Krsnaa DIAGNOSTICS
LET'S DO GOOD...

Date: August 13, 2024
Ref. No.: KDL/SE/061/2024-25

To,	To,
BSE Limited	**National Stock Exchange of India Limited**
Corporate Relationship Department	Exchange Plaza, Plot No. C-1, Block G,
25th Floor, Phiroze Jeejeebhoy Towers	Bandra Kurla Complex, Bandra (East)
Dalal Street, Mumbai- 400001	Mumbai – 400051
Scrip Code: 543328	**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 ended June 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 Wednesday, August 07, 2024 at 11:00 Hrs. (IST) to discuss the Unaudited (Standalone and Consolidated) Financial Results for the quarter ended June 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: 2024.08.13 14:46:52 +05'30'

Krsnaa Diagnostics Limited

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

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"Krsnaa Diagnostics Limited Q1 FY25 Earnings Conference Call"

August 07, 2024

MANAGEMENT:	**MR. RAJENDRA MUTHA – CHAIRMAN & WHOLE-TIME DIRECTOR, KRSNAA DIAGNOSTICS LIMITED** **MR. YASH MUTHA - WHOLE-TIME 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, a Very Warm Welcome to the Q1 FY2025 Results Conference Call of Krsnaa Diagnostics Limited.

Before we begin, I would like to remind all participants that today's call may contain statements that are forward-looking statements including, but without limitation. Statements relating to 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 a business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from expectations.

As a reminder, all the participants line 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 the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

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

Jainil Shah: Good morning, everyone, and welcome to the Q1 FY25 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 Chief Executive Officer, Mr. Pawan Daga – Chief Financial Officer. Mr. Vivek Jain – Head, Investor Relations.

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

Yash Mutha: Thanks, Jainil. Good morning, everyone. Thank you for being part of our Q1 FY25 Conference Call.

It gives us immense pleasure to share our progress, our vision of "LET'S DO GOOD" continuously guides us to expand our reach to the underserved and unserved regions across the country and offer quality diagnostic services to the masses.

Leveraging our strong foothold in the PPP space, we are scaling up our operations in the retail space as well, adopting new age technologies and accelerating our growth prospects with the agility and a future-focused approach.

The recent budget showcased the Union Government's efforts to encourage the growth of the economy through capital spending in FY2025. Accordingly, the Government of India is making the required changes in the economic policies and programs that are expected to contribute to the holistic development of every economic sector. In the allocation for 2025, the budget for the National Health Mission, (NHM) stands at 38,000 crores, a notable increase from the revised allocation of 33,886 crores in 2023-24.

India's healthcare sector has become one of the largest industries in the country owing to factors such as population growth, economic upsurge and increased income among the middle class. The healthcare industry has evolved significantly in the past decade to meet the growing demand for services and products by the government as well as the citizens.

With a market size of approximately USD 13 billion in FY23, the domestic diagnostics industry is projected to reach USD 25 billion by FY28, with a CAGR of around 14% over the next five years. The radiology market is experiencing rapid growth due to rising demand for imaging services, and the pathology testing services market is also seeing increased demand due to more people undergoing preventive health check-ups.

Efforts are being made to expand, reach, specifically opening new centers in underpenetrated markets across Tier-2 and Tier-3 cities. This aim is to ensure that individuals in remote areas can benefit from advanced diagnostic services, thereby ensuring access to high quality healthcare beyond metropolitan areas. Adherence to the highest quality standards, certified testing reagents and employing qualified radiologists and pathologists ensures unparalleled accuracy and precision in diagnostic services.

We are leveraging our presence in more than 150-plus districts to map ambitious growth plans for improving our penetration across the nation. With the focus on making a positive impact on people's lives, we aim to address the underpenetrated healthcare market. Our approach to adapt, innovate and excel positions at the threshold of infinite possibilities.

An Update on the Rajasthan tender. As a company, we have fulfilled all our obligations required for the tender and are awaiting the judiciary to take the due course. We would like to ensure that Krsnaa is it on track to maintain its growth and trajectory even without the Rajasthan tender.

We are present in 17 states and Krsnaa as a company is not dependent on any single state or any single business segment or tender of the diagnostic business which makes us dependable to take on any challenges faced in the sector or any particular state without much affecting the overall business of the company.

Regarding some recent developments, Dr. Prashant Deshmukh – the CEO, has decided to leave due to personal reasons. Dr. Prashant, who had served us as CEO, has decided to step down due to his personal reasons and we respect his decision to step down and thank him for his contributions during his tenure. We remain committed to delivering value to our shareholders and stakeholders. Our strategic initiatives are designed to ensure sustainable growth and enhance shareholder value. We are confident in our leadership team and our strategic plans and we are excited about the future and the opportunities that lie ahead. Our focus on the retail expansion, geographic penetration and technological advancements will continue to drive our growth.

Some recent developments at Krsnaa:

Today, Krsnaa is operationalizing in 21 CT scan centers in the state of Maharashtra with the remaining 18 soon to be operationalized. Additionally, plans are underway to install seven more CT machines this year. And order for Maharashtra for 17 new MRIs and operation of 17 existing CT machines has already been signed and we have plans to install 5 MRIs by this year-end.

Furthermore, a radiology contract for teleporting from BARC has been secured, enabling BARC to provide around-the-clock services with superior quality and timeliness.

An agreement to provide five MRIs at five locations in Madhya Pradesh has been signed. Out of which two centers are expected to be operational by the year-end and the remaining would be as and when the government provides us with all the necessary infrastructure for the same. The revenue is projected to start from FY26.

In addition, the Assam Project, which was established in Q3 FY24 where we aim to set up 10 laboratories and 1,256 collection centers, out of which around 400 collection centers are operational and showing a positive traction. The Odisha Project, established in Q2 FY24, is also showing promising traction as well as acceptance.

Over the last three months, 20 new CT scan centers and 375 pathology collection centers have been successfully established and efforts are being made to stabilize the operations to ensure that the centers start generating revenue commensurate with the expenses showing a positive trajectory in this regard.

As part of our strategy to enter into the retail space in the diagnostic industry, we have established 40 labs in leased premises. These labs are expected to increase revenues from the public private partnership as well as generate additional revenues from the business to consumer as well as the business-to-business customer segments. This will allow us to leverage the existing infrastructure which we have created beyond the duration of existing long-term PPP contracts. Furthermore, these labs will help us expand our network of collection centers, franchisees, etc.,

Additionally, to lead our retail expansion efforts, Mr. Mitesh Dave, who has recently joined us as the Group Chief Executive Officer. I would like to now hand over to Mr. Mitesh the call to provide his insights on our retail strategy. Thank you.

Mitesh Dave: Thank you, Mr. Yash. A very good morning to everyone and it's my pleasure to interact with you all as a Group CEO of Krsnaa Diagnostics Limited.

Let me start with a brief introduction about myself. With over 20 plus years of experience in diversified business segments from FMCG to OTC to pharma, followed by diagnostic and other healthcare spaces. I really have witnessed the significant changes which has happened in diagnostic space in the past decade and also have successfully delivered results in my past stints as well. My diversified experience helps me to get into and to understand more robust infrastructure that Krsnaa carries. When I looked at Krsnaa Diagnostics, a vast and state-of-the-art centers spanning across lengths and breadths of India and reaching even the most remotest corner, I see an extraordinary opportunity to build a substantial retail business. This unparalleled reach uniquely positions Krsnaa to penetrate underserved markets and delivered from acute to critical diagnostic services and where they are needed the most. The potential to leverage this most expensive infrastructure to create a formidable retail presence was a key factor in my decision to join Krsnaa.

After spending over 20 years in different corporates and now a month with the Krsnaa, I'm genuinely impressed by the management's vision, their flexibility for the new ideas, their unwavering passion for sustainable growths and our collective vision is to revolutionize healthcare accessibility across India and driving significant growth and delivering exceptional values to our investors.

Together, we are poised to embark on transformative journey. That promises remarkable financial returns and proof of societal impact.

India's diagnostic landscape is evolving very rapidly due to the increasing prevalence of the non-communicable infectious diseases, driving the demand for evidence-based treatment, and preventive healthcare solutions.

Since its inception, Krsnaa Diagnostics Limited has focused on the PPP model and established itself a trusted and affordable service provider with a strong brand presence among the masses. We have served millions of patients positioning ourselves as a leader in diagnostic services. We are investing in an efficient technological-enabled network to accommodate the growing volumes of samples and enhance patient accessibility and experience.

Our focus remains on prioritizing our Pan India network to meet evolving consumer preferences and expand our market share in the states where we are present.

Geographical expansion, portfolio diversification and digital transformations are our strategic priorities to drive significant progress. Leveraging our core strengths in diagnostic services, we are prioritizing network synergies and manpower to meet the growing qualitative consumer needs.

We are focused on enhancing end-to-end retail capabilities from digital space to offline channel to serving patients at home at their comfort and to capitalize on wellness space as the increasing demand for regular checkups as people becoming more health conscious. This will help us grow in regions where we are already present and have lab facilities set up through the PPP contracts.

Diversifying into the retail will improve margins and lead to a better working capital cycle. We will leverage e-commerce to enhance our market presence and digitalize our operations efficiently.

A new user-friendly website will be launched soon to enhance our user experience.

We have ambitious plans to unlock growth opportunities, make a positive impact on people's lives, and contribute to the advancement of the healthcare industry.

With that, now I would like to invite Mr. Pawan Daga, who is our CFO, to Update you all on the Current Financial Numbers.

Pawan Daga: Thank you, Mr. Mitesh. Good morning, everyone.

I will now present the Financial Highlights for the Quarter ending June 2024:

In the 1st Quarter of FY25, our total revenue from operations experienced a notable upsurge, reaching Rs.170 crores making an impressive 22% YoY growth.

Shifting our focus to operational performance:

Our Q1 FY25 EBITDA reaches to Rs.44 crores, signifying a commendable 39% YoY growth. We maintained a healthy margin of 26%. Additionally, our net profit amounted to Rs.18 crores with a corresponding margin of 11%. The PAT for Q4 FY24, after adjusting the depreciation benefit of Rs.3.97 crores due to change in accounting estimates for the entire last year, which was accounted in Q4 FY24 would have been Rs.15.8 crores, resulting in a PAT growing by 14% in Q1, FY25 when compared to Q4 FY24, demonstrating a healthy growth.

Taking a closer look at our balance sheet, we currently hold a gross debt of Rs.170 crores while maintaining a cash and cash equivalent worth Rs.240 crores as of June 30, 2024. It is worth noting that our company continues to uphold our net debt-free status and net worthy accomplishment.

We can now open the floor for the question-and-answer session. Thank you.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Bala Murali Krishna from Oman Investment Advisors. Please go ahead.

Bala M Krishna: So, in this recent presentation, I have seen that the Odisha I think we are going to implement for 600 collection centers sir. I think if this project was already completed, so how this came and any update on that one?

Yash Mutha: So, the Odisha collection centers that you see in the presentation, these are the additional PHC or Primary Health Centers that we have to further set up in terms of our tender and that is where the current expansion is going on.

Bala M Krishna: Any update on the Rajasthan tender?

Yash Mutha: So, like we discussed, on the Rajasthan tender, we have done all that is necessary as a company to fulfill our obligations. Even when there was an appeal by the government to recall the application that was also taken by the High Court and it was decided in our favor and currently we are waiting for the High Court to take the next steps. But, as we have mentioned, Krsnaa continues to grow with or without Rajasthan and our growth momentum is as what we have been discussing.

Bala M Krishna: Lastly, on Maharashtra, on the MRI, I think the assets will be on the government side. So, this will be an asset light contract. So, can we expect how will be the margins in such kind of contract?

Yash Mutha: So, basically, there are two models within the Maharashtra tender. One is both on the installation of the equipment and where we will be operating the government equipment. So, considering radiology as the business vertical and with this kind of combination, of course, the margins will be better and that is what we expect which will help us continue on the growth momentum for the margins as well as the revenues in the upcoming quarters.

Bala M Krishna: And in the past few orders means tender wins you're not mentioning the duration of the contract. So, is it possible to provide the details like Odisha and Assam and Maharashtra tender, contract period you're not mentioning if it is not possible to publish, could you please share the details?

Yash Mutha: So, Maharashtra is about 15 years, Odisha is about 12 years and Assam is about five years. I'm sure these details will be there. But this is the current state of the tenure of these various contracts. So, it gives us a long-term visibility of revenues to come.

Bala M Krishna: Madhya Pradesh recent one by MRI?

Yash Mutha: Madhya Pradesh is about 10 plus 2 which is about 12 years.

Bala M Krishna: Any update on the pipeline tenders we're expecting something from Andhra Pradesh and some other Southern region, so have you participated in any further new tenders other than this pipeline tender?

Yash Mutha: So, currently it's a work-in-progress and we will hopefully be able to announce very soon.

Moderator: The next question is from the line of Aditya Khemka from InCred PMS. Please go ahead.

Aditya Khemka: Yash, I am referring to slide three of the presentation deck where you have split the EBITDA into existing centers and new centers, revenue and EBITDA split you have given. I had a few questions around this split. #1, how many of our centers are classified under existing centers and how many of our centers are new? And in the same breath, what is the tenure that you consider to call a center existing and what is the tenure for a new center?

Yash Mutha: Aditya, so the specifics of these we can provide offline, but just to give you from a background perspective, basically from a PPP project, there are different timelines of how the projects assure maturity. So, if you see most of the projects should mature probably in the range of three to five years, new centres are in operations for a period of zero to three years.

Aditya Khemka: And secondly, I've been noticing that our new center margins are improving, however, they're still only at 12% compared to mature centers at 38%. Is that a result of the fact that most of our mature centers tend to be more radiology and most of our new centers are more pathology or is there room for the improvement of the 12% margin to go to anywhere close to 38%?

Yash Mutha: I think you partially said correctly. So, the reason why some of these new centers are at lower margin is of course having a higher pathology share of these centers. As we have been saying earlier as well, the market will continue to grow and will be almost comparable to the margins that you're seeing. It will be slightly lower and compared to radiology, pathology has a lower margin profile, but it won't be significantly lower. And as we have been maintaining and as the centers are ramping up, you'll see this margin profile also improving QoQ.

Pawan Daga: Also, Aditya, last couple of years only we have plugged in around our pathology big projects in states like Himachal, Punjab, Assam and Odisha and the BMC one. So, the major shares of pathology has been started in last couple of years.

Aditya Khemka: So, in fact, all of your pathology business therefore is under new centers, right?

Yash Mutha: Correct,

Aditya Khemka: And your existing centers would be a majority? Then in that case, as I understand the businesses, pathology, although seems to be a lower margin business, tends to be a higher ROC business, correct me if I'm wrong, and radiology seems to be a lower ROC business, but a higher margin business. So, could you guys provide a split of your ROCs between the existing and new, was that possible at your end?

Yash Mutha: I said we will provide the details offline, and we will ask Vivek – our Head, Investor Relations to share that with you.

Aditya Khemka: On the Rajasthan thing, I understand there is procedural delays in the court decision. But for the last 2-3 calls, I have been slightly confused on how the CAPEX will work out if we win the Rajasthan project. Do you guys have any further clarity on what we last discussed on con calls as to how the CAPEX of Rajasthan would be funded or is that still something you guys will work out once you get the project?

Yash Mutha: No, as we mentioned in the past as well, we already have certain commitments from the OEM manufacturers in terms of vendor financing where they're ready to provide these equipments on a pay-per-use kind of a model. So, those commitments are still valid. As we said, once we get the final confirmation, it will help us negotiate better and then we will be able to see how. But, as of now, we have these commitments to which we can immediately go and deploy these assets with very limited cash outflow from the company's reserves.

Aditya Khemka: On the B2C business, is there pricing different from our B2G business for the same lab from where we might be researching the results of the B2C clients as well because we are using the same equipment if I understand correctly or is the pricing slightly different for the B2C customer versus the B2G customer?

Mitesh Dave: Considering the B2G versus the B2C or the retail strategy around the pricing, they're going to be a differentiated pricing, but it would still be in line with our overall hypothesis through which we build up this entire Krsnaa Diagnostics Limited, which would be more affordable, accessible, assured regarding to the quality standards.

Aditya Khemka: Mitesh, for you, what is the end game for the B2C business? I mean we have seen the Dr. Lal, The Metropolis, the SRL of the world grow at a dramatic pace over the past two decades. Krsnaa historically doesn't have the retail mindset, they have the B2G mindset. So, as the CEO here when you look at the B2C piece, obviously currently the size is negligible, but as you ramp it up, as you grow it, what are the key performance indicators for you, where is it that the company needs to focus to deliver on the B2C side?

Mitesh Dave: So, multiple pieces. I would like to answer very straight and simple and keeping my answer simple for now. Looking to the overall state-of-the-art infrastructure that Krsnaa currently carries across the lengths and breadths of India, the overall quality parameters and the CAP accreditions that Krsnaa enjoys and the overall reach that they have to the Tier-3, Tier-4 tons. It forms the formidable retail opportunity to cater on. It's too early to benchmark or look up to something a number to share. But yes, if I look at the overall size around the addressable market size, it is close to 40,000 plus crores in the areas where we are currently present. So, that mix is a huge playground to play around and that's we're going to capitalize.

Moderator: The next question is from the line of Lokesh Manik from Vallum Capital. Please go ahead.

Lokesh Manik: Just a couple of questions from my end. One is the break up in the revenue from pathology and radiology for 170 crores. What is that?

Yash Mutha: Could you repeat the question, please? You're not very clear.

Lokesh Manik: My question was more bookkeeping. It was for breakup of revenue between radiology and pathology for this quarter.

Pawan Daga: So, radiology contribution is 55% and pathology is 45%.

Lokesh Manik: And the Tele reporting would be what percentage of the overall revenue?

Pawan Daga: Tele reporting will be in the range of 7-8% of overall revenue. These numbers keep changing QoQ because of this seasonal impact and the projects we implement and how the projects ramp up.

Lokesh Manik: No, that's fair enough. But 55:45 is a good range should I take to take for this quarter?

Pawan Daga: 55 radiology, 45 pathology is a good range to take for this number, that's correct.

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

P Khandelwal: So, I had a bookkeeping question as well. Can you give me the absolute receivable number for Q1 FY25 and also the receivables date?

Yash Mutha: Again, I think not able to hear you very clearly.

P Khandelwal: So, I wanted to know the absolute receivables number for the quarter and the receivables days.

Pawan Daga: So, our receivable days for the quarter are in the range of 100 days and which is somewhere in the range in absolute terms 190 crores. So, we have seen the good recovery from post-election period which we have mentioned in the last quarter. So, post-election, officers have resumed their regular workforce and now we started receiving the collection. So, we have seen the significant collections happened in the July month and June month end.

P Khandelwal: On Himachal Pradesh side, things are looking better. That was the major receivable pickup, right?

Pawan Daga: So, Himachal, we already received 38 to 40 crores by July-end and we see further receivable will be received in a couple of weeks or maybe in a month kind of period.

P Khandelwal: So, they were received in July-end. So, that means that number will reflect in the Q2, right, this 190 crores of current receivables already. This 190 crores number is as of Q1, right?

Pawan Daga: Yes, correct.

P Khandelwal: So, 40 crores has already been received from that as well?

Pawan Daga: Yes, . So, why it is in July because the post-election result and everything stabilized by June end everything is operationalized in a regular manner. So, we started seeing traction by June-end itself, but majorly it's reflected or started reflecting in July mid kind of.

P Khandelwal: And also, can you guide on the CAPEX for this year, how much has been done in Q1, what are we looking at for the rest of the year?

Pawan Daga: So, we are planning to spend Rs.170 crores for this year. So, approximately 22 crores has already spent in the Q1. So, we have lined up for other radiology projects of Maharashtra and Madhya Pradesh and some CT scan of Maharashtra which has to be deployed in this quarter. So, these are the updates so far.

P Khandelwal: And are we still on track for the 30% growth guidance that you have given or -?

Yash Mutha: In terms of growth guidance, we are committed to achieving 25% base growth margins and aspirationally to reach around 30%. But considering 25% as a comfortable range that we should be able to achieve by end of this year.

Moderator: The next question is from the line of Bharath from Equirus. Please go ahead.

Bharath: I just want to get a sense on the new infrastructure which we are putting out for the retail franchise. So, in the –

Yash Mutha: Bharath, sorry, your voice is very low.

Bharath: So, I was asking this in your opening remarks did you mention that you will be opening up new centers or new laboratories for the retail franchise?

Yash Mutha: No, no. We will not be setting up new franchises. We will be leveraging the existing lab networks or radiology centers we have and through that only we will be able to increase our presence on the retail side.

Bharath: When we are saying that there will be a differential pricing for the retail, so is there a possibility that government may act on it, they will look at in a very different way having two different sort of prices of two different sort of businesses? Can we bill differently for a retail customer and a government customer? That's the question.

Yash Mutha: So, basically Bharath, from a PPP tender perspective, there is no restrictions on receiving or processing private patients and many of our centers we still have private patients. Considering that the retail expansion plan that we're doing where we are integrating or leveraging the infrastructure, again that will be through different legal entities. So, per se, there are no restrictions or limitations in us charging higher or differential rates, considering that there will be also a differentiated experience that the customers will get.

Moderator: The next question is from the line of Saloni Bavishi from Val-Q Investment Advisory. Please go ahead.

Saloni Bavishi: My first question is on the bifurcation that was given for the revenue and EBITDA between the new and the old centers, could you just let me know how much percent of that is from the new and how much percent is from the old centers like the number of centers?

Yash Mutha: In terms of the number of centers, we will be able to provide you offline. We don't have it at the moment with us, but Pawan and Vivek can provide you the details.

Saloni Bavishi: And the second question is on the fees to the hospital, the line item in our quarterly result. Can you just help me with how do I read that line item like how can I model it and the range as to what it will be in?

Yash Mutha: So, let me here again on the fees to hospital, as we have been saying in the past as well, this number will reduce initially, it is higher for new projects, but then it keeps on reducing it. Currently, the levels that we are seeing is about 7% to 8% is what we see as stable percentage of expense when we compared to the revenues. So, this trend is what we expect to continue in the upcoming quarters as well.

Moderator: The next question will be from the line of Lalitha from ITI. Please go ahead.

Lalitha: First of all, regarding the orders that we have, just wanted to know what is the present situation that we have, is there any additional provisions or any account that requires to be done?

Yash Mutha: Sorry, we can't hear you very clearly. If you can please speak closer to the mic.

Lalitha: I just wanted to know regarding your Rajasthan order, so is there any accounting treatment or any provision that remains for us to be taken on our books going forward? And secondly, there were some additional performance security measures that were required to be provided by us. So, how do you see that? Is that a one-off kind of thing or that is a kind of a trend that we can expect going forward also with other states as well? And thirdly, sir, if you can just give a road map because you very helpfully shared that the margins from the new centers and the mature centers are roughly 3X of each other. So, if you can just show or share next six months what will be the split between your new and matured centers, maybe six months or one year will be very helpful?

Yash Mutha: Sure. I think there were three questions. On the first question on the accounting treatment for Rajasthan, I think Pawan will answer.

Pawan Daga: So, there is no expenditure incurred in relation to the Rajasthan order.

Moderator: The next question is from the line of Anmol Das from Arihant Capital Markets Limited. Please go ahead.

Anmol Das: So, my first question is regarding the radiology, with 68 CT and MRI centers, so just wanted a bookkeeping number of the total number of CT scan machines, MRI machines and the centers where both of the machines are? And just if you can give a split of radiology revenue outside of CT and MRI tests?.

Pawan Daga: So, the split of 73 this thing, so in 17 centers where CT and MRI, both will be there and in the 39 centers which only CT will be there, out of that 31 will be installed and operated or eight will be only operations. So, this is the split between the Maharashtra radiology centers.

Anmol Das: No, I was talking about the 168 total radiology centers that you have mentioned. So, split between that?

Yash Mutha: So, that we can provide you offline. Will that be okay for you?

Anmol Das: Okay, sir. Sure. Another thing, sir, regarding is a clarification actually. I want to understand if I haven't understood the Rajasthan case completely, is this a part where the case is hanging because of the government asking for more bank guarantees from the company side or what is it?

Yash Mutha: Basically, the government is not asking for any additional bank guarantee. Whatever bank guarantees were required to be submitted by the company; the company has already submitted it long back. Since the government had filed a recall, we filed a case against them and the High Court has also opined in favor to say that the government should go ahead while executing the agreements and therefore a contempt petition has also been filed against the authorities. But this is currently under the judiciary purview and as and when the outcome comes, we will inform everyone. Per se to address your question, there's nothing which is pending from the company that needs to be done.

Anmol Das: Trying to understand regarding the case here. So, it has been like a one year by now. So, what is the timeline by which the case in the High Court will be resolved or if that timeline passes away then this entire tender will be nullified?

Yash Mutha: See, like everyone, we too are eagerly awaiting that this matter has to be resolved at the earliest, but considering the judicial process, which is something beyond our control, so really can't comment on the timelines while we pray and hope this gets resolved soon. In terms of the revenue, as I said, we continue to grow whether Rajasthan is there or not. This is like any other tender for us and we continue on our growth momentum of 25% that we spoke earlier. This tender whichever way it goes, it will be over and above what Krsnaa is currently planning and aspiring to do. So, really does not affect our business prospects at all.

Anmol Das: I understand that this doesn't come into your future whatever your internal projections are. But when we are considering the Rajasthan contract standing, it's between 300 to 400 crores of revenue potential? And also wanted to know if you win this tender like today, then how long will you take to operationalize 1,200-plus centers in the state?

Yash Mutha: Sorry, could you just repeat the last part?

Anmol Das: If you win this tender today, so then how long will you take to open the new 1,290 collection centers in Rajasthan state?

Yash Mutha: See, we have been saying this in earlier calls as well. If Rajasthan comes, it will take anywhere between nine months to 12 months for the entire ramping up or scaling up of the centers because this is across the state and as and when we get nearer to the details, we will provide more updates in terms of the ramp up plan as well. And in terms of the size, though that the size, Krsnaa has other opportunities also which we are currently pursuing which are equally same or even bigger, so as I mentioned earlier in my call, as and when this happens, we will be updating everyone about the same.

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

P Deshpande: So, this is regarding the line item, fees paid to hospital. So, how much revenue do we get from private hospitals that it was 30% earlier, how much is it now?

Yash Mutha: Could you please speak a bit louder?

P Deshpande: Yes, this is regarding the fees paid to hospital item. So, how much revenues do we get from the private hospital? It was mentioned earlier on a call, it is 30%. How much is it now?

Yash Mutha: The fees paid to the hospital is a combination of revenue share that we have with private hospitals as well as revenue share that we pay to certain of our business partners. It is not just the private hospitals. And with regards to the actual contribution or the revenue share, I think Pawan, I will provide the details offline maybe.

P Deshpande: The second, what is the employment guarantee we have given for the Maharashtra tender. So, I understand we have a certain employment guarantees on all of them. So, what's the number per center in terms of employees?

Yash Mutha: No, no, there is no requirement of an employment guarantee per se. But of course, whenever we win any tenders, this helps us generate employment for people in those regions, in those towns and cities and villages, but there's no guarantee that we have to give to anyone.

P Deshpande: When will the Punjab and Himachal Pradesh contract come up for renewal?

Yash Mutha: There is a long duration yet. We have just implemented. So, Punjab is almost about 12-years plus. So, there's a long time for these tenders to come for renewal.

P Deshpande: If you can just later get back on the fees paid to the private hospital, I mean, how much is the revenue from the private hospital.

Yash Mutha: Sure. I think Pawan and Vivek can provide you these details.

Moderator: The next question is from the line of Amrutha Deherkar from Wealth Managers India Private Limited. Please go ahead.

Amrutha Deherkar: One is regarding Krsnaa retail. So, am I right, we are currently focused on pathology services under Krsnaa retail? And radiology services are yet to be added?

Mitesh Dave: So, yes, our ambitious aim for the future is having integrated service on the radiology and pathology both to the entire society or the infrastructure there where all we are present. We will start with pathology and gradually we will move towards the radiology and then the integrated services.

Amrutha Deherkar: So, the 40 labs which are under retail space right now, they are under the PPP contracts?

Yash Mutha: Correct.

Amrutha Deherkar: Or do we have any private labs?

Yash Mutha: No, we don't have any standalone private labs per se. These are all labs under different PPP contracts or agreements across the country.

Amrutha Deherkar: My last question is on Rajasthan. We had five operational labs, and as of June, we see that there are five operational labs there. So, did one contract get over or like what is that Punjab we see from 30 days number in which 31, or have we shifted a location or anything?

Yash Mutha: So, some of these labs are the ones that we had established as part of the previous Rajasthan pathology project and which continue to serve some of the markets.

Amrutha Deherkar: And then when the contacts are over, it will be sent for rebidding?

Yash Mutha: Yes, some of these are tied up with local medical colleges there. So, we have long term duration of these contracts and they continue to serve them.

Moderator: Next question will be from the line of Harsh Shah from Samaria Family Office. Please go ahead.

Harsh Shah: I just wanted to understand the retail model better. So, as I am understanding that initially when we had like a PPP center, we also had private walk-ins to our labs, right? So, how this retail model will be different than that?

Yash Mutha: Could you repeat the question please?

Harsh Shah: So, I wanted to understand the retail expansion that we are doing better. So, like initially when we had a PPP center in any hospital, we also had a private walk-ins there to that center, right. So, I wanted to understand how this retail expansion will be different than like model that we had earlier?

Mitesh Dave: So, talking around the overall retail modeling, so first of all, as you rightly mentioned, today with the PPP setup, there are certain percentage of the private patients which are walking in, but that has not the restrictions with the particular geography. When we are talking of catering, the overall addressable market size where all Krsnaa's, infrastructures presence it, it adds up to close to 40,000 crores and which needs furthermore expansion, and furthermore getting into the space where private patients or the patients which are looking for a far more integrated radiology and pathology services. So, entire this model will be unveiled by the end of this quarter or something and when we will get into the market for rollout.

Harsh Shah: So, will there be a difference in the services that will be offered to the private patients and the government patients?

Mitesh Dave: Not really, there won't be the difference in any services, quality; however, there will be a differential experience that we are trying to build on. We are one of the best quality service providers.

Moderator: The next question will be from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: First question is my understanding is that the difference between the consol and standalone is largely the Punjab revenue, right, is that understanding correct?

Yash Mutha: Yes.

Dhwanil Desai: So, my question is that if I look at those numbers, revenues were around 7-8 crores per quarter and when we were implementing this Punjab thing, I think we were aiming for much higher revenue. So, any challenges we faced, or we are facing on the Punjab side?

Pawan Daga: If you're subtracting numbers directly from consol to standalone and directly try to derive the number of subsidiaries, which is not basically the correct way. So, basically we have a revenue sharing agreement between the holding companies and the subsidiary companies where we share the revenue being the assets has been deployed by the holding company. So, the transaction between the holding and subsidiaries are basis on the arm's length price which is the revenue sharing agreement because the assets has been deployed by the holding company. So, this is not the right way to look at and find out the Punjab number.

Yash Mutha: And just from a growth perspective, I think Punjab continues to be on a growth trajectory. We had initial delays and setbacks. Having said that, we have surpassed all of that now. If you see on a month-on-month, we are seeing a very good trajectory in terms of growth. Plus there are newer ways that we're trying to ensure that the growth momentum continues and achieve the number that we had initially thought for.

Dhwanil Desai: Second question is on this retail part. I think you mentioned in the opening remarks and presentation that finally the aim is to increase the margin and reduce the working capital. Now, generally what we have understood is that when we set up a diagnostic business, ultra-competitive space generally you start with investing money and that means lower or negative margins. But given that we have infrastructure in place, and we are trying to replace that, are you saying that on a steady state basis, let's say in six months to a year, we will be reaching an industry average margin in our retail foray, is that a right way to look at it or something else?

Yash Mutha: No, I think directionally it will be right to say that we should be targeting to achieve those margins. But I think this financial year will be too short of a period because as Mitesh has just joined, will be taking some time to do initial leg work, stabilizing the operations, but definitely from next year onwards, we will be able to target or look at for those kind of margins.

Dhwanil Desai: The reason I'm asking this question, Yash, is that we have all through been guiding around 25% EBITDA margin, right, 35% kind of do the layered approach and go into the details, our existing centers are doing 38% margin, or new centers are 12% and improving. And if the new foray also goes in line with the industry average, then how is it possible that we will not improve margin from 25%? I mean what am I missing in this entire piece?

Yash Mutha: No, of course, the margin profile will improve. As I said, a combination of the existing PPP, matured projects, the new projects that are ramping up, and with the retail, the margins will improve. But also, you have to understand the fact that when we launch into retail with the new kind of model that we're building, there will be some initial expenses that we have to incur, not very heavily, but there will be some. So, hence I'm saying from a margin profile, once it will be 25%, but direct states is of course better margin profile as we go along.

Mitesh Dave: Considering the existing margins that we have at a Krsnaa level, we continue to be same and even ramping up further as and when the quarter goes by. Parallelly, we will also aim it to stabilize the retail space in the coming six to eight months to a year's time, and once it gets stabilized and start moving on, it will further add up to the existing growing margins.

Dhwanil Desai: And one question is on Maharashtra. I think this quarter we implemented 21 CTs, right in Maharashtra from what I get from the presentation. Is my understanding correct?

Yash Mutha: Yes,

Dhwanil Desai: But I think that we could achieve it in terms of verification. So, given that we have done this in Q1, how should we look at the entire FY25 out of 73, how many we would like to operationalize?

Yash Mutha: So, further as in the pipeline, we already mentioned, the MRI will be deployed in a phase manner, so this year we have targeted to set up an operational five MRI and , 14 CTs will be deployed in this year, balance will be once we get a confirmation from authority and the site clearance and other parameter we accordingly keep you updated QoQ how the movements are happening on this project.

Dhwanil Desai: So, you have 32 plus you will add 14 CT and five MRIs, right, for FY25?

Yash Mutha: Yes, so far.

Dhwanil Desai: A clarification more. I think you said that for Rajasthan, if the tender comes up, we have already arrived at some understanding which vendors for vendor financing and hence it may not be a very large cash outgo. Is that what you say?

Yash Mutha: Correct. So, that is where we are saying currently we have certain commitments from some of these large vendors with whom we work and some financing arrangements. As and when the decision comes through, we will be able to give you much more clarity.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference over to Mr. Yash for closing comments.

Yash Mutha: Thank you, everyone for joining our Q1 FY25 Earnings Call. We hope we were able to address all your queries. If there are any unanswered questions, please feel free to reach out to our Head, investor Relationships, Mr. Vivek Jain. We look forward to interacting with you in future quarters. Thank you.

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