 2 crores- Rs. 2.5 crores. But we do have spokes, which are generating about Rs. 6 crores- Rs. 6.5 crore per year as well. So, it is slightly difficult to quantify that number, Siddhant.
- Siddhant:** Right. Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Amey Chalke from JM Financial Institution. Please go ahead.
- Amey Chalke:** Yes, thank you so much. So, I have one question on management bandwidth, considering we are now moving aggressively outside AP, Telangana, like in three regions, East India, Bangalore, Karnataka, as well as Maharashtra. So, how are we looking to expand our team and what steps we have taken on that?
- Sivaramaraju Vegesna:** So, in fact, over the last four quarters, we have added a lot of lateral talent, which we also have given the disclosures in the previous quarters. In fact, in Pune recently we added an AVP Sales & Operations. And also, we have strengthened the sales team by taking people from the relevant industry. So, time-to-time, I think if you see the geographies, both Pune, Kolkata, and Bangalore, we have the team which is already in place. And time-to-time, we are adding, you know, mid to senior level management as and when required.
- Amey Chalke:** So, are we going to have like regional heads or currently it is been operating out of Hyderabad?

- Sivaramaraju Vegesna:** So, we have regional heads reporting into Hyderabad corporate, the policies, everything, the way we operate, everything is similar across geographies. But all the three geographies, Pune, Kolkata, and, Bangalore, we have regional heads.
- Amey Chalke:** Sure. And the second question I have is on the inorganic expansion. I understand we are organically expanding very well. But we also have a good amount of cash. So, what's our plan over there? Are we going to look to expand in the core regions or it will be largely outside the core regions?
- Sunil Reddy:** So, Amey, if JM can give us a good acquisition opportunity, we are very happy to acquire.
- Sivaramaraju Vegesna:** So, we are on the look for acquisitions as and when we get the right opportunity, that's a continuous process. So, as long as that falls, when we have all the boxes ticked in terms of valuation, quality of the asset, other integration aspects, we will be happy to do that.
- Amey Chalke:** Sure. Thank you so much. I will join back the queue.
- Amey Chalke:** Thank you. As there are no further questions, I now hand over the conference over to management for closing comments.
- Dhiren Gala:** I would like to thank everyone for attending this call. Should you need any further clarification or any other information about the company, please feel free to reach out to us. Thank you so much.
- Sunil Reddy:** Thank you.
- Moderator:** Thank you. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.