

Date: February 20, 2025

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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
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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 nine months ended December 31, 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 Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call held with the analyst and investors on Thursday, February 13, 2025 at 13:30 Hrs. (I.S.T) to discuss the Unaudited (Standalone and Consolidated) Financial Results for the quarter and nine months ended December 31, 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
Company Secretary & Compliance Officer
Encl: as above



“Krsnaa Diagnostics Limited
Q3 FY '25 Results Conference Call”
February 13, 2025



MANAGEMENT: **MR. RAJENDRA MUTHA – CHAIRMAN AND WHOLE TIME DIRECTOR – KRSNAA DIAGNOSTICS LIMITED**
MR. YASH MUTHA – JOINT MANAGING DIRECTOR – KRSNAA DIAGNOSTICS LIMITED
MS. PALLAVI JAIN – 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. RAGHAV VEDANARAYANAN – JM FINANCIAL**

Moderator:

A very warm welcome to the Q3 FY '25 Results Conference Call of Krsnaa Diagnostics Limited. Before we begin, I would like to remind all participants that today's call may contain forward-looking statements that are forward-looking statements, including, but without limitation, statements relating to the implementation of strategic initiatives and other statements relating to Krsnaa Diagnostics' future business developments and economic performance.

While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties, and other unknown factors 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. Raghav Vedanarayanan from JM Financial. Thank you, and over to you, sir.

Raghav Vedanarayanan:

Thank you, Sagar. Good afternoon, everyone, and welcome to the Q3 FY '25 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 Jain, Executive Director; Mr. Mitesh Dave, Group CEO; Mr. Pawan Daga, Chief Financial Officer; and Mr. Vivek Jain, Head of Investor Relations.

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

Yash Mutha:

Thank you, Raghav. Good afternoon, everyone. I am pleased to welcome you all to Krsnaa Diagnostics Limited's Q3 FY '25 Earnings Conference Call. Before I take you through our performance, I'd like to extend my gratitude to the Board and our Chairman, Mr. Rajendra Mutha for their trust in recommending me for the post of Managing Director.

Moving on to business. The union budget of 2025-'26 has reinforced health care as a national priority with a 13% rise in allocation for the Ministry of Health and significant investments in PPP models, cancer care, and digital health infrastructure. The budget 2025-'26 marks a transformative leap for India's healthcare sector, introducing key reforms aimed at enhancing accessibility, affordability, and equity. In this budget, healthcare has received enhanced funding.

The Ministry of Health and Family Welfare has been allocated INR90,958 crores for the fiscal year 2024-'25, marking a 12.96% increase from the previous year's revised estimate of INR80,517 crores. The National Health Mission's budget has been increased from INR31,550

crores in 2023-'24 to INR36,000 crores in 2024-'25, aiming to bolster the healthcare services across the nation.

The Pradhan Mantri Jan Arogya Yojana or PMJY, has risen from INR6,800 crores to INR7,300 crores, enhancing financial protection for health services to the economically vulnerable populations.

There has been also movement in the cancer daycare centers where the government plans to set up day cancer centers in all the district hospitals over the next 3 years with 200 centers to be established in the fiscal year 2025-'26. This initiative is expected to add over 4,500 cancer daycare beds across the district hospitals to bring cancer treatment closer to the patient's homes and reduce the burden on tertiary care centers.

Also, the budget extends health insurance under the Pradhan Mantri Jan Arogya Yojana to 1 crore gig workers, providing financial protection against major health expenses. With a strong emphasis on public-private partnerships and the ease of doing business, the budget highlights the pivotal role of private-sector collaboration in shaping healthcare as a cornerstone of developed India.

At Krsnaa Diagnostics, we are uniquely positioned to capitalize on these reforms given our strength in the nationwide reach where we have a presence in over 18-plus states with more than 3,000-plus centers, making us one of the largest diagnostic service providers in India.

We are a leader in PPP-driven diagnostic services, ensuring affordable high-quality diagnostics across urban, semi-urban, and rural India. We offer a full suite of radiology, pathology, and teleradiology services across our network. Our hub-and-spoke model allows us to maintain operational efficiency while expanding our footprint and we also invest in AI-enabled diagnostics and digital health solutions, which are improving service efficiency and diagnostics accuracy. These initiatives reflect a comprehensive approach to improving healthcare accessibility, affordability, and quality across India.

In the first 9 months of FY 2025, Krsnaa has achieved an impressive 17% year-on-year revenue growth, reaching INR5,311 million. Increased awareness of our high-quality service offerings, combined with competitive pricing has significantly boosted patient volumes and test counts.

On the financial front, the EBITDA surged 39% year-on-year to INR1,416 million with margins improving to 27%. I'm delighted to share that your company has achieved a remarkable profit of INR569 million in the 9 months ending FY24, equalling the full-year profit of the previous year, demonstrating our continued focus on operational efficiency through strategic initiatives. We are confident in maintaining this positive trajectory in the coming quarters.

However, in this quarter, our revenue was impacted by a combination of seasonal variations and temporary operational factors. The earlier conclusion of the Mumbai BMC project, along with a delayed ramp-up of our Maharashtra CT and Madhya Pradesh MRI installations due to site handover delays led to this temporary dip in the revenue.

Additionally, there were certain operational challenges in select states, including Karnataka, Assam, which have also contributed to short-term volume moderations. These factors have affected the quarter's performance. However, with our ongoing site activations underway and operational efficiencies being reinforced, we remain positive in continuing our momentum in the upcoming quarters.

I would like to now hand over the call to Ms. Pallavi to walk you through the developments in our PPP domain. Over to you, Pallavi.

Pallavi Jain:

Thank you, Mr. Yash. Good afternoon everyone. At Krsnaa, we firmly believe that our employees are the backbone of our success and we are committed to fostering a work environment that prioritizes their well-being, growth, and professional development. As part of this commitment, we have launched several initiatives aimed at enhancing employee engagement, upskilling, and overall job satisfaction.

We have introduced comprehensive training programs designed to equip our workforce with the latest advancements in diagnostic technology, ensuring they remain at the forefront of the industry standards. I am delighted to announce that Krsnaa Diagnostics has been honoured with the Leading Human Resource Transformation award by the esteemed India HR Summit & Awards.

Let me just brief you about the recent developments in Krsnaa. We are proud to announce that 12 of our laboratories have been accredited by NABL this quarter, bringing our total to 49 laboratories, one of the highest NABL-accredited chains in the industry. In the state of Jharkhand, we have successfully executed an agreement with the authorities.

The implementation of 2 centers is expected to be completed by the first quarter of FY26. In Maharashtra, we have successfully commissioned 40 CT scan machines. The remaining 15 CT scans and 17 MRI machines will be operational soon with the revenue projections expected to materialize from the first quarter of fiscal year 2026. Over the last 3 months, we have expanded to further 284 collection centers nationwide.

Now to take you ahead on our retail expansion plans and strategy, I would like to hand over the call to Mr. Mitesh. Thank you, everyone. Over to you, Mr. Mitesh.

Mitesh Dave:

Thanks, Ms. Pallavi. A very good afternoon to everyone. At Krsnaa Diagnostics, we are entering a very exciting and transformational phase with a strong emphasis on expanding our retail footprint and positioning ourselves as a household name in diagnostic healthcare. While our PPP business continues to be the cornerstone of our success, our retail expansion is unlocking new avenues for sustained growth.

The momentum in our retail segment is truly exciting. We have successfully launched retail operations in 4 states, Maharashtra, Punjab, Assam, and Orissa under the brand RPL by leveraging our existing PPP infrastructure. The response has been encouraging with the strong demand towards wellness packages and steadily expanding network that is driving brand recognition.

With the best-in-class quality, affordable pricing, and 24/7 accessibility, RPL is set to redefine convenience and trust in diagnostics. Our asset-light model ensures rapid scalability allowing us to expand aggressively without heavy capital investments.

In our vision which is very clear of becoming a go-to brand for diagnostics in India, the diagnostic industry is witnessing a paradigm shift with consumers prioritizing preventive health care and digital-first solutions, where we are well positioned to capitalize this trend by strengthening our B2C presence, expanding our retail footprint in metro cities and high-growth tiers, Tier 1 and 2, along with Tier 3 markets where there is a huge vacuum as well.

Technology and AI-enabled diagnostics, enhancing service efficiency and AI-powered digital pathology, automation, and seamless online bookings. Wellness and preventive health care offerings, customized health screening packages to cater to rising demands for early disease detection, and proactive health care management. Certain strategic collaborations and partnerships helping to expand our tie-ups with the hospitals, corporate wellness programs, and the many digital health platforms.

With our expanding retail network, digital transformation, and unwavering commitment to quality, Krsnaa is poised to become a leader in India's high-growth diagnostic retail market. At Krsnaa, we are focused on expanding our home collection services to provide convenient, high-quality diagnostics at patients' doorstep.

We are strengthening our network of trained phlebotomists across urban and rural areas to ensure wider accessibility. Our digital platforms, including the website and mobile app, enable seamless appointment bookings and real-time tracking. By optimizing logistics and lab processing, we ensure faster sample collections and quicker report deliveries.

We are also collaborating with the corporates, insurance providers to integrate home collection into the wellness programs. Additionally, we are investing in education and awareness campaigns to promote proactive health care. With a strong commitment to quality, hygiene, and reliability, our home collection services bring accurate and affordable diagnostics directly to people's homes, ensuring better health outcomes for all.

Moreover, Krsnaa Diagnostics is proud to be a trusted partner for more than 50,000-plus doctors across 18 states, working tirelessly to ensure world-class diagnostic services reach even the most remotest in the underserved regions in India. Through our cutting-edge technology state-of-the-art laboratory and commitment to excellence, we empower healthcare professionals with accurate, timely, and reliable diagnostics insights.

By bridging the gap between the advanced medical diagnostics and accessibility, we contribute to improving patients' outcomes and strengthening the nation's healthcare ecosystem. We are energized by the potential ahead and look forward to delivering strong, sustainable growth in this space. At Krsnaa, under RPL, our aim is to be the doctor's preferred partner for anytime, anywhere, affordable and assured diagnostic service provider.

With that, we'll take you through our financials and the operational highlights, and I'm handing over further to Mr. Pawan to take a deeper insight into the quarter 3 performance. Over to Mr. Pawan. Thank you.

Pawan Daga:

Thank you, Mr. Mitesh. Good afternoon, everyone. Let me just brief you about the Q3 and 9 months financial performance. Revenue for Q3 FY25 stood at INR1,745 million, a 10% year-on-year increase, driven by high volumes in both radiology and pathology segments. Other income for the quarter primarily comprises interest income from fixed deposits, along with gains from strategic capital reallocations and structured financial initiatives.

EBITDA for Q3 FY25 stood at INR466 million with a margin of 27%, reflecting a strong operational efficiency. Net profit stood at INR194 million, registering a 50% growth year-on-year.

In 9 months, we have achieved, revenue for the first 9 months stood at INR5,311 million, a 17% year-on-year increase. EBITDA stood at INR1,416 million, registering a 39% year-on-year increase.

Net profit stood at INR569 million, registering a 49% year-on-year growth. Our diluted EPS stood at INR17.26 registering a 47% growth year-on-year. Our company continued to maintain a net debt-free status. Our receivables for 9 months FY25 are on the higher side, primarily due to a delayed payment from Himachal Pradesh and Karnataka.

Currently, our receivable days average around 60 to 65 days, except for a project in HP Karnataka where they extend to 120 days. As a result, management has decided to moderate operations in these regions. However, we are confident that by the year-end, our receivable days in HP Karnataka will reduce to 90 days, and by next year, our overall receivables for the company will normalize to 65 to 70 days.

With this, we conclude our opening remarks, and we would now like to open the floor for questions and answers. Thank you.

Moderator:

Thank you. We will now begin the question and answer session. Our first question comes from the line of Bala Murali Krishna from Oman Investment Advisors. Please go ahead.

Bala Murali Krishna:

So, regarding the execution, so this quarter, I think you have told that you will not be executing any CT scan centers or MRI centers. So, what about the Q4? So, how we can see the Q4 panning out in the execution side in pathology and radiology?

Yash Mutha:

Yes. So in terms of implementation of our PPP projects where there were certain delays due to site handovers, which is typical of the PPP business, we have now identified certain areas and the team is working on it. So we expect the rollouts to happen in Q4 and therefore, the business coming back in Q4.

Pawan Daga:

Pawan this side, just adding to Yash's point, 6 centers are already targeted to be operational in Q4 and certain sites and work completion will progress. We accordingly give updates on more

centers to be operationalized by the end of March or maybe the first month of the next financial year.

Bala Murali Krishna: In the retail segment. So what is the contribution in this current quarter? And what is the expectation from the next year FY26 from the retail segment?

Mitesh Dave : Yes. So the B2C, you see we have started the B2C recently. So the contribution is not very significant. But in the 4 states that we've seen the results are very encouraging, and we expect going forward as the business scales up, the contribution will be significant towards the next financial year.

Bala Murali Krishna: And could you please throw some light on the pipeline tender, we were discussing about some [inaudible 20:08] two, three quarters --we already awarded or we have not received that tender or still waiting for on the results for any pipeline tenders. If you could throw some light on this.

Yash Mutha: Yes. So for example, we had participated in Jharkhand tender, which we won 2 centers. Some of the tenders are in the pipeline where work is going on and as and when they will happen, we will announce it.

Moderator: Thank you. The next question comes from Raman Kevi from Sequent Investments. Please go ahead.

Raman Kevi: Congratulations on a good set of numbers. Sir, I just wanted to understand what is the revenue from radiology and pathology and what are the margins?

Pawan Daga: Yes. So for the Q3, radiology contribution was 49% and pathology contribution was 51%
Pawan Daga : And the margins side, radiology always gets a higher margin EBITDA at a center level somewhere around close to 40% and pathology is close to 25% to 30% margin at a center level or project level.

Raman Kevi: And sir, from the PPT, you said in the PPT, you mentioned that existing centers had 36% margin and new centers had 17% margin. So how long will it take for a new center to contribute that 36% margin?

Yash Mutha: So typically, from a PPP project perspective, depending on whether it is radiology or pathology, the maturity stages vary. But normally, it takes for pathology around 1 to 2 years to become mature, and -- sorry, pathology could be around 1 year and radiology could be about 1.5 years where they can come to the mature level of revenues.

Raman Kevi: Pathology 1 year and radiology is 1.5?

Yash Mutha: Radiology, for example, it ranges between 1 to 3 years in achieving the matured level of revenues and pathology comes in around 1 year.

Raman Kevi: Sir, one last question. I just want to understand your retail expansion, like the business model of RPL, what are we doing there? How are we planning to expand our radiology and pathology business through this retail?

Mitesh Dave: Okay. So having said that the overall retail, we would like to position ourselves as one of the most affordable, accurate, and 24/7 service provider as a holistic service provider or integrated service provider considering radiology and pathology both. Radiology adds a cutting edge to positioning in total as a retail space across India.

And in that, we will be taking traditional as well as the new edge route both. It's kind of a hybrid wherein there will be the collection centers followed with the new edge digital and AI platforms for patient convenience. So it's going to be a completely different positioning than what is there today with any of the existing players.

Raman Kevi: Sir, basically, it's like instead of a pharma retail outlet, you're opening a radiology and pathology center, right?

Yash Mutha: Yes. Basically, if you see we already have a network of our PPP centers and our labs. As we mentioned earlier, we are trying to leverage the existing infrastructure to foray into the PPP, where we would be utilizing these labs to process the samples that we'll be collecting through the home collection services, as well as trying to get patients to come and avail the imaging services that we have, which are already serving the PPP customers.

And like Mitesh said, since our business is operational 24/7, that makes us a differentiator from the market perspective. And looking at all these different attributes or variables is how we are looking to foray into the B2C segment.

Raman Kevi: Sir, also one last question. You mentioned in the previous...

Moderator: Sorry to interrupt. May we request to return to the question queue for follow-up questions, please. There are several participants waiting for their turn. The next question comes from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai: So my first question is, Yash you mentioned various reasons for kind of slightly lower revenue growth this quarter. But from your earlier answers, the Maharashtra rollout also will probably start contributing only from Q1, plus it was mentioned that the states where our receivables are high, we are kind of seeing moderation in terms of operations. So at least next quarter, the growth should pick up from Q1 of next year. Is that how we should look at it?

Yash Mutha: So we are expecting Q4 also to demonstrate some growth. As we said, there were certain decisions we had taken because of the states as well as certain operational challenges. But now both from -- if I talk about from the Maharashtra projects, we are gearing up to ensure faster implementation of our centers like what Pawan also mentioned. So in Q4, we are also expecting to see some of these benefits come through. And the larger benefit will, of course, come from Q1 of the next financial year.

Pawan Daga: Pawan this side, last 1 year, we have already deployed 40 CT scan centers in Maharashtra and other locations. So these centers have also started maturing. But Q3 where the seasonality impact and other festivities and other parameters. So Q4, the 40 centers, we see a significant spike in the revenue, this also is going to contribute in Q4.

And the new centers which are going to be in Q4 and plus in Q1 of next year, which slightly in the next financial year, but the centers which already deployed in last 1 year will start contributing or already started contributing the revenue, we'll see a spike in the revenue this quarter.

Dhwanil Desai: And this receivable issue from a couple of states, I think, from HP, it's been quite sometime even before the election, it has persisted. So anything to read into that? Where is this -- why the receivable is still not getting normalized? Any color on that could be helpful.

Pawan Daga: So we already received -- Pawan this side, we already received INR30 crores of collection in this month from January to till the date. Certain receivables already had discussed with an authority, which already at a final stage to getting released by end of the February or maybe the first week of or mid of March.

Dhwanil Desai: So on the B2C side, can you help us understand the unit economics both for COCO and FOFO, and what are the typical revenue levels, breakeven points? Since now we have 4 state operational with some proof-of-concept centers also operating. And how do we see scale-up next year in terms of numbers? That would be helpful.

Mitesh Dave: So as we said, we started our operations starting in quarter 3, and we are just into the beginning of quarter 4. So it's too early to give out any heads-up on to the unit economics around COCO or FOFO. But however, as a company, as a strategy, we have looked upon or we will be branching on mainly on the asset-light modelling. But what it would be differentiator considering the market, we will be not just competitive, but rather will be pretty affordable as compared to any of our peers.

Dhwanil Desai: And next year scale-up plans, can you indicate?

Mitesh Dave: Yes. So next year, we are looking to have at least 500 touchpoints in the states where we have launched our operations for now. Further to that, there are multiple business models that we will be rolling out to adding up to not just the increase the network, but even to the revenues.

Dhwanil Desai: Thank you, wish you all the best.

Moderator: The next question comes from the line of Kashish Thakur from Elara Capital. Please go ahead.

Kashish Thakur: Thank you for the opportunity. Just wanted to know what is your outlook for the diagnostic sector as a whole for FY '26 going ahead. Post-COVID, things have been quite drastically changed around, right? So just wanted to know that first thing.

Yash Mutha: Yes. So if you see considering the budget announcements as well the way Krsnaa has been growing, we are certainly positive about the outlook from the overall diagnostics perspective. Also with the foray in retail and the early results that we've seen, which are very encouraging. So we do look at a positive outlook in the next financial year as well.

Kashish Thakur: Second question will be on -- can you just quantify the test performed and the patient footfall for the quarter?

- Yash Mutha:** The details will be provided to you offline. You can reach out to our CFO or they will reach out to you.
- Kashish Thakur:** And one last bookkeeping question. So during the quarter, we have elevated other income. So any specific reason for the same?
- Yash Mutha:** No. So as we mentioned, there were certain capital reallocations as well as the regular interest income. So it's part of our routine operations, nothing out of the ordinary.
- Kashish Thakur:** So what can be a range what we can expect for FY26?
- Yash Mutha:** Sorry, if you could repeat the question, please?
- Kashish Thakur:** What can be a brief range of what we can expect for FY '26?
- Yash Mutha:** It's around INR5 crores what we are looking quarterly.
- Kashish Thakur:** Understood. Thank you.
- Moderator:** The next question comes from the line of Surya Narayan Patra from PhillipCapital. Please go ahead.
- Surya Narayan Patra:** The first question is on the budget initiative or budget provisions that has been announced. So at the district level, the cancer treating centers. So what does this really mean for us, whether it is indicating about possible expansion of centers across India or it is the test volume or scan volume that is giving a positive indication.
- Yash Mutha:** Well, if you see it's a recent budget announcement. So the way we understand or we are given to understand, this is an ambitious plan of the government to set up day care centers in cancer where they might provide certain chemotherapies or radiotherapies.
- But what it means for us is this will result into patients requiring certain diagnostic tests, whether it's pathology or imaging test. And given our presence in district hospitals, we expect these patients to come to our centers. Therefore, we believe this will certainly be a welcome move for Krsnaa Diagnostics.
- Surya Narayan Patra:** So basically, this is a facilitation of our centers at the district level for radiology as well as pathology.
- Yash Mutha:** It will be one of the avenues for customers to come through and avail Krsnaa's services.
- Surya Narayan Patra:** The second point is on the radiology growth that you have indicated, means the radiology revenue share, what you have mentioned. So based on that, it looks like radiology has seen a kind of 2% decline Y-o-Y. Why should one -- or why should we see a kind of a decline in the radiology revenue, sir?
- Yash Mutha:** No. So the decline is basically because if you see the pathology projects that we had entered into last year and some of them which got implemented. So the contribution of pathology revenue

has increased. Going forward, like we have Maharashtra, CT scan, and MRI tenders. And as they get implemented, again, there will be a higher contribution from the radiology projects as well.

So we're trying to see overall, it should come in at a healthy mix of 50% to 50%. In some quarters, it might be 51%-49% or 55%-45%. But we're trying to see that both of them have a decent amount of contribution to the overall pie of the revenues.

Surya Narayan Patra: But whether do we have any control over this revenue mix because it is up to the kind of a tender, whether it will come in the radiology or it is in the pathology. So ideally, it seems that we have no control. But why should we target about 50%-50% only?

Yash Mutha: No. If you look at it from an overall perspective, like the previous years, Krsnaa had a lot of radiology business. Then there were pathology projects, which came in because the government also realized there were not enough pathology labs or pathology services. And therefore, the pathology business came in. So that shift.

And again, from a diversification perspective, it is also good to have a healthy mix of radiology and pathology and as a holistic service offering for us. Equally, if you see both have different, capital outlays. So considering these different attributes, we believe it's good to have a well-diversified mix of radiology and pathology business.

Now, depending on how these tenders come up, the revenue contribution or the revenue mix might change. But from a direction perspective, both have been growing strong over the last many years.

Surya Narayan Patra: Yes, just to extend a point on it, sir. So it was earlier indicated that Maharashtra implementation is likely to happen by, let's say, this year or in the early part of next year. But so given the kind of no single center addition this year -- this quarter, so the 40 or the balance 33, whatever that is there to be implemented, in what timeframe that can be implemented practically now that you think?

Pawan Daga: So, yes, Pawan, this side. Certain sites, as Yash already mentioned, we have a challenge to receive the clear site, power connection and all the other applications which we have to do related to the licenses. So we already had a plan for Q4 where six centers has to be and balance will be next couple of quarters, all again depend on subject to site availability and other things. So this is a roadmap to implement the Maharashtra radiology projects.

Surya Narayan Patra: Sure, sir. Yes, thank you.

Moderator: Thank you. Next question comes from the line of Nancy Yadav from Allegro Capital Advisors. Please go ahead.

Nancy Yadav: Hi, thank you for the opportunity to ask the question and congratulations on a great set of numbers. I just wanted to confirm the net debt or net cash number for this quarter?

- Yash Mutha:** So I think, Nancy, we can provide this number to you offline. Vivek will reach out to you on this.
- Nancy Yadav:** Okay, thank you.
- Moderator:** Thank you. Next question comes from the line of Meghna Agarwal from Mount Intra. Please go ahead.
- Meghna Agarwal:** Hello, thank you for the opportunity. So I have a couple of questions. First is like what are the new projects for pipeline for the company? Like what are the tenders that is going to be operationalized soon?
- Yash Mutha:** So Meghna in terms of new tenders, these tenders in the pipeline, but just to ensure that it does not leads to unnecessary increased competitiveness, we would respond to this question offline.
- Meghna Agarwal:** Okay, and the second question would be like any update on the Rajasthan tender?
- Yash Mutha:** Yes, so on the Rajasthan tender, in the previous government, we had won the cases multiple times whenever the government had appealed. So we have won this and the high court orders came in our favor. Now with the new government, discussions are going on. There have been given dates for the next hearing.
- So as and when we get the updates, we will be keeping you posted. As of now, we are and as we mentioned in the past as well, we're confident of the approach that we've taken so far. Having said that, we continue on this growth without Rajasthan, as we've been mentioning in the past as well.
- Meghna Agarwal:** Okay, thank you.
- Moderator:** Thank you. Next question comes from the line of Ranvir Singh from Nuvama Wealth. Please go ahead.
- Ranvir Singh:** Yes, thank you for taking my question. Just two questions. One, how much revenue you feel has been deferred due to delay in projects there in Q3, which may come in Q4 or Q1FY26?
- Yash Mutha:** So just to give you a rough estimate, while I don't have the details, it could be in the range of about INR15 crores to INR20 crores that has been impacted in this quarter, which might come in the subsequent quarters because of these moderations or delays or whatever.
- Ranvir Singh:** Okay, so why I'm asking, here's a 25% revenue growth guidance earlier we have given, 17% we have achieved in nine months. So since that, even if that was not deferred, still we have sort of that guidance we gave earlier.
- Yash Mutha:** Sorry, I couldn't hear the last part of the question, please.
- Ranvir Singh:** So in nine months, we have achieved 17% growth. Even if that INR20 crores would have come in Q3, still I think that growth, that 25% we may not have achieved, what I can see based on nine month number. Earlier we had given 25% growth guidance.

- Yash Mutha:** Had these aberrations not happened or the delays would have happened, we would have been on the track to maintain the guidance that we've given. And we believe with certain actions, strategic initiatives we've taken, we are hopeful to achieve this by Q4 as well.
- Ranvir Singh:** Okay, understood. And though the number of tests you said that maybe offline you can get, but can you give some trend that for the realisation for test stage, whether this isn't positively moving, it is uptrending or downtrending there in radiology side?
- Yash Mutha:** Yes, so if you see, our prices are hard-coded as for the contracts and the realisation really isn't depending on market forces. It is based on what prices we have submitted. Some of the recent tenders, if we have to give your reference, they are at slightly better prices in the past. So yes, from a realisation, they are increasing. But again, because we're in the PPP business, some of these details we'll prefer to give it offline.
- Ranvir Singh:** Okay, okay. Thanks. Other questions has already been answered. Thank you.
- Moderator:** Thank you. Next question comes from the line of Deepali from Ventura Enterprises. Please go ahead.
- Deepali:** Good afternoon, everyone. My first question is regarding Apulki hospitals. We were expecting the first hospital to be operational by January or February. What's the update there? And we were to conduct --we were to operate 30 image centres from, we were procuring the machines from United Imaging. What's the update there? How many machines have been procured?
- Yash Mutha:** Yes, so with regards to Apulki's, the hospital getting operationalised, there were certain, you know, site delays but we are expecting the hospital to get operationalised from April onwards. The construction is almost done. And therefore, April is where we believe it will start beginning the operations. In terms of the equipment purchases from United Imaging, Pawan will give you an update.
- Pawan Daga:** **We have placed our first order with united imaging** . Out of that two machine has already arrived and five in process will be available by end of February or first week of March. So total seven equipment which we already placed an order and out of that two has received it.
- Deepali:** Okay. Have the BMC operational issues been sorted? Like regarding there were a lot of news which were coming up? Is it still going on?
- Yash Mutha:** The BMC, all the issues were sorted. However, the BMC project, because of early concluding, you know, the budget got over and there were the more centres which were added up. So currently, the BMC project is on hold as and when it comes for rebidding, we will update you.
- Deepali:** Could you also please make me understand what's the structure behind the path and radio centres? Because when we talk about total radiology centres, we have 90 centres, but we have MRI and CT combined 178 machines and the tele-reporting centres are different. Similarly, for pathology, we have somewhere around 3,400 collection centres. But when we talk about the operational centres of paths in the PPT, it's only 1,368. I'm not able to understand how this is, how to correlate this data. I cannot understand the whole structure.

Yash Mutha: Yes, basically, we have, on the radiology side, we have CT scan, MRI, and then we have a combination of CT scan MRI centres. We also have tele-radiology centres, which are basically x-ray centres with certain digitizers. On the pathology side, we have labs and the collection centres which follow the hub-and-spoke model.

So each state, depending on the project tender or the dynamics, there will be certain labs which are connected to collection centres. So that's basically how the entire structure is.

Deepali: So the reduction in operational path labs from quarter two to quarter three, that is from 1737 to 1368, what does it signify?

Yash Mutha: Could you repeat the question, please?

Deepali: So there has been a reduction in the operational path labs in the PPT from 1737 to 1368. There's almost a 400 centre drop in the path operational centres in the PPT. What is this? I'm not able to understand this reduction in the operational path labs.

Pawan Daga: So you are talking about the slide number nine. So this is our slide of tender which is under implementation, which are the tenders which are already implemented, which has been removed from this slide. If you go on the first slide where the snapshot has been given, so we have total 178 radiology centres, which is up and running, and tele-reporting centres, which Yash has mentioned, which is an X-ray tele-reporting, which is in total 1,434, and total 121 pathology labs, and 3,423 collection centres of pathology which are operational.

Slide number 9, gives the status, the projects which are under implementation, the projects which are already operational and implemented, have been removed from that slide.

Pawan Daga: So it's basically a tracker to demonstrate that certain projects are under implementation. So if I had an example, X number of labs are under implemented. As they get implemented, they move to the previous slide, and you'll see a dip in these numbers. So it is not the labs going down. They're actually, which were under implementation, are now implemented, and then they move to the previous slide. I hope this answers your question.

Moderator: May we request you return to the question queue for the follow-up question, please. Thank you. The next question comes from the line of Neha Kharodia from Abakkus. Please go ahead.

Neha Kharodia: Thanks for the opportunity. So my question was regarding the guidance on the sales growth. So we have earlier alluded to the sales growth of about 25% for the year, and so far in nine months, we have been at a run rate of 17%. So just wanted to understand how to look at it going forward for the year.

Yash Mutha: Yes. So Neha, as we said in terms of our guidance earlier as well, though we had certain, let's say, volume moderation or operational setbacks in Q3, we are aspirational and positive about achieving this by the year end. There are a lot of strategic initiatives we have put in place, including faster ramp-up of our business, as well as, including the increase of volume. So we are positive to achieve the guidance that we have quoted for the by end of Q4.

Neha Kharodia: Understood. So that would mean a very high sequential as well as year-on-year growth, 40% plus kind of growth?

Yash Mutha: Yes, we are aware of that, and we are, as I said, we are working ferociously to achieve it. There are certain initiatives we are trying to roll out, which should hopefully allow us to achieve these guidance that we've quoted for.

Neha Kharodia: Understood. Great. And also regarding the receivables that were pending from Himachal Pradesh and Karnataka, so that number was in range of about INR120 crores. I also just wanted to understand how much of that is pending currently?

Pawan Daga: So INR30 crores of Himachal Pradesh has already received, as I mentioned already on the call, Neha. And certain, another payment from Himachal, which is already approved at the last stage, where we are expecting by end of February or first week of March.

And certainly, this is not restricting us to collect the balance amount, which we are again going for the second tranche of their payment will release to us. And about Karnataka, the payments are already -- has been approved, which are at the final stage to be get released to us, maybe in a couple of weeks, maybe we are expecting the payment to be received.

Neha Kharodia: Understood. Is this understanding correct that maybe by Q4 and or by end of FY25, the balance receivables will be recovered both from Karnataka and HP?

Yash Mutha: Yes. So we are, like we mentioned earlier as well, whilst in HP we have seen traction, we have received our money, almost INR30 crores plus on the Karnataka front also there have been approvals and we are awaiting to get the payments. Hopefully, by end of this financial year, the Karnataka and HP put together should come somewhere between 90 to 100 days is what we are aspiring to or targeting to. Of course, our efforts are to ensure that we collect as much as we can.

Neha Kharodia: Understood. Thank you.

Moderator: Thank you. Next question comes from the line of Aditya C from InCred Asset Management. Please go ahead.

Aditya: So if I read the slide 9 correctly, the projects under implementation in MRI CT that is radiology is 90 on a base of almost 180. Does that imply a 50% expansion in capacity and a similar growth in the collection centre where we see 1850 getting added on 3400? So is the inference correct that we will see a 50% capacity expansion on today's base?

Pawan Daga: So radiology, slightly correct. And the pathology collection centre, if you see 1368, which is already a part of 3000 plus collection centre, so which is already there added in the kitty. So only now 489 pathology collection centre has to be added. So this 1300 collection centre has not added just in one quarter. This has been operational over a period of last nine months or three quarters.

Aditya: Got it. And what is the number for pathology labs that are yet to get -- that are supposed to be added on today's base of 120?

- Pawan Daga:** So maybe the project in hand currently the Jharkhand lab which is under implementation. So by Q4 end or maybe in the first quarter of next financial year, the Jharkhand lab will be implemented. Maybe the first month of quarter one of next financial year.
- Aditya:** Got it, sir. Thank you.
- Moderator:** Thank you. Next question comes from Pranay Khandelwal from Tirthan Capital. Please go ahead.
- Pranay Khandelwal:** Yes, hi. Thanks for the opportunity. Just wanted to ask, get some clarity on the receivables front only. Can you give the absolute amount for receivables as of nine months end?
- Yash Mutha:** Yes, we provide these numbers to you offline.
- Pranay Khandelwal:** All right. And also wanted to know about Apulki. So Baner is almost done. I believe there was another that was finalized, which was the Kalyan Center. What's the update on that?
- Yash Mutha:** So the Kalyan Dombivli, again, the agreements have been executed and now they will initiate the process of constructing the hospital. So that is also currently progressing well. And we should see the site also getting implemented within the next year and a half.
- Pranay Khandelwal:** All right. And can you also provide me the radio pathology breakup for last quarter?
- Pawan Daga:** So last quarter, our radiology stands for 51% and pathologies at a 49%.
- Pranay Khandelwal:** Okay. All right. That'd be all from my side. Thank you.
- Moderator:** Thank you. Next question comes from the line of Shivam Dave from Prodigy Investment. Please go ahead.
- Shivam Dave:** I wanted to understand what is the total investment that we'd have to make in the B2C segment in the next one or two years?
- Mitesh Dave:** Well, hi. So for retail space as such, we are hopping mainly on our existing infra, wherein we are going to leverage our existing labs and the radio centers, which calls for pretty less investment as compared to anywhere else. Secondly, we are expanding our network through the asset lite model. Again, that adds up to the pretty less investment. Whatever may be the investment that we look out for, that would be mainly towards the creating awareness and the doctors and the patients outreach program. And that won't make it a much significant investment outlook.
- Shivam Dave:** Okay. Is there any way you can quantify that?
- Mitesh Dave:** So, well, we are in a process of expanding. We have initiated the operations and all. How the market behaves, how the dynamic changes and what are the really requirement comes across, that will decide the overall course of investment, because that won't be that significant. Even we haven't quantified for now what exactly we'll look out for.

Yash Mutha: Yes. So just to add, Shivam, the way we mentioned earlier, our investments in the lab setup and the diagnostic centers has already been done. The investment in terms of franchises or the KBA's is not on our account. It will mostly be done by the franchisees.

The investment that we will be doing is mostly on the resources side, the phlebotomist, and maybe certain marketing spends. And which, as we are seeing the encouraging results, we can provide you with a more finite answer, hopefully by the end of this quarter or beginning of the next financial year.

Shivam Dave: Okay. That's helpful. And going forward, let's say three years out, do we expect 10%-15% contribution from B2C on our overall business or something more than that? Let's say three years.

Yash Mutha: In fact, we are aspirational to have a higher contribution of the overall B2C revenue to the total revenue pie. We believe it will slightly move up and then increase in the subsequent years.

Shivam Dave: Okay. And just my second question was on our overall ROCE. Today we are doing around, I think if I'm not wrong, 10% or 12%. How do you think this should materially change going forward, given that we are entering B2C and we have certain investments that can materialize? Where do you think this ROCE number can go going forward?

Yash Mutha: Yes. So, if you see the ROCE is a function of the investment that we do and the revenue that is generated and consequently returns out of it. Given our model where historically, if you've seen, there's been significant investments in the last couple of years, but the revenue has not been commensurate to the investments we do.

So, the ROCE does look subdued. We have tried different initiatives to also further improve the ROCE, including the asset lite model that we're trying, the B2C space we are foraging with asset lite like the lesser investment. So, a combination of these various initiatives that we have implemented, we see the ROCE certainly to improve in the years to come. Even if you see from a trajectory perspective, the ROCE has been improving quarter on quarter and we expect with these various initiatives, the ROCE to continue improving in the subsequent quarters.

Shivam Dave: Right. Okay. Okay. That's helpful. Thank you.

Moderator: Thank you. Next question comes from the line of Amruta Deherkar Sane from Wealth Managers India Private Limited. Please go ahead.

Amruta Deherkar Sane: Thank you for this opportunity. So, my question is apart from Rajasthan, where the tender is stuck right now, are there any other tenders where we've received, but which are not under implementation?

Yash Mutha: No, except for Rajasthan, all of the tenders that we have won are implemented or under implementation.

- Amruta Deherkar Sane:** Okay. And about the retail segment, the B2C, as in on slide number 8, where you have the statewide breakup of the centers. So, the retail centers are included or they are not included there?
- Yash Mutha:** No, they are not included.
- Amruta Deherkar Sane:** So, in which case do we have these 80 KBAs?
- Yash Mutha:** So, these 80 KBAs are spread between Maharashtra, some of them in Punjab and some of them in Assam.
- Amruta Deherkar Sane:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Bharat from Equirus. Please go ahead.
- Bharat:** Yes, hi. Thanks for the opportunity. So, I just wanted to get a sense on exactly what is happening in Karnataka, why our receivables have gone up. Can you elaborate what exactly has happened there?
- Yash Mutha:** Karnataka, you see, it's a project that we've been doing for many years now, you know, with change of offices, change of government, they would like to look at the process differently. They have introduced some new process of automations, which has caused certain delays and therefore also delays in the receivable. But we're in conversations with the authorities and hopefully by March end, they should be normalized.
- Bharat:** But the government would have changed almost a year. It would have been like 1.5 year ago, right? The government has changed. So, why are we seeing these issues popping up now?
- Yash Mutha:** So, basically what happens is, as the bureaucrats come in and with the change in government, everyone would like to bring in some new systems. So, they thought of bringing more automations, insurance-led processes. And therefore, when these processes are getting introduced, the system gets revamped.
- And therefore, there are, you know, the challenges that we are currently facing. But again, as I said, from our experience, we see this happening. Whilst Karnataka, we didn't expect it to take so long. But with the conversations we're having, we're hopeful that this will get resolved very soon.
- Bharat:** Right. And can you talk a bit about BMC issues which you are facing? First, what is the issue and how we are looking forward to it?
- Yash Mutha:** BMC, there's no issue. I think we have delivered what was in terms of the volumes and the budget that was there. Now, the authorities are looking to re-tender it given with a wider scope. So, those conversations are going on. As and when the tender gets published, we will be participating in it given our experience. Per se, there is no issue with BMC anymore.
- Bharat:** Has that tender been over? Because I thought that tender was received almost a year ago.

Yash Mutha: So, what had happened is the tender was for two years, but then the authorities added more centers. And therefore, with more centers adding up, the volumes increased. And because the volume increased, the budget that was allocated got exhausted. And now, if they have to increase the budget, they have gone through the new tender process, where they are also trying to increase the scope of services as we are given to understand.

Bharat: And does the existing vendor, since we have been having that target, do we have an upper hand in that tender?

Yash Mutha: Sorry, could you repeat the question?

Bharat: So, since it will be reintroduced, this tender will come to the market. So, will we be better placed to bring this tender as compared to the competition?

Yash Mutha: Yes, considering our strike rate and our past experience, plus we've been doing this project, we are, in our opinion, better placed to win this tender. Of course, as and when the tender comes, we will be able to evaluate and then take a decision on this.

Bharat: Okay. And is there any update on the Rajasthan tender?

Yash Mutha: As we've discussed, you know, with whatever the court hearings which have come in our favor with the previous government, with the new government, there are discussions going on and hopefully more updates, as and when these decisions come through. But we are positive and confident that Rajasthan, hopefully, should be in our favor based on whatever the process we've followed so far.

Moderator: Sorry to interrupt you, Bharat sir. May we request you to return to the question queue for follow-up questions, please? Thank you. The next question comes from the line of Ruchika Kadge from iWealth Fund. Please go ahead.

Ruchika Kadge: So, sir, my question was predominantly on a pathology collection center. So, if I see from last December, we've almost doubled down our pathology collection center. But if I kind of remove the realization on it, it's kind of on a declining trend, which was around, let's say, what I have removed is 5,000 per day. So, that has declined to around 2,500. So, is this the right way to look at it? And what is causing this decline, if you could, you know, help me understand?

Yash Mutha: Yes. So, Ruchika, that's not the way to look at our business. As I mentioned earlier as well, our business or the pathology side, even if you look at it, is a combination of the hub-and-spoke model. Basically, it's the number of labs and the number of collection centers, the test menu and the prices. So, if I have taken an Assam project, the test menu is different, the price of those tests are different. If I take the Odisha project, the test menu and the prices are different.

So, it is, you know, it will be a wrong comparison to just take the total revenue and divide by the total number of patients because the test menu differs from state to state, project to project. Having said that, when we look at it from a business perspective, what we have done is, for example, based on the previous tender that we would have submitted looking at the test, our

ambition is to continue to see how we can increase the prices going forward, considering the investment that we have to make. And accordingly, the business has to be seen.

Ruchika Kadge: So, we should see it on the number of tests that are being conducted and what is the revenue per test?

Yash Mutha: Okay. So, see, in certain states, the projects, there are x number of tests, it could be, say, 30 tests or 130 tests and then there are prices that are hard-coded as part of the tender that is being awarded to us. And these determine what is the project revenue and how it will be. In certain, like, for example, Rajasthan, they were initially specialized tests and then later on the tender came for, you know, normal tests. So, it will vary tender to tender.

Ruchika Kadge: Okay. For further understanding, I will take it offline, sir.

Yash Mutha: Yes, I think that will be better, Yes.

Ruchika Kadge: Yes. And, sir, if you could give a number, like these pathology collection centers that we are seeing that -- we will be adding another 400, 500 centers. So, this would come, what is the implementation timeline for the same?

Yash Mutha: We are, as I said, from a timeline perspective, we are set up an aggressive timeline to ensure that these collection centers come up and running, hopefully, by end of Q4. There might be certain slippages and they might extend to Q1, but we are targeting to ensure that, they get up and running as quick as possible.

Ruchika Kadge: Same with the radiology, sir?

Yash Mutha: No, radiology will probably take longer time because the site has to get ready, the government has to give sites and there are certain infrastructure work that has to happen, then the equipments are ordered, and so radiology has a slightly longer duration compared to pathology collection centers.

Ruchika Kadge: Okay, understood, understood. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we will take that as our last question for today. I now hand the conference over to Mr. Yash Mutha for closing comments.

Yash Mutha: Thank you, everyone, for joining our Q3 FY25 earnings call. Hopefully, we were able to address all the queries. If any questions remain unanswered, or if any analysts were not able to come in the queue, please feel free to reach out to our investor relations team headed by Mr. Vivek Jain. Looking forward to interact with you in the future quarters. Thank you.

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