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National Stock Exchange of India Limited  
Exchange Plaza,  
Plot No. C/1, G Block,  
Bandra Kurla Complex, Bandra (E)  
Mumbai – 400 051

BSE Limited  
Corporate Relationship Department  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001

Symbol: LALPATHLAB

Scrip Code: 539524

**Sub: Transcript of Q2 & H1 FY26 Earnings Conference Call**

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Transcript of Earnings Conference Call on Financial Results for Q2 & H1 FY26.

We request you to please take the same on record.

Thanking You,

Yours Faithfully,

For **Dr. Lal PathLabs Limited**

**Vinay Gujral**  
**Company Secretary & Compliance Officer**

*Encl.: As above*



## Dr. Lal PathLabs

### Q2 H1 FY26 Earnings Conference Call Transcript

October 31, 2025

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| Call Duration                    | <ul style="list-style-type: none"><li>1 hour 9 minutes</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Management Speakers              | <ul style="list-style-type: none"><li>(Hony) Brig. Dr. Arvind Lal – Executive Chairman</li><li>Mr. Shankha Banerjee - Chief Executive Officer</li><li>Mr. Ved Prakash Goel – Group CFO and CEO, International Business</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Participants who asked questions | <ul style="list-style-type: none"><li>Binay Singh – Morgan Stanley</li><li>Karthik Chellappa – Indus Capital Advisors Hong Kong Limited</li><li>Prakash Kapadia – Kapadia Financial Services</li><li>Anshul Agrawal - Emkay Global</li><li>Bino Pathiparampil - Elara Capital</li><li>Chirag Maroo – Keynote Capital</li><li>Rishi Modi – Individual Investor</li><li>Aashita Jain – Nuvama</li><li>Yogesh Soni – InCred Capital</li><li>Krishna Raj K. – Ekvity Wealth Management Private Limited</li><li>Vivek Choksey – Emkay Global</li><li>Surya Patra – Phillip Capital</li><li>Abdulkader Puranwala – ICICI Securities</li><li>Sumit Gupta – Centrum Broking</li></ul> |

**Moderator:** Ladies and gentlemen, good day and welcome to Dr Lal PathLabs Q2 FY26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during 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 over the conference to Mr. Nishid Solanki from CDR India. Thank you and over to you, sir.

**Nishid Solanki:** Thank you. Good afternoon, everyone, and welcome to Dr. Lal PathLabs' Q2 FY26 Earnings Conference Call.

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

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

I would now like to invite Dr. Arvind Lal to share his perspectives. Thank you, and over to you, sir.

**Dr. Arvind Lal:** Thank you, Nishid. Good evening, ladies and gentlemen. Thank you for taking out the time and joining us on our second quarter and half yearly earnings call for Fiscal 2026.

Healthcare in India stands at a crucial inflection point. The sector continues to expand at a healthy pace, shaped by both demographic realities and transformative policy shifts. Initiatives like Ayushman Bharat are steadily broadening access with millions of new admissions under coverage, and hospitals being impanelled at a fast pace. This is opening the doors of organized healthcare to Tier-2 and Tier-3 cities in India, creating a structural tailwind for quality diagnostic services also. As India accelerates healthcare spends, it is imperative that early detection and diagnostics must be at the heart of this national healthcare agenda.

Another trend that is gaining momentum is rapid digitization of the healthcare delivery. The Ayushman Bharat digital mission and other incentive schemes are pushing adoption of standardized digital workflows across hospitals and labs. This shift is not very administrative. It is also redefining the patient's experience, ensuring better traceability, enabling us to integrate our services more efficiently. For diagnostic players with established digital infrastructure like ours, this is a significant advantage.

Turning to disease patterns, non-communicable diseases remain the most pressing healthcare challenge for the country. Cardiometabolic demand stay elevated as India continues to grapple with high burdens of diabetes, hypertension and obesity conditions that increasingly require continuous monitoring and preventive testing. At the same time, environmental factors like air quality and lifestyle shifts are compounding risks, expanding population that requires regular testing and early

interventions. These developments translate directly into higher demand for chronic care diagnostics, preventive panels and high-end testing across the country.

The diagnostic sector is undergoing gradual consolidation. Organized chains still account for less than one-fifth of the overall market. However, the bar for quality, digital readiness and compliance is rising fast, due to consumer and institutional demands. This shift is continuously helping the migration from unorganized to organized providers.

This transformation also presents a generational opportunity for India's in-vitro diagnostics (IVD) industry. As the nation expands its screening coverage, demand for robust, affordable and scalable diagnostic solutions is increasing at a fast pace. The next decade offers a defining opportunity to align India's economic strength with its healthcare ambitions. The time to act is now, to invest, innovate and integrate diagnostics as the gateway to India's universal healthcare dream.

We remain deeply committed to our mission of delivering trusted diagnostics with care and precision. At Dr. Lal PathLabs with our reference labs backbone, franchisee-led growth model and investments in high-end diagnostic testing, we are well positioned to address emerging healthcare challenges. Together, these elements will enable us to grow responsibly, while strengthening our leadership in the country.

With that, let me invite our CEO, Mr. Shankha Banerjee, to share performance highlights of the quarter. Thank you. Over to you, Shankha.

**Shankha Banerjee:**

Thank you, Dr. Lal. Good evening to everyone. It's a pleasure to connect with all of you again as we review the financial performance for the second Quarter of fiscal year 2026.

In Q2 FY26, we have maintained a healthy growth trajectory and strong profitability, reflected in the operational discipline across our network. Revenue growth in Q2 stood at 10.7% YoY with H1 revenue growth of 11%. The Q2 revenue performance was supported by sample volume growth of 10.3% to 25.4 million and patient volume increase of 5% to 8.2 million. In Q2, we recorded a PAT growth of 16.4%.

While our core growth was strong, the overall volumes appear moderated on YoY basis, mainly due to lower incidence of seasonal illnesses such as Chikungunya, Malaria, Dengue and general fever, compared to what was observed in the same period last year.

Our focus on deepening our technical expertise in high complexity testing areas is continuing. Our Genevolve division incorporates integrated cutting-edge sequencing technology, significantly enhancing our capacity and accuracy for specialized services like personalized medicine and molecular diagnostics across our network.

Furthermore, underscoring our leadership in new age diagnostics, Dr. Lal PathLabs has become the first lab in India to integrate a deep learning-based AI module for detecting lymph node metastasis, including elusive micrometastasis, in cancer cases. This innovation dramatically enhances the precision and speed of oncology reporting, helping clinicians make quicker, life-saving treatment decisions.

Our flagship "Swasthfit" program contributed 26% to Q2 revenues. As an affordable bundled preventive health checkup package, it is the key to securing B2C market access. Given the immense potential of India's nascent preventive testing market, we are confident in driving a continuous increase in Swasthfit's revenue. We are

actively developing new offerings to embed within the bundled program to sustain this trend.

Our network expansion is disciplined, driven by a cluster-based approach. We are reinforcing the depth and breadth of our leadership in the core markets of North and East, including Delhi NCR and are seeing higher revenue contributions from these strengthened clusters. Parallely, we are intensifying efforts to deepen our reach into Tier-3 and Tier-4 towns to secure future scalability.

Our investment in digital assets and technology platforms is helping us improve patient and client experience. We are also increasing applications for AI in our operations, including in-house developed algorithms.

Moving forward, growth will be underpinned by geographic expansion, portfolio innovation and digital enablement. Operationally, our focus is to maximize utilization of the expanded network, drive efficiency and convert our infrastructure investments into significant operating leverage. This disciplined approach ensures our continued leadership in the diagnostic sector, delivering sustainable and profitable growth for our shareholders over the long term.

With that, I will now hand over the call to our Group CFO and CEO, International business, Ved. Over to you.

**Ved P Goel:**

Thank you, Shankha. Good evening, everyone, and a warm welcome.

I will be sharing the key financial highlights for Q2 and first half of FY26.

- Revenue for Q2 FY26 came in at Rs. 731 crore compared to Rs. 660 crore in the same quarter last year, reflecting a growth of 10.7%. The first half FY26 revenue stood at Rs. 1,400 crore, making a growth of 11%.
- Revenue per patient for Q2 FY26 came in at Rs. 889, 5.4% higher compared to Rs. 844 in Q2 FY25.
- Test per patient for Q2 FY26 stood at 3.09 v/s 2.94 in Q2 last year, registering a growth of 5%.
- EBITDA for Q2 FY26 came in at Rs. 224 crore, compared to Rs. 202 crore in Q2 FY25, registering a growth of 10.8% with an EBITDA margin of 30.7%.
- EBITDA for first half of FY26 stood at Rs. 416 crore v/s Rs. 372 crore in H1 FY25, registering a growth of 11.8% with EBITDA margin of 29.7%.
- PBT for Q2 FY26 came in at Rs. 204 crore, registering a growth of 11.2% with a PBT margin of 27.9%. PBT for first half of FY26 stood at Rs. 385 crore with PBT margin at 27.5%.
- PAT for Q2 FY26 came in at Rs. 152 crore compared to Rs. 131 crore in the same quarter last year, registering a growth of 16.4% with the PAT margin of 20.8%.
- PAT for the first half of FY26 stood at Rs. 286 crore v/s Rs. 239 crore in H1 FY25, registering a growth of 20% with the margin of 20.4%.
- Earnings per share for Q2 FY26 was at Rs. 18.1 compared to Rs. 15.5 in Q2 FY25. First half, FY26 EPS stood at Rs. 33.9 as compared to Rs. 28.3 in H1 FY25.
- Net cash as on September 30, 2025, stood at Rs. 1,367 crore.
- In recognition of this performance and reward to our shareholders, I am happy to share that the Board of Directors has approved an interim dividend of 70%, that is Rs. 7 per share and a bonus issue of shares in the ratio of 1:1, i.e. 1 bonus equity share for every fully paid equity share, held on the record date.

With this, I conclude my opening remarks, and I would now request the moderator to open the forum for Q&A.

**Moderator:** Thank you very much, sir. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. First question is from the line of Binay from Morgan Stanley. Please go ahead.

**Binay Singh:** Hi, team. Thanks for the opportunity. My first question is on the revenue growth. When I look at FY25, our network expanded by almost 9%, in that I am adding the labs, pickup point and the service center. But if you look at the first half revenue growth is around 10% or so. So, linked to that, how do you rate this revenue performance? Because we are also seeing asset turnover, which you shared on Slide 10 coming down. How is this revenue trajectory v/s your expectation? And what do you think is needed to go into at least a mid-teens or so revenue growth at the company level?

**Shankha Banerjee:** Binay, we had at the beginning of the year, guided a revenue growth range between 11% to 12% for this financial year, and we are staying with that number even as of now. But I think there were 2 other related points that you make.

I think one must understand that new network that one creates isn't going to be at a productivity level of existing network starting from day 1 or even in year 1. It takes some time for networks to mature. And it's an ongoing process. So, trying to correlate the number of new network points directly to a percentage revenue growth may not be an appropriate conversion ratio to look at.

And also, most of the network that we are talking about is a franchise-led network growth. So, that doesn't really need a lot of our own asset creation. So, I think the number on the asset turnover, et cetera, is slightly different, which maybe Ved can allude to or try and answer for you. But I think the point on percentage number of new network points to revenue growth, there is not a direct one-to-one correlation on that.

Ved, you want to talk about the asset turnover?

**Ved P Goel:** So, Binay, this asset turnover is compared to maybe previous one, because we have invested in some property for our expansion, that has also impacted in this asset turnover at this time.

**Binay Singh:** Okay. So, that has come in the H1 only?

**Ved P Goel:** Yes.

**Binay Singh:** And secondly, earlier, we talked about margin compression this year of around 100 basis point. And then in the last conference call, you said that the actual impact could be lower than what you earlier anticipated. How do you see that in the remaining quarters? Because this, again, is a pretty good quarter on the margin side. So, we have not seen any pressure.

**Shankha Banerjee:** So, typically, the margin impact starts reflecting mostly in the second half of the year, because the investments that are happening, the cost of that start building up in the second half. So, that is yet to pan out for us. One thing is that we are definitely maybe looking at a lower impact than maybe what we envisaged at the beginning of the year. And I think we think that our margins for the year are likely to be in the range of 27% to 28%.

**Binay Singh:** Okay. So, the investments will continue, so you are managing it well through cost-cutting initiatives or so, which is why the impact is lower than anticipated.

**Ved P Goel:** So, maybe, Binay, not the cost cutting, but yes, some of these efficiency programs, some of these mix. Swasthfit also is growing faster, and some of these things are helping us to maintain our margin.

**Moderator:** Thank you. Next question is from the line of Karthik Chellappa from Indus Capital Advisors Hong Kong Limited. Please proceed.

**Karthik Chellappa:** Yes. Thank you very much for the opportunity, sir. Just 2 questions from my side. If we were to correlate the revenue growth along with the volume growth, and if we were to look at our realization per test, in the last 6 quarters or so, that has remained more or less in the region of about 1% or below.

I am just curious to understand why is mix not having a bigger impact on our realization per test. And what do you think needs to happen for us to see some sort of acceleration in this metric? Because clearly, we have resisted taking price hikes. So, whatever growth here has to probably come from mix. And I am just curious to understand what will it take for us to see a better outcome on this metric? That's my first question, sir.

**Shankha Banerjee:** So, Karthik, realization per test is not a metric we are actively tracking or also even trying to bump up. For us, the more relevant metric that we look at more closely is the realization per patient. And the reason is that the cost to serve, et cetera, is more driven by the number of patients that we will be handling in our own network as well as the franchisee network, their cost structure also is about handling more patients.

You see realization per test metric that you are looking at is not something that we are even actively trying to manage or trying to push up. So, the mix improvement that you see is a resultant, which is at the patient level, the realization per patient is a resultant of higher test per patient, geography mix and some test mix improvements. All those are bundled in the realization per patient.

**Karthik Chellappa:** Got it. My second question, sir, if I were to look at our employee cost growth this quarter, that's only been about 6% to 7%, whereas in the last few quarters, it used to be in the double-digit range. So, just curious as to how should we read this? Is it a case where you have already upfronted a lot of your hiring and investments. So, from here on, there is some operating leverage possible? Or is it just something which is transient like the timing of festive bonus or so?

**Shankha Banerjee:** So, I think that number, we will have to do a slightly more deep dive to maybe come back to you at that level. But one, I can tell you that from an employee cost structure or the increments and things like that, there is nothing out of the ordinary in this quarter v/s maybe what we have done. There could be some accounting or the things around it, which we will have to just check and maybe come back on why is it looking very different than maybe the previous quarter. Maybe Ved can add.

**Ved P Goel:** No. Karthik, there is no exception here. Personnel cost is normal, 7%, 8% growth, which is more driven by the increments and all. But there is no exceptional addition which is happening in this quarter, and that's why you might not be looking. But having said that, the personnel cost is normal, which is some bit of increment, which we always give, maybe 7%, 8% and then some addition which generally we do in second half of the year.

**Karthik Chellappa:** Got it. One data point, sir. Can I get the contribution of West for the quarter into revenue?

**Ved P Goel:** So, we give this once in a year. Generally, we give the geographical contribution once in a year.

**Moderator:** Thank you. Next question is from the line of Prakash Kapadia from Kapadia Financial Services. Please proceed.

**Prakash Kapadia:** Yes. Thanks for the opportunity. A couple of questions from my end. In your opening remarks, you mentioned incidence of dengue and malaria was slightly lower despite monsoons being good. So, was that felt in the Northern region or pan-India for us, the lower incidence of diseases?

**Shankha Banerjee:** So, that lower incidence was seen across the country, all the markets that we are operating in, we are seeing that impact.

**Prakash Kapadia:** Okay. And Shankha, how critical is new product development or specialized products to drive higher revenue growth? Over the last few years, we have been talking about Tier-2, Tier-3 expansion. We have been talking about using our network. We are investing in technology, customer experiences, app differentiation. So, how critical is new product development or specialized products?

So, is there a piece of revenue which we target from here on every year as a percentage, this should contribute to higher growth, because you seem to be doing all the right things, but still we are in that channel of growth. Obviously, you have guided for this growth only, but as investors, the heart desires more. So, how critical is this piece to achieve higher growth? There have been obviously some news on technology, cancer-led this thing. So, how is this portfolio going to differentiate us from others? If you could highlight that, that will really be helpful.

**Shankha Banerjee:** So, taking one element and trying to correlate it directly to a growth number for the overall company might be a very difficult connect. However, as an overall portfolio and as our business model, I think new tests are quite important and critical to our success.

See, Lal PathLabs as a brand is known for being on the leading edge of the diagnostic technology. And that is something that we are proud of, and we would like to maintain, because when there are high complex cases which come up or difficult cases that come up with clinicians, we believe that their choice of diagnostic partner will become Lal PathLabs.

And when that change happens, then automatically lot of other portfolio of tests can come to us. So, it's a portfolio approach. But from a company perspective and the business model and the profile that we have, launching new tests or having the newest cutting-edge technology on diagnostics, we feel is quite important.

Coming back to your question, is there a specific target we set? There are certain divisions that we earmark. And yes, there are certain specific targets for divisions, which the sales team looks at. But they may not be one-to-one again correlated with the tests that we are talking about right now, because the new test when they launch, it also takes time to get disseminated, accepted and then start using in the clinician network for the benefits that we offer.

**Prakash Kapadia:** Okay. R&D investments could increase because I think last year, the spend on R&D was around Rs. 4 crore-odd. So, is this an area which will increase, and we will build

a differentiated product and leverage on all the things which we have done to also have a complex or a differentiated portfolio?

**Shankha Banerjee:** So, it will come from different sources. So, there will be, like you said, R&D, which could be what we do in-house. There could be partnerships. And there can also be tie-ups with other companies or players who are helping doing some research and then bringing it to life through companies like Lal PathLabs.

**Prakash Kapadia:** Okay. Understood. And lastly, if you could comment on the Suburban IT integration, is it over? And is growth coming back? Has growth been in line with what the company average is? Are things stable now?

**Shankha Banerjee:** So, the Suburban IT integration is completely done. And the good news is that now both the brands, Suburban and Lal PathLabs in that geography are seamlessly moving between the systems. So, I think that has started.

In terms of the overall growth, I think it's taking slightly longer than what we had envisaged. And right now, I think the way I am looking at it is maybe by or around Q4 is when we should be able to come back to our original double-digit growth that we were seeing in Suburban before we went for this whole IT changeover.

**Moderator:** Thank you. Next question is from the line of Anshul Agrawal from Emkay Global. Please go ahead.

**Anshul Agrawal:** Hi. Thank you for the opportunity. First question is on trajectory revenue growth despite a muted season and if I may call it, an unfavorable base, we have continued to grow in double-digits. Would you want to throw some light around how we have been able to achieve it? Is it like a particular region that has grown outpaced or has the growth been broad-based or any strategy that we followed, which could help us sort of sustain this momentum despite an unfavorable base?

**Shankha Banerjee:** So, the growth is quite broad-based for us. And like maybe I had spoken about it a few quarters back, as we start ramping up our overall testing infrastructure, and also the new lab that we are adding, it will start reflecting over a period of time in terms of the organic growth that we should be able to deliver. I think some of those things have started to maybe flow through and more should come. I think that's one factor.

And second is we have put a lot of renewed focus on Delhi NCR as a region. And that has responded, and we have been successfully recording double-digit growth in Delhi NCR as well.

**Anshul Agrawal:** Any plans to take price hikes this year? I am assuming it will be almost 2 years by the end of this calendar year that you have taken any price hike. Any plans to take any price hikes in the current year?

**Shankha Banerjee:** So, a bit of a correction, by February of 2026, it will be 3 years since our last price increase. So, we will look at, evaluate price increase opportunities maybe around that time. But as of now, there isn't something which is immediately on the cards, getting the organic growth and all the required elements right is the topmost priority.

I think once we are confident that the organic growth, the revenue and the sample volume and the patient volume that we want to see are moving in the right trajectory. I think adding a layer of price increase on top of that will be something which we will be able to execute.

- Ved P Goel:** Just to add, Anshul, I don't think in this year, this price increase is on the cards, because another development on account of GST, where people like us are getting some benefit from the reduction of GST rate on our reagents and chemicals. And obviously, that has to be passed on to the customers.
- So, this is other way around, at least, which I can think of. So, we have to pass on this benefit to the customer, and we are in the process of evaluating how much and at what stage we have to do this. So, definitely, price increase in this year is unlikely.
- Anshul Agrawal:** Got it. Just one more question, one last question from my end. We seem to be heavily investing in the genomics, the NGS or next-gen sequencing specialty space. Any color on the market size or go-to-market strategy that we plan on doing in this segment?
- Shankha Banerjee:** See genomics and sequencing technology, the reason we are investing is not really driven by the market size of today. But the way we envisage, I think going forward, this market is going to develop quite fast in the future. And we need to be rightly positioned when this market becomes much bigger than what it is today.
- So, as of now, it's not so much about the revenue numbers, but getting the right technology, the platforms, the test menu, the TAT around it, the cost and the pricing right, and our ability to really disseminate all of this to the clinician network, which positions us as when the need starts growing significantly in this area.
- Moderator:** Thank you. Next question is from the line of Bino Pathiparampil from Elara Capital. Please go ahead.
- Bino Pathiparampil:** Hi, good afternoon, all of you. Congratulations on a great set of quarters. A couple of questions from my side. We have seen the new rates being published by CGHS, and possibly other government agencies will follow. Is there any way in which the stand-alone diagnostic industry benefits from that, and our company in particular?
- Shankha Banerjee:** So, the new CGHS rates, which have been announced, I think, effective around 20, towards the end of September. So, it definitely has a beneficial impact on Lal PathLabs. We have CGHS business as a part of our portfolio. So, we are still evaluating the level of that impact or the quantum of that impact, because some of it would flow maybe quickly, but some of it may come after a lag. So, we will definitely see some positive impact, but the quantum of that is something which we are still trying to work out.
- Bino Pathiparampil:** May I know what percentage of your top line would be benefiting from this, assuming other government agencies also follow.
- Shankha Banerjee:** So, like I said, we have business which is CGHS, then there is another linked business, which is ECHS, which has the defense services come through it. Then there are public sector units which follow CGHS price. So, there are many such things inside. But the overall contribution of this portfolio will be maybe 5% or maybe lower than 5% to our overall revenue. Ved, anything you want...
- Ved P Goel:** Yes. Maybe less than 5%, yes.
- Bino Pathiparampil:** Got it. Got it. Understood. And you just alluded to the benefit from GST in the answer to a previous question. Would you be able to quantify a little bit in terms of what sort of margin benefits you expect and how much of that you would retain?

- Shankha Banerjee:** No. So, we are not willing to retain anything. Whatever benefit will come, we are willing to pass on to the customer. As far as quantum is concerned, we are in the process to evaluate, because there is a process going on. And whatever we will get from our suppliers, the benefit in terms of that will go to customers. So, there is unlikely that on account of GST, our margins will go up.
- Ved P Goel:** Yes. So, I think just to add to that, we have no intention of using any benefits through GST to flow through margins. It will get passed on to customers, clients, et cetera. I think the quantum and the modality of how that will happen is something which is still under review, because it's quite a complex calculation, given the number of types of reagents and consumables and the mix of that in our whole test menu. So, it's a very complex calculation. So, it's taking some time for us to really figure out and who's passing how much, et cetera. But we don't have any intention of using any GST benefits pass on for improving margins, but we will rather pass it on to the customers.
- Bino Pathiparampil:** Understood. Just a bookkeeping question. The depreciation amount for the quarter is a little higher than previous few quarters. Anything new that has come into that?
- Ved P Goel:** I don't think anything new. The only thing now after Suburban liquidation and getting into this parent company, there is additional depreciation on intangibles, which is coming, but nothing else.
- Moderator:** Thank you. Next question is from the line of Chirag Maroo from Keynote Capital. Please go ahead.
- Chirag Maroo:** Yes. Thank you for the opportunity. Most of my questions are answered. I just have 2 questions. One is, will it be possible for you to give the H1 mix of specialized portfolio in terms of revenue?
- Shankha Banerjee:** So, this is not really a number we are sharing at a quarter or a year or a half year level. I think one thing also one must keep in mind is that there is no standard definition of specialized business across the industry. I think each company has its own way of defining what is specialized and what is not. We have a specialized portfolio. I think that growth and contribution, et cetera, we will share at the end of the year.
- Chirag Maroo:** Okay. No issues. My second question is, will it be possible for you to share Tier-3 plus revenue mix, it was not provided for FY25 also. So, if that is possible for FY25 and H1 FY25.
- Ved P Goel:** So, again, Chirag, some of these data points, we are generally giving end of the year, because there are certain way of calculating, certain way of where there are some complexity. And as Shankha mentioned, like specialized, each company has own definition and so on and so forth. So, maybe end of this year, we will provide both these data points.
- Moderator:** Thank you. Next question is from the line of Rishi Modi, who is an individual investor. Please go ahead.
- Rishi Modi:** Shankha, so what my research tells me is you all are running an advanced radiology pilot program in Delhi in a few centers. So, how is that shaping up? And how are you looking at it? Like are you all there where you all can scale this up at least in Delhi? Or how is that panning out?
- Shankha Banerjee:** So, currently, we are running high-end radiology, which is CT, MRI related test that we have started is in one center in Delhi NCR. And what we are seeing is that the

scale-up is more or less happening as per our plan, and it is looking robust, fitting in with some of the business practices the way we run it. So, we have decided to expand that pilot into a few more centers.

And as and when we would also want to test that the same trajectories and the assumptions hold not only for one center, but at least a few more before we really go for a full scale-up scenario. So, those investments are also likely to happen in this financial year, the other few pilots.

**Rishi Modi:** Okay. So, let's say, we understand from the other listed integrated players, it takes about Rs. 25 crore, Rs. 30 crore to put up one of these larger centers, which are MRI, CT, everything else. So, basis your study, like how big is the opportunity, say, even if you just start with Delhi within the next couple of years?

**Shankha Banerjee:** We haven't yet done a full opportunity business plan scoping. I think right now, we are still at the pilot stage. And for us, since this is an addition to existing infrastructure, the investment to start high-end radiology isn't in the range of Rs. 20 crore, Rs. 25 crore, like you mentioned. It is lower than that. So, I think once we are done with all our assessments of our pilot, and when we have created our whole scale-up business plan, I think we will be able to share that granular detail at that point of time.

**Rishi Modi:** Okay. Got it. Second, I wanted to understand, we have been mentioning in our presentations, annual reports that we are actively looking at South India for an inorganic opportunity. Has there been any progress? Is there any opportunity that one can expect to come through or anything which you can disclose without violating any nonpublic information.

**Ved P Goel:** So, Rishi, right now, there is nothing which we can share with you. But having said that, this activity is ongoing. And as stated earlier, we are always scouting and keen to expand our South India presence, especially through M&A. But right now, there is nothing which I can share with you.

**Rishi Modi:** Got it. And finally, Shankha, you mentioned you all are using an in-house AI for improving your own process systems. Just wanted to understand if you could delve a bit deeper on what sort of initiatives apart from that one cancer detection that you mentioned on the operations side, if you could tell me what sort of AI algorithms or AI tech, you are using to improve processes? And then what sort of talent have you hired for this?

**Shankha Banerjee:** Okay. So, I may not be able to tell you very specifically on what in-house AI we have rolled out. But let me first give you an overview. So, for us, there is obviously the medical tech side, which I spoke about in terms of new tests. So, there is AI, which is there in terms of the patient and the testing side of it.

There is also lot of operations that we run where AI algorithms are and can be deployed, and that is where some in-house AI algorithms have been created. Because of this operational thing, the talent is primarily in-house, and we have developed the algorithm and maybe some more in the pipeline. Most of that is in-house work.

**Rishi Modi:** So, if I have to understand the objective is to reduce the cost of current operations or it's to enable scale for further operations?

**Ved P Goel:** So, it would depend upon the particular use case, and both kinds of use cases are there. So, there is about enabling scale. There is about improving efficiency. There

is also about enhancing quality with certain algorithms, it helps improving in any of these 3 areas.

**Moderator:** Thank you. Next question is from the line of Aashita Jain from Nuvama. Please go ahead.

**Aashita Jain:** Hi, good day, everyone. So, I just have 2 questions. Firstly, on the Radiology side, given that you have highlighted you are planning for couple of pilot centers, what's the initial outlay that we have thought for our pilot radiology program, if you can highlight that? And also, the CAPEX for this year?

**Ved P Goel:** Aashita, it's in the range of, let's suppose Rs. 12 crore to Rs. 15 crore outlay for any center, including MRI and CT. And CAPEX in this year, normal maintenance CAPEX is about Rs. 50 crore, Rs. 60 crore, but we have bought one property in this year, which is another. So, overall about Rs. 130 crore, Rs. 140 crore CAPEX in this year is what we are estimating.

**Aashita Jain:** Okay. Thank you. And secondly, just related to this, the property that we have bought in Shalimar Bagh, is this also related to our radiology foray or separately? How should we think about it?

**Shankha Banerjee:** So, it's about enhancing our super specialty testing capabilities. So, there would be newer departments, higher-end equipment, new technologies that we will be bringing. And it is about enhancing our super specialty capability centrally. I think that's the primary objective. Depending upon size, location, right now, it may or may not result in MRI, CT kind of a thing. That's not really the objective for this location.

**Aashita Jain:** Okay. Understood. And any guidelines for the lab or the collection center addition for this year and the next year?

**Shankha Banerjee:** Right now, we can talk about this year. I think beginning of the year itself, I had said 15 to 20 new labs is what we are looking at, and we are still guiding the same number. And in terms of collection center network, we should be maybe 600 to 800 number of new collection centers this financial year.

**Moderator:** Thank you. Next question is from the line of Yogesh Soni from InCred. Please proceed.

**Yogesh Soni:** Yes. Thanks for the opportunity. First question is on the Tier-2, 3 cities. If you could let me know how has been the growth in the first half? And secondly, if you could discuss about how the competitive intensity has been in these markets? And how are we strategizing our further growth?

**Shankha Banerjee:** So, I think Ved also mentioned, you see tier-wise growth is a number which we are not giving at a quarterly level. Maybe we will look at it and provide that information at an annual level. But coming back to the competitive intensity, competitive intensity, there is a visible competition and there is an invisible competition.

We must still keep in mind that the overall market structure is such that the unorganized pathology sector is still the most dominant player. And the competitive intensity in that part of the business remains quite high. So, one can't say that intensity has come down at an overall level. But yes, visible competition definitely has been more rational in the recent past than some time back.

- Yogesh Soni:** If one wants to understand whether the presence of online players or other hospital diagnostic players has improved in these markets, can you help us understand on this?
- Shankha Banerjee:** So, I think the hospital players are also expanding, I think the retail network. I think that's something which has been visible for the last few quarters. And I think that continues. So, as online players, I think they are obviously trying to do their bit, in terms of their revenue as well as profitability, which they are doing.
- So, I think none of those have really changed in terms of any strategy that they would be following. Obviously, I can only comment on what we see from outside. But like I said, the growth is not a zero-sum game, because still the huge market is unorganized. So, there is space for everybody, all types of business models to grow in the diagnostics space.
- Yogesh Soni:** Understood. One last question, which I would want to know is on the growth front. For last couple of years, we have been doing heavy lab additions, and adding the collection centers as well. Our growth has now reached from 10% to around 11%, 12% or so. When can we expect growth to reach early teens or maybe mid-teens over the next 2, 3 years or 3 to 5 years of time?
- Shankha Banerjee:** Yes. So, I think the basic idea is exactly the way you have outlined it. You see once we are secured of a steady underlying organic growth of, let's say, 11%, 12%. I think building a few things on top of that, whether it is a once in 3 years, once in 4 years price increase CAGR, which is lower than inflation as well as some one-off kicker which can come through M&As, the long-term CAGR moving it to a 13%, 14% level is definitely will be in a realistic framework for us.
- Moderator:** Thank you. Next question is from the line of Krishna Raj K. from Ekvity Wealth Management Private Limited. Please go ahead.
- Krishna Raj K:** Hi. Thank you for the opportunity. So, it was mentioned in the presentation as new therapies for diabetes are increasing, the role of diagnostics will intensify. With weight loss drugs going off patent next year, do you intend to plan test bundles which will cater to GLP-1? And how do you see this opportunity?
- Shankha Banerjee:** So, I think the GLP-1 drugs going off patent is definitely an opportunity, very right for the pharma industry. I think on the diagnostic front, I would still say that there are many bundles that were already available from our side rather in the market, which can help monitor the health of the different organs and multiple sets of organs. Will there be a need for any specific testing bundle just for people who are on GLP-1 or can be on GLP-1 drugs is something which we haven't really still come to a final conclusion on.
- Krishna Raj K:** Okay. And secondly, in the industry, Q3 is generally a softer quarter. But with monsoon being extended this time, do you see more volumes the next quarter?
- Shankha Banerjee:** So, I assume by more volumes, you are thinking v/s last year in terms of a trend line.
- Krishna Raj K:** Yes. So, in terms of more patients reaching out to the diagnostics, because the monsoons are getting extended, so.
- Shankha Banerjee:** So, you see it is not only about monsoons getting extended, there is also a temperature angle related. So, it's not just that monsoons, I think there is a thing about monsoons, and then there is a thing around temperature. I think there are multiple things which come together for the fever or the seasonal fever, et cetera, to

come into play. Our belief is that this year, those conditions weren't too favorable. And unlikely that Q3 will see a catch-up because of that.

**Krishna Raj K:** Okay. And my last question was, when I look at revenue per patient, we are slightly lower compared with peers. So, how would this number ideally go up? Is it volumes that are driving or it is more complex tests that would drive this number?

**Shankha Banerjee:** So, when you say revenue per patient down compared to what?

**Krishna Raj K:** Compared to peers.

**Shankha Banerjee:** Peers?

**Krishna Raj K:** Yes.

**Shankha Banerjee:** So, I think you see the revenue per patient is a derivative of multiple things. So, you know it has a geography, it has a channel mix, and a type of test mix. So, I think inherently, each organization or each company can have a slightly different way of looking at these multiple factors. I think the way we look at it, we are quite happy with the progress we are making on revenue per patient. It is currently growing at about 5% over same period last year. I think that's quite healthy. And we don't envisage this to organically step up to much higher levels any time in the near future.

**Moderator:** Thank you. Next question is from the line of Vivek Choksey from Emkay Global. Please go ahead.

**Vivek Choksey:** Hi, sir. Good evening. So, just a point that was mentioned in your presentation, right? So, just wanted to understand that in the Indian market, there has been a narrowing penetration in non-Tier-1 cities over the last 5 to 6 years, as you can see in the ppt, right? So, does that mean that demand for pathology in such markets could be a headwind in terms of if you look at our strategy of expanding into non-Tier-1 market?

**Shankha Banerjee:** Sorry, maybe I didn't get your question. What are you saying has reduced in non-Tier-1?

**Vivek Choksey:** The penetration of diagnostics across Tier-2, 3, 4 cities, if you see Page 34 of your presentation.

**Shankha Banerjee:** It has reduced.

**Vivek Choksey:** Sorry, my bad, I actually saw it in the reverse. Okay. Sorry. My bad.

**Moderator:** Thank you. Next question is from the line of Surya Patra from Phillip Capital. Please proceed.

**Surya Patra:** Thanks for the opportunity, sir. My first question was on the lab utilization front, sir. So, on an overall basis, what lab utilization that you would be currently having? That is one. And a clarification about the CAPEX that generally maintenance CAPEX of around Rs. 60 crore-odd that you have mentioned for the year, but the total CAPEX could be around Rs. 130 crore, Rs. 140 crore, what you have mentioned, whether that is indicative about lab addition only or something else?

**Ved P Goel:** So, Surya, this Rs. 60 crore plus we bought this property, Rs. 60 crore includes the lab addition, which we are saying maintenance, because generally, we are adding 15 to 20 labs. Last year also, we added 18, this year also, we are planning 15 to 20

labs. This is including Rs. 60 crore and Rs. 75 crore-odd we have spent on this property addition.

**Surya Patra:** Sure.

**Shankha Banerjee:** And on your lab utilization point, I think the capacity is not a fixed number in labs. So, we always try and keep some capacity free for building up volume, because adding new equipment or better or larger throughput machines, increasing the timing of a lab. There are multiple ways in which capacity gets enhanced. So, there is no formula on saying that this is the capacity utilization one is looking at or working at, rather we would always try and keep some capacity available for ensuring that the growth doesn't get impacted.

**Surya Patra:** Sure, sir. Second question was on the margin front. See, we had in the 4th quarter mentioned about some margin pressure for the full of FY26. But the run rate what we are seeing despite a relatively weaker season in the 2nd Quarter, better than what we have seen in the previous period. So, are you still likely to maintain the margin pressure indication for the full year, so which could be seen in the second half? Or how should one think or would you revise upward or how to think about it, sir?

**Ved P Goel:** So, yes, as earlier mentioned, this year, we are estimating that between 27% to 28% margins, we are confident to maintain. Yes, we had mentioned earlier, there is some dilution. But in last quarter, we mentioned that it might not be that much. So, right now, we are estimating between 27% to 28% EBITDA margins.

**Surya Patra:** Okay. And just last one question from my side, sir, about the same point, the previous question, revenue per patient. So, I am seeing that, okay, you are very smartly without raising any price, maintaining more than 5% growth annually on a revenue per patient levels. So, how sustainable that can be? And what levers that you have to sustain this over a period of time, if we are not taking any price rise?

**Shankha Banerjee:** So, I think sustaining 11% to 12% revenue growth without price hikes is what we are talking about. Now that comes through a mix of patient sample, RPP. It's kind of a mix playing there, because there can also be a scenario where we can have a slightly higher patient growth, but a lower RPP growth, right?

So, I think the ability for us to maintain 11% to 12% revenue growth, sustain that consistently is what are the initiatives and the plans that we have been deploying in the last 4 to 5 quarters. I think we seem to be on that track and on that trajectory.

And the levers are what I have mentioned earlier that there is a testing network expansion, there is this whole Swasthfit bundling that is there, there is a geography and a channel mix improvement that we are doing, and the portfolio test mix improvement. So, I think those are the points which we mentioned earlier as well are helping us achieve this number.

**Moderator:** Thank you. Next question is from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.

Mr. Puranwala, your line is unmuted, please go ahead with your question.

**A. Puranwala:** Hi. Thank you for the opportunity. Sir, just one question on about this pivot towards Radiology business. So, sir, how should we look at this as an opportunity? I understand it's on a pilot basis. But in terms of acceptability and the opportunity, this would be in your home market? And this is something which can be rolled across

entire Delhi NCR market? Or you believe that this would be within certain pockets in the Western side or on the Northern side of the home market?

**Shankha Banerjee:** So, I think I would not term it as a pivot right now. I think it is more about testing and building our assumptions and looking at the metrics and the levers to use to grow the business sustainably. I think once we are clear, obviously, the first benefit case will be in Delhi NCR.

And I think if our pilots are all successful, then Delhi NCR will be our business case. I think going beyond that would need fine-tuning of elements, which will take its own time for us to really develop and build. So, it is unlikely to be looked at as a pivot. But definitely, it's a way to handle the emerging patient expectations of being able to get the integrated diagnostics service under one roof.

**Moderator:** Thank you. Next question is from the line of Sumit Gupta from Centrum Broking. Please proceed.

**Sumit Gupta:** Hi, good evening. Thanks for the opportunity. Sir, just one question. Like how do you plan to increase the B2C contribution?

**Shankha Banerjee:** Right now, our B2C contribution is almost 3/4 of our overall revenue. And we believe that this is a reasonably good contribution number. So, in the range of, let's say, if we maintain our range of anything between 74%, 75% of B2C contribution, I think that's good. We are not trying to say that increasing this contribution is going to be a key objective for us going forward.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the Management for the closing comments.

**Ved P Goel:** Thank you all for joining this call today. We appreciate your continuous trust and support. We hope we have been able to answer all your questions. Please reach out to us in case you have any further queries. Thanks once again. Thank you very much.

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