VIJAYA DIAGNOSTIC CENTRE®

November 06, 2026

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

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

Dear Sir/Madam,

Subject: Transcript of the Earnings conference call organized on November 04, 2026

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and in furtherance to our letter dated October 28, 2026, we are enclosing herewith the Transcript of the Earnings Conference Call organized on November 04, 2026 post declaration of the Un-audited Financial Results of the Company for the quarter and half year ended September 30, 2026.

Kindly take the same on record.

Thanking You.

Yours faithfully,
***f*or and on behalf of**
Vijaya Diagnostic Centre Limited

Rahul Jain Digitally signed by Rahul Jain
Date: 2026.11.06 18:23:40 +05'30'

Rahul Jain
Company Secretary & Compliance Officer
M.No. A62949

Encl.: As above

“Vijaya Diagnostic Centre Limited Q2 FY '27 Earnings Conference Call”

November 04, 2026

MANAGEMENT: **MR. SUNIL CHANDRA KONDAPALLY – EXECUTIVE DIRECTOR, VIJAYA DIAGNOSTIC CENTRE LIMITED**
MR. NARASIMHA RAJU – CHIEF FINANCIAL OFFICER, VIJAYA DIAGNOSTIC CENTRE LIMITED
MR. DHIREN GALA – HEAD, INVESTOR RELATIONS AND CORPORATE DEVELOPMENT, VIJAYA DIAGNOSTIC CENTRE LIMITED

MODERATOR: **MR. ABIN BENNY – JM FINANCIALS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Vijaya Diagnostic Q2 FY '27 Earnings Conference Call, hosted by JM Financial Institutional Securities Limited.

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

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

Abin Benny: Thank you, and good morning, everyone. I am Abin Benny. And on behalf of JM Financial, I would like to extend a warm welcome to all of you on the 2nd Quarter FY '27 Earnings Call of Vijaya Diagnostic Centre Limited.

At the outset, I would like to thank the Management of Vijaya Diagnostics for giving us the opportunity to host the call. We look forward to having an engaging and insightful discussion on the company's quarterly performance and the outlook.

From the company, we have with us today Mr. Sunil Chandra, Executive Director, Mr. Narasimha Raju, Chief Financial Officer, and Mr. Dhiren Gala, Head Investor Relations and Corporate Development.

With that, I would now like to hand over the call to the Management for their opening remarks. Over to you, Sunil sir.

Sunil Chandra Kondapally: Thank you, Abin, for JM Financial for hosting the call. Good morning, everyone, and thank you for joining us on today's call.

So, as we approach the festive occasion of Diwali, I wish you all and your families a very Happy Diwali. Diwali is a time of togetherness, joy, and celebration when we take a moment from our busy schedules to spend time with our families and our loved ones.

It is also a reminder that good health is the foundation of every celebration. And at Vijaya, we have always believed that timely diagnosis and preventive healthcare play an important role in helping families lead healthier and happier lives. This continues to be at the heart of everything we do as we expand our presence and we bring high-quality diagnostic services closer to our customers.

Moving on to the business:

We have continued to maintain strong momentum in our execution, while staying true to our core principles. We are very happy with the positive response to our brand across the newer

geographies, which is clearly reflected in the performance delivered over the last couple of quarters.

Coming to the recent quarter:

Q2 FY '27, I am pleased to share that we have sustained our strong growth momentum with healthy contributions from across geographies. During the quarter, we delivered strong revenue growth of 26.7% year-on-year, supported by a healthy volume growth of 16.5%. And the balance was driven by favorable change in the mix and revision in CGHS tariffs.

Our existing centers have also grown at a strong growth rate of 20%. The centers that we have opened in the last two years contributed to the balance growth, reflecting the strength of our established network as well as the healthy ramp-up of the newer facilities. So, I would like to also thank our entire team for their continued dedication and efforts in delivering this performance. Our core markets continue to demonstrate strong growth momentum, supported by healthy underlying demand for quality services and continued market share gains.

We have also witnessed a meaningful turnaround in Pune with our network consistently delivering healthy double-digit growth over the past three to four quarters. We are encouraged by the positive response to our advanced technologies and quality of services, and that has reinforced our confidence in the potential of this region in the long term. And PH, which was an acquisition, continues to do well now.

We continue to see encouraging momentum in West Bengal as our newest centers gradually mature and brand awareness also strengthens. We are also particularly pleased with the response in Tier-2 markets such as Krishnanagar and Diamond Harbour in Kolkata and Bengal.

On the expansion front:

We have commissioned two hub centers and seven spoke centers across our network so far during the year, that is in the first half. This includes our flagship hub at JP Nagar, Bengaluru, as highlighted during our previous call. Looking ahead, we expect to commission another three hubs in the second half of FY '27, followed by three additional hubs in Q1 FY '28, further strengthening our network and expanding our presence across key markets.

Coming to our expansion plans in Hyderabad:

We are witnessing particularly strong traction and faster ramp-up across our spoke centers in Western Hyderabad, mainly supported by the residential and commercial development, including it being the IT and financial district. To capitalize on this growing opportunity, we are planning to establish our third flagship diagnostic center in Hyderabad, equipped with state-of-the-art infrastructure and advanced diagnostic equipment. This will be the third after our Himayatnagar flagship and Panjagutta.

Moving on to Pune:

The sustained improvement in performance and encouraging customer response have strengthened our confidence to further invest in this market. As part of this, we are planning to relocate two of our existing hubs, Satara and Mayur Colony, to larger premises equipped with advanced better technology. This is also because of the current centers being quite congested. Therefore, the shift will help us to enhance the customer experience, improve outcomes, and also increase capacity to serve a higher number of customers.

We believe these investments are well aligned with our long-term strategy of strengthening our presence in existing markets, upgrading our technological capabilities, and building a scalable infrastructure to support sustainable growth.

During the quarter, we also entered into a business transfer agreement to acquire Arya Wellness Centre in Guwahati, Assam, and this marks our entry into the Northeast region and is an important step towards expanding our presence beyond our existing markets. We believe this acquisition provides us with a strong platform to establish our presence not only in Guwahati, but to also explore growth opportunities across the Northeast, leveraging our experience in integrated diagnostics and operational excellence.

Our focus continues to remain on delivering high-quality services, enhancing customer experience, and expanding our reach in a disciplined and measured manner.

With that, I will now hand over to Raju to take you through the operational and financial highlights for the quarter. Thank you.

Narasimha Raju: Thank you, sir. Good morning and a warm welcome to everyone. First of all, wishing you and your families a very happy and prosperous Diwali.

I am delighted to share that we have delivered another set of great numbers in this quarter with strong growth in revenue and profitability. I will take you through our financial performance and key developments for the current quarter and half year ended September 2026.

Coming to the quarterly performance:

Consolidated revenue for the current quarter stood at approximately INR 255 crore, registering a strong year-on-year growth of 26.7%. This growth was primarily driven by test volume growth of 16.5% year-on-year and a favorable change in test mix, and also the revision in CGHS tariffs.

I am particularly pleased to share that our Hyderabad business continued its strong performance, growing by over 20% year-on-year, while Pune also delivered an encouraging growth of approximately 15.5% year-on-year.

In terms of geography-wise revenue contribution, Hyderabad accounted for 67%, rest of AP Telangana approximately 20%, Pune 5%, West Bengal 5%, and the remaining geographies accounted for the balance 3%.

During the quarter, revenue growth was driven by both our radiology and pathology segments, reflecting the strength of our B2C-focused integrated business model. B2C continued healthy at 92% of our revenue, while radiology accounted for approximately 37%. Revenue per test and revenue per footfall stood at INR 513 and INR 1,865 respectively during this quarter.

Moving to profitability:

EBITDA for the current quarter stood at approximately INR 113 crore compared to INR 82 crore in the corresponding quarter of the previous year, registering a strong year-on-year growth of 37.8%.

Our EBITDA margin stood healthy at 44.1%, reflecting an improvement of 350 basis points over the corresponding quarter of last year, primarily driven by operating leverage. Profit after tax for the current quarter stood at INR 59 crore, registering a growth of 37.4% year-on-year, with a PAT margin of 23.3%.

Now, coming to half-yearly performance:

I will now briefly summarize performance for the half year ended September 2026:

Consolidated revenue stood at INR 486 crore compared to INR 390 crore in the corresponding period last year, registering a year-on-year growth of 24.8%. EBITDA stood at INR 211 crore compared to INR 155 crore in the first half of the previous year, representing a strong growth of 36%. EBITDA margin remained strong at 43.4%. Profit after tax for the current half year stood at INR 113 crore with a PAT margin of 23.1%.

Coming to update on Arya Wellness Centre acquisition:

As you are aware, during this quarter, we have entered into a BTA for acquiring Arya Wellness Centre in Guwahati on a slump sale basis. Currently, we are in the process of completing the CPs as per the terms of this BTA, and we expect that this transaction will be completed in the next two months.

Now, coming to CAPEX guidance, as explained:

We will be launching 8 hub centers along with 14 spokes by Q1 FY '28. Out of the 8 hub centers, we have already commissioned 2 hub centers, including one flagship hub in Bengaluru. Three more hub centers are expected to be operationalized by March '27, and balance three hubs will

be coming up in Q1 FY '28. The estimated CAPEX for this expansion would be approximately INR 155 crore-INR 160 crore.

Apart from this, there are few more CAPEX initiatives. I will take you through them one after the other:

1. First, our new Panjagutta central laboratory with automated track system is getting operationalized in the next few months. The CAPEX for the same is estimated to be approximately INR 20 crore.
2. Second, would like to update that we have successfully completed the purchase of the Kadapa land in Tier-2 location in AP for approximately INR 9 crore, where we will be setting up a hub center in the next two years.
3. Third, in Pune, as explained, the estimated CAPEX for new hub center at Market Yard, which is in close proximity to the existing Satara Road center, will be approximately INR 18 crore-INR 20 crore, along with central laboratory to serve the entire Pune network. This hub center is expected to be launched during this FY '27, and this relocation will help us ease the existing capacity constraint and also provide headroom for further growth.
4. Fourth, we have finalized a building property to purchase at a CAPEX of approximately INR 19 crore, close to our existing Mayur Colony hub center in Pune, since this lease premises is going for redevelopment by the owner. The hub is expected to be commissioned in FY '28.
5. Lastly, in addition to this, we have also upgraded two CT equipment across our network to high-end 160-slice cardiac CT, considering the increase in demand for high-end complex CTs.

Now, coming to financial position:

We continue to maintain a strong balance sheet with a surplus cash position of approximately INR 355 crore. I am happy to inform that currently the cash PAT is over 30%, with healthy return ratios of ROCE of about 25% and return on equity of about 20%.

Our strong financial position provides us with a flexibility to pursue our expansion plans with confidence while maintaining a disciplined approach to capital allocation and creating sustainable long-term value for our shareholders.

That is all from my side. I would now request the moderator to open the line for the Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask the question may press "*" and "1" on the touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and "2". Participants are requested to use handset while asking the questions. Ladies and gentlemen, we will wait for a moment while the

question queue assembles. The first question is from the line of Rashmi Shetty from Dolat Capital. Please go ahead.

Rashmi Shetty: This is Rashmi Shetty from Dolat Capital. Sir, congratulations on good set of numbers. Just on the revenue guidance, earlier you mentioned that for this year we will be able to do high teens to 20% sort of growth in FY '27, but in first half we are running a run rate of around 25%, because of the broad-based growth across the centers. How should we look at it for the entire year and the second half?

Narasimha Raju: So, Rashmi, first of all, coming to the H1 performance, I am happy to share that all the geographies have demonstrated a strong growth across both the segments, both pathology and radiology. Hyderabad witnessed more than 20% growth, and Pune also witnessed mid-teen growth of close to like 15.5%. For H1, if you look at, as you rightly said, we delivered close to 25% year-on-year growth on the top line. So, we are fairly confident that for this financial year, we will be growing at least like a 20% growth rate is fairly achievable for this financial year.

But for a long-term guidance, Rashmi, as you know, we have been expanding aggressively across the new markets, both including like Pune, Kolkata, and Bengaluru, and also many other centers are in pipeline. As you know, the target is to complete 8 hubs and 14 spokes in Q1. We have already delivered 50% of the spokes, and hubs are in pipeline now.

Considering this expansion for a long-term sustainable revenue guidance for a period of like three to five years, we'll be comfortable in achieving mid-teen growth of close to like above 15% revenue guidance is fairly achievable.

Rashmi Shetty: Sir, does that mean that in the second half, there will be some softness across the center growth? If you can also give some clarity for the first year, how was the volume growth versus the pricing growth? I mean, we are seeing that around prices, revenue per test is also in the range of around 7%-8%. For the full year or maybe after that, for next two to three years, how should we model it?

Narasimha Raju: Rashmi, coming to the current year, the top-line growth of close to this 25% or 26% top-line growth is predominantly driven by the volume growth. You would have seen we have delivered close to like 16.5% volume growth.

Apart from that, we are also benefited from a favorable change in the test mix. I do not have the exact number, but I can estimate that will be in the range of like 4%-5% will be on account of the favorable change in the test mix. Because we have seen there is a movement even in radiology from basic radiology modalities to high-end radiology modalities like CT, including like CT angio cases, etc. The number of those volumes where high realization is there in advanced radiology is happening.

We have seen the trend from the last couple of quarters. Apart from that, approximately 3% growth would be attributable to the benefit from the CGHS tariff hike happened sometime in the last year, October, November, during that period the hike happened. So, 3% can be attributable to that, 4%-5% on account of favorable change in test mix, and around 16%, 16.5% is the volume growth.

Narasimha Raju: So, now, it will be for this current year. Going forward, Rashmi, when we are talking about growth guidance for a long-term perspective at like 15%, it will be majorly driven by the volume. If you see historically, our CAGR, if you see in the price realization, it is close to like 2%. In fact, last year, sometime in June, we did a price hike. We have not yet done the price hike. We will see whether we will do it in Q3 or Q4.

That is also an additional lever for the top-line growth, which we will see, compare our prices again with the market, and then we will take a calculated decision on that. But going forward, price is not the driver for the top line growth of 15%. That will account to close to 13%, but the balance 13% will be driven by the volume. Again, mix of volume growth coming from existing networks, like close to 8%-10%, and around like 3%-3.5% might come from the new centers volumes.

Rashmi Shetty: My second question is related to the number of centers that we are planning for FY '28. How many hubs and spokes are we planning and in which geographies?

Narasimha Raju: So Rashmi, as you know, historically we have been adding 4-5 hub centers and 8-10 spoke centers. However, after strengthening our internal project team and also looking at the faster ramp-up of all these new centers, last year alone in FY '26, we did 10 hubs compared to 4 to 5 earlier hubs that we used to execute. This year, we have a target to do at least like 8 hubs by Q1. If you look at every year, generally we do 4 to 5.

If you take that guidance next year, FY '28, apart from this year's 8 hubs, at least we will do 4 to 5, including our third flagship center that we are planning in the western part of the city. As you know, we have currently two flagship centers in Hyderabad, Himayatnagar and Panjagutta. So, this will be a third flagship center there.

Dhiren Gala: Rashmi, these hubs and spokes will be spread across our network. Even in our core geography, we will continue to add couple of more hubs. In FY '28, you will be seeing four to five hubs with couple of spokes spread across the network.

Moderator: The next question is from the line of Prince Goenka from Narnolia Financial Services Limited. Please go ahead.

Prince Goenka: I have couple of questions. First one is, the EBITDA margin has expanded to 44% in this quarter. What were the key drivers of this expansion and how much further margin improvement can we expect?

Narasimha Raju: Sorry, can you please repeat the question? Couldn't hear properly.

Prince Goenka: My first question is related with margins. The EBITDA margin has expanded to 44% in Q2. What are the key drivers of this expansion and how much further margin improvement can we expect?

Narasimha Raju: For the Q2, we have delivered healthy EBITDA margin of close to like a 44%, which is like 350 basis point expansion in the margin compared to the last year Q2. Of course, it is driven by operating leverage because the beauty of our model is, most of our expenses are fixed in nature, close to like a 65%-70% of our expenses are fixed in nature, which is allowing this operating leverage to play out whenever revenue is growing beyond that 15% to 18%. Obviously, it will keep getting added to the EBITDA level. Apart from that, in the current quarter, there is a benefit of close to like a 2% benefit would have been there because of the CGHS tariff hike also.

This year, I think FY '27, considering the EBITDA margin of 43%-44% for the H1, we believe for the entire financial year, we will be fairly confident of achieving close to like a 42% and above EBITDA margin for this financial year.

Prince Goenka: Sir, the second one is, what is the roadmap you will be going to implement to increase the revenue contribution from newer markets such as Bengaluru, Pune, West Bengal? What revenue contribution can we expect to achieve over the next three to five years?

Sunil Chandra Kondapally: Prince, if you look at revenues which are coming from Hyderabad, which have been slowly and steadily declining quarter-on-quarter, if you look at this quarter, Hyderabad was at about 67%, and if you look at the same quarter previous year, it was 69%. There is a decline of 2% in the revenue contribution from Hyderabad.

At the same time, there has been growth in other markets, especially we have seen growth in places like Kolkata, where we have gone to 5% now, and Pune is stable, and Karnataka is also growing now. As we move forward, we will continue to see that the dependence on Hyderabad, that number will continue to come down maybe by a few percentage, 3% to 4% every year for sure, and other markets will increase their contribution.

Prince Goenka: That's all from my side.

Moderator: The next question is from the line of Tushar Bajaj from Pareto Capital Finance Private Limited. Please go ahead.

Tushar Bajaj: We wanted to ask, you are giving a plan to expand in the core markets and the markets which you have recently entered, like West Bengal and Pune. In the coming years, is there any plan to enter into new geographies, or you want to go for deeper penetration in these existing markets only?

Narasimha Raju: As of now, the focus is to expand our network across these three new metro markets that we opened, right, like Pune, Bengaluru, and West Bengal. The focus is to go deeper into these three new metro markets that we have been working actively. Apart from that, in our core geographies, both in Hyderabad and rest of AP and Telangana, wherever there is good potential in a district headquarter, we will continue to open our hub centers and spokes even in rest of AP and Telangana.

As of now, we are not looking at a newer geography. As you know, we have entered into an acquisition transaction in Assam. That will be the new geography. That will be the seventh state where Vijaya will be entering. So that is going to be a platform for us to start serving the entire northeastern geography.

As of now, we are not expecting any other further geography, but down the line, in case if we get any interesting M&A acquisition opportunity in new geography, which will fit into our M&A strategy, then definitely we will be open to explore those options as well.

Tushar Bajaj: Regarding wellness part, we are seeing a 14.6% contribution of revenue from the corporate wellness segment. What are the performance of the wellness segment from the non-core geographies like Pune, Kolkata, and other markets?

Narasimha Raju: Wellness, overall in the company level, the wellness share in the company is 14.5%, and it has been growing consistently at double-digit each quarter. In fact, this quarter also we have delivered more than 25% growth in wellness.

We have seen this wellness segment growing even in the Tier-2 locations. Earlier, the Hyderabad used to contribute majority of wellness segment, but now we see, from the last two to three years, because of the awareness that is increasing, even in the Tier-2 locations, we see the wellness segment is growing.

Dhiren Gala: Tushar, as our network expands in West Bengal and then Karnataka, we are also emphasizing on corporate sales. That also, over a period of time, is showing a good increase.

Moderator: The next question is from the line of Surya Narayan Patra from PhillipCapital (India) Private Limited. Please go ahead.

Surya Narayan Patra: My first question, I will just get the clarification, first of all. Can you just repeat the center mix for this quarter, sir? Hyderabad.

Narasimha Raju: Hi, Surya. Overall, as of now, we have close to 168 centers consisting of 51 hubs and 117 spokes, out of which you know the major cluster and geography is Hyderabad, where we have close to 100 centers in Hyderabad. That is the reason why the Hyderabad as a geography continued to demonstrate high growth, because you are close to the customer. Okay? Within like a 10-minute distance, Vijaya Diagnostic Centre is there across Hyderabad. So, out of this 100 centers in

Hyderabad, again, if you come to hub and spoke, 19 are the hub centers, balance 80 are the spoke centers.

Surya Narayan Patra: 19 is the hub, right, sir?

Narasimha Raju: 19. Out of 100 centers in Hyderabad, 19 are hubs, balance are the spokes. Overall company level, out of 168, 51 are hubs, 117 are spokes.

Surya Narayan Patra: The rest of Andhra, it is remaining same as it is, 35?

Narasimha Raju: The balance. Like example, in rest of AP, Telangana, we have more than 10 hubs. In Kolkata, as you know, we used to have two, Medinova and VIP Road, then we added five. So total seven hubs we are having. Pune, we used to have three at the time of acquisition, then we added Kalyani Nagar and Ambegaon, so we have got five. In Karnataka, as you know, we started with two centers, HSR Layout and Yelahanka. Then we added JP Nagar, and also we have a center in Gulbarga. So Karnataka as a state, we have four.

Surya Narayan Patra: I am just reconfirming, sir. It is Bengaluru, four. Rest of Andhra Pradesh, you said-

Narasimha Raju: Rest of Andhra Pradesh, 15.

Surya Narayan Patra: 15.

Narasimha Raju: The exact number.

Surya Narayan Patra: No, it was 35 total centers, I am asking. Now it is-

Narasimha Raju: Total centers are 33 in rest of AP, Telangana, out of which 15 are hub centers and 18 are the spoke centers.

Surya Narayan Patra: Kolkata now it is same, 9 centers, sir?

Narasimha Raju: Kolkata, we have seven hubs and few more spokes are there. Pune also, apart from the five hubs that I told, there are few more spokes are there.

Surya Narayan Patra: Are you clarifying the Kolkata numbers, sir, put together?

Narasimha Raju: Kolkata, put together, there are 12 centers, seven hubs and five spokes.

Surya Narayan Patra: My first question, see, in case of Hyderabad that we have seen, it is obviously that has been the kind of a biggest contributing base. While the contribution has been declining, but the kind of a contribution rate has been improving continuously. Is it the kind of a new specialty additions in the existing hub and spokes that is helping us, or it is the price? What is that is helping us in Hyderabad, sir?

Narasimha Raju: It is not the price definitely, Surya. Hyderabad as a cluster has been delivering strong growth over the years, mainly because of the brand that we have. Also, we continue to gain market share from the unorganized players. I do not think there is no one who has got close to like a 40 to 50 centers as in Hyderabad. We are the highest, center network that we have. That is one.

Second thing is constantly we have been adding new modalities, specializations, etc, in the Hyderabad market. Just to tell you, like few years back, when people were having issues with claustrophobia and an MRI, we introduced immediately an open MRI in Ameerpet. After some time, then we thought, we introduced a high-end dual-source CT in Panjagutta, where patients with heart rate fluctuation, they did not take a beta blocker. They can get the scan done immediately. Okay?

So various initiatives we keep doing, okay, in our Hyderabad geography. Okay? Also, we keep adding additional, say, for example, additional modalities, like not modality, additional equipment. Say for example, if a spoke is delivering close to INR 3 crore-INR 3.5 crore, and only the footfall for an ultrasound scan over there is very high, then we will add a second ultrasound machine, example.

In few of the centers, generally a spoke will have one ultrasound. Right now, there are many spokes where there are two to three spokes, two to three ultrasound machines are there to cater to the additional demand towards these radiology tests.

Dhiren Gala: Also, Surya, what we are trying to do is we are trying to replace or upgrade the existing equipment to higher-end equipment. For example, this year in one of our existing hub centers, we upgraded it to a 160-slice CT. So, all those CT coronary angios, coronary calcium cases, those volumes have grown, which are higher realization tests across our network because of the increasing awareness of cardiovascular health, preventive health, etc. So, that also is playing a role in improving the overall mix and the realizations in Hyderabad and across the network as well.

Narasimha Raju: We keep doing this across the network, Surya. Just to give one more example, like, okay, place like Kurnool is doing fantastic in terms of top line in a Tier-2 location to cater to the additional demand, like an MRI. We added a second MRI. Generally, rarely you find a diagnostic center to have two MRIs. Okay? So we added a second MRI there.

Now, in the next four to five months, Tirupati, we launched four-star IPO just two to three years back. It is doing fantastically good, and now we might add our second MRI in Tirupati in the next six months. Okay? So we are going to take that decision.

So it is a continuous improvement we keep doing in terms of adding additional equipment or additional modality. That is a continuous journey to cater to the increase in demand from the patients.

Surya Narayan Patra: If I just, as a follow-up, sir, ask about whenever you think about adding a second MRI in the same center, so what number of daily tests that you would be thinking as a kind of a starting point to think about adding another MRI machine there?

Narasimha Raju: It is like this, Surya. So it is like this. So first of all, the patient comfort, okay? Suppose general patient footfall that you expect when you have an MRI, say for example, like 15 to 16 scans you are expecting initially, okay, which is a comfortable number. Then you are experiencing, say for example, 25 scans every day. Then if the patients are waiting for more than like one hour or two hours, it causes lot of inconvenience, right, for the patient. Then immediately you will think of adding an extra machine. So over the period, again, both the machines might be doing like 50 scans.

First of all, okay, it is the convenience for the patient that you look at it, and once you are doing that higher number of cases, then you might add an additional. But it is not easy. Always the premises might not be, in a sense, capable enough to take that second MRI machine. Suppose you have taken a place for 8,000 sq ft and you have all the modalities, now you might not have a place to add one more second MRI machine. In those cases, what you do is you might take close by, in the next 1 km distance, you might take another hub center, which say for example, 7,000 to 8,000 sq ft, and then you do the entire hub, okay, with including an MRI machine.

Sunil Chandra Kondapally: Basically, Surya, just to add to that, it is very simple. When we see an addressable market opportunity, we tend to move quickly because we do not want that to be lost to our competitors.

Secondly, as Raju had just mentioned, especially in some places where we have high-end MRIs, we are doing lot of special studies like the stroke, vertigo, movement protocols, so on. Protocol studies may take more time. So a patient waiting for an MRI brain or a spine, we don't want them to wait one, two hours, which causes them inconvenience.

So keeping all of this in mind, in some places we take that call. And usually when we have taken that call, we have always seen that actually there was demand. So the overall number of cases done in that location has gone up. So in your earlier question also, if you are looking at growth, so the growth is actually coming from existing centers where we are doing these kind of incremental investments, plus the new centers, plus also change in the test mix. All three factors are now playing to give you the growth that you are seeing.

Surya Narayan Patra: Similarly, I am just looking at another interesting point what I see is this dental CBCT. I think this is gaining momentum among the practitioners, and you have rightly pointed out in your presentation this time. Obviously, this is a new equipment that is to be added. Are you really seeing this as a kind of a swinging factor to the overall radiology revenue mix, what we are hovering around 37 odd percentage of the total? As an opportunity, how big this CBCT, dental CBCT can be, sir?

Narasimha Raju: Surya, first of all, the CBCT is one of the radiology modalities that we have, and we have got this machine across multiple centers. I do not have the number handy, but we have it in multiple centers, and we do good volume of dental scans on the CBCT machine, okay? Typically, standalone diagnostic centers generally they do it on OPG machine, okay? Only like bigger diagnostic centers like Vijaya, they do the scans on CBCT machines. We have multiple machines across our network.

Surya Narayan Patra: My point was that whether any scope of enhancing the kind of a radiology mix, let us say, in next couple of year time, is that scope is there, or it is the mature number we should think as a mix is somewhere around 37%-38% for radiology for us?

Narasimha Raju: Surya, that mix will change depending upon the number of hub and spoke initiatives that you are doing. If you are adding more hubs, because as you know, in hubs, there is a high element of radiology component revenue compared to spokes, because in spokes you have pathology plus basic radiology.

I think since we are adding hubs and spokes in the same ratio, example, last year we added 10 hubs, and then not much spokes. This year we are adding 14 spokes, right? Because of this, I think always the revenue mix between path and radio, that 67%, 37% did not change much. 1%-2% is changing depending upon the expansion that we are doing. So, I do not think in the next three to four years also, Surya, this mix might not change materially.

Surya Narayan Patra: Just last one clarification from my side, sir. See, we have been having a kind of the asset-light model earlier. Now, with the kind of a land acquisition and what we have done, so how should one think? Given the kind of a cash base that is there in the balance sheet, are we thinking about owning assets going ahead for our new centers, new hubs at least?

Narasimha Raju: Surya, the strategy remains same. It is an asset-light model. So, we take these buildings on lease for all these hubs and centers. There is no change in the strategy. But it is important that in these metro markets especially, example, like Pune, Bengaluru, and Kolkata, we have got all these lease premises, right? But owning at least like couple of hub center locations, owning the premises is extremely important from a long-term strategy perspective. It is extremely important.

So, that is the reason why one or two centers we might take it on purchase model, but overall strategy remains same. Say, for example, if you are going to add 10 centers in future, nine will be on lease model only. One location, if it is in a prime location in any of these three metro markets, it might be owned.

Also, like a Kadapa land purchase that we did in a Tier-2 location, that is a location which we have been scouting for from last two to three years. Since we could not get a lease premises there, we had to buy that land. Otherwise, we would not have chosen the purchase option.

So, our option is always to take it on lease. There is no change in the strategy. But we will try to own at least one or two hub locations in these three new metro markets, which is important from a strategy perspective from a long term.

Moderator: The next question is from the line of Sumit Gupta from Antique Stock Broking Limited. Please go ahead.

Sumit Gupta: Sir, one question on Pune side. Revenue per center in Pune centers is more or less stable at Rs. 2.5 crore. Just want to understand on that part, like, should we see it stabilizing at this level only, or is there any strategy to increase the revenue per center also?

Narasimha Raju: Sumit, as you know, Pune is a mature center state it was when we acquired. And then afterwards, we added these two major hub centers, one in Kalyani Nagar and the other one at Ambegaon. So, the current growth that you are looking at is predominantly coming from the network expansion that we have done in the last one year. That is the reason why you see that the revenue per center did not move materially, because the existing three hubs and more than 10 spokes are more or less at a steady-state growth.

Sumit Gupta: Over the next two to three years, how should we see this revenue per center going? Basically, on your Pune market point of view, how do you see Pune contributing to the overall growth?

Sunil Chandra Kondapally: I think we mentioned earlier, Sumit, that two more locations, which are existing centers where we feel there is congestion, we are in the process of shifting those. In Satara and also Market Road, where they will become larger hub centers, and they will be able to offer more services and also handle higher volumes. That will also result in, obviously, increased growth in Pune. Apart from that, we may plan spokes also, which will be part of our regular expansion plan.

Dhiren Gala: Also, Sumit, the capacity which we have added, like two hubs in Ambegaon, Kalyani Nagar, and then a couple of spokes, it has just been 1.5 year, 1-1.5 years. Obviously, they are ramping up, and they will be throwing more revenue over a period of time. So, there is definitely a potential to increase this revenue per center in Pune.

Sumit Gupta: Second is on the Arya part, so the Guwahati expansion. Currently, it is doing 21%-22% kind of margin. What is your plan to increase it? Do you plan to take it to the company-level margins or near to company level over the next two to three years?

Narasimha Raju: Sumit, first of all, let me just give you background about this asset. It is a good quality asset that we propose to acquire with top line of more than INR 25 crore and fully focused on B2C, just like Vijaya, and again doing high-end work across pathology and radiology. On pathology side, they do a lot of work on histopathology.

Also on radiology side, they do even interventional radiology on the CT and ultrasound machines also. So they have got good team as well, and the location is very, very good, in the close

proximity to most of the hospitals, including government medical college and hospital. It is currently doing close to above 20% EBITDA, and that too, it is pre-Ind AS EBITDA that I am talking is, they are doing almost close to more than 20%.

A hub doing close to 25% is not a small number. That means it is already close to mature state revenue. It will take couple of months for us to complete this transaction. Just give us some time. By next quarter, we will be able to give you more details about this transaction, what will be the potential, what will be the strategy for it.

But as of now, without getting into the details, this is like a mature state revenue. This will be more like a platform for us to start expanding in this geography and then start serving to this community over there.

Sunil Chandra Kondapally: Sumit, as you know, our model itself, once a hub matures, we do add spokes around it. Then as a cluster, we see the operational efficiency and the improvement in margins. As Raju mentioned, we would like to complete the transaction, and at that point, we will be able to share more data on what is the plan to grow in this region.

Moderator: The next question is from the line of Rashmi Shetty from Dolat Capital Market Private Limited. Please go ahead.

Rashmi Shetty: Sir, on the EBITDA margin front for this quarter, while I understand that we have a benefit of tariff test per revenue mix, but how much is the drag which is coming from the new centers?

Narasimha Raju: Rashmi, there is no much drag from these new centers because in the current quarter, we just opened our Bengaluru JP Nagar flagship facility. It is only one center, and Q1, we opened Gachibowli hub center in Hyderabad and the spokes. There is no much drag on EBITDA because of these. Yes. Not much drag. Also, as you know, we opened 10 hubs last year. In spite of opening those 10 hubs also, there is no much drag because of the hubs that we added last year.

Sunil Chandra Kondapally: Actually, those hubs last year were able to ramp up as expected or maybe faster, Rashmi. Even though it was 10 hubs in one year, we have not seen any significant drag on margins.

Rashmi Shetty: Happy Diwali to all.

Moderator: The next question is from the line of Amey Chalke from JM Financial. Please go ahead.

Amey Chalke: I have one question. Basically, a large part of the growth for us is coming from the core market as well, for which you already mentioned that you are taking market share in places like Hyderabad from unorganized players over there. So, have you witnessed any trend in Hyderabad where we have seen the number of mom-and-pop shops reducing in any particular region, etc, which can substantiate this thing? Or also, has there any new introduction of diagnostic tests

prescribed by the doctors or any change in regime from the doctor side which has resulted into a good volume growth for our core markets?

Sunil Chandra Kondapally: Amey, basically, I think Raju mentioned earlier, that we are seeing a shift in terms of even whether it is radiology or pathology, but doctors or hospital patients asking us for more advanced procedures. So the mix of people asking for protocols or say a cardiac angio or some other tests, which in some cases most of the other centers are not offering, this percentage is going up. So that is obviously helping us.

The same thing is happening even on the lab and pathology side, where there are new tests coming. We are also expanding now towards the area of things like genomics and various high-end tests. Again, in the high-end pathology, usually you will not find any competition from the smaller centers. It will only be offered by some of the larger, more established players like us. So that will also result in shift of some amount of business to us.

Narasimha Raju: Amey, just to add to that, we haven't seen any new player opening a center in Hyderabad.

Dhiren Gala: Amey, in terms of just the competitive intensity, if you would have looked at our CAPEX plan, we've already commissioned one hub and four spokes, till H1 in Hyderabad. And we will be commissioning at least three to four more spokes in Hyderabad this year. So we have not seen the competition add capacity at the similar pace as that of Vijaya, even though we have close to 100 centers now in Hyderabad.

Narasimha Raju: To add to that, Amey, we are going to add our third flagship center in Hyderabad in the next year. It will take another because we already signed the lease, which we have been scouting from the last one year in that geography, because the spoke centers in Hyderabad in the western part have been delivering exceptional growth. So, we have been waiting for that location. Fortunately, we got that location. Now we signed the lease.

We expect that in the next six to eight months, we will be opening our third flagship with state-of-the-art equipment. Still we are evaluating the high-end equipment, which model we have to have, etc. Just to tell you, we are also planning whether we should install Omega 3T MRI, the one which we installed in JP Nagar, Bengaluru. We will be coming up with the third flagship center in the next six to eight months in Hyderabad.

Amey Chalke: This tells us that the Hyderabad growth at least for next few years will continue in double-digits.

Narasimha Raju: Definitely, Amey. I think double-digit growth in Hyderabad will continue. If you see last four, five years also historically, every time, we used to think that it is already at a mature state. Even in 2021, when we are having example 60, 65 centers, we used to think it is a mature state, whether it will grow at double-digit or not. But it always surprised and from last three to four years, if you see, it always continued to grow at double-digit.

Amey Chalke: Second question I have on the wellness share, it is hovering around 14.5% for some quarters now. Should we say it is normalized at that level, or is it just because our overall business has started growing in line with the wellness growth, that is why it has not moved much?

Narasimha Raju: I will say the wellness segment is growing in line with the top line growth, Amey, if you see. Even at a percentage, it is at 14%-15%, if you see. Historically, it is growing at more than 20%. In fact, even in Q2, it grew by almost close to 27%. The wellness.

Amey Chalke: No, should we expect it to further improve, or should we say that it will normalize around 14%, 15%? Because that will have implication for our revenue per test, right? Because it was one of the driver for revenue per test to go up basically.

Narasimha Raju: Yes, it is one of the drivers to impact revenue per test, but not materially, Amey, because it is at the 14%-15%. But as you rightly said, the percentage of revenue mix, the 14%-15% might not change materially in the next couple of years, but it will continue to grow comfortably more than 20%, because we have been putting our best efforts to promote this wellness across our network.

Sunil Chandra Kondapally: Amey, just to add, one is when we are looking at preventive and wellness, we are looking basically at various packages and other offerings that we offer. In most cases, either with us or other players, these are offered at slightly discounted pricing because it is a package. That is one.

Two is, it also depends on how people report what is preventive and wellness. If somebody says anybody coming for a Cardiac Angio CT is coming for a wellness, then maybe my wellness number will change. But as of now, we are kind of reporting only packages that we do as preventive and wellness business. We don't see that business not growing. It is growing because of the awareness. But if you felt that revenue per test will go up because of that, that may not be correct.

Amey Chalke: I will join back the queue.

Moderator: The next question is from the line of Anshul from Emkay Global Financial Services Limited. Please go ahead.

Anshul Agrawal: First question is on Hyderabad cluster. Would we be able to break up the revenue growth in terms of volumes and realization in this cluster as well?

Dhiren Gala: In terms of volume growth, this quarter, Hyderabad has grown at a mid-teenish kind of growth in terms of volume. In terms of the change in the test mix, there has been roughly about 2%-3%. Then obviously, we have benefited because of revision in the CGHS tariffs. That would be the balanced proportion.

Anshul Agrawal: The reason I ask this question is, if I look at our number of centers in Hyderabad, it would have grown in the, say, last 1-1.5 years from, say, 90 to 100.

Narasimha Raju: Not much, Anshul. If you look at it in terms of hubs after adding Panjagutta three years back, I do not think we added any major hub in Hyderabad. Only spokes we were adding, and this year we added in Gachibowli.

Dhiren Gala: Anshul, this number was 94 two years back, and now it is 100. Okay?

Anshul Agrawal: Existing centers-

Narasimha Raju: Hubs side we did not add much, Anshul.

Anshul Agrawal: Is this deduction fair that existing centers are only driving higher throughput versus us adding more centers that is leading to Hyderabad doing a 20% kind of growth?

Narasimha Raju: Yes, Anshul. Yes. The existing centers are demonstrating higher growth.

Anshul Agrawal: Perfect. Very clear, sir. The second question would be slightly medium-term. I am not asking for a guidance, but if we sort of continue with our run rate of adding eight or eight to nine hubs in any given year or any 12-month timeframe for the next two to three years, and with more focus on new clusters, could we see the network effect that we have in Hyderabad playing out in all these three geographies, both in terms of volume as well as margin trajectory?

Sunil Chandra Kondapally: Anshul, basically, if you look at what we have always said is our business model, we like to go into a market, and we have dense network. In that sense, we try to add more hubs and more spokes so that there is an increased operational leverage and efficiency. Rather than looking at saying we will quickly go pan-India or something, this is our strategy.

If you look at what we have done in Hyderabad, we have always said, even over the last few years, that we are looking at other alternate markets where we see an opportunity to create a similar network like Hyderabad. We have chosen already places like now Bengal or Karnataka, and of course, Bengal and Northeast are adjunct. But these regions are where we will definitely continue to do the same thing. We will add more hubs, follow it up with spokes. That is how we will go.

If you are saying that just because we did 10 last year when we said eight or nine this year, that will now become our norm, that we are not sure. We tend to give you guidance going forward every year at every point about what we are doing in the next, say, two to three quarters. But I would say do not model us saying we will be adding 10 hubs every year.

Anshul Agrawal: What I was trying to infer was, if we go deeper in these networks, would these clusters sort of perform in line with whatever is happening in Hyderabad, both in terms of margins and throughput perspective? That was what I was trying to infer, sir.

Narasimha Raju: Anshul, from a margin perspective, I don't see any concern, okay? Because we are seeing these newly started hubs ramping up, achieving break-even within the timelines that we have set. There is no concern from margins perspective or a drag from these new centers perspective, okay? Since we are into a B2C focus, integrated with radiology, ensuring that customer experience, safety, everything is important.

That is the reason why each geography we are adding two or three hubs every year, and then with a planned expansion we are going across these geographies. Each year we might be opening at least like four to five. Of course, last year we added 10, now we are adding 8. So, almost like 18 hubs we are adding in two financial years. It is not an easy job, okay? The project team is doing a fantastic job over there.

But consistently, I think every year at least like four to five hubs across the geographies we wi'll be doing. I don't think and also spokes also we will keep adding, because the moment you keep adding the hubs in these geographies, then you get the opportunity to add the spokes also around these hub centers. I don't think margins will be a constraint there, Anshul. Only thing is, we need to stabilize these hubs and then keep adding the spokes.

Dhiren Gala: Anshul, the overall goal is to kind of replicate the Hyderabad densification strategy. Obviously, we are working towards it. That is why we have time and again stated that organically, we will not look to add centers outside of these three to four new geographies that we have identified, because we want to create densification in these four geographies. The plan is to do that.

Anshul Agrawal: Thank you for answering my questions.

Moderator: The next question is from the line of Mr. Abin Benny from JM Financial. Please go ahead.

Abin Benny: Sir, just a quick question. You had mentioned in the call earlier that the PH Pune cluster has been doing good in terms of revenue. But just to ponder a bit deeper into it, in terms of profitability, how would that be looking in terms versus our group margins?

Narasimha Raju: Abin, since PH has been delivering the double-digit growth from the last couple of quarters, right? Even on the margin profile, it is doing fantastically great. Above 35% margin it is delivering now.

Abin Benny: Just a last question. Bengaluru is the cluster that we have been late to, latest entrant with advanced technologies. Here with these new technologies, any uptick in the kind of demand or the test volumes that we are seeing? Just trying to understand that how is this kind of experience trying to differentiate the demand in a new cluster?

Narasimha Raju: It will be similar, Abin, okay? Demand in a metro generally. Here, since we added high-end radiology equipment, initially we see more footfall in this newer geography, say for example, HSR Layout, Yelahanka, towards your high-end MRI cases, CT cases, etc, not for the regular

pathology tests. But as you move forward in one to two years, even the regular cases volume also will keep increasing. Even the revenue profile for these new centers, like in Bengaluru, etc, more than 50% contribution will come from high-end radiology composition.

Dhiren Gala: For the new months, within MRI and CT, the demand is higher for complex cases because we have the capabilities to do those tests.

Sunil Chandra Kondapally: Also, we have to open more spokes, Abin. As that happens also, you will see that mix changing.

Abin Benny: Thank you for taking my questions.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the conference over to management for closing comments.

Dhiren Gala: Thank you all for joining the call. If there are any further questions, please feel free to reach out. Thank you.

Sunil Chandra Kondapally: Thank you.

Narasimha Raju: Thank you.