Date: November 05, 2024
Ref. No.: KDL/SE/106/2024-25

To, **BSE Limited** **Corporate Relationship Department** 25th Floor, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001 **Scrip Code:** 543328	To, **National Stock Exchange of India Limited** Exchange Plaza, Plot No. C-1, Block G, Bandra Kurla Complex, Bandra (East) Mumbai – 400051 **NSE Symbol:** KRSNAA

Dear Sir/Madam,

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for Transcript of Earnings Call for quarter and half year ended September 30, 2024.

Pursuant to the Regulation 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call held with the analyst and investors on Monday, October 28, 2024 at 13:30 Hrs. (IST) to discuss the Unaudited (Standalone and Consolidated) Financial Results for the quarter and half year ended September 30, 2024.

The above information will also be made available on the website of the Company.

Request you to take the same on your records.

Thanking you,
Yours sincerely,

For Krsnaa Diagnostics Limited

SUJOY SUDIPTA BOSE
Digitally signed by SUJOY SUDIPTA BOSE
Date: 2024.11.05 13:37:02 +05'30'

Krsnaa Diagnostics Limited

Sujoy Sudipta Bose
Company Secretary & Compliance Officer
Encl: as above

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“Krsnaa Diagnostics Limited

Q2 FY '25 Earnings Conference Call”

October 28, 2024

MANAGEMENT: **MR. RAJENDRA MUTHA – CHAIRMAN AND WHOLE TIME DIRECTOR – KRSNAA DIAGNOSTICS LIMITED**
MR. YASH MUTHA – JOINT MANAGING DIRECTOR – KRSNAA DIAGNOSTICS LIMITED
MS. PALLAVI BHATEVARA – EXECUTIVE DIRECTOR – KRSNAA DIAGNOSTICS LIMITED
MR. MITESH DAVE – GROUP CHIEF EXECUTIVE OFFICER – KRSNAA DIAGNOSTICS LIMITED
MR. PAWAN DAGA – CHIEF FINANCIAL OFFICER – KRSNAA DIAGNOSTICS LIMITED
MR. VIVEK JAIN –HEAD INVESTOR RELATIONS – KRSNAA DIAGNOSTICS LIMITED

MODERATOR: **MR. JAINIL SHAH – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day, and welcome to Krsnaa Diagnostics Limited Q2 FY '25 Earnings Conference Call hosted by JM Financial. Before we begin, I would like to remind all participants that today's call may contain statements that are forward looking, including but without limitation statements relating to the implementation of strategic initiatives and other statements relating to Krsnaa Diagnostics' future business development and economic performance.

While these forward-looking statements indicate assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other known factors that could cause actual developments and results to differ materially from our expectations.

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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jainil Shah from JM Financial. Thank you, and over to you, sir.

Jainil Shah: Good afternoon, everyone, and welcome to the Q2 FY 2025 Results Conference Call of Krsnaa Diagnostics Limited. Joining us today on the call are Mr. Rajendra Mutha, Chairman and Whole-Time Director; Mr. Yash Mutha, Joint Managing Director; Ms. Pallavi Bhatevara, Executive Director; Mr. Mitesh Dave, Group CEO; Mr. Pawan Daga, Chief Financial Officer; and Mr. Vivek Jain, Head, Investor Relations.

I would like to now hand over the call to Mr. Rajendra Mutha for his opening remarks. Thank you, and over to you, sir.

Rajendra Mutha: Thank you, Jainil. Namaskar, , good afternoon. I wish you all a very happy Diwali. I am very happy to welcome you all to this conference call. I am grateful to all of you for joining us. In this conference, we will discuss our company's performance and strategic decisions.

In the first quarter of this year, our company is showing strong operational performance in both the segments of our business . This success is mainly due to the increasing number of diagnostic services and the increased operational efficiency. The industry is ready for significant growth in the coming years. The Indian diagnostic market is expected to reach US$20 billion by 2026, which represents a 14% CAGR growth. We are very happy to announce our expansion in Jharkhand. The aim is to provide high-quality diagnostic services in those areas where there is a shortage of such services. So that we can provide our services to the needy in urban and rural areas.

. We have made a strategic investment in Apulki Healthcare, which is a partnership between Krsnaa and the hospital which would specialise in Oncology and Cardiac . This hospital is modelled on a unique business model The partnership allows us to provide our diagnostic services for oncology and cardiac hospital, also it enable us to provide our services in retail specially considering the urban areas where the hospitals are built.

Let me tell you about the partnership with United Imaging and Medikabazaar. The partnership with United Imaging and Medikabazaar is important to increase our diagnostic capability. With the help of United Imaging's advanced equipment and Medikabazaar distribution network, we will be able to provide better and advanced diagnostic services. This will help efficiency and better service to the patient. This investment reflects our commitment to provide innovation, strategic growth and integrated diagnostic solutions.

We believe that this step will make us more capable and stronger in the diagnostic services of advanced and specialty medical fields, such as cancer and cardiac care. Finally, I would like to say that our company's business model is unique and the various strategic steps that we have taken have made the unique business model even stronger, which makes it incomparable and unique to other companies.

Now, I would like to invite Mr. Yash Mutha, who will tell us about our financial performance and operational achievements. Thank you.

Yash Mutha: Thank you, Mr. Mutha. Good afternoon, and thank you all for joining today's earnings call. We are pleased to report yet another strong quarter marked by significant progress in our initiatives taken in the earlier years. Your company, Krsnaa Diagnostics, continues its upward growth trajectory, expanding our geographic footprint across multiple states and territories. Notably, we have secured major contracts in Jharkhand, Assam, Maharashtra, Madhya Pradesh and Odisha.

With these recent wins, we are well positioned to establish additional 45 radiology centers, 1 pathology lab and 731 collection centers across India further showcasing the exceptional capabilities of our in-house teams in delivering accessible and reliable diagnostic services.

We are focused on expanding our reach by strategically opening new diagnostic centers in underpenetrated markets, particularly across Tier 2 and Tier 3 cities. This initiative ensures that individuals in even the most remote areas can benefit from advanced diagnostic services thereby contributing to the equitable access to high-quality health care beyond metropolitan regions.

Our unwavering commitment to the highest quality standards certified testing reagents and consumables and the expertise of qualified radiologists and pathologist ensures unparalleled accuracy and precision in all our diagnostic services.

Let me now walk you through some of our key developments for this quarter. The first one are strategic investments in oncology and cardiac hospitals, which is Apulki Healthcare Private Limited. As part of our long-term vision, we have placed strong emphasis on expanding into high-growth health care sectors particularly oncology and cardiac care. These sectors represent tremendous demand for advanced diagnostics and provide significant growth opportunities for our company. This quarter, we have received board approval for a strategic investment in oncology and cardiac hospitals through our partnership with Apulki Healthcare.

By aligning ourselves with these specialized institutions, we are enhancing our ability to offer cutting-edge diagnostic services. In oncology, this investment enables us to leverage the latest innovations in molecular diagnostics and immunotherapy. For cardiac hospitals, we would be focused on advanced biomarkers, significantly improving patient outcomes in areas such as early heart disease detection and monitoring.

The investment offers several strategic advantages. Number one, we will be exclusive diagnostic partner to the hospital securing a 30-year contract with an option to extend for an additional 30 years, providing us with long-term revenue visibility. Our presence within the hospital allows us to offer integrated diagnostic services, providing a comprehensive range of diagnostics under one roof, a capability that extends beyond our typical PPP project scope.

Additionally, these services will be priced according to the CGHS' rates, which is expected to enhance both our revenue realization and profit margin. This investment is a key component of our broader strategy to capture the growing demand in the oncology and cardiac care, positioning us as the go-to diagnostic partner for hospitals at the forefront of patient care.

Furthermore, it grants us access to a larger pool of clinical data, enabling us to further refine our AI-driven diagnostic pools and improve diagnostic accuracy across our service offerings. The next one is about our strategic partnership with United Imaging and Medikaa Bazaar, we are soon to announce our strategic partnership with Medikabazaar, India's largest B2B healthcare procurement and supply chain solutions provider and United Imaging, a global leader in advanced imaging technologies.

This collaboration represents a INR300-plus crores investment targeting the establishment of our 30-plus cutting-edge imaging and pathology centers across Tier 1, Tier 2 and Tier 3 cities in India. This partnership, one of the largest and the most innovative in the Indian diagnostics space brings together the best of technology and health care expertise. Significantly enhancing patient care and accessibility.

United Imaging, known for its state-of-the-art MRI-CT, PET-CT and other advanced imaging solutions, along with Medikabazaar, extensive distribution capabilities to recognize Krsnaa Diagnostics as a pivotal partner due to our expansive reach and established reputation for delivering high-quality affordable diagnostic services.

The key features of this partnership includes special financing terms where you have to pay 10% of the equipment with the balance to be paid over 6 years, allowing us to improve cash management and bid for larger projects without putting immediate strain on our balance sheet.

This collaboration will also allow us to scale our diagnostic capabilities in new markets with newer and cutting-edge technologies, enabling us in expanding our footprint in regions with significant healthcare needs. Together, we will accelerate innovation and offer comprehensive diagnostic solutions to the hospitals, clinics and health care providers across India.

In conclusion, Krsnaa Diagnostics continues to gain market share across multiple regions supported by strategic investments and partnerships that reinforce our leadership in the diagnostic space. As we expand, we are also focused on building a robust team and adopting new systems and processes that keep us ahead of the curve, while maintaining our commitment to providing the best quality diagnostics at affordable prices.

Thank you for your time. And with that, I will now hand over to Ms. Pallavi to take you through our recent project wins as well as the status of our PPP projects in the first half of the financial year. Over to you, Pallavi.

Pallavi Bhatevara: Thank you, Mr. Yash. Good afternoon, everyone. And I would like to take an opportunity to thank each one of you in spite of being in a festive mood to take time out and join today's afternoon call.

India diagnostic landscape is undergoing rapid transformation largely driven by the growing prevalence of both non-communicative and infectious diseases. This has heightened the demand for evidence-based treatment and prevented health care solutions. In response, we are investing in building an efficient technology-enabled network design accommodate the increasing volume of samples and to enhance patient accessibility.

Our focus continues to be on expanding and strengthening our Pan-India network, ensuring we are well positioned to meet the evolving needs of health care consumers. This strategy not only reinforces our market share but also allows us to stay ahead in the states where we already have a significant presence.

We are pleased to share that we have successfully secured contracts to provide radiology and pathology services in two major hospitals in Ranchi in the state of Jharkhand. This win not only marks our entry into a new state, but also opens up opportunities for further expansion to additional PPP projects and retail operations within Jharkhand by establishing a strong presence in this region, we aim to bring high-quality diagnostic services to a broader population.

I would like to now highlight some project updates in the recent time. The CT scan project in Maharashtra. The implementation of this project is progressing swiftly. We have operationalized 11 centers in Q2 FY '25 and the remaining centers are on track to be fully operational. From the next financial year onwards, we expect a significant ramp-up in business from this initiative.

MRI project in Maharashtra. We are set to establish 17 new MRI centers. And as of now, five centers are on track to be operationalized by the end of this financial year. Once fully implemented, this project is expected to deliver improved realizations due to better pricing terms, boosting overall revenue performance.

MRI project in Madhya Pradesh. Similar to Maharashtra, we are setting up five new MRI centers, two centers are expected to fully be operational by the close of this financial year, contributing to our continued growth in this region.

Odisha expansion. Based on the exceptional quality of our services we've delivered, the state of Odisha has requested that we extend our services to an additional 600 centers in this quarter. We were able to begin our operations in all 600 centers. This is a testament to the trust and confidence that our stakeholders have placed in our services.

Assam. As of Q2, we have all 10 labs operational and 652 collection centers are already operational, showing positive traction and contributing to early revenue growth. Over the past three months, we have successfully established 11 new CT centers, one pathology lab and 869 pathology collection centers. Efforts are ongoing to stabilize operations and ensure that every center starts generating revenue in line with its operational expenses.

I would now like to hand over to Mitesh Dave to take you through our business, including initiatives in retail business in the first half of the financial year. I once again thank you all and with you a very Happy Diwali.

Mitesh Dave: Hello, good afternoon, everyone. Let me come straight to our retail strategy and the expansion So as a part of our growth strategy and considering a big vacuum around qualitative integrated radiology and pathology services today, right from metro to Tier 1 and Tier 2, 3, 4 towns.

We are focusing on developing end-to-end retail capabilities and not restricted to any one particular business channel. Our approach would be holistic in nature and would be patient-centric mainly, which resonates with the right to quality health care at pocket-friendly pricing and available 24/7.

Our multi-mode study includes from online to offline, from analog to fully automated, from comfort of their homes to the critical needs during hospitalization, ensuring that our customers have access to quality and advanced diagnostic services all throughout.

With increasing health awareness among the consumers, the demand for regular checkups and preventive screenings is also on the rise. By tapping into this demand, we aim to go into the regions where we are already present and having existing diagnostic infrastructure. Our retail strategy would have strong focus on expansion in the B2C space and penetration in B2B.

And having PPP presence allow us to leverage these centers to bring in desired synergies. The diversification of our revenue stream is expected to add up our profit margins and further enhances returns. Our retail business strategy will be rolled out into the phase manner from major cities to begin with having high population densities, followed by Tier-2/3/4 towns, where we have already established a presence through our existing PPP projects

Taking a little deeper into the business channels. In B2B space, our operations will be poised to penetrate deep within the geography across India with multiple online models and offline state of our logistics. And primarily to solve the private hospital, nursing home, smaller labs, our existing infrastructure, well geared up to meet the design requirements around the quality and tech, which is of the major challenge today.

In the B2C space, the core focus on the retail expansion will be through building a strong B2C channel through multiple models, including COCO, FOCO, FOFO and many more to it, having dedicated home visit team to cater the patients at their home. Our aim is to get into the space of holistic diagnostic covering both illness and wellness together with integrated services of the radiology and pathology at most of the location.

To further make this diversification patient centric, overall operations would be backed by user-friendly apps and many more digital initiatives with fully integrated systems at the back end to support entire operations in most agile and efficient manner. It will be supported by the highly efficient call center operations to 24/7 and any -- to handle any inquiries and well-trained feet on street to engage and leverage entire medical fraternity.

Key differentiator that we are really looking for is the patient experience, where we believe to enhance the experience through the technology and technology plays a vital role in keeping the experience and quality in forefront. We have designed our patient journey, which is fully automated, right from test booking to report delivery and backed by post-test consultation from registered health care professionals. Our retail website is ready to be launched soon, and we will further integrate into the automated processes.

Talking a little around marketing and other engagements, our marketing strategy is designed to engage both consumer and the health care professionals. We have developed wellness packages tailored to the patient needs with a strong emphasis on digital marketing for consumer outreach and the lead generation. Additionally, CRM integration has been deployed across all the lead channels supported by our call center to ensure seamless end-to-end user experience.

For Health care professionals engagement, we have implemented a robust strategy, including Continuous Medical Education (CME) programs, roundtable meetings (RTMs), case study publications, and other academic activities to foster deeper relationships.

And to talk a little on training and development to ensure ongoing excellence, we are continuously training both our on-ground sales as well as inside sales teams. This focus on skill enhancements ensures deep understanding of our services, leading to improved communication with the clients and higher conversion rates.

We have ambitious plans to unlock growth opportunities, positively impact the people's lives and contribute to the advancement of the health care sector. Our commitment remains steadfast in delivering accessible, accurate and afforded diagnostic solutions across the country. Further, test marketing and soft launch is already in progress in a few of the cities, soon will be followed through the hard launch and expansion.

With that, I would like to hand it over to Pawan to take through the entire financials and wishing you all a very Happy Diwali and New Year in advance. Thank you very much. Over to you, Pawan.

Pawan Daga: Thank you, Mr. Mitesh. Good afternoon, everyone. I'm pleased to present the financial highlights for the quarter and half year ending financial September 2024. In the first half of FY '25, we witnessed a robust performance with total revenue from operations reaching INR356 crores, reflecting a significant 21% year-on-year growth. This growth is a direct result of our continuous focus on operational efficiency and increasing contribution from recently operationalized center.

Our EBITDA for the first half stood at INR94 crores, representing a 48% year-on-year growth and our PAT grew by 49% to reach to INR38 crores, driven by our commitment to improving operational metrics and optimizing resource allocation.

Now moving on the second quarter of FY '25. Our total revenue amounted to INR186 crores, achieving a 20% year-on-year growth. EBITDA for the quarter was INR51 crores, reflecting a

57% year-on-year increase. Furthermore, our profit after tax stood at approx INR20 crores demonstrating on 87% year-on-year growth with a margin of 11%, which underscores the financial strength of our operation.

From a balance sheet prospective, the company remains net debt free with cash and cash equivalent standing at INR220 crores. Further, as we continue to grow our PPP business, the initial ramp-up also has been bearing on the receivable as the invoicing and the billing process system are stabilized.

As of 30th September 2024, the company receivables are valued at INR243 crores, out of which approx INR125 crores is attributed to 2 states and balance INR118 crores is attributable to a balance 16 states, which equates to less than 60 days. The 2 states have principally agreed to release our outstanding dues in a subsequent day. These delays, which are largely on account of procedural as well as certain budgetary approvals. The company is taking all required steps to recover its outstanding dues.

However, we would like to add that almost all our projects are backed by NHM. And we are confident of recovering all our dues in subsequent month. Based on our initial estimates, we believe the receivable days will be around 90 days by the year-end. And we are confident of continuing our trend to having a no bad debt, which have been our history since inception.

During H1 FY '25, we incurred a total capex of INR86 crores. –As previously communicated that the total capex for FY '25 is expected to be approximately INR170 crores, subject to execution, timelines and existing projects.

Now I end opening remarks and open the session for question-and-answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rajat from Tata MF.

Rajat: Hi. Thanks for taking my question. Sir, firstly, when I see your quarterly P&L, I see that your top line has grown by 20%. But when I see your other expenses and fees to hospitals and others, they seem to be largely flat or actually marginal decline there. Could you just explain what has happened here, because these costs seem to be quite variable in nature, but instead they have declined on a Y-o-Y basis?

Pawan Daga: Yes. Rajat, this is basically how the business mix of revenue from project to project. That's why the revenue share, which is fees to hospitals and others, which is variable in nature, which has been in line with the agreements with the business coordinators and the sharing, which we have agreed on the respective projects. Plus the operational or other expenses, which have a significant improvement in the cost savings related to the maintenance, the CMC, which we negotiated well with the vendors and also a saving in variable expenses, that's all.

Rajat: Sure. But I still don't understand why should the fees to hospitals come down on an absolute basis also because your top line has grown by 20%, but there is a decline in fees to hospital. So is this the new base should we take in terms of percentage to sales? Or there is some cost which you expect to come back in the subsequent quarters? That's what I was trying to understand.

Pawan Daga: No, no. So as we mentioned in last year Q4, where our negotiations with the vendors -- we continuously to take our business coordinator on our payroll which significantly -- basically change in mix and we onboard these employees on our P&L instead of outsourcing to business coordinator.

Rajat: Sure. And in terms of new business initiatives, especially our B2C business, which you're trying to build, can you throw some more color on where exactly are you in that journey? And how much investment is it going to take for you over the next 3 to 5 years with geographies you are targeting? Can you throw some more color here?

Mitesh Dave: Yes, hi. Mitesh this side. , I would be taking up this question. So, hi, good afternoon. So, while I'll take up the question in 2 parts. One is what is the current status of where are we currently standing in our B2C journey or retail journey? And secondly, what is the investment which is expected over the 3 to 5 years. So, to answer the first piece, as I said, we have already started our test marketing and the soft launches currently in few cities.

And basis the, what all -- initial feedbacks which all are coming or observations which all are coming. We are trying to plug it in, number one. Parallelly, what all the initiatives that we are taking it up are having a very encouraging response from the overall market space, be it is the client side, be it the consumer side or it is the health care professional sides. So maybe in a month or so, we'll look to get into the hard launch around the cities, which are of the focus in nature.

And soon maybe by November, mid or by December, we can expect to roll out and complete in 2 or 3 cities to begin with, to answer first. To take up the second piece wherein what is the investment, which is really spanning over the next 3 to 5 years. So having said that, we are trying to building it our synergies in-house because we have our existing infra available through the PPP model. And which, as such, supports our overall back-end operations right from sample collections to the sample processing and result out.

So what really which is required is the adding at the feet-on-street and which caters out to the clients into the market, which is not really much of an investment that we are as such looking for. Parallelly, getting into the penetration towards the business models. We have developed and further, we are adding it up to the -- our capabilities towards the digital space, which will suffice the need of penetration and expansion to that matter.

Rajat: Sure. Sir, if I understand it correctly, wherever you have existing PPP projects, there you will set up these. There, you will -- those are the geographies which you will look to enter, right?

Mitesh Dave: Correct. So current span is around 18 states, if I have to tell you in brief. So itself caters to close to 70% of the -- or 80% of the overall diagnostic market.

Rajat: Sure. And lastly on this Rajasthan tender, can you make some update what is happening there?

Pallavi Bhatevara: Yes. Hi, good afternoon. The matter is still in the court, and we are also awaiting for the positive results. However, we would like to emphasize on the point which we have always told is that with or without Rajasthan, our growth numbers, what we have projected will continue to grow in the same manner. If we – if the court matter and things proceed further, that Rajasthan would be an additional revenue to our existing performance.

Rajat: Sure. When is the next hearing expected for you?

Pallavi Bhatevara: So currently, the date has not been come on the Board. But what we understand is from our legal teams is roughly anywhere in end of November.

Rajat: Sure. Okay, thanks. That's it from my side.

Moderator: Thank you very much. The next question is from the line of Surya Narayan from PhillipCapital. Please go ahead.

Surya Narayan: Hi. Thanks for this opportunity. Sir my first question is about the investments that you would have...

Yash Mutha: Mr. Surya Narayan, you're not very clear. If you can speak closer to the mic, please? Hello. We are not able to hear you.

Moderator: Sir the current participant in the question queue seems to be disconnected. May we move on to the next question?

Yash Mutha: Yes.

Moderator: The next question is from the line of Pranay Khandelwal from Alpha Invesco. Please go ahead.

Pranay Khandelwal: Hi. Thanks for the opportunity. Congratulations on a very good set of results and Happy Diwali to all of you as well. Just wanted to know some clarification was given on the receivables in the opening commentary as well. So I believe there's some INR120 crores from 2 states. Can we have a little more clarification how old are these receivables one, and if -- like is it one of the states Himachal Pradesh or is it some other states now because I think these are having some trouble before with Himachal Pradesh?

And like last quarter's commentary was that we had in fact, received some INR40 crores also. So some clarification on that?

Yash Mutha: So like we mentioned and Pawan has spoken in his commentary the receivable are for 2 states, one of them is, of course, Himachal Pradesh. The receivables are outstanding for various reasons, like you mentioned, there are certain procedural delays as well as some of the budgetary approvals that we have to get in place. But whatever communications we've had, even recently a couple of days before, this call as well, we received principal commitment by the authorities to release their outstanding dues, which we expect in the subsequent days to come through, and we are equally tracking all these receivables.

So apart from this, if you look at our overall business and the receivables it is well under control, given in a space around 18 states, there are 1 or 2 states which come up with these problems at certain points in time, but this is not a regular feature of a business, it is certain states, which has certain challenges.

Pranay Khandelwal: Okay. So we are expecting to get back to 90 days or so by the end of the year?

Yash Mutha: Yes. We are very confident about receiving this money. And as well as by the end of the year, looking at a receivable position well within 90 days.

Pranay Khandelwal: Okay. And just on the breakup on the revenue side for the first half. Let's say, INR357 crores that you have done -- how much is it from those 2 states and how much is from the balance 16 states that we have?

Yash Mutha: I don't have the numbers with me at the moment, our Investor Relations, Vivek to share these details.

Pranay Khandelwal: Okay, right. And just on the same time, while we are talking about the working capital, we see that our debt has increased. So what is our expectation on that front. We are also planning a capex for like, I think, on the commentary, the commentary is that INR86 crores has been done. But based on the cash outflow for the first half, it is only INR55 crores. So I wanted a clarification on that as well, why is there a difference?

And if, let's say, however, much INR100 crores, INR120 crores whatever is left, and our working capital cycle is a little extended right now. So what is our outlook on debt by the end of year and maybe, let's say, next year as well, considering all the execution we are going to be doing.

Pawan Daga: Out of INR86 crores, like some assets are procured or capitalized on a deferral payment where we're using a pay per scan model, so basis on that. We have seen this working capital has been increased in this quarter. But as our receivables in future will be within 90 days. So our working capital requirement will further go down.

Pranay Khandelwal: Okay. So we are expecting the debt to come down, stay at the same level? Or how are we thinking about it? And also this deferral payment, does that mean that the United Imaging deal has already started like have we already started procuring from them?

Pawan Daga: United will begin now in Q3. These are all from our previous vendor, which GE, Fuji, and the Philips has provided certain approvals or limit in that. And United also we'll start it in Q2, where we have procured one machine and we further procured more equipment's as the days passes. Our receivable -- on the first part of your question, our receivable will go down by March '25 as our receivable from the debtors will subsequently get collected, as we mentioned, 2 of the states where the receivable is slightly higher. So as we already received the commitment from these respective customers.

Pranay Khandelwal: Okay. What are you expecting the absolute amount to be?

Moderator: Mr. Pranay may I please request you to re-join the question queue for a follow-up question.

Pranay Khandelwal: Just this one last question, just one last. This is an absolute amount for receivables, that's it -- like what are we expecting an absolute amount of receivables…

Pawan Daga: Yes, yes. So our target is to collect all the value. It's not any specific number, both the customer has given us the confirmation or assurance to get -- amount will be released very soon.

Pranay Khandelwal: Okay. All right. Yes, I'll re-join the queue. Thank you.

Moderator: Thank you very much. The next question is from the line of Surya Narayan from PhillipCapital India Private Limited. Please go ahead.

Surya Narayan: Yes. Thanks for the opportunity sir. My first question is about this -- arrangement. We have talked about -- this is a special financing arrangement with the partners, which offers us a 10% -- means scheme that 10% kind of upfront and balance over 10-year period. But in terms of the 30 imaging center creation, what are the timeline that we would be expecting there and what would be our strategy to tap the patient for the PET CT the cancer oriented because we could be possibly in the Tier 3 their Oncology doctors may not be there and hence tapping those kind of patient would be a difficult one. So your thought process here?

Yash Mutha: So answering your first part of the question for the 30 center we except the commissioning to happen anywhere between 18 months to 24 months given there is a lead time to order the equipment and equipment getting delivered and regards the PET CT. Yes, there are various strategies that we have currently put through in place to get these patient into our center and one of the biggest advantage that we see is the centers are at prices which are highly affordable especially on the CGHS price list and again these are in high urban centric areas.

So this allows us to leverage these captive kind of footfalls that come into these centers. Secondly also the reporting that we will be doing through blend of teleradiology as well as advance reporting will allow us to cater to this patient and thereby generate good footfalls at the centers.

Surya Narayan: So this is under the PPP arrangement only that you will be deploying the machinery, sir? It is not over and above this arrangement. So that you will not be requiring any infrastructure to be created by yourself? Is that understanding correct?

Yash Mutha: So these PET-CTs are again through the PPP model itself where it allows us to leverage the captive footfalls which are not being served in the market today.

Surya Narayan: Sure. Second is about the Apulki investment . So what is the kind of investment? You said that the investment has been done, right, sir? So no cash outflow that would be claim year onwards. So could you quantify that?

Yash Mutha: Yes. As of now, the investment has not been done. We have received board approvals and currently -- there are various condition predecents which are being finalized. The investment amount that we expect is in the tune of around INR25 crores to INR30 crores. And we'll provide more details as we sign up the definitive agreements and we'll keep you informed.

Surya Narayan: Okay. Just last one question about the B2C strategy, the commercial launch you indicated that into commercial launch of this strategy would be happening by December in two cities at least. But here is that to understanding correct that you would only be requiring the additional collection center for getting the samples and whatever investment that would be required to build the collection center collection point, that is the only kind of investment. If yes, what would be your strategy about those collection centers or getting arrangement for the getting samples?

Yash Mutha: As we mentioned in the past as well, we continue to focus on creating or leveraging the infrastructure using an asset-light model. So like Mitesh mentioned in his commentary as well, the investment will only be to setting up, let's say, the collection centers or the FOCOs and COCOs. So these do not require significant investment per se because the significant investment is mostly in the labs. The labs have already been put in place with the necessary equipment and the infrastructure. So we continue to harness this model of leveraging asset light model to deliver more value for everyone.

Surya Naryan: Okay. Sure. Thank you sir.

Moderator: Thank you very much. The next question is from the line of Neha from Abakkus. Please go ahead.

Neha: Good afternoon everyone and thanks for the opportunity. Sir if I look at the investor presentation, so the existing centers margins have come down in the quarter 2 versus quarter 1. So any specific reasons to that and also like how should we look at it going forward?

Yash Mutha: I don't think so the margins have reduced. It has actually -- because there's a contribution from the ramping up of the new centers. So that is where you see and there are some of the centers which have some -- we are putting some clinical costs, but the margins would be more or less sustainable, and that's how we see it in the future as well.

Neha: Okay. Because if I -- in Q2 presentation if you say H1 FY '25 numbers mentioned. And in Q1, it is the Q1 number, so if I subtract that from the revenue and EBITDA numbers provided it seems that margins have come down quarter-on-quarter. And also like for the H1 as well, the margins for the existing centers is about 36%. You're saying there is no reduction in the margin?

Yash Mutha: Yes. First there is no change or reduction in the margins. Yes, Pawan please go ahead.

Pawan Daga: Pawan, this side. So there is no change or significant change in the margin. This is just basically quarter-on-quarter where we see the seasonal impacts in the respective locations for couple of days, the machines break down & other parameters. But apart from there is no significant change in the margin. Yes, we can see slightly change, but which are one-off or maybe then the expenses which are -- or as Yash has rightly mentioned which is basically improvement in the new centers or new projects where the margin has improved. That's why this slightly have a sub section compared to the last quarter.

Neha: Okay. So going forward, how should one look at the margin for the existing centers? Is it expected to increase or do we expect it to slightly taper down because there will be more addition as a transformation of new centers into existing centers?

Yash Mutha: So I believe the margins going forward will be sustainable and consistent with what you are seeing. Of course, our efforts really to increase the margins through various operational efficiencies like what we've demonstrated in this quarter and we'll try to work on deliver on these in subsequent quarters as well.

Neha: Okay. Fair enough. And also like for revenue and EBITDA margin guidance. So we are largely in line with these guidance...

Moderator: Sorry to interrupt, but can I please request you to rejoin the question queue for a follow-up question.

Neha: Okay. Just one question I'll ask and then will rejoin. Is that okay? It's just the second question.

Yash Mutha: Go ahead, please.

Neha: Yes. So regarding the guidelines I wanted to understand that largely do we remain on the same line for revenue and also for EBITDA margins since our margins have improved in this quarter. Should one expect going forward that the margin should sustain in H2 to somewhat similar level to quarter 2?

Yash Mutha: Yes. So the guidance that we have given and we are committed to delivering on those numbers that we've given as guidance both in terms of EBITDA and revenue. The efforts will, of course, be to increase both on the revenue front as an EBITDA, but these are what we believe are sustainable and that which we can achieve in the H2 as well.

Neha: Okay. Understood. And also regarding the fee to the hospital line item like as the previous caller had also asked. So like can -- is there a direct relation with the percentage of sales or like there will be some variable cost because of which it is difficult to like predict that what fee to the hospitals can be going forward?

Yash Mutha: Yes. So the fees to hospitals depend on each agreement that we have with the hospital as well as the business partners on the various PPP projects. It keeps on varying. And as we maintained even in the past as well, we try to see how we can reduce these as a percentage of the overall revenue. So various initiatives like Pawan mentioned, where we take certain of the employees on our payroll as well as other initiatives. So I believe this could be a baseline, but yes, we'll try to see how we can reduce it even further as well. That's our effort along with other operational efficiencies that we're trying to bring in.

Neha: Okay. Thank you so much.

Moderator: Thank you very much. The next question is from the line of Subrata Sarkar from Mount Intra Finance Private Limited. Please go ahead. Hello Ma'am. Ms. Subrata. Since there is no response from Ms. Subrata. We'll move on to the next question. The next question is from the line of Lokesh Manik from Vallum Capital. Please go ahead.

Lokesh Manik: Hi, good afternoon to the team and wishing you all a very Happy Diwali in advance and a Happy New Year. I just had one question on the business strategy which is moving from capex driven to opex driven wherein you mentioned a lot of the equipment should be done through vendor financing. So this would ideally result in growth cash flow in your hand. So any discussion at the board level in terms of deployment of this excess cash flow? How do you plan to proceed with it?

Yash Mutha: Yes. So if you see this, all the initiatives that we are taking action to ensure that the company creates significant value whether it is in absolute cash which can be reinvested into various new business opportunities, new projects which will further create value for everyone, including our stakeholders. This could also result in as and when the cash flows improve for us to declare additional dividends if that is the need. The whole idea behind this is to see how the company continues to grow, continues to create value for its stakeholders and thereby even tapping into more areas or opportunities that we have not entered into.

Lokesh Manik: Great. That's it from my side. Thank you so much.

Moderator: Thank you. The next question is from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: Yes. Thank you for taking my questions. Just wanted to understand in terms of which are the new states that are likely to go for our PPP model because given we're already in 17 -- 18 states and the Southern state seems to be pretty self sufficient in how they're able to manage it in-house. So just wondering where is the new -- on the radiology side, not pathology, but on radiology, which are the new space that we can target?

Yash Mutha: Ma'am, I'm sorry, if you can just repeat the question, your voice is not very clear.

Pallavi Deshpande: Yes. Sir, my question was regarding growth, which are the new states that you can target for the radiology segment. Given that the Southern states seem to be pretty self-sufficient and doing a good job in-house. So on the radiology side, which are the new states that could come up for PPP model?

Yash Mutha: So in terms of PPP states, while it's too early for us to give any comment, but yes there are around 5 to 6 states that we are aware of, which are -- which may come up with these PPP projects including some of the Southern states. So there is a significant opportunity that still exists for Krsnaa to tap into and we are currently looking into these opportunities and we'll give you timely updates.

Pallavi Deshpande: And my second question would be with regard to -- like you mentioned about the number of employees I wanted because you mentioned about the fees to hospitals coming down because of the employees been coming on our roll. But given that share percentage, it's not increased, the share of employee expense to revenue is stable at 18%, 19%. I just wanted to understand that better?

Yash Mutha: Yes. So typically, how it works is when we give revenue share to these business coordinators who work with us on the PPP projects. Sometimes they support us through various employees work that they do for us. And over a period of time, when we onboard these employees so the share of -- that we give to them has to, of course, go down. Now that doesn't necessarily translate into -- if there's X percentage dropping the revenue share, that means there's a Y or equivalent increase in the employee cost. The revenue share is a combination of various elements or the work that do for us.

But yes, as I mentioned earlier, our plan is to continue focusing on how we bring in operational efficiencies, looking at these various costs and how we can streamline them to create better margins. largely.

Pallavi Deshpande: And lastly, on Maharashtra, the contract is at a pretty good rate. I understand close to CGHS rate. so what is the kind of machinery, the CT scan machines that is -- as a part of the contract that is being offered.

Yash Mutha: So the equipment that we'll be deploying, these are all as per the tender specification that the government has given as part of the tender. So those are the equipment that will be different.

Pallavi Deshpande: So it will be 64 or 32?

Yash Mutha: Could you repeat the question?

Pallavi Deshpande: Yes, I said this would be 64 or 32 slides.

Rajendra Mutha: That was 1.5 Tesla MRI, 32 slidesCT Machine.

Moderator: Thank you very much. The next question is from the line of Krishna Raj from Ekvity. Please go ahead.

Krishna Raj: Good afternoon, thank you for taking my question. So could you please help me with the breakdown of margins between radiology and pathology in an EBITDA level? Where is it higher? And where is it more?

Yash Mutha: Yes. So typically, at the center level, the radiology margins are higher than the pathology margins, primarily because the pathology consumable rates are higher, and that's how the overall -- the way the business we do at Krsnaa.

Krishna Raj: Okay. And if you were to set up a new lab in any city, what is the tentative time from getting the lab set up and getting the approval, what would be an ideal time frame?

Yash Mutha: You're asking this question from a PPP perspective?

Krishna Raj: Yes.

Yash Mutha: Yes. So when we have to set up a lab in any of the PPP projects, the timeline could be setting up and getting the approvals could be as couple of months and sometimes in some cases, depending on the government, when theygive us site handover , it might take anywhere between 3 to 6 months.

Moderator: Thank you very much. The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Sir, I think in the beginning of the year, we had guided for 25% EBITDA margin, and we are now significantly above that, and we are saying that we'll be able to maintain it. So is there any change in the earlier assumptions which have happened, which is making you confident for maintaining higher margin than what we expected.

Yash Mutha: There haven't been any changes. This is something we've been communicating even in the last year and the year before whereas the business keeps on maturing the centers ramp up, you will see certainly an improvement in the margin.

Number two, we've also taken various strategic initiatives in bringing in operational efficiencies, which have also helped bring in more contribution from respective projects. So overall, we are committed to delivering the EBITDA margin as the guidance we've given, and we look forward to ensuring how we can further improve from what we've delivered in the past. And hopefully, we'll be able to continue to maintain a trend that we've achieved so far.

Dhwanil Desai: Okay. Okay. And second question, probably more of a clarification. I think you said that in Odisha, because of our good work, the government has asked us to set up another 600 center. So is this in addition to whatever we have done till now, right? So additional 600. Is that right?

Yash Mutha: Yes. So these are additional centers that they wanted us to cover under the PPP initiative and which we are gladly happy to do it, which will ensure that Krsnaa is able to deliver its diagnostic services even in the underserved regions where today, there is a lack of the kind of advanced facilities and advanced diagnostics services.

Dhwanil Desai: Okay. Thank you.

Moderator: Thank you very much. The next question is from the line of Anil Sarin from K16 Advisory. Please go ahead.

Anil Sarin: Hi, good afternoon. Thanks for the opportunity. I think this question has been asked earlier also, but I'm still not clear about the gross margin and the EBITDA margin profile because the margins have gone up. The EBITDA margins have gone up, vis-a-vis the previous year, thanks to the other expenses being lower this time relative to what they were last time. And the reason given to the earlier caller was that some of the outsourced services have been in-house. And as such, the other expenses or the overheads are going to be lower on a continuing basis on a permanent basis going forward. Is my understanding correct?

Yash Mutha: Correct. So we've mentioned this in the previous calls as well, what we do is the fees to hospital and to give you a bit of context whenever we start up a new PPP project. These are far from locations so we leverage the local partners there. And since it's a ramp-up phase, there are -- we require that support, whether it is manpower, processes, even infrastructure.

So there's a certain amount of negotiations that is given today over the years, as the business stabilizes, we look at these business arrangements and try to see how we can negotiate it better and further see how the expense is because when we do it in how there are certain economies of scale that Krsnaa has today, which we can leverage. -- and, therefore, expect of reducing these expenses.

So we believe this trend will continue. Yes, as and when a new PPP project comes, you might see for a particular project, the regulation or there might be a certain increase. But on a long-term basis, on an annual basis, this is the kind of fees to hospital or expense that we see in the coming quarters.

Anil Sarin: Okay. So my next question is about the revenue growth. Earlier, we were targeting around 25% revenue growth, even in a good scenario, thinking of going much beyond that and reaching 30% also during the fiscal year '25. However, at the halfway point, we are around 21% up. So that puts a lot of stress on the second half. Are we good with the 25% revenue growth for this year?

Yash Mutha: Yes. We are confident and committed to ensure that we'll achieve the 25% growth guidance that we've given for this year. See, these are PPP projects and at certain times, there are delays or there could be cases of the ramp-up. But when you look at it holistically for the entire year, we are good to achieve is what we believe for the 25% guidance that we've given. And this is excluding Rajasthan project that we've been discussing about.

Anil Sarin: Understood. Just the last point that I had or the last question that I had, this could be -- there will be only 2 radiology labs that you will set up for this?

Yash Mutha: So as of now, they have 2 hospitals coming up as and when they are also working to have more hospitals in various specialised segments As and when these hospitals come in, we are the exclusive partners with them, so we will be able to open this. And these will be both radio and path both.

Pawan Daga: And this will be complete diagnostic setup. It's not restricted to radiology. The Apulki, where we are setting up the entire diagnostic facility.

Anil Sarin: Okay. And the 23% stake, are we going to hold it here or gradually increase it? Or I mean, what is the outlay towards this part of the business?

Yash Mutha: Well, as I said, this is a strategic initiative we've taken. As of now, whether we'll take more stake, I think it is a bit too early to comment. I think once both the sides work towards it and we see whatever milestones we've set up for being achieved, we can certainly come back and update about how we look at the future stake.

Anil Sarin: Great, thank you so much and Happy Diwali to all of you.

Moderator: Thank you very much. The next question is from the line of Vivek Kumar from Bestpals Research and Advisory. Please go ahead.

Vivek Kumar: So what is the receivable amount you said from these 2 states? Outstanding, which you are expect to receive in a few days or weeks?

Yash Mutha: This is around INR120 crores.

Vivek Kumar: Sir, I understand this procedure and one-off, but these one-offs keep happening every 1, 2 year because 1 or 2 states here and there will keep happening, and you have to model for these kind of things happening, which you can be able to collect, I understand, but what we said procedural and technical -- what are the -- you can throw more light because -- why will governments stop this in the sense, like you can -- it's not for elections, okay. Elections, I understand, but any other reasons which looks like a risk to you? which we're you not able to imagine as investors because you're working closely with them...

Yash Mutha: It's a fair question. See, basically, what we spoke about the procedural delays is certain approvals that the authorities have to take in place. And this is something we were to see now. Over the last 10 years, we've seen that some of the states when they plan for the tender, there are certain approvals when the business increase you also have to take it internally. As well as there are examples, some of the officers get transferred.

So there are multiple reasons why these delays happen. I wouldn't be able to pinpoint a specific reason, but, yes, considering that we're working hand-in-hand with the government as well as the NHM and like Pawan also mentioned, we have received commitments from the authorities that the money will be leased in the subsequent month.

Just to add, if you see the way at Krsnaa, given that we are the largest PPP player, our experience is the biggest in the PPP, and we have continued to maintain a 0 write-off on our receivables till date. So that is where this confidence comes up. But yes, these are delays and they are part of the business, and we expect to receive -- recover our receivables in the subsequent days.

Vivek Kumar: Okay. So these are bureaucratic procedural delays, nothing to do with some doubts that they have or some issues that they have with our company, right?

Yash Mutha: No. So these are all procedural, they will come up with their respective audits and checks and balances. But in our -- whatever information here, these are all procedural delays that we are currently seeing it with these projects.

Vivek Kumar: Because we will not be able to imagine what kind of risk play out. So that's why I asked this question. So is there anything that can be different in other states?

Yash Mutha: No, the risk has also been seen both by the management as well as in different levels. So we don't anticipate any of the risks attached to these receivables.

Vivek Kumar: Okay. I mean have seen her any state government refusing -- and what do you normally do if they refuse for some unreasonable reason they given, they just stop -- is there something that we can do as a part of the tender or just talking?

Yash Mutha: Could you just repeat the question?

Vivek Kumar: No, in somebody -- is there are cases where state government refused to do giving unfair reasons then is Krsnaa can do something about it? Like I'm just asking a lot about this receivables in general...

Yash Mutha: Yes. See, we are not just a service provider, and we are PPP partners. So if the partner is for whatever reason is not able to fulfil that commitment, we stand by our commitments, and we'll continue to provide the services, but if necessary, we'll also suspend our operations --

Pallavi Bhatevara: To answer this question further, the agreement what we've signed with the state government is not only the state government, all our projects are NHM backed. So these projects have budgetary compliances, which comes from NHM also. Also, most of the states have now a dedicated team like a post-monitoring unit there are monthly governance meetings. So I don't think abruptly some state will just stand up and say that we will not pay you, because this is a monthly cycle what follows. And hence, we don't foresee this. However, to answer your question that in the agreement, there are clauses which protect us as a service provider in case of such incidences, we have the arbitrary paths to take.

Yash Mutha: And we've not seen any such kind of event in the entire history so far where we had to go. I think a partnership that we are working towards.

Vivek Kumar: Thank you very much, sir. Thank you, ma'am.

Moderator: Thank you very much. The next question is from the line of Deepali Bansal who is our Individual Investor. Please go ahead.

Deepali Bansal: Good afternoon. My first question is I wanted to know the extent of Apulki revenue potential. Like what is the timeline of revenue when looking at the 30 year contract and we are investing somewhat INR30 crores on it. So what kind of revenue are we looking from Apulki and from Medikaa and United Imaging?

Yash Mutha: So Apulki -- they are -- hospitals will be operationalized in the next, I think, from January onwards. And in terms of the revenue potential, I think we'd be able to predict that in the subsequent quarters once the agreements are executed, because, as I said, there are a couple of conditions that have been finalized. So hopefully, in the next quarter, we'll be able to give you guidance in terms of what revenue we expect out of these projects.

Deepali Bansal: And what about United Imaging and Medikaa, sir?

Yash Mutha: Sorry, could you repeat the question?

Deepali Bansal: What about United Imaging, because you already started that you procured 1 machine for United imaging? And what is the timeline of revenue you are looking at, sir?

Yash Mutha: So United Imaging is a vendor or OEM manufacturers who we are procuring these equipment. These equipments are part of our PPP project that we won. For example, Madhya Pradesh MRI project that we won, so some of these equipments will be sourced from United Imaging. And the -- as I mentioned, these investments or the centers will be operationalized in the subsequent quarters and the revenue will, of course, definitely come in the next fiscal.

Deepali Bansal: Okay, sir. Next question, sir, there is a...

Moderator: Sorry to interrupt, but may I please request you to return to question queue for a follow-up question.

Deepali Bansal: I just ask 1 question, please. There was a sharp increase in EBITDA margin for the new centers. Do we think we can maintain this?

Yash Mutha: Yes. So as I've been mentioning, our effort is to maintain these margin trends. What have we achieved so far, which has been an -- upcoming of various operational efficiencies, we believe contain these margins in the coming quarters as well.

Moderator: Thank you very much. The next question is from the line of Neha from Abakkus. Please go ahead.

Neha: So just 2 questions from my side. One is what is the split of radiology and pathology for this quarter?

Yash Mutha: Yes. Pawan, go ahead please.

Pawan Daga: Yes. Our radiology and pathology now reaches to 51%-49 in terms of the revenue contribution.

Neha: Okay. So even with the pathology contribution increasing, the overall EBITDA margin has gone up to -- does that mean that it is basically led by the operating leverage? Yes. I was just asking that so even with increasing overall contribution from the pathology, the margins have gone up this quarter. So is this because of the -- mainly because of the operating leverage play now?

Yash Mutha: It's a combination of multiple factors. One is, of course, the increase in revenues that have come through a combination of radiology and pathology. It is also because of the operational initiatives that we have taken. Some of these are cost-saving measures. Some of these are in terms of maintaining a lean cost model. So where of -- all these various factors have helped us to bring in these margins and we expect the margins to continue even in the subsequent quarters.

Neha: And then secondly, so our capex, we have guided that it would be around INR170 crores for the year. So we stay on that? Or is there any change on the capex one?

Yash Mutha: No, I think it's the same. We continue to maintain that kind of capex for the year.

Neha: Okay, thank you.

Moderator: Thank you very much. The next question is from the line of Pranay Khandelwal from Alpha Invesco. Please go ahead.

Pranay Khandelwal: Thanks for the follow-up opportunity. I wanted to ask about the BMC tender that we have 600 collection centers, but I think for quite some time, they are under implementation for 473 like those -- like that number is not moving down. So what could be the reason for that?

Rajendra Mutha: The government's clinics have not been fully opened yet, and there are no doctors.

Pranay Khandelwal: Is there, I mean, there is no such thing that BMC is not able to provide all the places that are needed?

Rajendra Mutha: No. They had plan to open 1000 clinics, phase 1 was to roll out 400 centres and phase 2 to roll out 600 centres , but that has not happened yet. They have just issued a tender for manpower and doctors. So when manpower and doctors come, they will automatically increase it.

Pranay Khandelwal: And on the pipeline side, I think we had a recent call with Aryan or something so we are mentioned Bihar is in the pipeline -- Bihar state or something, so anything on the pipeline, or what do we have?

Yash Mutha: Yes. So there are a couple of projects, as I mentioned earlier, we are chasing them, and we'll be giving you an update once we have more clarity on these projects.

Pranay Khandelwal: Okay. And just wanted to clarify one thing you said about the Cancer Hospital that Apulki is doing, they're going to start the construction process in January? Or they're going to complete the construction process in January?

Rajendra Mutha: Construction is completed, equipment installations still going on, maybe in February 1 hospital will be started.

Pranay Khandelwal: February, hospital will be started -- and our center in the hospital will be -- February only or February itself are...

Yash Mutha: In February, we expect to start our radiology, pathology centers inside the hospital.

Pranay Khandelwal: Okay. And what about PET CT, as and will be following into that as well?

Yash Mutha: Yes.

Pranay Khandelwal: That will also be started by that time.

Yash Mutha: Yes.

Pranay Khandelwal: Thank you

Moderator: Thank you. The next question is from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: So just wanted to understand better this coverage for above 70 citizens that the government announced. So we have already the NHM which provides the -- under that program, the [inaudible 71:08] diagnostic service. So how does this -- this will increase the scope for the number of patients and that you can cater to -- because as it applies to radiology first or it applies only for medical?

Yash Mutha: Coverage is actually for both, and it is for the senior citizens who can avail these services. So this will certainly complement and bringing more patients to our centers. Now those patients who want to cover under the free diagnosis scheme, they can choose whereas the senior citizens can use the Ayushman Bharat rout to come in and avail the services.

Pallavi Deshpande: And sir, any change in that guidance? I mean, in terms of you were doing 1,000 scans per machine per month for this year-end, what kind of number can we look at before FY '24 number?

Yash Mutha: Yes. I think that guidance still remains the same. There's no change in that assumption of the guidance that we've given.

Pallavi Deshpande: Right. So the growth will be more realization that given in that case because the volume number is remaining same?

Yash Mutha: No. This is, as I said, the baseline assumption we look at when we do our PPP projects, there are certain of the projects which do higher than 1,000 baseline. So yes, we focus both on increasing volumes as well as leveraging the price wherever possible.

Pallavi Deshpande: Thank you.

Moderator: Thank you very much. As there are no further questions from the participants. I would now like to hand the conference over to Mr. Yash Mutha for closing comments. Thank you, and over to you, sir.

Yash Mutha: Sure. Thank you, everyone, for joining us Q2 FY '25 Earnings Call. We trust that we were able to address all of your questions. If there are any remaining queries, please don't hesitate to reach out to our Head of Investor Relationships, Mr. Vivek Jain who will be happy to assist you.

On behalf of Krsnaa Diagnostics, we would like to wish each and every one of you and your loved ones a very happy Diwali and a prosperous new year. We look forward to engaging with you in the upcoming quarters. Thank you once again for your time and your continued support. Thank you.

Moderator: On behalf of JM Financial, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.