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National Stock Exchange of India Limited
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Corporate Relationship Department
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Dalal Street
Mumbai – 400 001

Symbol: LALPATHLAB

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Sub: Transcript of Q1 & FY26 Earnings Conference Call

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Transcript of Earnings Conference Call on Financial Results for Q1 & FY26.

We request you to please take the same on record.

Thanking You,

Yours Faithfully,

For **Dr. Lal PathLabs Limited**

Vinay Gujral
Company Secretary & Compliance Officer

Encl.: As above



Dr Lal PathLabs

Q1 FY26 Earnings Conference Call Transcript

July 31, 2025

Call Duration	<ul style="list-style-type: none">• 1 hour
Management Speakers	<ul style="list-style-type: none">• (Hony) Brig. Dr. Arvind Lal – Executive Chairman• Mr. Shankha Banerjee - Chief Executive Officer• Mr. Ved Prakash Goel – Group CFO and CEO, International Business
Participants who asked questions	<ul style="list-style-type: none">• Karthik Chellappa – Indus Capital Advisors Hong Kong Limited• Anshul Agrawal - Emkay Global• Prakash Kapadia – Spark PMS• Surya Patra – Phillip Capital• Karan Vora – Goldman Sachs• Pranaya Jain – Banyan Tree Advisors• Yogesh Soni – InCred Capital• Aashita Jain – Nuvama Institutional Equities• Harshal Patil – Mirae Asset Capital Markets (India)

Moderator: Ladies and gentlemen, good day, and welcome to Dr Lal PathLabs' Q1 FY26 Earnings Conference Call.

As a reminder, all participant lines will be in the 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 over to Mr. Nishid Solanki from CDR India. Thank you. And over to you, sir.

Nishid Solanki: Thank you. Good afternoon, everyone, and welcome to Dr Lal PathLabs' Q1 FY26 Earnings Conference Call.

Today, we are joined by senior members of the management team, including (Hony) Brig. Dr. Arvind Lal – Executive Chairman, Mr. Shankha Banerjee, CEO and Mr. Ved Prakash Goel, Group CFO and CEO, International Business.

I would like to share out standard disclaimer. Some of the statements made on today's conference call could be forward-looking in nature and the actual results could vary from these forward-looking statements. A detailed statement in this regard is available in the results presentation, which has been circulated to you and also available on exchange websites.

I would now like to invite (Hony) Brig. Dr. Arvind Lal to Share his Perspectives. Thank you, and over to you, sir.

Dr. Arvind Lal: Thank you very much. Good afternoon, ladies and gentlemen, and welcome to our 1st Quarter Earnings Call. I would first like to highlight the broader opportunity in healthcare and the role that we can play as a leading diagnostic brand.

Healthcare in India continues to grow at a healthy pace, characterized by digital transformation and shift towards tech-driven and holistic healthcare delivery. However, I would like to add that there is more than ample room for growth.

When it comes to hospitals alone, it is said that India has a shortfall of 2.4 million beds to meet global standards. This is getting addressed with major hospital chains adding to capacity judiciously by upwards of 30% till FY27. Central Government flagship initiatives like Ayushman Bharat and Heal in India are propping up public and private investment in the healthcare system. One can be assured that this kind of growth will translate into a higher requirement for quality diagnostic services going forward.

On the tech side, we are witnessing increased integration of AI in healthcare services, including diagnostics. It is estimated that by the end of 2025, the Indian artificial intelligent healthcare market would have a size of US\$1.6 billion. The impact of telemedicine and digital health records is being felt given enhanced access in rural and semi-urban regions. The role of digital and tech within our industry is growing, where on the one hand, it appears to be operational efficiency and on the other, it enhances patient and clinical outcomes.

Let us look at the other side. The prevalence of chronic and lifestyle diseases in India continues to expand. We are the topmost country with incidence of diabetes, with 100 million patients afflicted. Rates of hypertension are also

climbing, with some surveys indicating that maybe 30% of adults having elevated blood pressure. Obesity is experiencing a surge in young adults and children, given linkages to higher consumption of processed foods and general inactivity. And these trends are coming up in the rural settings as well as lifestyles undergo change over there. The only drawback for rural populations has been access to regular screening and specialist care. Delayed diagnosis is also an important exacerbating factor here, especially in underserved populations.

Given this background, the role of diagnostics and management of these healthcare outcomes cannot be overstated. As a national brand, we remain committed to providing quality diagnostic services to the country. Our operations are steadily spreading across hinterland markets, where demand for such services is rising. This is especially so in Tier-2 and beyond. We are building stronger presence in the West and South, to complement presence in the North and East. FY25 saw addition of 18 new labs to our network, and we expect to sustain a similar number in the present year too. Our patient service centers also saw a strong increase to match this, and again we expect this franchising trend to continue.

On the tech side, we are making the right investments to strengthen operations and create scale with flexibility.

Our journey will be marked by growth milestones as we seek to broaden the scope of services and geographic coverage. The model is scalable, and we have the intent to grow it to meet unserved healthcare requirements. With that, I would like to hand over to Shankha to continue. Over to you, Shankha.

Shankha Banerjee: Thank you, Dr. Lal, and a very warm welcome to everyone. Let me share some insights into Dr Lal PathLabs performance in the 1st Quarter of Fiscal Year 2026.

As evident, our results are a testament to the enduring strength of our business model and the disciplined execution of our dedicated teams across the nation. The new financial year began on a strong footing, with 11.3% growth in revenues and 24.3% improvement in profit after tax. This was achieved by steady volume momentum and a favorable test mix. Our sample volumes grew by 10.7% to 23.4 million, while patient volumes increased by 5.3% to 7.6 million.

At an industry level, the competitive landscape continues to evolve. We have recently observed the entry of a new e-commerce player into the diagnostics arena. This will add to the existing online competitors that have been in the industry for nearly a decade. The foray from hospitals and pharma companies into the diagnostics sector continues to help in speeding up the unorganized to organized shift for the industry.

Strategically, we are expanding our capabilities in high-complexity testing. We have launched 58 new tests in the quarter, strengthening the genomics portfolio and introduced component-resolved diagnostics for allergy testing. We are also supporting antimicrobial stewardship with the launch of an in-house smart culture reporting algorithm for the right antibiotic recommendations for all types of culture reporting. We see a very strong future potential in high-end and specialized testing.

We are also seeing positive trends in bundle testing under “SwasthFit,” which continues its strong growth trajectory. The bundle testing offer is being strengthened on the illness segment front as well. Further, we have added new

offerings in genomics, reproductive health, and autoimmune disorders to bring sharper focus to these areas.

On the operational front, our network continues to expand in line with our cluster-based strategy. We are strengthening our leadership in core urban markets in North and East, including Delhi NCR. We are also deepening our presence further in Tier-3 and 4 towns.

We are maintaining our calibrated pricing strategy and continue to hold our prices. The gains in realization are driven by premiumization of our offerings and driving a favorable test and geography mix.

On the digital front, we are investing more in automation and digital systems to improve patient experience, enhance cyber security, and drive operational efficiency.

Our outlook is defined by three strategic pillars: driving volume-led growth through aggressive market expansion, achieving operational excellence via comprehensive digital transformation, and steadfastly upholding our brand leadership through unwavering quality and widespread accessibility.

With that, I will now hand over the call to Ved.

Ved Prakash Goel:

Thank you, Shankha. Good afternoon, everyone, and a very warm welcome once again.

Let me now walk you through the financial performance for the 1st Quarter of FY26:

- Revenue for Q1 FY26 stood at Rs. 670 crore compared to Rs. 602 crore in the same quarter last year, reflecting a strong growth of 11.3%.
- Revenue per patient rose to Rs. 880, up 5.7% from Rs. 833 in Q1 last year, driven by a favorable change in the test mix. Tests per patient increased to 3.07 compared to 2.92 in the same period last year, highlighting continued traction in bundled and preventive test adoption.
- Our SwasthFit portfolio contributed 27% of revenue this quarter, up from 25% in the same period last year, underscoring its growing relevance in preventive healthcare.
- EBITDA for the quarter came in at Rs. 192 crore v/s Rs. 170 crore in Q1 FY25, a growth of 13.1% with a stable and healthy EBITDA margins of 28.7%.
- Profit before tax rose to Rs. 181 crore from Rs. 150 crore, up 20.8% with a PBT margin of 27%.
- Profit after tax stood at Rs. 134 crore compared to Rs. 108 crore in Q1 FY25, delivering a robust 24.3% growth and maintaining a PAT margin of 20%.
- Earnings per share for Q1 FY26 came in at Rs. 15.9, up 24.4% from Rs. 12.8 in the corresponding quarter last year.
- Our balance sheet continues to be strong and resilient, with net cash and equivalents of Rs. 1,389 crore as of June 30, 2025.

In recognition of this performance and to reward our shareholders, I am happy to share that the Board of Directors has approved an interim dividend of 60% i.e., Rs. 6 per share.

These results reaffirm the strength of our business model, the effectiveness of our execution and our disciplined financial stewardship. We are making strong progress across all strategic fronts, expanding in both core and emerging

markets, scaling up our high-end and specialized test portfolio and accelerating our digital transformation journey. We remain confident in our ability to deliver sustainable, profitable growth while staying true to our purpose of delivering trusted diagnostics with care and precision.

With this, I conclude my opening remarks, and I would now request the moderator to open the forum for question-and-answer. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Karthik Chellappa from Indus Capital Advisors Limited. Please go ahead.

Karthik Chellappa: Yes, thank you very much for the opportunity, and congrats on the quarter. I have three questions. The first one is on the volume growth for the quarter, which is very healthy. The commentary that we heard from a lot of consumer companies is there were a lot of unseasonal rains and erratic weather this quarter. Did our volume growth benefit from any of these unseasonal trends, or is this like a very clean kind of unseasonal volume growth that we saw this quarter? That is my first question.

Shankha Banerjee: Yes, hi, Karthik. Thanks for your question. As of now, in the 1st Quarter numbers that are there, there is not too much of a favorable impact because of the unseasonal rain. It is more or less like-for-like compared to Q1 last year.

Karthik Chellappa: Excellent. The second question is, if I were to look at our realizations this quarter, they have not grown much, probably even less than one percentage or so. But despite that, we have seen a very strong gross margin expansion both YoY and QoQ. Is there anything specific on the cost front that we have done this quarter? And is this kind of improvement something that we can sustain, or are we hitting a normalized level of gross margin where we like to sustain it at an 80%-81% level?

Ved Prakash Goel: Hi, Karthik. I think realization has gone up from Rs. 833 to Rs. 880, which is not 1%. I mean, that is one. But there is no price increase as such we have taken in this. This is all due to test mix, or maybe high end test contribution which has contributed to this realization. Margin specifically has increased, and we got the benefit because of this SwasthFit which has contributed 27% this time, which is highest ever contribution in this quarter. So, that is the reason we are getting some benefit out of this.

Karthik Chellappa: Excellent. Okay. Because the 1% I was referring to was the realization per test. But it is okay. I think I got the message or so. My last question, is last quarter, we indicated in our outlook for FY26 that we may see up to, let's say, 100 basis points margin compression because we are reinvesting into our brand as well as lab infrastructure, etc., This quarter, margins have actually been quite strong. So, should we see the impact of this margin compression on a lag basis, let's say, in the remaining quarters or was this quarter it just surprised us more than what we had anticipated?

Ved Prakash Goel: You are right. If you see first half, we generally have higher margins, because most of the investments we are getting into second half. I do not think these 28.7% margins are representative of the full year. Yes, we have improved, but let us see how the remaining quarters goes. But most of the investment will be in later quarter of the year.

Shankha Banerjee: But Karthik, just to add to that, I think there is internal view, although we are recalibrating that the overall annual margin also could be slightly better than what we had projected at the beginning of the year.

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

Anshul Agrawal: Hi, thank you for the opportunity. My first question is on volume growth. Could you provide some color, is this growth secular geographically? Is it some particular region which has led to this strong patient volume growth or sample growth?

Shankha Banerjee: If you look at the overall number, revenue at 11.3% and let us say sample growth at 10.7%, which is really very closely hugging the overall revenue. I think we are seeing similar trend of the sample growth being very close to our overall revenue growth across all our major geographies.

Anshul Agrawal: Okay. Core Delhi region is still growing at double-digits and same for West?

Shankha Banerjee: Yes, Delhi has grown at double-digits for this quarter as well. West, like we said that post our changeover in Suburban of the whole IT stack, there has been a bit of a discontinuous impact in the market, which we had mentioned would take maybe 2 quarters to recover. We are still in that recovery phase. It is better than previous quarter, but I would not say we have still reached the level that we were 2 quarters back.

Anshul Agrawal: Got it. If at all that comes in after two quarters, we still have that lever to improve our volume trajectory.

Shankha Banerjee: Yes, that is what it would seem that we still have some headroom there to go back to our previous numbers there.

Anshul Agrawal: Great. Second question, is on the current quarter, which is so basically unseasonal monsoon is the question on that. Q2, we should see the beneficial impact of that. Would again that be correct?

Shankha Banerjee: You see Q2 has traditionally been the high quarter specifically driven by fever and seasonality. So, like if we are saying this year, the similar thing was there last year. I do not think there is an expectation of this year high being differential from others, because there is still quite a lot of the quarter still remaining to play out. It has been a seasonal high always, and we expect a seasonal high this year as well.

Moderator: The next question is from the line of Prakash Kapadia from Spark PMS. Please go ahead.

Prakash Kapadia: Yes. Thanks for the opportunity. A couple of questions from my end. In the last, I think, 3 odd years, we have launched the Bangalore Reference Lab as well as the Mumbai Reference Lab. Historically, we have seen the sales growth is much higher in these markets when the reference lab is launched, be it east, be it north. Towards the latter half of the year, would we expect west and specifically south Bangalore side to have revenue growth faster than the company average growth, because that is what I think the trend shows and all the efforts which we typically put once the reference lab is there, they generally fructify and in addition to that, from a revenue side, also, I think last call you had alluded, Shankha, the patient service centers we have invested. So, if I see that last 2-3 years, they are up by 40%, pickup points are up by, I think, 17%, 18%. When does the step up in revenue happen for us? Obviously, we are growing better than industry, but still the step up in revenue say 15% revenue growth, when do some of these things fructify as we move forward?

Shankha Banerjee: Right. Thanks, Prakash. Very interesting questions. I think firstly on the reference lab question that you asked. The reference lab setup is like, basically, we have a test menu, which is significantly larger than, let us say, a hub lab or a cluster lab. I mean, that is how the reference lab setup is and the higher test menu is typically a lot of not so frequently tested, but it is something we outsource from quite a lot of clients. Now, if you look at how this whole thing works is that, firstly, clients in that same geography who we were maybe sending the samples to Delhi or somewhere else, now start getting reports better and faster from the local lab or the local reference lab that we have, and then the conversion of the other clients for those high end tests will happen. It is a slightly long-term thing compared to a satellite lab. So, this is a slightly longer term horizon thing and it is a bit of a slow burn. So, to kind of directly link it only to opening a reference lab may not be appropriate because some of the other capacity of routine tests which get built in a brand strong market, the ability to leverage that is more quicker than in markets where brand strength is still under development. I would say that the reference lab impact will be a slightly more longer-term one.

Coming back to your second question, which is on infrastructure and the front end, whether it is the collection network or the pickups that we are opening, now, as you would have also noted in our previous commentary, quite a bit of the infrastructure gets opened up in Tier-III, Tier-IV towns and some of the throughput per infrastructure may not be as high as the throughput per infrastructure in the larger urban towns. Just the number increase getting converted to a direct, same kind of a number increase on revenue side, may not always be appropriate. But, yes, there is also a buildup in terms of revenue that happens over a period of time. But it is a constant process. Although we have stepped up some of these additions, there has always been addition happening every year at certain level and that is a rolling benefit. It is unlikely to show you a serious step jump going forward. But, yes, it will all contribute because finally the whole network, the hub-and-spoke model of the collection network and the lab and the test menu in that lab is what will help us grow the revenues in the future.

Prakash Kapadia: And this, Shankha, you said would happen over a period of time. So, that would take more time in the Tier-III, Tier-IV markets where we are focusing since the last few years because there I think penetration, habits, awareness would take time. What would be that inflection point, which we have to monitor to see we have got there in terms of the faster revenue growth, which seems to be missing as of now? Obviously, it is better than what others or industry players are doing. But how does that step up happen? Is it habit change? Is it awareness? Is it per capita?

Shankha Banerjee: Infrastructure is definitely one big contributory factor in terms of step up of revenue growth, but that is not the only factor which will determine. There are other things that need to be executed. Like I said, in terms of our test menu expansion, in terms of speed to market, in terms of the brand salience getting developed. There are a lot of other factors to play but yes, infrastructure is a large contributory factor. Again, directly linking to say that, in terms of numbers, 40% infrastructure means a 40% increase in revenue may not be the right correlation to build.

Prakash Kapadia: Sure. Understood. One question is for Ved. The amortization for Suburban would continue at Rs. 60 crore run rate and this should be over in the next 4 years, right, is that understanding, correct?

Ved Prakash Goel: Total is Rs. 50 crore, Prakash, for the year, Rs.12.5 crore per quarter, which will continue for some time.

Moderator: The next question is from the line of Surya Patra from Phillip Capital. Please go ahead.

Surya Patra: Yes, thank you for this opportunity, and congratulations for the great set of numbers. My first question is on the number of tests per patient. If I see there is a kind of a very steady secular rise that we are witnessing and possibly that is helping you deliver growth without taking even any price hike, although the industry in following. Although there is kind of a consistent rise that we are seeing in the number of sample per patient or the test per patient, is there any benchmark that one can think, see, the number could be, let us say or based on your any matured sub-segment or sub-market, the number of a test per patient could go as high as 4 or 5 or what number that one can kind of target and achieve and over what time period, if you can give some sense on that?

Shankha Banerjee: I think that is a very interesting question. And, at the outset, let me say we do not have a target that we are following on a test per patient basis. But one thing that we definitely see is that there are a lot of factors which are contributing to this test per patient increase, and some of those factors definitely in the near-term would continue.

First and foremost is this whole SwasthFit acceptability and growth that we see, and I think I mentioned that sometime before as well, we see traction in terms of more people wanting to use it not only in urban areas, but we are also seeing some of our smaller towns, the acceptability is rising, we are also seeing some traction coming from the prescription channel. So, that is one driver for test per patient. And obviously, there is another driver, which is in terms of prescribing habits of clinicians where there could be, more tests being prescribed on a single prescription now than previous. Yes, there are certain factors which are contributing, we are not running after a target on this one. But you are right. This is definitely contributing to our growth and obviously helping us to maintain our price stance the way we have taken.

Surya Patra: Sure. My second point was, let us say, what is the growth over last year that we have seen in terms of the number of test panels and whether it is fair to believe that with the rising trend of the test panels that we offer, that will lead to kind of a faster growth in either the SwasthFit growth or the overall growth for us?

Shankha Banerjee: I assume by panels you are implying SwasthFit. So, SwasthFit portfolio Q1 this year has grown about 22% over the same quarter last year and obviously that is ahead of our overall revenue growth and therefore contributes positively to our overall revenue growth as well as to our profitability mix.

Surya Patra: But it is not the number of panels that also contribute to the growth of SwasthFit portfolio?

Shankha Banerjee: I am not too sure what you mean by number of panels. We have got some set predefined SwasthFit bundles. There are 1-2 new that we add bundles, but these are all predefined bundles.

Surya Patra: Okay. Currently what 385 test panels that we are having, that number would not be very frequently changing, is that understanding right?

Shankha Banerjee: Yes, that understanding is right.

Surya Patra: Okay. Then my last point was, do you believe likely a significant boom in the usage of the GLP-1 medication, is likely to have a kind of a big potential boost

to the overall test volume numbers for us because of our pan India presence that we are having?

Shankha Banerjee: No, I think that is a very interesting question. We have not really maybe figured out the connection between GLP-1 usage and diagnostic testing or direct connection to that. But let us as a team maybe we will look into this slightly more deeply and try and see if there is a direct connection that could be there between this and what impact it could possibly be.

Moderator: The next question is from the line of Karan Vora from Goldman Sachs. Please go ahead.

Karan Vora: Yes, thank you for taking my question. My first question is with respect to Suburban. While we have been one of the best-run diagnostic companies, for a long time now. Like for Suburban, we have not been able to work it out like probably the way we would have wanted when we had acquired the asset. Any color if you could provide on what are the things where we have struggled or what went wrong and what were the learnings from it, would help? And also a sub-part to that is this IT restack, which we are doing on Suburban, any particular reason we are doing it right now v/s. say do it when we acquired or immediately after we acquired it, that is my first question.

Shankha Banerjee: I think the Suburban question has been asked quite a few times in the past and I think on the investor call, we have tried to answer that quite a few times. But if you reflect back and see what are the challenges, I think we said that there was one big change that we had wanted to make with the collection network, which was there, when the COVID test went down, a lot of our existing collection network within Suburban actually started becoming unviable and closing the franchise part and then, we also wanted to change the whole structure from an owned collection network to a franchise collection network model. So, that changeover, I think, took longer, specifically because of the slowdown of the existing franchise network, which happened post the COVID reduction. I think that was obviously one core reason.

I think the other thing is that, starting itself we said that there are quite a few parts of the business that we felt were non-strategic and non-core, which we started de-emphasizing and that obviously went on a slow decline. And those kind of non-core geographies as well as non-core business lines, on the top line side, one would not see the benefit, although internally, there would be segments that we wanted to grow, were starting to see those results. Coming back to the point on the IT stack changeover, we had done quite a lot of work, we have to prepare the teams. The operations part had to be aligned to a certain level before the IT stack changeover could be done. I think the acceptability within the system, the team, as well as the preparation that would have gone into it and we felt that now is the right time for us to really start looking at more backend synergies. And that is why the timing was chosen to do the IT stack changeover to align fully to the Dr. Lal PathLabs IT stack, which we did in February this year.

Karan Vora: Got it. And is this the last step or, post which all the measures like conversion of own centers to franchisee centers and all the other things are done and we should start seeing recovery, would that be a fair understanding, like maybe after a quarter or two?

Shankha Banerjee: I would not say all is done because there are still certain geographies there, we have actually now even transitioned the business to Dr. Lal PathLabs system. There will still be some transition which will continue because, we do not want to do everything in one shot, it really does not work in an ongoing business, we have to obviously handle it carefully.

- Karan Vora:** Got it. And my second question is with respect to the inorganic opportunities and the cash allocation, which we have in the balance sheet. So, like while we have always mentioned that we want to explore for assets in the South and in untapped geographies for inorganic acquisition. But just to get a sense on, what are the challenges when you go and approach the labs? First of all, are there enough labs for you to target like potential targets? And then if they are, then what are the issues you are facing other than the valuation part, which might always probably be expensive in India? Any color on that would be helpful.
- Ved Prakash Goel:** Yes, Karan. I think, we already stated that inorganic is the idea and especially in South. Right now, there is nothing which is we can share right now. But the exercise is on in terms of what should be the value, what is the strategy and all. I think the foremost thing we want a platform where we can ride and, make that platform big. We do not want to just acquire for the sake of adding turnover. But wherever we feel there is a strategic fit into our whole long-term strategy, I think that is where we require. But yes, there are opportunities. At the right time maybe it will come.
- Moderator:** Thank you. The next question is from the line of Pranaya Jain from Banyan Tree Advisors. Please go ahead.
- Pranaya Jain:** Hi, thank you for taking my question. Actually, I wanted to understand our gross margins outlook. When we look at gross margins over the last few years, they have been constantly expanding. As we scale up further, should not gross margins go up even beyond, say, 82%-83% over a 3-4 year horizon?
- Ved Prakash Goel:** I think your observation is right and the gross margin is increasing. Obviously, a couple of things contributing. One is, I alluded on my opening remarks because of contribution of SwasthFit where the test mix is very different. Second is scale, obviously and third, geography mix also. I cannot comment on where it can go but our efforts is always to create efficiency where we can still get some benefits, whether it is volume, whether it is test mix and all. But right now it is hovering around 79%-80%. And I would say near-term, I do not think it will go substantially, from here. So, that is where you should consider that it should be around at the current levels.
- Pranaya Jain:** Got it. And my second question is in our non-core geographies, what are some of the strategic initiatives that we have taken to fasten organic growth?
- Shankha Banerjee:** Non-core geographies, obviously, there is a slightly slower turnaround in terms of building the organic business. And it will follow a quite simple mechanism, obviously building the testing infrastructure, collection network and then put feet on the ground, who can then meet up with the prescriber community and be able to promote our services and how we can give good quality services compared to maybe a lot of other local labs and maybe some of the smaller regional labs that may be operating in that geography.
- Moderator:** Thank you. The next question is from the line of Yogesh Soni from InCred Capital. Please go ahead.
- Yogesh Soni:** Yes. Thanks for the opportunity. My first question is on the Delhi NCR region. We have seen consistently double-digit growth for the last couple of quarters. I wanted to understand, I mean, what has changed in the said region - whether the market competitiveness has changed or whether we have made certain efforts that is resulting in double-digit growth?

- Shankha Banerjee:** Yes, I think firstly, there is a slightly benign market competitiveness in terms of the online players and pricing, that is a contributing factor. But over and above that, there are quite a lot of service enhancement initiatives that we have taken in the market, whether it is on logistics, test menu, people on ground. A lot of those and even looking at our channel partners and kind of motivating the channel partners performance, etc. So, a lot of those initiatives have gone into play, which is resulting in what we are seeing as the consistent double-digit growth in NCR.
- Yogesh Soni:** Okay. That helps me to understand. Another question is on the genomics. I just wanted to discuss about the genomics market, what kind of market size is it now and the kind of growth rate that we are seeing in the market? Also, I mean, if you could let us know what is the overall contribution of genomics in our revenues and how we can see genomics becoming affordable often in the coming time?
- Shankha Banerjee:** Like our overall industry, I think, having a sub-sector market sizing is something which is not available at an industry level. I may not be able to comment on the market size currently but one thing which is sure is that genomics as a segment is definitely, getting more acceptability amongst the clinicians and is also seen as a way to kind of pursue or go ahead on the whole personalized care and personalized medicine, which is evolving, globally and also in India. Also, I think the whole cancer or the onco area that is getting more focus in our country, also uses genomic testing. We believe that in the future, the requirement for genomic testing is going to grow from wherever it is today, and we definitely would like to get a sizable share of that growth going forward and we are therefore investing in that basis. As of now, I do not think I am in a position to share, sectoral breakup of what percentage of our business is genomic.
- Yogesh Soni:** Okay, that helps. Just to get a further clarity, if you will be able to provide on the affordability part, I mean, how will that be achieved?
- Shankha Banerjee:** I think affordability of genomic testing is improving day-by-day. It is a combination of volume and as well as the type of testing equipment that one is going to use, and technology improvement that we are seeing from time-to-time. So, affordability and the testing costs are getting competitive. So, I think if that trend continues the way it is, the user acceptability will grow even further.
- Moderator:** The next question is from the line of Aashita Jain from Nuvama Institutional Equities. Please go ahead.
- Aashita Jain:** Good day, everyone. My first question is on your West India strategy. I understand you are in the last leg of integration, but with the dual branch that we have now with Suburban and Dr. Lal, how should we see your West India region performing going forward? Could you give us more color around your organic expansion, maybe focus cities, or how are you dividing the local areas, and also the white spaces that you are seeing in the West India region? That is my first question.
- Shankha Banerjee:** Right. West India for us is, Maharashtra, MCG, Gujarat and Goa, that is what West India is. And amongst this whole wide geographic array, the dual branch strategy is operational in Mumbai, Pune, and Goa primarily. The rest of the parts of West India is still fully Dr. Lal PathLabs organic and a few inorganic acquisitions that we have done in the past. In terms of our strategy, the core medical hubs are Mumbai and Pune and that is the area that we really want to build a strong base in. I mean, the other parts of West India in MCG, MP and Chhattisgarh, there is quite a lot of organic Dr. Lal PathLabs presence and quite a lot of those markets we are the number one brand and we continue to

expand our footprint as well as our business there, whereas in markets like Maharashtra and Gujarat, we are not the leaders and could be quite far behind some of the incumbent brands there. Those are the geographies that we are trying to build for the long term and working on that to see how we can now grow these two brands organically in Mumbai and Pune.

Aashita Jain: Is it fair to assume that the majority of the expansion would be franchisee collection centers going forward rather than the lab addition in these markets or how should we see it from say, 3-5 years down the line?

Shankha Banerjee: In a 3-5 year scenario, definitely we will have lab additions as well. So, it is not that lab additions are not going to happen. But, since we are first focusing on a very compact geography of Mumbai, Pune, I think the lab infrastructure for Mumbai, Pune is already established. In these markets, it could translate into more of a collection network expansion. But when you look at West as a whole, which includes other parts of Maharashtra, Gujarat, there is also a possibility of adding lab infrastructure which we continue to do on a steady basis.

Aashita Jain: Understood. That is helpful. My second question is on the radiology side. I think in the last earnings call, you made a remark that radiology is also on the table. How should we think radiology as a growth lever for you? And also, one of your competitors have also started ECG at home and they are doing a couple of other basic radiology as well as advanced. How should we see this for Dr Lal PathLabs going forward?

Shankha Banerjee: Radiology has a gamut of tests, there is something called basic radiology which would be X-ray, ECG, Ultrasound, TMT tests, etc., and then there is high-end radiology which would be CT, MRI, maybe even let us say a PET/ CT scan, scanners, and things like that. Basic radiology, we do in some of our urban markets we do basic radiology, although it is still a very low contributor. But we were running some pilots which we continue to do on high-end radiology and we are still working on a plan as to how we will expand into high-end radiology, which is CT, MRI. That business plan is still not fully frozen. But yes, that is an opportunity that we are aware. And at the appropriate time, we will look at that business model as well as a part of our growth strategy.

Aashita Jain: Sure, that is helpful. And last couple of quick bookkeeping questions. What was the growth in the Suburban this quarter as well as the margin for this quarter?

Ved Prakash Goel: Ashita, as we have merged now, separately it is not Suburban but west as a whole which we have already answered, Shankha has given that. Due to this IT stack change now maybe going forward it will come back what we used to do 2 quarters earlier. But right now, this quarter also is impacted because of this changeover. And obviously margins also is now whole as a Company, not separately. But this quarter and the last quarter was impacted due to this IT stack change.

Aashita Jain: Okay. And this quarter your tax rate is 26%. Is there been any change or 26% is something we should build in for the full year and the coming years as well?

Ved Prakash Goel: Yes. 25%-26% is the normal tax rate. If you are comparing with the last year if you see there was some deferred tax reversal because of Suburban and that was the one-time impact, we have explained last time. But going forward, I think this is the standard rate, 25%-26%.

- Aashita Jain:** Understood. And I think lastly on the guidance you said you are expecting better than the earlier guidance of 27% EBITDA margin. But are you also revising up your growth guidance revenue of 11%-12%?
- Shankha Banerjee:** No. We will stay with our 11%-12% revenue growth projection.
- Moderator:** Thank you. The next question is from the line of Harshal Patil from Mirae Asset Capital Markets (India). Please go ahead.
- Harshal Patil:** Thank you for the opportunity. Most of the questions are answered. Just need one understanding from you. You alluded to quite a lot of reasons for a very good volume growth that we have achieved. I just also wanted to kind of have your qualitative views on, we are seeing a good volume growth, also the competitive intensity as you kind of rightly said is benign. In this whole thing, how do you see the mix from unorganized to organized moving around across markets? Maybe has that picked up or probably how should we see that going ahead just in the light of the volume growth that we have got?
- Shankha Banerjee:** The caveat always is that we do not have a very clear industry level number. All that we are saying is obviously some extrapolation from what we observe from the other listed players and what kind of results they are declaring and some of the maybe quasi-listed players and what kind of results they are declaring. I think at an overall level, one can see that the quasi-listed space definitely seeing a slightly better revenue volume growth, and to that extent one can imagine that maybe the shift towards organized is getting slightly more accelerated, but these are all directional statements, I think the actual percentages or rate of change, contributions, etc., are very difficult to pinpoint.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand over the conference to management for closing comments.
- Ved Prakash Goel:** Thank you, everyone for joining us today. We truly appreciate your continued trust and support. We hope we have been able to address all your questions. Please do not hesitate to reach out to us if you have any further queries.

Thank you once again and my best wishes to all of you.

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