July 30, 2026

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

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

Symbol: LALPATHLAB

Scrip Code: 539524

Sub: Transcript of Q1 & FY27 Earnings Conference Call

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Transcript of Earnings Conference Call on Financial Results for Q1 & FY27.

We request you to please take the same on record.

Thanking You,

Yours Faithfully,

For **Dr. Lal PathLabs Limited**

Vinay Gujral
Digitally signed by Vinay Gujral
Date: 2026.07.30 19:24:18 +05'30'

Vinay Gujral
Company Secretary & Compliance Officer

Encl.: As above

Dr Lal PathLabs Limited

Q1 FY27 Earnings Conference Call Transcript
July 24, 2026

Call Duration	• 1 hour
Management Speakers	• (Hony) Brig. Dr. Arvind Lal - Executive Chairman • Mr. Shankha Banerjee - Chief Executive Officer • Mr. Ved Prakash Goel - Group CFO and CEO, International Business
Participants who asked questions	• Amey Chalke – JM Financial • Tausif Shaikh – BNP Paribas • Yogesh Soni – Haitong Securities • Anshul Agrawal – Emkay Global • Prakash Kapadia – Kapadia Financial Services • Saion Mukherjee – Nomura • Shyam Srinivasan – Goldman Sachs • Rahul Jeewani – IIFL Securities • Sudarshan • Parth Sodha – Trinetra Asset Management • Abdulkader Puranwala – ICICI Securities • Sumit Gupta – Antique • Akash Shah – Investec • Surya Narayan – Phillip Capital • Mohammed Patel – Edelweiss Public Alternatives

Moderator: Ladies and gentlemen, good day and welcome to Dr Lal PathLabs' Q1 FY27 Earnings Conference call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Siddharth Rangnekar from CDR India. Thank you and over to you, sir.

Siddharth Rangnekar: Thank you. Good evening, everyone, and welcome to Dr. Lal PathLabs' Q1 FY27 earnings conference call. Today, we are joined by senior members of the management team, including (Hony) Brig. Dr. Arvind Lal, Executive Chairman, Mr. Shankha Banerjee, CEO and Mr. Ved Prakash Goel, Group CFO and CEO International Business.

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

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

Dr. Arvind Lal: Thank you very much. Good evening, ladies and gentlemen, and welcome to our first earnings call for the financial year 2027. FY2027 is, for us, a year of execution: scaling what we have already built, deepening our reach into new markets, including rural.

The Indian diagnostics industry remains firmly in a structural growth phase. Demand is no longer anchored only to episodic illness; it is increasingly shaped by the rising burden of lifestyle and non-communicable diseases, growing health awareness, and rising disposable incomes that are making regular, preventive testing a part of everyday life.

We also remain deeply committed to providing access to quality diagnostics in the underserved regions of the country. Towards that cause, we have launched a rural outreach program, which is now active in 7 states, and we have tested more than 1,10,000 patients in these areas in the first quarter of this year.

We have continued to widen our footprint with purpose. The incorporation of our wholly owned subsidiary in Dubai marks a considered first step in extending our diagnostic expertise outside India, building on our existing presence in Nepal and Bangladesh.

In parallel, the broader healthcare ecosystem is expanding, with hospitals across the country adding new capacity and capability. This tailwind is opening up deeper integration, stronger clinical partnerships, and greater scope for super-specialised testing over time.

Dr. Lal PathLabs is well placed to lead through this shift, and our continued investment in scientific leadership, R&D, digital infrastructure and service standards, is aimed squarely at capturing it responsibly for the long term.

I will now hand over to Shankha Banerjee to take you through our operational and financial performance for the quarter. Over to you, Shankha.

Shankha Banerjee: Thank you, Dr. Lal, and good evening, everyone. I'm glad to be here today to review our operational performance and strategic milestones as we conclude the first quarter of financial year 2027.

We have entered the new fiscal year with strong operational momentum, sustaining the resilient growth trajectory established in FY26.

We achieved a revenue of Rs. 798 crore in Q1 FY27, registering a year-on-year growth of 19.1%. It is important to note that this revenue growth rate is the highest quarterly growth rate achieved in last 4 years. The revenue growth is mainly driven by Patient volumes which stood at 8.2 million with a growth of 8.2% and sample volumes which stood at 25.9 million with a growth of 10.7%.

It is important to note that our performance continues to be driven by underlying organic business strength. Our execution strategy rests on three key pillars:

1. **Scientific Leadership:** We have launched 116 new tests with 4 first in India tests in this quarter. Expanded advanced diagnostics through NGS Chimerism, Flow Cytometry MDS Assay, Perforin Assay, AI-enabled Histopathology, and 81 specialized Genomics assays.

2. **Enhanced Patient Experience:** We have launched a GenAI Patient Bot on WhatsApp - SwasthAI enabling conversational transactions. Delivered with journeys for Test Enquiry, Prescription Upload, Location Enquiry, and Report

Access. It reduces booking friction, personalises interactions, and positions DLPL at the forefront of GenAI patient engagement.

3. **Operational Excellence:** The sustained focus on operational excellence has resulted in Industry leading TAT on Whole Exome Sequencing to 15 days and an Express Whole Exome Sequencing in 10 days. Our routine testing portfolio of more than ~400 tests is now delivered in 3 hours for almost 90% of walk-in patients.

We continue to leverage our Digital Infrastructure & AI tools to improve customer experience, optimize operations, and advance clinical capabilities in areas such as histopathology and cancer diagnostics.

Looking ahead, we are well-positioned to maintain our targeted sustainable revenue growth over the medium term, backed by structural volume tailwinds, expanding diagnostic footprint, and enhanced focus on high-end specialized tests. We also retain a significant pricing headroom as a strategic lever going forward.

I will now hand over the call to Ved to discuss the financial metrics for the quarter in more detail.

Ved Prakash Goel: Thank you, Shankha. Good evening, everyone, and a warm welcome. Thank you for joining us today.

I will take you through the key financial highlights for the quarter ended 30th June 2026.

- Revenue for Q1 FY27 stood at Rs. 798 crore, compared to Rs. 670 crore in the same quarter last year, reflecting a strong growth of 19.1%.

- Revenue per patient rose to Rs. 968, up 10% from Rs. 880 in Q1 last year, driven by a favourable change in the test and geography mix and increase in CGHS, ECHS prices.

- Test per patient increased to 3.14, compared to 3.07 in the same period last year, highlighting continued traction in our Swasthfit portfolio.

- EBITDA for the quarter came in at Rs. 247 crore, v/s Rs. 192 crore in Q1 FY26, with a growth of 28.7%, with EBITDA margin of 31.0%.

- Profit before tax rose to Rs. 229 crore from Rs. 181 crore, up 26.3%, with a PBT margin of 28.7%.

- Profit after tax stood at Rs. 170 crore, compared to Rs. 134 crore in Q1 FY26, delivering 27.2% growth with a PAT margin of 21.4%.

- Earnings per share for Q1 FY27 came in at Rs. 10.1, up 27.8% from Rs. 7.9 in the corresponding quarter last year.

- Our balance sheet continues to be strong and resilient, with net cash and equivalents of Rs. 1,693 crore as of June 30, 2026.

- Now I would like to give you an update on 2 transactions which the board (Subsidiaries) has approved:

    - Acquisition of 80% equity stake in Sunshine Healthcare Limited, Ghana engaged in diagnostics business for a consideration not exceeding GHS 45.6 million.

    - Acquisition of 30% equity stake in Neuome Technologies Private Limited, engaged in innovative solutions in sample preservation and biobanking, for a consideration not exceeding Rs 3.5 Cr. This is in line with our focus on strengthening healthcare innovation.

- Further, I am happy to share that the Board of Directors have declared an interim dividend of 50% (i.e. Rs 5 per share).

We remain confident in our outlook and our ability to deliver sustainable and profitable growth, while continuing to uphold our commitment to providing reliable and high-quality diagnostics.

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

Moderator: Thank you very much. The first question is from Amey Chalke from JM Financial. Please go ahead.

Amey Chalke: Yes, thank you for taking my question and congrats to the management on the good set of numbers. Our first question on the revenue per sample and the revenue per patient growth, it is quite high this quarter. You mentioned in your remark that some of it is led by the hike in the CGHS prices. Is it possible to quantify how much portion of it would it be and should we assume that the growth will pick up for the entire year because of this?

Shankha Banerjee: Yes, thanks for the question, Amey. The CGHS, ECHS price increase is now flowing through into the system. Our assessment is that it kind of is to the tune of between 2%-3% at an overall company level. And I think this benefit will continue for at least another 2-3 quarters.

Amey Chalke: Sure. And in terms of volume growth, this is second quarter we have maintained 8% volume growth, once a slightly softer quarter. So, will this volume growth continue, or will it improve in the remaining of the year? What is our sense?

Shankha Banerjee: At the beginning of the year, I think we had said that we are looking at a volume growth, which is patient volume, between 6%-7%. So Q1 has definitely comes slightly ahead in terms of the patient volume growth number. I think it is too early to comment because, we have also mentioned in the past that one quarter is not maybe the way to really judge the performance of the business because there could be some shifts between quarters which may happen. I think once we are through Q2 as well, when we have done half the year, we might be in a better position to talk about what the outlook for the year could be more comfortably.

Amey Chalke: Sure. And just last question if I can squeeze in. So, we were talking about general price hike for second half of this year. Because of this now the CGHS contribution is helping us, so should we assume that this price hike will be delayed now?

Shankha Banerjee: Amey, I think price increase is something for us it is a strategic lever. So, it depends on multiple factors, including how the pricing table of the competition is moving as well as are there any cost pressures etc., that need to be looked at.

So right now, we had anyway indicated that, we would be thinking about something related to price only towards the end of the year. But I think somewhere there is when we will reassess whether a pricing change is required or not. As of now, we were anyway not thinking about a price increase in the first half of the year. So, I think we will look at it once the first half of the year is over.

Moderator: Thank you. The next question is from Tausif Shaikh from BNP Paribas. Please go ahead.

Tausif Shaikh: Good evening and thanks for the opportunity and congrats on a good set of numbers. In your opening remarks, Dr. Lal has said that a rural program has started in 7 states. Can you just throw some light on the program and also the patient volume growth of 8%, is it fair to assume the large part of volume growth would be coming from Tier 2 cities of North India?

Shankha Banerjee: The rural outreach program is a drive that we have taken, it is kind of an initiative where we are looking at NCD or the non-communicable disease burden is not only there in the urban part of the country, but we assess is maybe there in the rural part of the country. So, this drive is more of a health initiative for the rural people, and we have actually started this few quarters back and right now I think we are talking about it because it has reached some level of scale. Now in terms of the overall patient volume growth, the patient volume growth we are seeing is across the geography. It is not restricted to one geography.

Tausif Shaikh: That is helpful. Just last question, do you maintain your guidance of mid-teens revenue growth and EBITDA margin of 27% to 28% for this fiscal after strong start?

Shankha Banerjee: Like I was mentioning to the previous question that the first quarter results have come slightly ahead of our expectations and we will have more positive way of giving a forecast or a change in forecast after the first half of the year is over. But having said that, looking at what how we have moved in first quarter, chances are we might be more towards mid-teens rather than early teens.

Moderator: Thank you. The next question is from Yogesh Soni from Haitong Securities. Please go ahead.

Yogesh Soni: Yes. Thank you, for the opportunity. First thing is I wanted to understand on the Swasthfit. So, what I understand is that Swasthfit has been growing at a healthy rate, around high teens to near 20%. So, do we expect SwasthFit to continue to sustain this high teens kind of a growth going forward ahead as well?

Shankha Banerjee: Even this quarter our Swasthfit growth has been kind of in the 20% range as well. I think we are definitely looking at sustaining this growth at this level. That is the idea. And what we are seeing is that we are seeing traction of Swasthfit even in our Tier 2 and Tier 3 geography. It is getting much more wider acceptance and, therefore we believe that this growth rate we should be able to sustain for some more time.

Yogesh Soni: And just to add on to what you said, I mean, your rural outreach program, is that also expected to elevate the Swasthfit growth?

Shankha Banerjee: The rural outreach program is not driven by Swasthfit. It is a different program. It is a much more affordable rural kind of a package as compared to SwasthFit. So there the objective is, like I said, it is more about, trying to see how we can serve the rural population, identify what kind of non-communicable diseases are prevalent there and then later on see how that part of the population can also get the benefit of good quality testing to identify their conditions. It is not Swasthfit there.

Yogesh Soni: Okay. Understood, And second question, wanted to understand how are we tracking on the genomics and radiology front? I mean, whether the contribution from these segments have reached near high single digit or are we at a lower revenue contribution?

Shankha Banerjee: We do not really talk about genomics separately, in terms of the contributions, but suffice to say that we are focused on genomics given that it has quite a lot of application in the newer emerging cancer diagnostics and even some of the other diagnostic areas. Therefore, we are kind of focused on that portfolio. But in terms of contribution it is not moving significantly. It is still less than 5% of our portfolio.

Moderator: Thank you. The next question is from Anshul Agarwal from Emkay Global. Please go ahead.

Anshul Agrawal: Hi, thank you for the opportunity. First question is on the increase in realizations. Just wanted to understand this better. What kind of contribution would be coming from this favorable geographic or favorable test mix? I understand CGHS rate hikes has resulted into 2% to 3% realization hike. But the other components, what could be the contribution if you could just throw some light here?

Shankha Banerjee: I think Ved mentioned in the opening remarks, it is a mix of the test and geography. Now, different portfolios are there, the contribution mix from different geographies like for example we say Delhi NCR for us is a higher, realization geography. So, the performance in Delhi NCR contributes to better realization.

Likewise, when you look at the overall geography mix, now each individual item will be very difficult for us to say because our pricing is different in different geographies, geographic clusters. If you take out the CGHS, ECHS pricing benefit of 2% to 3%, the rest is because of the test and geography mix.

Anshul Agarwal: Okay. So, I can sort of deduce that, you know, Delhi or the core NCR region would have grown in line or slightly better than what the overall portfolio has done?

Shankha Banerjee: Our idea has always been to grow Delhi NCR in line double digit and as near to the overall revenue as possible and we are still able to achieve that.

Anshul Agarwal: Great. Second question is on the acquisitions that we have made in the current quarter. First on Neuome Technologies, is this, if I understand this correctly, is this sort of venturing into allied healthcare services or will this investment be used for internal consumption or a backward integration kind of purposes?

Shankha Banerjee: Neuome Technologies is a startup which is working on quite some interesting innovative possibilities within the diagnostic supply chain. And we see if some of these fructify, they have huge operational benefit that can accrue to the business, and I think we will jointly be working with the teams there to make some of these things successful. It is not about foraying into something new, but lot of it will be direct benefit in our operational business.

Anshul Agarwal: Got it. And one question on the other acquisition. What percentage of the overall revenue is being contributed by international business currently, and any plans or any target for this business to sort of contribute say high single digit revenue to the overall revenues, say three to four years out, five years out?

Shankha Banerjee: International is a slightly longer wavelength project for us. And these are steps that we are taking today does not necessarily mean that the contribution from these markets or international is going to change significantly in the near term. But the idea is yes, over a slightly longer-term horizon, we should be able to increase the contribution from international. As of now, we have not set ourselves any target like that because we still need to learn a lot about running the international operations, fine-tuning it, settling it down.

I think once we get those things done and we understand the dynamics of running, more international geographies which are not really in the Indian subcontinent, we may be thinking about a plan of really putting forward numbers on how we would like the contribution to look like 4-5 years down the line.

Anshul Agarwal: Got it. Just one last question if I can squeeze in. Any guidance on the number of lab additions that we plan to do for the current year? Will it continue just like last year?

Shankha Banerjee: Yes, it is going to be more like last year. We are looking at between 12-15 labs to be added this year as well.

Anshul Agarwal: Great. And anything on the radiology front? Would we look to add more centers?

Shankha Banerjee: There are a few centers that we are looking at to add in Delhi NCR, and we may also try and pilot one or two centers outside of Delhi NCR into Tier 2 towns to see how that business model shapes up. It could be maybe three to four centers this year.

Moderator: Thank you. The next question is from Prakash Kapadia from Kapadia Financial Services. Please go ahead.

Prakash Kapadia: Yes. Hello. Thank you so much for the opportunity. I really appreciate the growth trajectory which has come all the efforts which we have been taking have fructified and hope this becomes a structurally high growth company as we have always hoped for. So, congrats to the team finally all the efforts are showing. A couple of questions from my end. In West India, how has been the performance if you could give some insights because we had a low base earlier, there were integration issues. So how is West India shaping up?

Shankha Banerjee: Right. Prakash, I think the good news is post the integration, the LIMS integration that we did, whole digital thing, I think for this quarter also we are seeing our traction improving. It is the Suburban business specifically, which is the main driver of our West portfolio right now, is really turning around and on trajectory, it is very close double digits actually right now in terms of growth.

Prakash Kapadia: And that should continue, right? Worst seems to be behind us. So, on the growth front, should not that be slightly higher in growth than average?

Shankha Banerjee: No, you are right. I mean, that is exactly the plan, that this quarter also we have started, rather last quarter itself we had started now investing into newer stores, newer radiology centres, and collection network through the Suburban brand. And we are quite hopeful that in the coming quarters this trajectory should start moving up further.

Moderator: The next question is from Saion Mukherjee from Nomura. Please go ahead.

Saion Mukherjee: Yes, thanks and good evening. You mentioned one pillar of growth, which is these new tests which you are introducing, some of them are first in India or even in Asia. I just wanted to understand the, you know, kind of market opportunity these new tests provide and are you developing these in-house or you partner through business development efforts with other companies abroad? If you can just talk about the dynamics there and given India's demographics, what is the kind of addressable market size all these new tests can have?

Shankha Banerjee: Saion, the pillar that I talked about was not really new tests. The pillar that I talked about was scientific excellence. Now, one of the factors around scientific excellence and specifically in the clinician community is the ability to solve complicated cases and ability to really be able to do highly complex testing. So, the company which helps solve complicated cases also is a natural choice for all the other testing that might be emanating from that institution or for that clinician specialist.

The way that we track the results are not for the new tests that are getting launched because they may be far and few in between, but it is about our ability to really convert more clinicians or get more clinicians to look at Dr Lal PathLabs as their diagnostic provider, and therefore their share of business accrues to the company.

Saion Mukherjee: Understood. And so, these tests are developed by you in-house or they are, you know, kind of in partnership with other companies? How does that dynamic work?

Shankha Banerjee: I think there are both kinds, but right now a lot of this is in partnership, including international partnerships.

Saion Mukherjee: Okay, great. Thank you. And just one question, I think you talk about it for the international foray, currently the contribution is not significant, right? And it may not increase meaningfully at least in the next 3-4 years. Will that be a right assessment?

Shankha Banerjee: Yes, so the contribution is less than 5%, and I would say at least in the next five years, it significantly going beyond that number in terms of contribution.

Moderator: The next question is from Shyam Srinivasan from Goldman Sachs. Please go ahead.

Shyam Srinivasan: Good evening. Thank you for taking my question. Just the first one on the increase in the revenue per patient. Just trying to dissect again. I thought in your remarks you said geographic mix, test mix, and CGHS you obviously called out at between 2% and 3%. I just noticed that the Swasthfit contribution Y-o-Y has not changed. So, when you mean test mix, what would that mean?

Shankha Banerjee: We have portfolio of specialized tests. We have other tests also which are high realization. So, the SwasthFit contribution remains the same because it has grown similar, so it has also grown at around 20% and overall revenue also grown around 19%. So, therefore contribution has not changed.

Swasthfit growth is still quite strong. But the contribution has not changed. So that is the reason why you see Swasthfit contribution not changing, but the Swasthfit growth is still quite good. And the other part of the portfolio, high realization portfolios are also growing.

Shyam Srinivasan: Got it. Shankha, historically Swasthfit was growing, and this is one quarter where that is not so the case. So, I was just trying to understand which are these additional tests outside of Swasthfit look like? Is it B2B tests you are saying that we have seen higher realizations or mix has moved to some of those?

Shankha Banerjee: I do not think we are commenting on a test level performance here, but what I can say is that we have a specialized test portfolio which has higher realizations and even that portfolio has done well.

Shyam Srinivasan: Got it. Yes. Very helpful. Second question, this is on this reclassification of I think costs between the different line items, right? I think footnote 15. So, some Rs. 8 crore has changed. So just want to understand between fee, collection fees I think, other expenses, and even in employee expenses there has been some change. Is it historical?

Ved Prakash Goel: It is reclassification. There are costs related to logistics & courier which has been reclassified from manpower personal cost to other logistics cost, which is part of other costs. There is no reclassification in fees to collection center and all.

Shyam Srinivasan: Understood. When we now look at employee as a percentage of revenue, the number is 16.6%. Historically this number used to be 18%-19%. So, this is a structural change, right?

Ved Prakash Goel: No. Like-to-like last quarter also we have reclassified. Because we have higher revenue, so this percentage is looking low. But as such there is no change otherwise. It is a like-to-like where from previous quarter as well as this quarter we have reclassified some expenses.

Moderator: The next question is from Rahul Jeewani from IIFL Securities. Please go ahead.

Rahul Jeewani: Yes. Thanks for taking my question and congratulations on a very strong set of numbers. Now, if we see for the entire diagnostics industry, we have seen a growth acceleration for past two quarters, so including your peers and yourself, there has been some sort of a growth acceleration in fourth quarter and Q1 of this year.

Now, part of the reason which you pointed was CGHS price increases to the tune of let us say 3%, but apart from CGHS increases, has there been any structural change in the industry which is let us say now aiding the growth profile for all the diagnostic companies at least for the past two quarters?

Shankha Banerjee: No, that is an interesting call out and you are right even when we look at our numbers, the growth is structural, it is coming from all the geographies that we have. One thing is obviously like we said about CGHS, I think any other underlying thing, I think we got to wait for a few more quarters to get more clarity in terms of the numbers at a test level, client level, etc. before we can decipher, because there is no other differential trigger that we have been able to identify as of now. But the growth is from all around.

Rahul Jeewani: Sure. And let us say our patient volume growth, which two quarters back was hovering around 5.5% to 6% kind of a number and right now we are at 8%. Let us say of this incremental growth on the patient volume side, can you call out the levers which has led to this acceleration? You obviously talked about Suburban adding a larger number of radiology centers. So, is that contributing to your patient volume growth acceleration?

Shankha Banerjee: You see, right now I would not jump to that conclusion. The reason is in Q2 or Q3 of last year when we were doing the calls and the conversation, one of the reasons why the patient growth numbers were low was also to do with the fever season and I think we had spoken about that. So, I think we need the cycle to run through quarters for us to say that it has really caught on because we have not yet entered fever season this time round. So once Q2, Q3 is done, is when I think there will be more clarity on the patient volume growth number, how is it kind of panning out for the year.

Moderator: Thank you. The next question is from the line of Sudharshan.

Sudharshan: Yes. First of all, congrats on a good set of results. So just coming back to the CGHS price hike, I understand that the top line kind of benefited from this, but in terms of margins, should we also kind of factor in because your cost would broadly be remaining similar on the fixed part? So, was there some benefit on the margin side as well coming in from the higher price realization at CGHS and will that also kind of continue for the next 2-3 quarters?

Shankha Banerjee: Yes. So, there will be a pass-through because of the higher realization there will be a pass-through to the margin level and one should see that for maybe one or two quarters more.

Sudharshan: And then the subsequent question is, will you kind of then upgrade your guidance in terms of 27% to 28% margins or will that be reinvested into the business at the end of the year?

Shankha Banerjee: So the idea always is to reinvest for future growth. That is the dominant idea. And I think the decisions will be clearer as we go through Quarter 2 because that will give us more visibility on where the annual number could potentially land and therefore if there are any additional investments etc. to be made in the business at that point of time. As of now, we will be looking at Q2 more closely before any of those decisions can be taken. But primarily we would be leaning towards investing more back into the business for growth.

Sudharshan: Got it. And lastly, in terms of, you know, sustainability of your improvement of test mix or geography mix, I understand we are kind of doing more complex work on scientific excellence etc., but this can sustain over the medium term in terms of driving better realizations?

Shankha Banerjee: So, there is a test and a geography mix both. Even besides that if routine tests we sell more in markets, where our realizations are higher, even that contributes to the geography benefit. So therefore, the realization per patient we assume that still has some legs because right now Swasthfit contribution has flattened v/s last year because overall growth and Swasthfit growth is similar.

But there are other levers, specialized tests is a lever, high realization geographies are a lever. So, the realization improvement story is likely to stay at least in the next few quarters for sure and then we will see what else or how can it pan out for future that we will be able to look at maybe towards the end of the year.

Moderator: The next question is from Parth Sodha from Trinetra Asset Management. Please go ahead.

Parth Sodha: My question is on the utilizations and the new network addition in Q1?

Shankha Banerjee: What do you mean by utilization?

Parth Sodha: Like how many of our instruments in the labs are utilized right now?

Shankha Banerjee: So, I am not too sure I got your question. Are you talking about capacity utilization?

Parth Sodha: Yes.

Shankha Banerjee: Right. So, I do not think these are numbers that we kind of talk about specifically in pathology because capacity is really not a constraint ever. So, these are not really numbers we talk about or discuss. And on the second question, which is about network expansion, what was the second?

Parth Sodha: Network additions.

Shankha Banerjee: Yes, the network addition numbers is something we share once in a year. But like we answered one of the previous questions that this year also there is a plan to add between 12 to 15 labs.

Moderator: The next question is from Abdulkader Puranwala from ICICI Securities. Please go ahead.

Abdul Puranwala: Yes, thank you for the opportunity. So firstly, just again on understanding your revenue growth and specifically your sample growth. So, just understanding how the season would have, you know, been one of the factors as compared to last year and, you know, how would that be influencing your test mix for the quarter as compared to what you were seeing last year?

Shankha Banerjee: So, quarter 1 definitely has seen a very different kind of a weather pattern than maybe what we are normally used to in quarter 1. We have seen a more heat, maybe some off shower sometime. It has been a very different weather pattern this quarter. However, what we do not know is whether and what is the impact of that on diagnostic testing. So, like I was mentioning earlier that once we are through quarter 2 that is when we can maybe ascertain that was there any shift between the quarters or not. As of now, I do not think we have a very strong view on that. But one thing is there that the weather pattern we saw this quarter has been very different from last year.

Abdul Puranwala: Understood. And secondly, on the cost part. If I look at your material cost, so despite the realization improvement, you know, we are seeing your gross margin still at close to 81%. How should we read this and anything to read on, you know, the cost escalation which would have happened because of geopolitical issues here?

Ved Prakash Goel: So, I think as of now we are able to maintain our cost, last call I mentioned that we have stepped up our purchases or inventory. So, there is not much impact on that account. But yes, having said that, if this continues then obviously movement in currency and overall inflation may impact our material cost because we use most of the imported material for testing. But as of now there is not much impact on that.

Abdul Puranwala: Okay. And anything to read on the realization improvement v/s not much of an impact on your gross margins?

Shankha Banerjee: So, the realization improvement like we mentioned that one part of that is what we are seeing as the pass-through of CGHS and ECHS pricing. But the rest, which is to do with let us say test mix, now higher realization tests also have a higher COGS. Therefore, I would not kind of read too much to say that if realization is improving, therefore naturally the material cost as a percentage will start going down. I think we have one of the better gross margins and I do not think we would be looking at saying that this will significantly improve going forward.

Ved Prakash Goel: And you see, while you are looking as a percentage, if you see test per patient is going up. Now this time we have a test per patient 3.14 which is last year same quarter it was 3.07. So, test per patient is also improving and maybe compensated through that also some bit.

Abdul Puranwala: Understood. Anything on our margin guidance? Earlier we talked about 27%-28%. You know, how are we looking at the margins for the full year now after the stellar performance in Q1?

Ved Prakash Goel: So again, as Shankha also mentioned earlier that of course this flow through is because of this price increase will come, but idea is to invest back into the business, and we will be in a better position after maybe Q2 whether it is panning out or we will change our guidance on that.

Moderator: The next question is from Sumit Gupta from Antique. Please go ahead.

Sumit Gupta: Yes. Good evening. Thanks for the opportunity and congrats on a good set of results. First, how is the B2C segment performed this quarter? What was the realization growth?

Shankha Banerjee: B2C contribution for us has been in the range of 75% and even this quarter it is in a similar ratio.

Sumit Gupta: Okay. So, like we can expect this trend to continue, or can we expect this to improve?

Shankha Banerjee: The mix of B2C and B2B at 75 : 25 is a mix which we believe is a good mix. There is benefit of both these channels for us and we would be quite happy to keep growing both these channels to ensure that we are able to retain this mix also going forward.

Sumit Gupta: Sure. And second is on the Suburban. Like you mentioned there was a double-digit growth in Suburban. So, with respect to profitability, has it improved over the last 1-1.5 years?

Shankha Banerjee: So, we are not calculating Suburban profitability separately because the back end has been merged post the liquidation, voluntary liquidation of Suburban, the integration of all our back end structures has happened. So, there is an interoperability between both the brands in that geography. We are not separately calculating profitability for Suburban now.

Sumit Gupta: Okay. And the lastly on the structural point of view from the industry. So like with respect to hospital-based labs, are you facing any competition or has it abated? Or are you gaining market share from really the standalone industry?

Shankha Banerjee: So, there is no industry-level data for us to pick out. Is it a shift of market share from one type of competitor or another type of competitor. I think one thing that we can say for sure is that we are seeing a broad-based improvement in terms of the growth in this quarter.

And competition in the industry has always been intense and is likely to stay intense. If one part of the sector we think maybe reducing intensity, there will be another part of the sector which will increase intensity. I do not think any of us are banking on competitive intensity reducing in this industry.

Sumit Gupta: Understood. So basically, I was like trying to understand that it is the diagnostic chains and the hospital-based labs which will grow in tandem and take market share from the standalone labs or how should we look forward like over the next 5 years, 10 years, how the industry is shaping up?

Shankha Banerjee: Yes, I think as a long-term trend, definitely there will be shift from unorganized to organized, but that is a slightly slow shift given that there are still low entry barriers and therefore, at the bottom end there could still be smaller labs entering the fray.

And since the overall size of the pie is also increasing, they will have some way to kind of gain profitability even at a lower scale. But yes, structurally it is shifting and will continue to shift from the unorganized to organized.

Moderator: The next question is from Akash Shah from Investec. Please go ahead.

Akash Shah: Good evening, and congratulations on the good set of numbers. Just two questions. When you say that your Swasthfit has improved by 20% and also your overall revenues have improved by 19%, should we read that as the percentage of specialized tests improving and whether it is structural or not? And second, how do you see the overall competitive scenario on the price front? Thank you.

Shankha Banerjee: If we look at Swasthfit, which is 27% of our revenues, and look at the balance 73%, all the 73% is not specialized portfolio. Even that portfolio has routine tests because Swasthfit is a bundle. There are still tests which get sold outside of the bundle. It is not as if all of the other growth is only in the specialized area. Even the routine business in geographies has grown for us.

In terms of your question on the competitive intensity or pricing, I think we are not seeing structurally any price change maybe in between the last few quarters. So, that remains neither has it become too favorable, if you look at the last few quarters.

Moderator: The next question is from Surya Narayan Patra from Phillip Capital. Please go ahead.

Surya Narayan Patra: Yes, thank you for the opportunity. My first question is on the patient volume growth what we are seeing whether anything to read from the rural-urban mix that you would be having?

Shankha Banerjee: Yes, so the patient volume this quarter there is no rural-urban divide like I mentioned in one of the previous questions. We are seeing a kind of an overall across geography kind of a good growth.

Surya Narayan Patra: Okay. In terms of your network, is it possible to kind of have a sense what is the mix between the rural and urban?

Shankha Banerjee: You mean labs?

Surya Narayan Patra: Yes.

Shankha Banerjee: We have disclosed in our annual results in the last quarter that the Tier 3, Tier 4, I mean, I do not know what you really mean by rural, but we are talking let us say Tier 3 and below. So, Tier 3 and below has is about 39% of our revenue in the last financial year.

Surya Narayan Patra: Okay. My second question is about the CGHS price rise what we are witnessing. So, it is across the test portfolio, or it is for some selective or specific area and hence it would be different for different players in terms of the benefit so far as CGHS price rise is concerned? How should we understand that?

Shankha Banerjee: CGHS has released a price increase, which is a common price list for the country. It is not different by different area, except I think they have a certain price cut by a different type of geography that they have done. But it is applied similarly across the country.

Surya Narayan Patra: Okay. I just wanted to understand your experience about the Sovaaka initiatives, and how is that helping us in any manner?

Surya Narayan Patra: So Sovaaka is a venture which is a high-end premium diagnostics-driven wellness portfolio. So, it is a completely new concept. And I think I had even mentioned it earlier that our endeavor right now is to look at the first center that we have launched, stabilize it, fine-tune it, understand the business growth model, how we are going to drive it.

I think once that model becomes fully established is when we will think about a scale-up and it becoming any significant part of the business. As of now, it is more kind of implementation phase. So, we are still on the learning path on that.

Surya Narayan Patra: Okay. Just last one piece from my side, about your inorganic growth plans. In the previous quarter that you had mentioned about inorganic growth possibility in the Dubai region by creating a 100% subsidiary and all that. So that was one. And this quarter we are seeing your entry into the African market. So, are we becoming bit aggressive about creating our international presence generally, or it is for some specific reason or any thought process about the international growth, inorganic growth plan?

Shankha Banerjee: The international business growth for us is a slightly longer-term plan which we are seeing should play out in the 3-5 year horizon. So, these are steps that are being taken to ensure that our understanding in these markets that we are focusing on, which is Africa, some parts of Middle East and CIS and Southeast Asia, that how can we run local businesses, those things are where we are going to focus on in the near term so that maybe we can then build it more in the future.

Surya Narayan Patra: Okay. So, for the time being is it fair to believe that, let us say even if any focus or any interest that would be there, that is in the area of GCC and Africa?

Shankha Banerjee: So right now, the focus areas for us is Africa, Middle East, CIS, and Southeast Asia.

Moderator: Next question is from Mohammed Patel from Edelweiss Public Alternatives. Please go ahead.

Mohammed Patel: We are sitting on approximately Rs. 1,700 crore of cash. So, I wanted to understand how are we going to utilize this cash and what are your overall thoughts on capital allocation?

Shankha Banerjee: So, one of the major utilization of cash as we see going forward would be for M&As. We have said that if we look geographically also within India, there are parts of the country where we have low presence in markets of west & south. So, we are looking at possibilities of getting a play which could be slightly larger asset in a given city.

So, primarily that is where the cash utilization will happen mostly on M&As. And secondly would be around some of the high-end radiology centers that we are slowly rolling out, whether it is in Delhi NCR and other Tier 2 markets in North, that is also a bit of capex that we put in besides our maintenance annual capex that we do.

Mohammed Patel: What should be the capex number for this year and next year?

Ved Prakash Goel: We touch roughly about Rs. 140 crore to Rs. 150 crore.

Moderator: Thank you very much. We will take that as the last question. I would now like to hand the conference over to the management team for closing comments.

Ved Prakash Goel: Thank you all for joining us this call today and for your continued trust and support. We hope we have been able to address your questions satisfactorily. Should you have any further queries, please feel free to reach out to us. Thank you once again and have a good evening. Thank you.