KRSNAA DIAGNOSTICS
LET'S DO GOOD...

Date: May 19, 2025
Ref. No.: KDL/SE/019/2025-26

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

Dear Sir/Madam,

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for Transcript of Earnings Call for quarter and year ended March 31, 2025.

Pursuant to the Regulation 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call held with the analyst and investors on Tuesday, May 13, 2025 at 11:30 Hrs. (I.S.T) to discuss the audited (Standalone and Consolidated) Financial Results for the quarter and year ended March 31, 2025.

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

Request you to take the same on your records.

Thanking you,
Yours sincerely,

For **Krsnaa Diagnostics Limited**

SUJOY SUDIPTA BOSE

Digitally signed by SUJOY SUDIPTA BOSE
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Krsnaa Diagnostics Limited

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

"Krsnaa Diagnostics Limited
Q4 & FY'2025 Results Conference Call"
May 13, 2025

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

MODERATOR: **MR. BHARAT CELLY – EQUIRIUS SECURITIES PVT LTD**

Moderator: A very warm welcome to the Q4 and FY 2025 Results Conference Call of Krsnaa Diagnostics Limited. Before we begin, I would like to remind all participants that today's call may contain statements that are forward-looking statements, including, but without limitation, statements relating to the implementation of strategic initiatives and other statements relating to Krsnaa Diagnostic's future business developments and economic performance.

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

As a reminder, all participant lines will be in the listen-only mode. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Bharat Celly. Thank you, and over to you, sir.

Bharat Celly: Hi. Good morning, everyone, and welcome to Fourth Quarter FY '25 Results Conference Call of Krsnaa Diagnostics. Joining us today on the call are Mr. Rajendra Mutha, Chairman and Whole-Time Director; Mr. Yash Mutha, Managing Director; Ms. Pallavi Bhatevara, Executive Director; Mr. Mitesh Dave, Group CEO; Mr. Pawan Daga, CFO; Mr. Vivek Jain, Head, Investor Relations.

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

Yash Mutha: Hello. Thanks, Bharat. Good morning, everyone. I'm pleased to welcome you all to Krsnaa Diagnostics Limited's Q4 FY '25 and the Full Year FY '25 Earnings Conference Call. Before we commence today's call, I would like to take a solemn moment to honour the brave soldiers of our nation, those who continue to safeguard our freedom with unflinching courage and those who have laid down their lives in the line of duty.

On behalf of everyone at Krsnaa Diagnostics, I extend our deepest condolences to the families of the fallen. Their sacrifice is a poignant reminder of the resilience and spirit that defines our country.

As a public-private partner to governments and institutions across India, Krsnaa Diagnostics stands shoulder to shoulder with the nation, not only in advancing access to quality diagnostics but in upholding the values of empathy, service and accountability. We are not just healthcare providers; we are enablers of hope, especially in times when it's needed the most.

Now coming to our full year performance of FY '25, I'd like to open up by stepping back and recognizing the unique position that Krsnaa Diagnostics occupies in India's healthcare landscape. We are not built like traditional diagnostic players, while others focus on dense urban markets, retail-led models and premium price points, Krsnaa is fundamentally different. We are a deep penetration public-private healthcare infrastructure partner and purpose-built to serve Bharat and not just the urban India.

Through our PPP-based model and an integrated offering of radiology, pathology and tele-radiology, we have built a diagnostic platform that is inclusive, scalable and sustainable, not just commercially, but socially as well. At Krsnaa, every year is a step forward in our journey, not just as a healthcare company, but as a platform that is redefining access to quality diagnostics in India.

And as we reflect on FY '25, it becomes clear, this was a year where we demonstrate the strength of our model, the resilience of our teams and the uniqueness of our mission. You've heard us speak before about how the Indian diagnostic space is evolving, but it's worth restating that we are operating in one of the most underpenetrated diagnostic markets globally.

Organized players, like us, make up just 15% of the U.S. USD12 billion industry. That number is slowly growing, but the real story lies in how it is growing and who is shaping that growth. At Krsnaa, we believe we are not just following the market, we are helping build it.

We've architected a model that goes far beyond the metro into the very core of India, a model that brings high-quality diagnostics at prices that everyone can afford, prices which are almost 60% to 70% lower than the market rates. And in spite of these lower prices, we are able to build a sustainable business model, with EBITDA in the range of around 25% to 27% and profitability in the range of 11% to 15%. We don't see affordability and quality as a trade-off. We rather see them as twin pillars. This differentiation has been especially visible in our leadership in the public-private partnerships.

Under the Government of India's free diagnostic service initiatives, 12 states have adopted free pathology services and 19 states have adopted the free radiology services. We have won tenders in 8 out of these 12 pathology states and 12 out of the 19 radiology. That's a 75% win-to-bid ratio, which we believe is unmatched in the industry. These wins are more than contracts. They are trust placed in us by the public health system.

In terms of the results, in FY '25, we delivered a 16% growth in revenue, reaching INR7,172 million, supported by increased awareness, patient volumes and pricing efficiency. The EBITDA rose by 34% to INR1,958 million, with margins expanding by 370 basis points to 27%, reflecting strong operating leverage.

The net profit grew by 37% to INR776 million, highlighting our disciplined approach to cost and productivity. But beyond the P&L, what's truly satisfying is how this performance was delivered. In FY '25, we served over 19 million patients and conducted over 61 million tests, both numbers up significantly from the previous year. This is a direct outcome of our operational maturity, the network optimization and our expanding digital and tele-radiology capabilities.

While our aspiration for the year was to grow in the range of 20% to 25%, we have however, delivered a strong 16% revenue growth, which we believe reflects the resilience of our model, especially in the year where external timing factors were at play. The variance was primarily driven by delays in site handovers for our large Maharashtra CT MRI projects and the early conclusion of the BMC project due to budget exhaustion ahead of its contracted tenure.

The new BMC tender had revised conditions, as well as certain budgetary caps, which we evaluated carefully and chose not to pursue in its current form, keeping the long-term profitability in mind.

Additionally, we've also made certain conscious decisions to rationalize exposure in certain regions where receivables were stretching disproportionately, a reflection of our focus on capital discipline and the quality of revenue, not just the volumes. So while the top line growth came below our aspirations, the quality of revenue improved, margins expanded and our balance sheet remains healthy, positioning us well for FY '26 and beyond.

What also gives us confidence in our forward visibility is our order book and the upcoming project pipeline. We continue to win tenders, deepen our presence in Tier 2, Tier 3 cities and activate sites with better productivity timelines. Our younger portfolio is maturing well with strong ROE, ROCE improvements across the cohorts.

Alongside the PPP business, our retail strategy has gained strong momentum. Leveraging our PPP infrastructure, we scaled our retail presence across 4 states, namely Maharashtra, Punjab, Assam and Orissa, growing our touch points almost 4x in just 1 year. This is being supported by the in-shop branding, wellness campaigns and the B2B and B2C collaborations across hospitals, nursing homes. It's early days, but the direction is certainly promising. From a strategic lens, we are executing on five major priorities. The first one to continue to expand our PPP leadership by participating in new tenders across the underserved geographies.

Number two, growing our integrated diagnostic offerings, which includes radiology, pathology and teleradiology under one cohesive operating model, Third being, driving sustainable profitability through cost-leadership without compromising quality and care, fourth being, accelerating our retail footprint, especially in high potential states where we already have built certain brand equity.

And then last but not the least, we continue to lead on quality with the highest number of accredations among value-focused players. As we look ahead to FY '26 and beyond, we remain focused, confident and optimistic, not just because of what we have achieved, but because of what lies ahead.

India is still early in its healthcare transformation story and diagnostics is one of its most crucial enablers. Krsnaa is proud to be at the heart of this shift. All of this reinforces what we've always said, we are not building a diagnostics company for the next quarter, but with a multipronged strategy and an increased focus on retail, we are building a healthcare platform for the next decade.

With this, I now hand it over to our Group CEO, Mr. Mitesh Dave, who will walk you through the retail strategy and the overall operational performance. Over to you, Mitesh.

Mitesh Dave: Thank you, Mr. Yash. A very good morning to everyone. It is my pleasure to walk you through the exciting progress we are making in our retail diagnostic business, where we stand today and the immense opportunity that lie ahead.

Pathology segment, which makes up around 58% of total diagnostic market is poised for strong growth with a projected 10% to 12% CAGR. This momentum is being driven by several powerful trends: the growing demand for home collection services due to its unmet convenience, the rise of preventive diagnostic as a lifestyle choice, particularly among the 30-50 age group

Rapid diagnostic adoption in Tier 2, Tier 3 markets which are becoming powerful growth engines and the acceleration of digital diagnostics including app-based bookings, tele-consultations and instant digital report deliveries.

At Krsnaa Diagnostics, we are embracing this transformation with the energy and ambition. Under our RPL Brand, we are scaling our retail footprint by strategically leveraging our robust PPP infrastructure. We have successfully launched retail operation across Maharashtra, Punjab, Assam, Odisha with the promising early results. The demand for wellness packages is growing rapidly, and our expanding network is building strong brand recall and customer trust.

With the best-in-class quality, competitive pricing and 24/7 availability, RPL is redefining what diagnostic means in India, making it more accessible, more affordable and more reliable than ever before. Our unique asset-light model gives us flexibility to scale quickly, ensuring we maintain capital efficiency while we're expanding aggressively. The diagnostic landscape is undergoing a fundamental shift, and we are at the forefront of this evolution.

Consumers are prioritizing preventive care and embracing digital-first solutions. We are well positioned to lead in this space by strengthening our B2C presence by enhancing our network, expanding our retail footprint in metro and high-growth Tier 1, Tier 2 and Tier 3 markets, where demand is high and supply remains underserved.

In addition, we are actively partnering with the corporates to integrate home collection services into the wellness programs, bringing diagnostic closer to where people work and live. Our investment in education and awareness campaign is creating a more informed and proactive consumer base.

On the network front, we demonstrated very strong growth, growing 4x growth in our network within our first year of operations. This gives us confidence of continuing growth momentum and capitalizing the untapped opportunity across Tier 1, 2 and Tier 3 towns. We have also made inroads in specialty segments as well as genomics, expanding our capabilities while maintaining affordability, further reinforcing our commitment to affordable and accessible diagnostic for all.

The response to our wellness offerings has been overwhelmingly positive, and our brand is becoming increasingly with trust, quality and accessibility. Our vision is bold and focused to become India's most trusted and preferred diagnostic brand across metros and beyond. To realize this, we are expanding and training our network of phlebotomists to cover both urban and rural geographies, upgrading our digital platforms for seamless booking, real-time tracking and faster report delivery, optimizing our logistics and lab operations to ensure rapid sample processing and turnaround times.

By bridging the gap between advanced diagnostics and accessibility, we are not only enhancing individual health outcomes, but also playing a key role in strengthening India's healthcare ecosystem. We are energized by the tremendous potential ahead and - remain fully committed to delivering strong, sustainable growth.

At Krsnaa, under RPL, our goal is clear, to be doctor's preferred partner and patients' first choice for affordability, anytime, anywhere diagnostic services - built on the foundation of trust, quality and innovation. With that, thanks, everyone, and would like to hand it over to Mr. Pawan Daga, our CFO to take you through the financial highlights. Over to you, Pawan. Thank you.

Pawan Daga: Thank you, Mitesh. Let me just brief you about the Q4 FY '25 performance of the company. Revenue for Q4 FY '25 stood at INR1,861 million, a 12% year-on-year increase, driven by higher volume in both radiology and pathology segment. EBITDA for Q4 FY '25 stood at INR542 million, a 23% year-on-year increase with a margin of 29%, reflecting strong operational efficiency.

Net profit stood at INR206 million with a margin of 11%. , revenue for FY '25 stood at INR7,172 million, a 16% year-on-year increase, driven by in both radiology and pathology segment. EBITDA for FY '25 stood at INR1,958 million, a 34% year-on-year increase with a margin of 27%, reflecting a strong operational efficiency. Net profit stood at INR776 million with a margin of 11%, registering a 37% growth year-on-year.

Board has recommended a dividend of INR2.75 per share that is 55% of face value. Taking a closer look at our balance sheet. As of March 31, 2025, we hold a gross debt of INR1,655 million, while maintaining a cash and cash equivalent of INR1,760 million. As of FY '25, our receivables stand at 128 days, driven primarily by transitional delays in Himachal Pradesh and Karnataka.

Encouragingly, all other operating states continue to reflect healthy receivable cycle remaining well below 90 days. With the rollout of digitized payment infrastructure, including a unified gateway and RBI-nominated account system, we are already seeing a systemic improvement in the payments.

We are confident that backed by our disciplined collection strategy and strong stakeholder relationship, these receivables time lines will be normalized, positioning us for a stronger cash flow in upcoming quarters. With this, we conclude our opening remarks and would like to open the floor for the question and answer session. Thank you

Moderator: Thank you. The first question is from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: So Yash, my first question was on the radiology business. It's somewhere in '23, we had expanded at a good pace of addition of 20, 25 radiology centers, whose throughput we were expecting by '25, but that doesn't seem to be the case, because since 1.5 years, we've been growing on the back of pathology.

So any delay in the throughput that you can share some details on, by radiology sort of not adding on to the top line, the revenue expectation from the past. It takes 2 years to -- for the centers to mature, like you said, you mentioned in the past. So if you can throw some light on that.

Yash Mutha: Sure. So if you see, there are two factors to it. One is, of course, the pathology project that we had implemented last year has growing at a faster pace in terms of the ramp-up. And therefore, you see the mix shifting towards pathology versus radiology. On the radiology side, also the site implementation, like I alluded in my call earlier, wherein there were certain delays in the site implementation. And consequently, the ramp-up has happened at a slower pace.

So these are the reasons. But what we've seen, just to give you a recent example in one of our recently put up MRI, where we saw the numbers that we anticipated to come after 3 months had come in the first few months itself. So we are seeing the different trends. And of course, because we have been radiology focused, the effort is there to keep on continuing the ramping of our business and operations. And in the subsequent quarters, you'll see the radiology contributing at a higher pace than what it was earlier.

Lokesh Manik: Understood. And on your slide in terms of the projections for FY '27, so the growth seems to have slowed down, the number of additions seem to have slowed down, except especially for the ones on the estimated which is to be executed. And for the projected as well, there are lesser numbers of opportunities that you are seeing.

So is the market slowing down? The opportunities are coming down because now we are adding like roughly 20 centers on a base of 300 growth addition, tends to come down...

Yash Mutha: The market is not slowing down. What we've done is we've been very careful and calibrated in terms of showing what are the realistic numbers. The market, as I mentioned earlier, in fact, from a government policy perspective, the government wishes to have more than 2,000 radiology centers, and we are just a few hundred. But again, from a guidance perspective as well as from what we see as a realistic outlook, and a very selective and calibrated outlook, these are the numbers that we believe are prospects in the making.

There are discussions going on, but I wouldn't want to put everything upfront as and when these discussions mature and as and when the opportunity comes up. And given that they are of value creation and profitability, those numbers will be provided. But as of now, these are some realistic numbers that we expect to conclude in the coming years.

Lokesh Manik: Fair enough. On the retail venture, my second question was on the retail venture. By FY '27, what is the revenue potential that you estimate from this? And if you can give a clarification on one slide, it is mentioned we have 250 exclusive centers, and then we also have touch points which are going from 1,600 to 10,000 by '27. So on these three areas, some more clarification, if you can provide it will be helpful

Mitesh Dave : Yes, certainly. At RPL, we are currently focusing on building the infrastructure through the asset-light models, multiple client-friendly asset-light models, because those are the strong source of the revenues going forward. And certainly, it could be way beyond what the market is currently growing at.

However, giving out the outlook for '27 revenue numbers, it's a little too early for now, because the entire business and the structures and the systems are getting into the place. But with the initial one year centers or the touch points that we have formed up, we have laid down across India in the 4 states, these are pretty promising.

Lokesh Manik: But what is the difference between the center and the touch point in that network?

Mitesh Dave: **Yes, currently the touch points are not entirely exclusive. However, with the superior services, quality, and unique selling propositions (USPs) that our RPL offers, we are confident that these touch points will gradually evolve into an exclusive networkLokesh Manik:** Okay. So both are collection centers, right?

Management: Both are the revenue generator centers and are aligned to RPL for trusting them for processing their patient samples or the radiology needs.

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

Moderator: Thank you. The next question is from the line of Raman Kevi from Sequent Investments.

Raman Kevi: Yes. So my first question is with respect to the partnership, which you announced with Medikabazaar and United Imaging, wherein you said you'll get equipment from Medikabazaar, but you will only pay around 10% to 15% of the equipment cost and remaining will be paid on a deferred payment basis. So what is the interest on this deferred payment basis?

Pawan Daga: So Pawan this side, the interest component there is 7%.

Raman Kevi: 7%, annually, yes?

Pawan Daga: Yes. Annually.

Raman Kevi: Okay. And sir, my second question is with respect to the guidance and margin. So can you give any volume guidance for FY '26? And in FY '25, especially in the last quarter, we have seen the margins to -- margins at 31%. So can we expect the margins to be around 29% to 31% going forward? And yes, again, volume guidance and guidance with respect to the receivable days? Because I have seen that when we compare it -- the receivable days, when we compare it to FY '24, it has increased substantially.

So going forward, are we -- because it's -- the business is mainly B2G, are we expecting the receivable days to increase? Or will it be stabilized at the current 120 days?

Yash Mutha: So three parts of the question. In terms of the overall volume guidance, we will continue to deliver results. And whatever we have delivered so far, we expect to -- we have aspirations to cross those levels. With regards to the receivable days, we are confident with the conversations that we've had with the authorities that the receivable days will be coming down in the upcoming quarters.

There have been certain system implementations happening at the various government fronts, which has also led to some of these delays. But we are confident of collecting our dues in the coming quarters. And with regards to the margin profile as well, we continue to do a lot of cost leadership as well as initiatives to improve the margins, which we believe will be also increasing in the upcoming quarters.

Raman Kevi: I was just saying -- I just want to understand the receivable day cycle from this particular business perspective.

Pawan Daga: **The receivable days in particular stand anywhere between 60-90 days.**. The payment happens in different categories based on invoicing, as and when the process is complete and then the payment is made.

Like I said, in terms of the payment processing, the overall, there is an integration of some digitized way of payment that is happening, which will further improve the collections in the coming quarters is what we are given to understand.

Raman Kevi: I just wanted to know what are the number of days -- like how -- what is the -- how do I say, number of days does it take to get payment from government once you raise the invoice?

Pawan Daga: Yes. I think we'll discuss the details offline. You can reach out to Vivek, our Head of Investor Relations, he'll share you the details. Collection varies from project to project. We can give those details in detail.

Moderator: The next question is from the line of Surya Narayan Patra from PhillipCapital India Private Limited.

Surya Narayan Patra: Congrats for the good set of operating numbers. Sir, my first question is on the revenue per test. This quarter, what we are witnessing there is a back-to-back two quarter of improvement that we have seen, having seen a kind of a continuous drag for the last few quarters.

So what can be attributable to this improvement in the revenue per test? Is it because of the retail contributing now in a sizable manner and hence, this one or it is a mix between the radiology and pathology? What is driving this revenue per test improvement?

Mitesh Dave: First of all, thank you. Thanks for the compliment. So there are multiple factors to wherein revenue per test are increasing. Certainly, first is where the retail is getting into the shape and bringing in higher revenue per patient, adding up to the revenue per test going up, number one.

Parallelly, within the PPP also, so there has been through the multiple education and awareness campaigns that have been held with the doctors inside the hospitals and as well as outside. So the patient's requirement for the advanced test has also started getting prescribed, which in turn, both has added to the overall revenue per test increase.

Surya Narayan Patra: Okay. Sir, since you're talking about the retail one, is it possible to share that, okay, what portion of our, let's say, fourth quarter revenue would be from the retail side? And what is the revenue share that you are anticipating for, let's say, next year, which will be the first full year of your retail operation? And in the opening remarks, you have just mentioned about the genomic test venturing into. So could you give some sense about that?

Mitesh Dave: Yes, sure. So to answer that, first of all, yes, in quarter 4, quarter 4, I should consider it as one full quarter where we can consider retail stepping into the overall core markets. And we have stood close to 3.5% of the overall revenue of the quarter. And wherein next year, we are looking somewhere near to 5% to 8% around it. And maybe this is our infrastructure, how it behaves with the market dynamics.

Answering around the genomics side, yes, these are the specialty segments, and we are very well poised to cater those high-end specialty needs, which is there into the PPP segment, as well as into the retail segment because we have our in-house capabilities to process and to deal with all sorts of genomics, be it is related to the gynecology or the neuro or the cardiac around.

Surya Narayan Patra: Sir, with your permission, can I ask two more questions, please? One is that radiology center, the projection what you have given estimates in the projection and similarly for the pathology centers. So it looks like that the focus going ahead is going to be there on the radiology side and may not be pathology. So this is a kind of a strategic thought process or our tender anticipations are more around the radiology, that is what is our thought process here? If you can clarify that one.

And second one is that even accreditation aspect, what I'm seeing that with the 51 number of accredited labs, Krsnaa is having the largest number of accredited labs in the country, even better compared to the peers, other peers. So what advantage that we are getting here, because we are anyway catering to the government and government hospitals, public hospitals through accreditation, what incremental that we are going to get it from it?

Yash Mutha: Two parts of the question. The first part with regards to whether focus on the radiology. -- currently, if you see in the last year, there were various pathology projects that Krsnaa implemented, whether it was Assam or Odisha. Whereas in the coming quarters, we see a lot of radiology tenders in the pipeline. And therefore, we have considered a higher share of growth coming from the radiology business.

As I said, if tomorrow, any government decides to publish or come up with a pathology tender, we will look at these opportunities. And accordingly, the numbers from a prospect perspective could change. But as of now, yes, we see opportunities coming more on the radiology side. To answer the second part of the question with regards to NABH or NABL accreditions, it's a twofold strategy.

The first is, as I've mentioned in my call earlier, Krsnaa continues to focus on quality. So in spite of being in PPP, we always ensure that our centers are NABH & NABL accredited, which establishes a level of quality, as well as a level of trust and confidence in the system. And that's basically Krsnaa's ethos when it comes to providing quality diagnostics at prices which everyone can afford.

Apart from this, this also brings in a lot of confidence both for the doctors inside the hospital, as well as the doctors outside the hospital, and which we have seen over the last many years, where patients and private walk-ins have continued to increase year-on-year.

And the last but not the least is, of course, wherever NABL, NABH accreditations happen, we are also able to have certain price advantages when it comes to business on the PPP side. So it's a multipronged strategy. But at the core lies that Krsnaa is focused on quality and delivering good quality diagnostic to its patients that comes to its centers.

Moderator: The next question is from the line of Aditya Chheda from InCred Asset Management.

Aditya Chheda: Hi. I have two questions. One, if you can talk about the receivables, which were at INR277 crores existed of Himachal and Karnataka, what would that number be? And the second is on the mix of pathology and radiology today for us and whether the volume growth number that we've reported of 38% versus the revenue growth of 16% is attributed to a higher pathology mix versus FY '24?

Pawan Daga: Hi. Pawan, this side. So the receivable for Himachal and Karnataka stand at 150 cr . So could you repeat the second part of your question?

Aditya Chheda: Can you talk about the pathology and radiology mix that we have on FY '25 revenue?

Pawan Daga: So, which is at a 50:50.

Aditya Chheda: Got it. Thank you. And one question was that since we have been reducing exposure in these 2 states, what is the kind of growth that would have hampered. In your initial remarks, you mentioned 3 reasons, which is BMC and site delay and reduced exposure. So what kind of growth would have been sacrificed because of the receivable issue?

Yash Mutha: The growth impact that we would have had impacted because of this is around between 4% to 5%. Again, which is a conscious call, considering the procedural delays and whatever. But from an upcoming year perspective, we see that the growth momentum will be back on its track.

Aditya Chheda: Got it. And the question was on the test performed, which shows a 38% increase Y-o-Y on slide number 3 versus the revenue growth of 16%. I wanted to understand if this is because of higher pathology tests, which would be -- thus a higher volume growth, but a lower revenue growth.

Pawan Daga: If you see the combination of both. It's because the business mix is again 50:50. So both on the radiology front, as well as on the pathology front, the numbers and the volumes are increasing, which has led to this kind of revenue growth.

Aditya Chheda: Okay. Got it. That's it from my end. Thanks.

Moderator: Thank you. The next question is from the line of Pranay Khandelwal from Alpha Invesco. Please proceed.

Pranay Khandelwal: Good set of numbers. Congratulations on that. I had two questions. I wanted to know, can you give me -- can you provide us the share of cash versus credit business that we do, as in wherein tests are being paid for upfront and versus tests for which the government compensates us? That is my first question.

Yash Mutha: The cash component of the business is around 20% and the credit is around 80%.

Pranay Khandelwal: Okay. The cash is 20%. I believe this number was higher before, 30%, was it? Or was that the private lock-ins?

Yash Mutha: No, no, it varies between 25% to 30%. Like I said, since the pathology contracts have also contributed revenue, therefore, the credit has also increased.

Pranay Khandelwal: Okay. Okay. So this 20% is for FY '25 or Q4?

Yash Mutha: Sorry, could you repeat the question?

Pranay Khandelwal: This 20% that you gave for the cash business, this is for FY '25 or Q4 FY '25? Like is it quarterly or is it annually?

Yash Mutha: No, no, this was for the annualized level. This is at the annual level.

Pranay Khandelwal: Annualized level. All right. All right. Thanks. And another, just a clarifying question. There is a sale of fixed assets of about INR15 crores. So have we closed down any centers and sold off equipment? I mean, does this relate to BMC or something like that? Like can you give a clarification on that?

Pawan Daga: Hi, Pawan this side. We have sold 1 or 2 equipments, which the tender tenure for one of our projects has been completed, which is very small in overall size of our business. So that is why the reason this sale of assets was taken place.

Pranay Khandelwal: Okay. So two centers closed down and which state exactly, if you can give that?

Pawan Daga: So this is -- one is in Madhya Pradesh and one is in Tamil Nadu.

Pranay Khandelwal: Okay. Okay. All right. Thank you. That will be all.

Moderator: Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital. Please proceed.

Dhwanil Desai: Hi. Good afternoon, everyone. So my first question is on receivable. I think on the receivable side, we have been -- it's been a sticky number. And for last 2, 3 quarters, we have been hoping that we will recover from -- especially from Himachal, it's been going on since the elections there. So what is the bottleneck there? And what gives us confidence that things will normalize going forward in near future?

Yash Mutha: So if you see, these are two large states in terms of HP and Karnataka only, compared to all the other states. And both the states, if you look at it from the NHM funds allocation and certain procedural aspects is where we are experiencing the delays. Just to give you a perspective, there have been issues with NHM giving down the funds to different states, because of certain procedural requirements. And this is one of the reasons that we understand where these two states are experiencing challenges.

And as I said, as of now, whatever you understood is they have to get certain things in place because of the digitization way of payments that is going to happen where it is going to be through RBI nominated accounts. And both the authorities are working to get those systems in place. And hopefully, then the receivables, what we understand will come down in the coming quarter.

Dhwanil Desai: Okay. Got it. Second question is on Maharashtra Radiology. If I understand from the numbers that you have given, probably we have implemented two more in this quarter. And a large part of that is yet to be implemented through probably FY '26. So two parts to the question. One is that what are the challenges why we are growing slow on the execution side?

And second, going into FY '26, the growth essentially will come from the younger centers, which will grow at a higher rate, but the mature, which will grow at a lower rate. So kind of should we factor in a much lower growth of 15-odd percent rather than 25% that we were targeting? And how should we look at the margin?

Pawan Daga: So, hi. Pawan this side. The first part of your question where this Maharashtra CT MRI projects. So, the delays, as Yash has already mentioned because of the site handover and the site delay in the power connection and the readiness of an infrastructure. So the sites are ready, certain sites are ready. So in a couple of quarters, we're expecting approximately 15 centers to be live in first half of the year, in next financial year at the Maharashtra City MRI projects.

So, now coming to your second part of question, the centers maturity in the radiology side takes approximately 1 year to 3 years to mature 1.5 years onwards, we see a good traction. So yes, centers, which has been deployed in last year, first half and the second half of this year will start maturing in the couple of quarters and maybe in the third quarter of this financial year. So we try to maintain -- as our growth things which are there, which will further improve or so on.

Yash Mutha: And just in terms of what Pawan just mentioned, the growth aspiration or the numbers that we see will, of course, our aspiration to surpass the growth that we've given this year and continue on the growth momentum. Given these implementations that are expected to roll out in the upcoming quarters, as well as both on the retail front, we have strong confidence of surpassing the numbers that we've delivered so far.

Dhwanil Desai: And margins?

Yash Mutha: The margins will continue to improve. As I said, there are different initiatives that we have done at the -- both in terms of operations, in terms of the businesses that we are entering into, and we expect the margins to improve going forward as well.

Dhwanil Desai: Okay. So just to sum it up, essentially, we are targeting 16% plus growth and similar or better margins going into FY '26, right?

Yash Mutha: we would continue to grow better than the industry and we see our current margins to stablise and improve further based on business mix.

Dhwanil Desai: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Parikshit Kabra from Pkeday. Please proceed.

Parikshit Kabra: Hi. Thank you for the opportunity. So just a few clarificatory questions. I'm not sure if I heard them right or not. Did you say that the HP and Karnataka receivable days were 150 days? Is that right?

Pawan Daga: It is 150plus kind of days for Karnataka and HP.

Parikshit Kabra: Right. Because the reason I'm asking is that at a company level, we are 140, but the rest of the states, we are at 90. So how does this add up?

Pawan Daga: No. So I may be misinterpreted this . So our outstanding with Himachal Pradesh and Karnataka in the range of INR140 crores to INR150 crores.

Parikshit Kabra: INR140 crores to INR150 crores. Okay. That makes sense. Secondly, again, I'm not sure if I misheard it earlier in the conversation. Did you say we are not participating in the BMC tender?

Yash Mutha: Yes. So as I said earlier, we had won the tender, but when the authorities changed the tender scope and they ask for rebidding, there were certain conditions including the turnaround time as well as budget capping, which in our opinion is not a very profitable tender to pursue and therefore, we decided not to take it up.

Parikshit Kabra: Got it. Clear. And lastly, can you give us -- I understand that there's a lot of balls in the air right now about the receivables from Karnataka and Himachal. But is there -- do you guys have a target in mind as to what will be your receivable days at the end of Q1 FY '26?

Pawan Daga: FY '26?

Parikshit Kabra: Yes, like basically next quarter, what will be your...

Yash Mutha: We are hoping it to be in the range of about 100-odd days. It will come down significantly. In fact, the upcoming quarter is where we expect the receivables to come down significantly. But just to give you on a ballpark basis, we expect it to be in the range of about 100-odd days, 90 to 100 days by FY26.

Parikshit Kabra: This is Q1, we are talking about, right?

Yash Mutha: Yes, Q1 is where we are expecting sizable receivables to come through and which will further come through the coming quarters.

Parikshit Kabra: So by the end of this quarter, you'll be at 100 days receivables. That's great.

Yash Mutha: No, I said the 100 days at the end of FY '26, but in the coming quarters, we're expecting a significant portion of our receivables to be collected.

Parikshit Kabra: Understood. But do you have a number for the coming quarters? Is that's what I'm trying to understand because today, we are at 140?

Yash Mutha: Yes. As I said, in the coming quarters, since the discussions are going on it will be too early for me to give an exact number. But hopefully, we'll share updates as and when the money gets collected.

Parikshit Kabra: Okay. Understood. Thanks a lot.

Moderator: Thank you. The next question is from the line of Subrata Sarkar from Mount Intra Finance. Please proceed.

Subrata Sarkar: Sir, my question on the Rajasthan state basically, whether -- what is the progress on the dispute? Is there any progress on like any light on that, if you highlight that?

Yash Mutha: So the matter is currently under judicial jurisdicationd we are hopeful that there will be an announcement or update very soon.

Subrata Sarkar: Okay. And sir, any big like a few tenders that are in our pipeline, if you can highlight on that a little bit, give some at least qualitative direction for other states?

Yash Mutha: So there are various opportunities that we are working, but the details we won't be able to provide because of the competition intensity. There are various opportunities that Krsnaa is pursuing .

Subrata Sarkar: Okay. No issues.

Moderator: The next question is from the line of Bhagwat from Prosperity Wealth Management Private Limited. Please proceed.

Bhagwat: Thank you for the opportunity. Could you please provide an update on the status of the income tax demand order received for previous years and your comment on the same?

Yash Mutha: Yes. So the demand orders were received. And like we mentioned, all these -- after going through the merits and facts of the case, we have a very strong opinion that these are all which we can defend. And therefore, we filed an appeal with the authorities in rejecting these claims and the process is now on, where it goes to the appeal stage.

Bhagwat: Okay. And we are hopeful that we will not have that much liability as the demand raised?

Yash Mutha: Yes, absolutely.

Bhagwat: Okay. My second question is like just a fundamental question. Despite our test prices being significantly lower compared to our peers, our EBITDA margin is similar to them. Could you please comment on the main reason for that?

Yash Mutha: So that's the uniqueness of our business model based on the different cost leadership we have, the model that we have built. Krsnaa today has created a unique business model, which leverages a sense of technology-led solutions, the unique PPP-driven model as well as the various cost leaderships that we have built over the years, which allows us to have the sustainable margins.

Bhagwat: Okay. So this is mostly related to the cost efficiency that you mean?

Yash Mutha: Correct.

Bhagwat: Okay. Thank you for that.

Moderator: Thank you. The next question is from the line of Deepali Bansal from Ventura Enterprises. Please proceed.

Deepali Bansal: Good afternoon everyone. My first question is regarding the revenue bifurcation. Would you be able to provide us what is the revenue bifurcation between matured and semi-mature businesses?

Yash Mutha: I think these are details which we will be able to provide offline. Vivek will reach out to you to share these details.

Deepali Bansal: Okay. Next question would be, would you be able to explain the whole retail business structure like what is the touch point, what is B2B and what are exclusive stores because I'm not able to understand like how is this going to work for us?

Mitesh Dave: Hi, good morning. Mitesh this side. So entire retail structure is basically -- it's a 360-degree structure where we are moving into the space, where we are well-poised for through our existing ecosystem of PPP. And we are trying to leverage all the dimensions right from B2B, B2C as well as the other business model, along with the various verticals within the B2B and B2C.

So, while in one of the previous questions I mentioned, I just want to understand the areas, where it is direct to the consumer falls under the B2C, the areas which is directly with the client are the B2B. Touch points are the one where we are having active revenue contribution coming out from the clients and the network is the one which are exclusive to us.

Deepali Bansal: Okay. Thank you. My final question would be, what is the management feeling like what does the future look like? Are there any problems that we are facing? Any logistical issue, any bidding issues? Anything that can cause a problem to the company in the next maybe, let's say, 3 years or 3 months?

Yash Mutha: So as I said in my call as well, today, if you look at it from the fundamentals of what Krsnaa has built, we do not see any problems in the business. Our business continues to thrive. We've been demonstrating growth, which is almost higher than what the industry is able to deliver at prices which are almost more than half of the prices that the market is offering.

Our margins are sustainable and they continue to improve. And along with this, we also have forayed into retail with the network expansion going almost 4x within just 1 year. So from an overall model and business perspective as well as the outlook that we have, with so many centers that are under implementation, which will further add to our revenues and our margins in the upcoming quarters.

In fact, I see this as a strong fundamental that we've built and we look forward to harnessing this in the coming quarters.

Deepali Bansal: All right, sir. Thank you. That's it.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much for this opportunity. Sir, just I wanted to understand on the receivable part, which you mentioned around INR140 crores to INR150 crores to HP and Karnataka. So do you see any risk of any kind of provisioning coming out of these receivables in future? So any kind of comment would be helpful?

Yash Mutha: No, no, no. if you see both from the process that we follow in terms of collecting our receivables, the kind of discipline that we have, we do not see any risk in terms of having provisioning, because not only us, even the auditors have evaluated this. And based on whatever communications we've had with the authorities so far, we are confident of recovering our entire dues.

As I said, these are only two states which have had a certain challenge. But otherwise, we do not see any risk even on the current HP and Karnataka receivables that we have. Hopefully, in the coming quarters, we expect the amount to be recovered in full.

Pawan Daga: Adding to this further Pawan this side, till the date whatever we have built, we have received. Till the date, we have zero bad debt in our books r if we're talking about the provisioning part, basis on the accounting standard in ECL we have provided whatever the provision is required as per accounting standard and the company policy, which is already taken in the P&L part.

Deepak Poddar: Okay. I got it. Understood. And my second question is around about your retail business, B2C. I mean, is it margin accretive? I mean the margins there is higher than your -- the other B2B business?

Mitesh dave: Yes, certainly looking to the pricing at which we are playing or moving into the market, it has a better margin.

Deepak Poddar: How much better, I mean, can you...

Mitesh Dave: Despite being almost 30%, 35% lesser to the peer players.

Deepak Poddar: Okay. So how much is the margin differential between -- I mean, if your company level margins currently is in the range of 26%, 27%, excluding the other income, so their margin would be what, 30%, 35%?

Mitesh dave: **Since it has been only 2 quarters where we were able to get some meaning full business in retail, as earlier the focus was to get the back end and process ready for the same. The margins for retail are better than that our PPP model Deepak Poddar:** Understood. Fair enough. And pricing also is higher than what you offer in your PPP model, right?

Mitesh Dave: Yes, certainly. It is way better than our PPP model. But -- and despite that, then we are still 30%, 35% discounted or I should say, lower than the peers.

Deepak Poddar: Okay. Understood. And given the outlook that we have in terms of touch points, I think 4,000 to 10,000 kind of a range for FY27. So how do you see this B2C revenue mix over the next maybe 2 years or 5 years whatever, I mean, some understanding would be helpful?

Mitesh Dave : `Yes. So B2C will always be at the forefront when it's going to be the revenue mix in the overall retail space. And it's always the r aspirations to be somewhere near to 70-30 B2C, B2B mix and that's where we are currently working towards.

Deepak Poddar: 30% B2C revenue mix in 5 years, would that be a fair assumption?

Mitesh dave : **The total contribution from retail would comprise as 70% from B2C and 30% from B2B .**

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Deepak Poddar: Okay. And currently, it is only about -- I mean, this year, we are targeting 5% to 8%, right, FY '26?

Mitesh Dave: Correct.

Deepak Poddar: Okay. So -- okay. But your B2B will also grow, I mean, but B2C will grow much faster than your B2B. So you are envisaging such a high increase in your mix, right?

Mitesh dave: Perfectly.

Deepak Poddar: Okay. Fair enough. I got it. That's very helpful. That's it from my side. All the very best.

Moderator: Thank you. The next question is from the line of Chirag from Keynote Capital. Please proceed.

Chirag: Thank you for the opportunity. Most of my questions are answered. I just have two questions for now. One is once you expect the receivable recovery from Himachal Pradesh and Karnataka, are we expecting it to reduce the working capital debt that we have by the same amount?

Yash Mutha: Of course, yes. So as I said, considering the discussions, we expect the receivables to be collected in the coming quarters, which will also ease up on the working capital requirements.

Chirag: Right. And secondly, as you have mentioned that this year, our radio and patho mix is 50-50. Could you just let me know what it was in the last year?

Pawan Daga: So last year, it was 60-40, 60 is radiology and 40 was pathology.

Chirag: Fair enough. That is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Amruta from Wealth Managers. Please proceed.

Amruta: Thank you for this opportunity. I have just two questions. One is regarding the number of labs. As in the presentation, you've mentioned that the number of labs as of March end are 117, whereas as of December it was 121. So I would like to know which regions saw these reductions?

And are they pertaining to BMC projects and my second question is regarding the capex. Capex is found at INR111 crores compared to INR193 crores last year means for FY '24. So could you please give some clarity on that?

Pawan Daga: Pawan, this side. We have discontinued a few labs, smaller labs in different regions, because of operational efficiency and basically in the cost measures and optimize the lab efficiency at a bigger scale. Second part of your question, which is in INR111 crores of capex, which is mainly for the new centers of radiology in Madhya Pradesh and Maharashtra. And also one is in Delhi, the MRI and the CT , and certain portion of a pathology collection center in Assam collection centers and the Orissa collection centers. These are the capex outlay for the year.

Amruta Deherkar So what kind of capex do we have for the collection centers, if you can give some idea on that?

Pawan Daga: So collection centers, the basic infrastructure, which is required to have a refrigerator, maybe the basic test equipment related to the testing, and that's it.

Mitesh Dave: As such, just to add to what Pawan said.

Amruta Deherkar We make how much per center?

Mitesh Dave: So as such for collection centers, there won't be much of any capex requirement would be there because we are as such moving with the asset-light models. So there won't be any as such. And...

Pawan Daga: As related to our collection center under PPP where the volume and the number of collection centers are in the range of 1,000. So if we add up in total, so the capital outflow is there. But the individual collection centers, there is no huge amount of capex is required.

Moderator: Thank you. The next question is from the line of Siddharta from Caprize Investment.

Siddharta: So just -- I mean, I have got a couple of questions. One, I mean, what is the -- I mean, in the last con call as well, you have given certain targets, and we have missed it. So just wanted to understand what exactly is the reason behind we're not delivering upon our promises earlier?

Pawan Daga: Yes. So like I mentioned earlier, when we had given the guidance, there were certain -- like a BMC tender, we had already won, and we were expecting that to roll out. But when the government changed certain scope, they brought in conditions like turnaround time of 4 hours as well as some budgetary caps. So we decided not to pursue that opportunity. Along with it, there were certain delays in our site ramp-up and of course, conscious decisions to reduce the business in certain areas where the receivables were staggering up.

So if you look at it, it was a conscious call on all these fronts, where we just didn't want to increase or do business, which is not value accretive or which does not really create profitable margins for us. And therefore, there was -- we fell short of the guidance. However, if you see on an overall basis, we've still been delivering a good growth rate for the company as a whole.

Siddharta: Got it, sir. And again -- and also, could you give us some breakup -- I mean, breakup of what is the revenue per center for both your radiology as well as pathology segment?

Pawan Daga: So those details, we'll be providing you offline. Vivek can share those details with you.

Siddharta: Okay. And also last question sir, so our return metrics, our ROCE and ROE looks quite stressed right now. So going forward, I mean with our B2C business kicking in, so do you think -- I mean, what do you think these figures might look like going forward?

Yash Mutha: Sure. So when you look at the ROCE and ROEs or these ratios, that is from a point in time, because there's a certain investment that happens from a financial statement perspective, whereas the commensurate revenue has not come through. For example, today, there are a lot of additions that have happened into our gross block, but the revenues will come in the subsequent quarters.

So from that perspective, it does look suppressed. But if you look at it, even from an overall balance sheet perspective, the ROCEs and ROEs have been improving year-on-year, quarter-on-quarter. In the upcoming quarters, as the business matures, as the younger centers start maturing, they will further contribute to the improving margins.

And yes, with a blended -- on the retail side, we expect the margins to improve as well, but retail will take its own time, because as Mitesh pointed out, we are currently at the infrastructure stage setting up the different touch points. And as they continue to improve and contribute revenues, that will certainly improve the margins going forward as well and the return ratio, therefore.

Moderator: The next question is from the line of Surya Narayan Patra from PhillipCapital India Private Limited. Please proceed

Surya Narayan Patra: Thanks for the opportunity once again. Just one question that I wanted to clarify. What is the investment plan now that we are having for FY '26 and the target areas of investment? Because I do believe given the asset-light model, what we have recently adopted. So led by that, possibly our investment requirement for the following period would come down meaningfully. So if you can give some sense about it.

Yash Mutha: Yes. So from an overall capex perspective, whilst we still have about INR100 crores, INR150 crores of investments, yes, but from a cash flow perspective, given this different models that we put in place, the requirement to deploy upfront capital will not be as significant. And we continue to leverage different models to bring in the asset-light model into place. But given the various tenders that we already have won and which are sizable tenders at very good rates, these investments and at least for the next year would be in the range of about INR100 crores to INR150 crores.

Surya Narayan Patra: And practical cash outflow would be less than INR100 crores?

Yash Mutha: Sorry?

Surya Narayan Patra: Practical cash outflow.

Yash Mutha: Yes, yes, yes. Significantly lower than INR100 crores.

Moderator: Ladies and gentlemen, considering time constraints, we would not be able to take any further questions. Now for closing comments, I hand the conference to Mr. Yash Mutha. Over to you, sir.

Yash Mutha: Thank you, everyone, for joining our '25 earnings call. Hopefully, we were able to address to all the queries. If any questions remain unanswered, please feel free to connect with our Investor Relations team's head, Mr. Vivek Jain, and looking forward to interact with you again in the future quarters. Thank you.

Moderator: On behalf of Equirus Securities Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.