May 15, 2025

The Listing Department	The Corporate Relations Department
National Stock Exchange of India Limited,	**BSE Limited**,
NSE Symbol: VIJAYA	**BSE Scrip code: 543350**

Dear Sir/Madam,

Sub: Transcript of the Earnings conference call organized on May 12, 2025

We are enclosing herewith the Transcript of the Earnings Conference Call organized on May 12, 2025, post declaration of the Audited Financial Results of the Company for the fourth quarter and financial year ended March 31, 2025.

Please take the information on your record.

Thanking you.

Yours faithfully,
For Vijaya Diagnostic Centre Limited

HANSRAJ SINGH Digitally signed by HANSRAJ SINGH Date: 2025.05.15 15:28:39 +05'30'

Hansraj Singh
Company Secretary & Compliance Officer
M. No. F11438

Encl.: as above

"Vijaya Diagnostic Centre Limited

Q4 FY '25 Earnings Conference Call"

May 12, 2025

MANAGEMENT: **MS. SUPRITA REDDY – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – VIJAYA DIAGNOSTIC CENTRE LIMITED**
MR. SIVARAMARAJU VEGESNA – VICE PRESIDENT OPERATIONS – VIJAYA DIAGNOSTIC CENTRE LIMITED
MR. DHIREN GALA – ASSISTANT GENERAL MANAGER – STRATEGY AND INVESTOR RELATIONS – VIJAYA DIAGNOSTIC CENTRE LIMITED

MODERATOR: **MR. AMEY CHALKE – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Vijaya Diagnostic Centre Limited Q4 FY '25 Conference Call hosted by JM Financial. 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 star then zero on your touchtone phone.

I now hand the conference over to Mr. Amey Chalke. Thank you, and over to you, sir.

Amey Chalke: Thank you. Good evening, everyone. I, Amey Chalke, on behalf of JM Financial, welcome you all to the 4Q FY '25 Earnings Conference Call of Vijaya Diagnostics. At the outset, I thank the management of Vijaya for giving this opportunity to host the call.

I'm looking forward to have an insightful interaction on the quarterly earnings and the outlook here onwards. Today from the company, we have with us Ms. Suprita Reddy, Managing Director and CEO; Mr. Sivaramaraju, Vice President, Operations; and Mr. Dhiren Gala, Assistant General Manager, Strategy and Investor Relations. I now hand over the call to the management for their opening remarks. Over to you, ma'am.

Suprita Reddy: Thank you, Amey, for hosting the call. Good evening, everyone, and thank you for joining us today. I will begin my address with the updates on our expansion plan. I'm happy to announce the successful launch of 6 hubs in the last 2 months, 2 each in Pune, Bengaluru and West Bengal.

Additionally, the execution of 3 more hubs in West Bengal is progressing as planned and expected to commence operations within the next 3 to 4 months. We have also finalized leases for 2 hubs in Tier 2 locations of AP and Telangana, which is scheduled to become operational in H2 FY '26.

With the recent launch of two very large state-of-the-art hub centers and 2 spokes in Pune, combined with our investment in cutting-edge technology, we are confident that this will enhance the visibility of the Vijaya PH brand in the Pune market. We are now well positioned to establish a distinct identity and gain strong traction in this region going forward.

We have ventured into Bengaluru market with the launch of operations at both our hub centers in April. Given the strong potential of the market, we're actively looking at a few more strategic locations for our hub expansion to strengthen our presence in this region.

In continuation to updates on the leadership team, we have recently onboarded a CTO who comes with 25-plus years of experience in leading technology-driven companies and his addition strengthens our capabilities and is likely to help fast track our IT initiatives. In addition, we have also made a few more mid- to senior level hires across business functions to support our parallel expansion into new geographies.

Now I quickly take you through the financial performance for the current quarter of the 12 months ended 31st of March 2025. The consolidated revenue for the current quarter stood at INR173 crores, reflecting a growth of 12% at a consol level and a 13% growth being driven organically, once again, majorly driven only by test volume.

EBITDA for the current quarter stood at INR69 crores as compared to INR63 crores in the corresponding quarter in the previous year. The EBITDA margins stood healthy at 39.8% in the current quarter. The profit after tax for the current quarter stood at INR35 crores with a margin of 20%.

Coming to the full year performance. The consolidated revenue stood at INR681 crores, reflecting an impressive year-on-year growth rate of 24% with a 19% growth being organic contribution. EBITDA stood at INR273 crores registering a year-on-year growth of 24%. EBITDA margin stood healthy at 40.1% and PAT was INR143 crores with a margin of 21%. After a strong performance in FY '25, we had a promising start to the new financial year with a notable increase in both the footfall and revenues across our network.

Moving forward, our key areas of focus would be stabilization of the newly launched hubs and building strong brand equity in these new geographies, commissioning additional new hubs in West Bengal and core geographies, investments in technology and strengthening our talent pool across critical departments.

With that, I would like to conclude my address and request the moderator to open the line for the Q&A session.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Anshul Agrawal from Emkay.

Anshul Agrawal: So, I have a few questions. First question, is there any particular reason why our gross margins have contracted despite strong growth in wellness in the current quarter?

Sivaramaraju Vegesna: Anshul, actually it is because of wellness because I think wellness has contributed 15% of our revenue. And generally, wellness -whenever wellness grows, you see some contraction in gross margin, right, because this wellness is at a discounted price. So that's one of the primary reasons. And yes, to a certain extent, not a significant value. Some value has increased because of the increase in the input cost.

Anshul Agrawal: Okay. What I wanted to check was, is this on the back of any rupee depreciation, which could reverse in the coming quarters? Or should we structurally consider this to be the new normal in gross margin?

Sivaramaraju Vegesna: So you should structure it to be the new normal, right? And it is majorly because of wellness. And since there is an increase in the input cost, like we were discussing in the last 2, 3 quarters, right? So, we expect there will be increase in the cost not just for the rupee depreciation but for multiple other reasons that's happening in the international trade.

So that is the reason there is an increase. But with wellness, generally in Q4, generally, we see the higher contribution coming from wellness. But again, if wellness comes to 14%, then the gross margin will improve a little bit.

Anshul Agrawal: Got it. My second question is on the hubs that we had commissioned in November at Nizamabad. So have you broken even in Nizamabad and Ongole?

Sivaramaraju Vegesna: Ongole, yes, we have broken even and in fact, two months back, more or less from the last three months, revenue is crossing the breakeven number. In terms of Nizamabad, soft launch happened in December that we...

Anshul Agrawal: Is it just me or I can't -- the voice is echoing at Siva's end?

Suprita Reddy: So, Nizamabad was launched formally in December, Anshul. And what just happened also is Nizamabad was only functioning with high-end imaging and for almost 2 to 3 months because it was awaiting the PCPNDT License. It has still not come in fact. And we still anticipate that as promised, it will break even in the first year from whenever we started operations. And Ongole has broken even a couple of months back.

Sivaramaraju Vegesna: Yes. And Nizamabad also, Anshul, so it is almost closer to breakeven. So maybe in a quarter's time, that should break even.

Anshul Agrawal: Great. Do we have any targets, ma'am or Siva for the new hubs that we have commissioned in Pune, Bangalore for breakeven

Suprita Reddy: So, the Pune centers, we've opened the two centers that is Ambegaon and Kalyani Nagar. Ambegaon has become operational from April. Kalyani Nagar, even though it is ready and can start operations, we are waiting on starting off because the team is under training, and we're starting to build a team for Pune separately.

So, probably another week to 10 days, you will see Kalyani Nagar open for operations. Both of these centers, as mentioned earlier, will break even in a year of opening. Likewise, for Bangalore and Kolkata.

Sivaramaraju Vegesna: So like we guided before, Anshul, all the centers outside of...

Suprita Reddy: Outside of Telangana and AP, we normally take a buffer of two months or three months, that's why one year is what we say. But even though the target is to get them up and running in the first few months itself.

Anshul Agrawal: Perfect. So, the breakeven targets are intact. A question on the Bengaluru market. So what will be our go-to-market strategy here? Because this seems like a more corporate hospital-friendly market versus probably Pune. And any comments on pricing out here? Will it be similar to what we charge in Kolkata or Hyderabad? How should we look at it?

Suprita Reddy: Anshul, if you ask me, this market probably is not at all like Pune. Pune is more the corporate kind of market. And Bengaluru has a lot of stand-alone integrated centers. You look at the largest lab players been Anand for ages now. So, there are independent players region-wise, also keeping the traffic, the congestion and all of that in mind.

So, these two centers that we've chosen, in fact, are in two different corners of Bangalore. It's also to test out whether our go-to-market strategy in Hyderabad works likewise in Bangalore. And I should definitely say that it's looking very positive. Both are running, both are operational.

We're very confident on a 1 year breakeven here. And the pricing is more like Hyderabad and definitely not like Pune or West Bengal.

Anshul Agrawal: Great. One more question, ma'am. While with the bunching up of these new hubs, can we expect a steep dip in margins in FY '26 with a possible recovery in '27?

Sivaramaraju Vegesna: So, like we said before, Anshul, so first 2 to 3 quarters till the time these centers breakeven and like we also said, there are three more hubs that are going to come in Kolkata in 4 to 5 months' time and then two in Andhra and Telangana, we should see some dip to the extent of 1% to 2% on the EBITDA front. But as we move forward, these centers will start contributing to the revenue and then the next set of centers will come. I think by the end of FY '26, we should be back to our regular margins.

Anshul Agrawal: Got it. Just one more, if I can squeeze in. Given the nature of lease accounting and due to these hub additions, do we expect depreciation and amortization expenses to outpace the growth by which our network is expanding in the next 2 years, 3 years?

Sivaramaraju Vegesna: For the first 2 to 3 quarters, at least you'll have that. And I think once the centers break even, I think we'll be more or less sorted. But for the first 2 to 3 quarters, you'll have that.

Moderator: Our next question comes from the line of Alekhya from Athena Investments.

Alekhya: So my question is, as we see hub additions, so what's your capex plans in FY '26?

Sivaramaraju Vegesna: Yes. So, as we just said, so we are already have opened five centers, like even though there are six centers, one center technically fell at the end of March, so which was accounted in the last financial year. But considering the other five that we've opened now and then five more which we are going to open, you should roughly see a number closer to, say, INR145 crores to INR150 crores kind of a capex for this financial year.

Alekhya: So, do we have any plans in entering into dialysis kind of businesses?

Sivaramaraju Vegesna: No. As of now, we are purely into only diagnostics.

Moderator: Next question comes from Chirag from Keynote Capitals.

Chirag: I would like to know what is the mix of revenue for FY '25 in pathology? Could you just differentiate between routine and specialty test?

Sivaramaraju Vegesna: So first, coming to radiology and pathology, it is more or less in the same. Like across the quarters, we are seeing pathology, anything between 62% to 65% and radiology from 35% to 38%. So, at a year level, more or less it was in the same mix.

Coming to routine and specialized, like we always say the definition differs across player to player, right? But considering our own definition of specialized and routine, within radiology, 35%. So, 20% is from advanced radiology and 15% is from the basic radiology.

But again, within basic radiology, you have a few advanced tests. But going by our definition, I'm telling you these numbers, right? Coming to pathology, out of 65%, close to 15%, 20% is specialized and the rest is routine. But again, this definition differs from player to player.

Chirag: It would be great if you can just explain your definition

Sivaramaraju Vegesna: So basically, anything that comes in volume that we do on a daily basis, like you are fasting thyroid, lipids, hormones, everything.

Suprita Reddy: Yes, all of that comes under basic for us. And anything above upwards of an AMH or fertility panel, histopathology, all of that gets categorized as special.

Sivaramaraju Vegesna: Because few players even consider thyroid hormones as specialized, but we consider them to be basic.

Chirag: Fair enough. Fair enough. My second question is related to understanding are we still on the trajectory to think that we would be growing at 15%, 16% CAGR growth for the next few years?

Sivaramaraju Vegesna: Yes, absolutely, yes.

Chirag: And this is a mix of volume and 1% or 2% value growth, correct?

Sivaramaraju Vegesna: Yes, 1% to 2% of value growth and rest is volume.

Chirag: Fair enough. And could you just give some comment or highlight how things are panning out in the industry at this moment? What kind of growth the industry has? And because of capex, are we outpacing the growth? Could you just highlight that point?

Sivaramaraju Vegesna: So, coming to the growth of the industry, again, different research reports gives different numbers. So, the number that we keep hearing, which we are not very sure is about 11% to 12% is something that we hear from multiple research firms, right?

Definitely, if you see the last one year of growth for Vijaya, it is not just the new centers of the capacity addition even the older ones, we have seen double-digit growth from even the older lot, right? I think coming to Vijaya, the best strategy, even if you take for Hyderabad or the outside Hyderabad, right, one thing is the centers that we are launching are breaking even ahead of our time line of our targeted time line.

And also the existing centers within Hyderabad, while every year, we think that Hyderabad gets mature, but within Hyderabad, we are inching market share year-on-year. If you take player #2, #3, #4 of Hyderabad, they are not growing in spite of we not adding any capacity in the last two years in Hyderabad, they are growing at a much faster pace than them.

I think it's the capacity that we have built, the quality that we are delivering, the name we have built, right? So, these are helping us to grow at a faster pace and also because you have the entire gamut of diagnostic services.

Chirag: Right. Just one more question from an understanding perspective of industry. Apart from brand and accredited labs, what are the ways for a company like Vijaya who make sure that they keep on gaining market share into a newer region? Is it just to do with the technology? Or is it something else too?

And secondly, being a leader in Hyderabad, I just wanted to understand what is the way for us to keep defending the kind of market share, we have from the players who have been in the market plus some of the pan-India players are focusing to get into southern markets now as they are trying to tap the new market. So just wanted to know how can we make sure to defend our market shares?

Sivaramaraju Vegesna: See, so basically, if you see, right, so there are 3, 4 important basically parameters for our business, right? One, we have to make the customer who is paying us happy. It's basically they're coming for a diagnostic service with trust. But at the same time, the way you maintain your centers. One, you're giving them very good infra, right, then the technology, then the kind of doctor talent you have because all this will help us in churning out a quality report.

So ultimately, when this report goes to a clinician, even a clinician has to trust the report, right? So, when you are basically taking care of everything and then pricing it the same like the market, I think that is something which we were doing for years and that allowing us to gain that market share year-on-year, right?

And it is basically you have everything under one roof. That is basically the differentiator for Vijaya. So that's one of the reasons when we are venturing into geographies, newer geographies. Like if you take the example of Tirupati, even though it is part of Andhra, Telangana, it is much closer to Chennai.

And by the time we went into Tirupati, there were already about 7 to 10 MRI machines, right? What made us stand out because you're giving quality. To give quality, you need equipment and doctors, good doctor talent pool and technicians, right? The kind of infra you're providing, nobody else in the market is providing that. On top of that, you're not charging anything extra. You're just matching the market, right?

This is allowing us to basically gain that name, and you have everything. You have a few players in radiology, few in pathology, but we are delivering both. So it's a convenience for the patient. So, I think since you're able to take care of all these things, that is allowing us to grow at a much faster pace.

Moderator: Our next question comes from Sumit Gupta from Centrum.

Sumit Gupta: So, what volume growth can we expect from the addition of the new hubs like incremental volume growth?

Sivaramaraju Vegesna: So Sumit, whenever we add hubs, so initially, the trend that we have seen in the past is that we start off very well with advanced radiology and slowly the other volumes get built, right? So basically, what we expect is that the growth in this current financial year, again, some 3% to 4%

of the growth from the new centers because we've just launched these centers and the existing centers will give us the rest of the growth.

So, you should but since again, these are dominated because of the advanced radiology. If these centers give us a 4% contribution to the overall growth, you may expect the volume to be somewhere around 2% to 3% in the current financial year because they may do a good number, but the volume initially will be lower. It is because of the advanced radiology they pick up and then slowly the other volume gets built.

Sumit Gupta: Okay. And sir, regarding the EBITDA on the stand-alone basis and like it is nearly flat on a sequential basis and just 7% growth on a Y-o-Y basis. So, like majority of the growth is coming from the PH side. So, I just want to understand that. And what were the margins this quarter for PH?

Dhiren Gala: The margins for PH during this quarter were close to 29%. And if you look at this quarter and including last quarter, we had stated that there is a GST regulation, right? So, because of that, the impact has been close to 0.3%.

Sivaramaraju Vegesna: So basically, Sumit, this quarter, even for PH, if you look the number will look slightly off because there is one-off expenditure, which we charge to the P&L otherwise, the margins were closer to 35%. And this was because in Pune, the expenditure has started in these new centers, right? So, we have taken people, training, all that is hitting the P&L, but the revenue has not actually started.

So, if you exclude that one-off expenditure and if you see the EBITDA for Q4, it was close to INR 35 crores. In the earlier quarters, it was about INR 39 crores to INR 40 crores, but because of the incremental cost on hiring of new talent for these new upcoming centers, you have seen that because the balance sheet size itself is very less, it generates only about INR11 crores, INR12 crores.

Now all of a sudden, we've added 2 hubs and 2 spokes, right? So, I think we should give 2, 3 quarters' time to see the actual EBITDA for Pune. And coming to company level EBITDA, Sumit, I think because we have also added resources at corporate level, right, we have taken multiple digital IT initiatives, right?

Where we have moved servers from physical to cloud and some significant investments we have done on digital marketing, which was not the case earlier, right? In spite of incurring all these expenditures, the EBITDA is intact because of the leverage that we are getting from the existing network.

Sumit Gupta: Right. So, going forward, for PH in particular, the margins would decline? Or like how should we see the trajectory of PH?

Sivaramaraju Vegesna: Yes. So optically, it will look slightly off Sumit, because truly as on date there are six centres. You see 95% of the revenue coming from six centres…

Sumit Gupta: I'm sorry, sir, you're not audible. The voice is muffled so...

Sivaramaraju Vegesna: Right. So, what I was saying, Sumit, so basically, if you see Pune, right, 95% of the revenue comes from six centers, three hubs and three spokes, right? And all of a sudden, we've added two hubs and two spokes. That means we have increased the capacity almost close by 70%, 75%, right?

So obviously, initial days, the cost will kick in, but the revenue will take some time, right? Optically, if you see PH as a stand-alone center, PH as a stand-alone company for next 2, 3 quarters, optically, the EBITDA will look low. But otherwise, I think we have to wait for that 1 year where these centers will start breaking even.

Suprita Reddy: Once these centers stabilize and also the hub stabilize and then you're probably going to see normalization happen then.

Sumit Gupta: So, by FY '27, we can see stabilization and improvement in margins as well as returns?

Sivaramaraju Vegesna: Yes. But if you see Vijaya Company as a whole, it will not impact much. Like we said, for this year, in the first 2 to 3 quarters, you may have that hit of 1% to 2% on account of all the six subs starting at a time.

Moderator: Your next question comes from the line of Gaurav T from Antique.

Gaurav T: Any reason for the lower year-on-year growth for the quarter on the revenues? We've been growing upwards of 20%, excluding PH, be it test volumes or overall revenues. However, this quarter, growth has slowed down a bit. So any insights into that?

Sivaramaraju Vegesna: Yes. So, if you see like at, let me write this out, at the earlier level, I think excluding PH organically, we've grown by close to 18%, right? And yes, Q4 was slightly soft. In fact, within Q4, if you basically break up the three months, one month which has pulled down entire average. So, February is one month where we have grown only in a single digit, which has pulled down the entire quarter's average…

Gaurav T: Sorry, sir. Again, it's not very clear. I'm not following you clearly.

Sivaramaraju Vegesna: So basically, in Q4, Feb was 1 month, which was softer, right, which has pulled down the entire quarter average. So, we have grown only by a single digit. Generally, Q2 and Q4 for health care are the better quarters, right?

And generally, what we have seen in the past is that Feb in spite of being only 28, 29 days doing a better revenue than Jan that was the trend in the past. But for different reasons, the season was slightly off. Sometimes health care is all about seasonality, and that happened only in the month of Feb.

So, while we try to see reasons for that, but we don't have any concrete reason why general season was low and it was also attributed to the festivals and the other events that happened across India. But otherwise, if you see again from April, right, post Q4, the numbers are intact.

Suprita Reddy: There is an incremental increase in both footfall, revenue across all of the centers in Hyderabad and rest of Telangana. So, Feb was a month which was also odd to us. But like Siva has mentioned, it was purely seasonal and a lot of factors affecting it. It was also a time when there was a lot of travel, the Kumbh Mela and lots of things happening. Feb did not see numbers coming in through the month.

Gaurav T: Sure. If we look at overall FY '25 revenue growth, regional split and outside of Hyderabad and Andhra Pradesh, Telangana, the noncore markets, excluding PH, we're seeing revenue growth of only 5% for FY '25, which kind of is low given our penetration and all the other initiatives we are taking. Were there any one-offs in this as well, probably Kolkata and 4Q or some other reasons?

Sivaramaraju Vegesna: No, Gaurav, in fact, so if you see other than PH, even other than Hyderabad if you take rest of AP, Telangana and even for that matter, Kolkata, if you club all that together excluding PH and excluding Hyderabad, it is upwards of 20%, the growth rate.

Dhiren Gala: The revenue contribution from new centres is 5%.

Sivaramaraju Vegesna: Contribution is 5%, yes.

Suprita Reddy: The growth is upwards of 25% almost.

Gaurav T: Okay. Maybe that's comfort. So, we're adding largely hubs this year. We expect they would break even in three to four quarters. Any insights what can be the planned expansion for FY '27, significantly higher number of spokes and significantly lower number of hubs there?

Suprita Reddy: It also depends on the geography because if you look at Bangalore, you've opened two hubs in two extreme corners of the city. And until Bangalore gets a minimum of seven to eight hubs, you cannot connect them with spokes. So, Bangalore would probably take longer to open up spokes compared to East India.

Kolkata will definitely see a lot more spokes come up in '27 because we have already opened three now VIP plus two more, and we're opening another three coming up. So, another two hubs will give Calcutta a chance to open up spokes in '27. Pune, of course, you will see a lot of spokes coming up from now on. After stabilization of these two new hubs that have opened, that's when we will start opening the spokes in Pune.

And in rest of AP, probably you will see more of hubs coming in because after separation, there are about three or four more markets that we've not gone into. So those are the four key primary markets that are of interest where we will go in and open those hubs.

Gaurav T: Sure, sure. Coming to gross margins, are you sharing the split for gross margins for radiology and pathology for Q4?

Sivaramaraju Vegesna: No. Basically, we show it as a single number, Gaurav. But generally, what we see in radiology is like closer to 10%, right? So 90% gross margin.

Dhiren Gala: 90 % to 91% is the gross margin for the radiology segment. And generally for pathology, it is anywhere between 86% to 87% ..85% to 86%.

Sivaramaraju Vegesna: It doesn't change much actually.

Gaurav T: Got it. it. Last if I may, just last question on the balance sheet. On the other current financial assets and other current financial liabilities, I'm seeing quite a large increase year-on-year. What would be the nature of this?

Sivaramaraju Vegesna: So basically, capital creditors. So, if you see, we have opened, say, three hubs in the last financial year. And also, in fact, we have added a few of the advanced radiology equipment in our existing centers like Gurgaon and we have added one more MRI in Kurnool. We have added a cardiac CT in Tirupati.

So basically, with our vendor, we have a deferred payment option as part of our negotiation, right, where we'll be due for that payment in the next two to three quarters. So that's the reason you see capital creditors of, I think, close to INR75 crores. Yes, that's the reason. So, you see the net cash, right, on the balance sheet, you look the cash is about close to INR280 crores. But if you remove capital creditors and if you see the net cash, it's close to INR200-plus crores. It's purely a part of negotiation, that's all.

Gaurav T: That’s helpful. Thank you. All the best.

Moderator: Thank you. Our next question comes from Rishi Mody from Marcellus Investment Managers. Please go ahead.

Rishi Mody: I might have missed this, but what is the exceptional expense that your have recorded in this quarter?

Sivaramaraju Vegesna: It's basically on account of this merger of Medinova with Vijaya.

Rishi Mody: Okay. All right. Apart from that, on the Hyderabad front, right, so I see we have 10% growth and our wellness business has come to a 20% growth Y-o-Y. Just wanted to understand, is there like I think you said some Kumbh Mela thing, but apart from that, anything else that flows into that number?

Sivaramaraju Vegesna: So, in terms of wellness, Rishi, there are two reasons here. One, if you take Pune as a geography, right, slightly, wellness share is high in Pune. In the last year, it's not fully consolidated. It was only consolidated for three months. This year, we have consolidated for the full year. There is a slight effect because of Pune because in Pune, with the corporates all being present, the wellness portion is upwards of 15% that we do there.

And other than that, naturally, with the kind of efforts that we are putting digitally all that, the wellness share in the current financial year across the quarters have inched a little bit for us in the core geographies, not only just in Hyderabad, even in the Tier-2 geographies of Andhra and Telangana.

Rishi Mody: No. So, I meant that till Q3, we were growing healthily organically at 20% plus, 25% plus that's come down to 20% in EMI in that insurance-led quarter. So that's why I'm just checking whether there's anything which is structural in that or it's just something which we...

Sivaramaraju Vegesna: I think it's the same reason, Rishi. Overall, we have seen the season to be dull. It is across the modalities. And also, if you see March, right? So basically, the entire festive season, which was supposed to be a bit of April has come into March, the entire season of Ramzan and then you had Ugadi, everything within March. So, we are guessing that because of these reasons, the season was slightly dull.

Rishi Mody: Okay. All right. And on the Pune piece, Q4 versus Q4 last year, given the split of revenue that you all have provided, my numbers come out to be a decline on a Y-o-Y basis. Now some decimal here and there, it might be different, but it's not grown is the point. So just wanted to understand what like is it something which is intentional? And if it is, what's happened there?

Sivaramaraju Vegesna: So, it was again conscious decision. If you see at the overall year, I think we are at the same with a marginal growth. But in Q4, like you rightly said, there is a dip in the revenue of, I think, close to 5%, right? Majority of which, I would say, almost of it is into because of B2B. We have to consciously close a few B2B tie-ups because those were not...

Suprita Reddy: We are actually doing a lot of aggregator business, Rishi, and we also gave it some time to understand that market and what kind of business is actually coming in. And when we're actually only making sure that tests are coming in, payments were becoming an issue, it was a conscious decision to hold off some clients, wait and see. And that's, I think, the minimal dip that you're seeing, but that's a conscious decision that we've taken.

Rishi Mody: Okay. So now if we are reducing the B2B spend, should we assume that margins in Pune can go beyond that 39% levels that it has been?

Suprita Reddy: You've also heard me saying that Pune, the organic six centers that we acquired have capacity issues. So, there are two reasons for this. One is a conscious decision of an aggregator business coming in at a lower cost and not getting paid. I'm creating capacity probably for a B2C client to come in. That is one bit we'll have to wait and watch this quarter.

And the second one is definitely try to increase the direct walk-in and create some capacity in these geographies since we're not adding new centers in these places where they already exist. Both of these centers that we put are in areas where there's no presence of PH earlier.

Rishi Mody: Okay. All right. Great. That’s it from my end. Thank you.

Moderator: Thank you. Our next question comes from Chirag from Keynote Capitals. Please go ahead.

Chirag: Thank you for the follow up. I wanted to know what is the breakup for the number of centers, 151 centers that we have. Could you divide it in the number of geographies?

Sivaramaraju Vegesna: So, basically you see across so in...

Suprita Reddy: Pune, has about 16 no, not 16, now it has become 18.

Sivaramaraju Vegesna: 18 centers in Pune, then you have two in Kolkata according to as on 31st March. So you have about...

Dhiren Gala: 127 centers in AP and Telangana combined.

Sivaramaraju Vegesna: And then one in Karnataka and one in Gurgaon. This is as of 31st March.

Suprita Reddy: 31st March. Okay.

Chirag: So earlier, we used to give it Hyderabad and rest of AP and Telangana. Could you just divide that?

Dhiren Gala: Hyderabad is closer to 95 centers. So, the rest are from other than AP and Telangana.

Chirag: Got it. My second question is, what are our thoughts related to branding spend for the coming years? Is it like an absolute number in your mind, any ballpark or would it be variable with the revenue that we are doing?

Suprita Reddy: It depends on the geography also because if we are looking at geographies where we're opening centers in Calcutta, I don't think digital works in places like Krishnanagar and Barasat, which are typically outskirts of Calcutta, whereas Pune, you will see a lot of digital spend happening.

It depends on the geography, the clientele, the age group, even in Hyderabad, amongst these 95 centers, there are different ways of marketing that we try to do. There are certain areas where we only market wellness. There are certain areas where we do a lot of diabetic camps. So it depends on the geography probably cannot put an exact number to it, but it depends on where we're going.

Chirag: Fair enough. And last one from my side. Could you let me know what is the size of our phlebotomist team? And how much revenue we do from home collection?

Sivaramaraju Vegesna: So in home collection, 2.6% is the revenue that we get from the home collection at an overall revenue, which will be almost close to 4% of our pathology revenue. Coming to phlebotomies, we have close...

Suprita Reddy: There are two teams, if you're asking, the home collection team is completely different from our in-house phlebotomy team. In-house phlebotomy team...

Sivaramaraju Vegesna: 600 plus.

Suprita Reddy: It is almost yes, more than 600. We wouldn't know the exact number. And home collection team would be around...

Sivaramaraju Vegesna: 35 to 40 people.

Chirag: Fair enough. Thank you.

Moderator: Thank you. Our next question comes from the line of Harshal Patil from Mirae Asset Capital Markets. Please go ahead.

Harshal Patil: Good evening, sir and thank you for the opportunity. Sir, just have two questions more from an understanding perspective. Sir, you've been mentioning about commissioning quite a lot of hubs recently in the past two months and a few lined up over the next two to three months. So sir, my question was basically, at what point in time after setting up the hubs, would you probably take up or start thinking about setting up the spokes in those respective areas?

Sivaramaraju Vegesna: So again, like ma'am just said, so it depends on the geography, right? So in Kolkata, we already have two hubs present and then we just launched 2 more, and we're going to launch another three. It all depends on the geography. So now Kolkata from next year will give us a chance to put spokes because already two centers got stabilized. Whereas for a geography like Bangalore, we just ventured into that market. We launched two hubs in two different corners of the city. We'll have to add a few more hubs. So, you'll see spokes only after 2 years.

Yes. And coming to Pune, because already it's an acquired network, right, we have launched recently two hubs and two spokes parallelly. It all depends on the geography, right, and our presence in that geography.

Harshal Patil: Sure. Got that, sir. Sir, just second thing would be with respect to our growth thing. So we've been alluding to like 1% to 2% of growth going ahead, probably driven by pricing action or volumes. I believe that would be more based on an assumption of a favorable case mix that would drive the growth.

So that's one thing. But if I have to kind of just analyze about the revenue per test over the past two years has been almost like kind of a flattish thing that we are reporting. So, is there a contemplation of any pricing action apart from the inflation or the case mix that would be driving the overall revenue per test or something like that?

Sivaramaraju Vegesna: So basically, like you rightly said, it's a function of earlier, at least in the last 2, 3 years it's a function of more of case mix and very little bit of pricing. But the only reason why you are seeing the average realization per test to be flat was because the capacity that we have added in the last 2 to 3 years was more in Tier-2 locations where the pricing is slightly lower than what we see in Hyderabad.

But going forward, you are seeing the capacity building in cities like Pune, Bangalore and Calcutta, where the pricing is more or less in line with Hyderabad, slightly 5% here and there when compared to Hyderabad. And coming to the price increment, yes, definitely, this year, we'll take a price increment.

But again, only if you see it will not be more than 1%, 2% of the total revenue. But since like we also mentioned the input cost of a few of the consumables have increased, that's the reason we have seen a slight dip in gross margin. We will take pricing increase on a few tests, but at the overall…

Moderator: Sorry to interrupt. Sir, there is a magnetic disturbance coming from the line again.

Moderator: It's still there. Sir the disturbance is still there. What I will do is I can disconnect and I can reconnect your line. Just give me a moment. Ladies and gentlemen, please stay connected while we reconnect the management. Ladies and gentlemen we have the line for the management reconnected. Yes, sir. Please go ahead.

Sivaramaraju Vegesna: So, is it clear now?

Moderator: Yes, sir. It is clear now.

Sivaramaraju Vegesna: So basically, we are going to take a certain price increase, but it will be close to 1% to 2% of our total revenue. It is not a major increase, and it is only for some certain tests.

Harshal Patil: Okay. Got that, sir. So, sir, ideally, the price increase of 1% to 2% would be complementing the possible changes due to case mix also? Would that be a right assumption?

Sivaramaraju Vegesna: So case mix more or less will be the same. Only it's because, yes, you have opened more hubs, you may see a slight increase in average realization per test because of the advanced radiology. But otherwise, in terms of the actual case mix in the existing centers, that may not change much.

Harshal Patil: Okay. Thank you, sir. That's it from my side. All the best.

Moderator: Thank you. Our next question comes from Heeru Tejwani from Motilal Oswal Financial Services. Please go ahead.

Heeru Tejwani: Yes, good evening management of Vijaya. Superb result, I must say, for last quarter. So, my questions are three. First, any future guidance that you would like to give on FY '26 keeping into mind that you already delivered good results in the last year. Second, I see a lot of like obviously, 72% of the geographical contribution comes from Hyderabad. So, when you are saying that now you have opened six hubs in Kolkata, Pune and Bangalore, will this number stay same or it will maybe increase or decrease?

And the third is any specific digital investments or infrastructure that you have set up because other diagnostic centers and other peers are actually moving on a lot of digital investments. So how do you see that? Anyone can answer, thank you.

Sivaramaraju Vegesna: So first, coming to the geographical mix. So, because like you rightly said, we are doing significant investments outside Andhra and Telangana. And definitely, these investments will grow at a much faster pace than the existing as well. You will see while Hyderabad is still going to grow in terms of contribution, you will see Hyderabad coming below 70% with the investments that we are making outside Hyderabad.

And coming to the digital initiatives or the digital marketing bit. So, in fact, like all the other players, in fact, we started investing in. And in fact, we are also going to get one new CRM in place, which will get implemented in this current financial year. So that's the first project that our CTO is taking on.

You will see this digital spends also growing slightly in the current financial year and going forward as well. And then coming to our guidance, so like we always say consistently because since we have done these investments, so next 2 to 3 years, we are confident that we'll be able to grow at that 15% plus CAGR.

Heeru Tejwani: Okay. Sir, one last question. What is the ratio of corporate and B2C? You'll have tie-ups with corporate as well in Hyderabad and other locations in retail. So I mean...

Suprita Reddy: Overall level, our B2C business is about 93% to 94%.

Heeru Tejwani: Corporate is lesser there.

Sivaramaraju Vegesna: Yes, corporate and other B2Bs are about 7%.

Heeru Tejwani: Okay. Great. Thank you, management. Thanks. All the best.

Moderator: Thank you. Our next question comes from. The line of Amey Chalke from JM Financial. Please go ahead.

Amey Chalke: Yes. Thank you so much. Ma'am, in the initial one of the questions, we said that in Pune, basically, we had cut down some of the B2B contracts because of the profitability issue. But going ahead, like whenever we, as a diagnostic company enter into newer geography, there is always a tendency as a new player to add more B2B contracts to increase the utilization. So, for us, is that a bit different like we would continue to focus on B2B from day 1 itself?

Suprita Reddy: Amey, there are key differentiator between other diagnostics and Vijaya has always been that we do focus on B2C. We invest in infrastructure, larger facilities with both advanced and basic imaging with basic and advanced labs because you want to make sure that you offer everything under one roof.

And then you also want a direct contact with the customer who walks in. And PH, when it comes to PH is an acquired company, was already a mature 25-plus year old company with a 95% B2C. It basically had the same equals as what Vijaya believed in. But certain old customer base is probably that PH would have had as B2B clients.

There were payment-related issues where there was a realization coming in. Now when we come in, it was only December that we took over PH to understand that, probably send out enough number of reminders and then we realize that those payments are probably not going to come is when we take a call that we do not want to service them anymore.

That's the slight dip that you're seeing. Even in the main company, the 7% of what we were mentioning, it can probably be a corporate, can be a B2B client, can be somebody I'm servicing in a hospital. These all come anything that the customer is not coming in, we categorize as B2B.

So, if you ask me any new geography, whether it is Bangalore or Calcutta, the strength of Vijaya is to showcase what it can offer to a customer who walks into the center. I would not like to be an aggregator or a distributor model where I would like to pick up a sample and probably generate a lab report and go through a third party.

So that's also the reason why you will see a lot of initiatives that are done by our direct marketing group who go into societies, give out privilege cards, invite customers to come into the centers because seeing is believing. Technology has to be looked at first, doctors have to be probably spoken to. That's going on top of the mind, you will come back to the customer.

So, building that relationship is typically what we get that one year or two for breakeven. Otherwise, there are multiple ways in how we can probably fast forward that. But no, we would like to take that time, bring them into the center, showcase what we can do, invest that time into a conversation and build that brand out and that's how the model has been has worked out well and we also plan to continue to do it that way. It's a tried and tested model.

Amey Chalke: Sure. And so then basically, despite Pune being a corporate hub for many of these companies, you would try to avoid those kind of corporate contracts?

Suprita Reddy: We do not avoid. See we service all of the corporates. We have a separate tariff for a corporate. When it comes through a corporate, it either comes through a corporate directly or through a TPA. You will also see a lot of B2B business categorized such as a small unorganized player, a lab opening up and probably collecting a sample at a full MRP and then deciding to give it to three players depending on the price that they give. That is not the model that we typically believe in or we do.

What we do is we absolutely would want every corporate to come in because they would come in to get their entire annual health check done. They're going to be probably looking and touching all of the touch points in that center. So corporate business is something that we, in fact, have people engage in, go meet different corporate HRs. There's a separate team that does it. And all of that falls into the 7% that you're looking at. It does not come into this B2C.

Amey Chalke: Sure. The second question I have is on the wellness test package. Like is this package anything different than what generally a standalone pathology offers? Do we have any advantage being an integrated player here?

Suprita Reddy: Absolutely. Like we would have mentioned earlier, now everybody's lifestyle is different. Somebody who probably has a very lazy lifestyle comes in for the checkup in an integrated player, not just with us, any integrated players where you will get to do a stress TMT by a cardiologist.

If he's a smoker, chest x-ray, if they have gastric issues, ultrasound, all of these tests, which I mentioned are part of a simple master health checkup where you are meeting a cardiologist, you're meeting a radiologist, you're meeting a general physician, you're correlating both of these results with pathology, with radiology and cardiology in one single package.

That's also a reason why a lot of large corporates prefer to go ahead only with integrated players with a wide network because you would want to be closer to where they live.

Sivaramaraju Vegesna: So Amey, if you see our website, right, you have multiple packages starting in Hyderabad, starting anything between 1,900 up till, say, 15,000, 16,000. So, all these packages have some amount of radiology and cardiology in it. We don't have any single package with only pathology.

Amey Chalke: Got it. And you are seeing that share growing basically in the overall revenue pie. So generally, when we see this with the standalone pathology player, their commentary is because the share is growing, GM might be affected, but overall EBITDA margins are improving because of that. So, do we see a similar trend for us as well?

Sivaramaraju Vegesna: So generally, with wellness, that's the case, Amey. So gross margins will get affected, but then the rest of that directly flows into the EBITDA. So, it's the same center, which is also servicing this customer. So that will be the general case. Whenever wellness increases, the gross margin will reduce, but it will help EBITDA.

Amey Chalke: And sir just third last question. We are sitting on like INR200 crores cash. I understand we are spending, but still the operating cash is going to be significantly higher than our capex, which we have planned up. So we will have a good enough cash even after 2 years or 3 years. So inorganic expansion still remain into a focus area or you think that because organically, it's too much right now, the amount of organic expansion we are doing?

Suprita Reddy: Inorganic acquisitions has always been on the top of the mind. Like we've told you, there are certain factors that probably even let us evaluate that asset, whether it's a B2C, whether it is able to match our vision and the geography of interest, a lot of things. We've always been open to looking at assets, discussing if it comes in a reasonable valuation. So, if everything falls into place, we're more than happy to take up anything that comes in these areas where we're already there, not a new geography again.

Amey Chalke: Sure. Thank you so much. I will join back.

Moderator: Thank you. Our next question comes from the line of Niraj Shah from Perpetuity. Please go ahead.

Niraj Shah: Can you give me the guidance for revenue, EBITDA margins, capex, debt and yes, that’s all?

Sivaramaraju Vegesna: So, Niraj, like we just said, the guidance is about that high double digit of 15% plus for the next three financial years. And coming to the capex, since we are opening about close to 10 hub centers in this current financial year, so it will be somewhere around INR140 crores to INR150 crores on the capex.

And coming to EBITDA, like again, we just opened six hubs, at the same time and we are going to open five more in this current financial year. For some two to three quarters, you'll see some drag on EBITDA till these centers start becoming closer to either breaking even or closer to breakeven. So we are expecting a drag of 1% to 2%. So that's the guidance for this current financial year.

Niraj Shah: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, that concludes our question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Dhiren Gala: I would like to thank everyone for attending this call. Should you need any further clarifications or any other information about the company, please feel free to reach out to us. Thank you.

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