Operator: Ladies and gentlemen, good day and welcome to the Q1 FY27 results conference call of Chandan Healthcare Ltd. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Parth from Kirin Advisors. Thank you, and over to you, sir.

Parth – Kirin Advisors: Thank you. Good afternoon, everyone. On behalf of Kirin Advisors, I welcome you all to the conference call of Chandan Healthcare Ltd. From the management team, we have Mr. Amar Singh, Chairman and Managing Director, and Mr. Rajiv Nain, CFO and Company Secretary. I would now hand over the call to Mr. Amar Singh. Over to you, sir.

Dr. Amar Singh – Chairman and Managing Director: Thank you. Good afternoon, everyone. I am Dr. Amar Singh. On behalf of Chandan Healthcare Ltd., I welcome all of you to our Q1 FY27 earnings conference call. Thank you for taking the time to join us today.

Before I discuss the quarter, I would like to briefly introduce Chandan Healthcare Ltd. Established in 2003, we are one of India's leading diagnostic and healthcare service providers and a key entity of the Chandan Group. Over the years, we have built a growing diagnostic platform offering a comprehensive range of pathology and radiology services through our network of owned and franchise centers across multiple geographies throughout India.

Coming to our performance for the quarter, we delivered healthy growth across key financial and operating parameters. The quarter was characterized by continued expansion of our diagnostic network, healthy growth across our business verticals, and steady progress across our partnership-led initiatives.

Our network expansion gained significant momentum during the quarter. We have already added 134 franchise centers during the quarter, taking our franchise network up to 264 centers. In addition, we added one comprehensive diagnostic center, which offers all types of diagnostic services under one roof, including pathology, radiology, and other services; two diagnostic centers that offer pathology laboratory and radiology services; and three standalone laboratories providing only laboratory and pathology services. With these additions, our overall network has already reached 327 centers, including franchise centers. Our franchise network continues to scale well, enabling us to extend our reach in a capital-efficient manner. We are working towards building a network of 1,000 franchise centers in this financial year as we progressively deepen our presence across existing and new markets. We are also exploring new markets.

From a business mix perspective, we witnessed healthy growth across all major verticals during the quarter. Our B2B business grew by 94% year-on-year. Government, that is, the B2G business, grew by 22%, and B2C, which comprises referrals from doctors and online business, grew by 20%. Patient volumes also continued to expand. General referral and online patient volumes grew by 29% year-on-year. Corporate volumes increased by 24%, while government patient volumes grew by 14%. The broad-based nature of this growth reflects the increasing scale and reach of our network across customer segments. Preventive health checkups also grew by 29% this year, and the

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preventive health checkup program is focused on Tier 2 and Tier 3 markets. We are focusing more on Tier 2 and Tier 3 markets this year.

In Q2, the coming quarter, we further expanded our geographical presence. We commenced our first diagnostic operation in Gujarat through our Vadodara center, which offers pathology and multiple diagnostic services. We have already built a network of 375 franchises to date. We also strengthened our presence in New Delhi through the acquisition of Nishkam Imaging Center in Yamuna Vihar. We acquired this center in April. This further enhances our radiology and pathology capabilities in the region; we now have two centers in Delhi. Our partnership-led expansion also continues to progress well. The rollout of diagnostic services across GynaeSeko hospitals and clinics is advancing, and we intend to progressively expand our presence across additional partner facilities. We are exploring more partners in the future, and we have already added a few partners this quarter.

More recently, in August, we announced the divestment of our entire 53.56% shareholding in Chandan Pharmacy Ltd. for a consideration of approximately 16.77 crore rupees. This transaction is aligned with our strategy of sharpening our focus on the higher-margin diagnostic business. It will simplify our business structure and allow greater management attention and capital to be directed towards expanding our diagnostic network, which has higher margins, adding capacity, and improving utilization across our existing infrastructure. The proceeds are proposed to be redeployed towards higher-return diagnostic assets and network expansion throughout India, further strengthening the growth profile of our core diagnostic operations. This is our primary reason for divesting the entire stake in the pharmacy business, because it is a trading business with no future and very low margins. That is why we have divested all the shares, and we will now utilize this money for future expansion.

Looking ahead, our priorities remain very clear. We will continue accelerating the franchise rollout towards our 1,000-center ambition this year. Although in previous meetings I said that we would have 1,000 franchises in 3 years, we will now have 1,000 franchises this year itself. We will expand our own diagnostic network in attractive and new markets, scale partnership-led opportunities, and strengthen our B2G business as well. We are already working on eight comprehensive diagnostic centers this year, which will start in the next 3-4 months. They are nearly complete, and we will start them one by one. Within the next 3-4 months, all eight comprehensive diagnostic centers will be operational. In addition to the comprehensive diagnostic centers, we are in the process of opening more than 6 diagnostic centers. These centers will have laboratory and radiology operations. Our specialized genome laboratory is scheduled to open within the next 6 months in the Jankipuram area of Lucknow. We are also going to start two PET scan machines in Kanpur and Gorakhpur. These machines will start operating within the next 2-3 months.

At the same time, we will remain disciplined in capital allocation, with an increased focus on deploying resources towards higher-return diagnostic assets and driving better utilization across our network. Our objective is to build a wider, more accessible, and integrated diagnostic platform through a balanced mix of owned centers—company-owned centers—franchise centers, and institutional partnerships. We believe that the combination of network expansion, improving business mix, and a sharper strategic focus on diagnostics provides us with a strong foundation for sustainable growth over the coming years. We currently operate in 15 states. We have already

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covered 15 states and are planning to cover 3 more states. Thank you.

Amar: We are working with two central referral laboratories, one in Lucknow in Uttar Pradesh and another in Haldwani in Uttarakhand. We have 23 comprehensive diagnostic centers providing all types of services under one roof, and 18 diagnostic centers covering pathology and radiology services. We have 24 standalone laboratories providing pathology services only. We are also working with 24 standalone laboratories. We have 15 radiology centers, and at the moment, more than 325 franchises have already been added in the last 4 months.

We have started a massive geographical and partnership-led expansion. We have successfully penetrated high-growth metropolitan and regional markets. As we move forward, our strategy is very clear and aggressive, yet deeply disciplined. Moving into the next quarter, our growth will be based on 3 core pillars. We are concentrating on these 3 things. The first is one district, one lab. We are executing a focused blueprint to establish one laboratory in every district across Uttar Pradesh and Uttarakhand within the next 2 years, and thereafter we will cover other states as well.

The second is exponential franchise scaling. We have set a very clear target to scale up to 1,000 franchises in this financial year and 3,000 franchises in the next 2 years. The third is digital and preventive healthcare transformation. Starting this year, we have started an online home collection business and online business as well, and it is taking off very well.

With that, I would like to conclude my opening remarks. I would like to thank our employees, doctors, technicians, partners, and the entire Chandan Healthcare Ltd. team for their continued commitment and contribution. I would also like to thank our shareholders and all participants on this call for their continued trust and support. I will now hand over the proceedings to our CFO. He will give you the detailed financial results for Q1 FY27. Thank you all again.

Rajiv – CFO: Thank you, sir. Thank you very much. Good afternoon, everyone. Before moving to the Q&A, I will quickly go through the financials for this quarter. As explained by sir, we have undertaken significant expansion recently. As a result, we have registered very good growth in terms of sales and margins in this quarter, and we have started financial year FY27 with great momentum.

This quarter, we registered consolidated sales of 82.26 crore, with growth of 19.62% year-on-year. EBITDA stood at 20.98 crore this quarter, with growth of 42.27%. EBITDA registered an upside of {? 4.6 basis points ?}, with a margin of 25.51%. PAT stood at 7.5 crore this quarter, an increase of 29% compared to last year. PAT margin stood at 9.11%, an increase of 17 basis points compared to last year.

I will quickly share the standalone results as well. In standalone diagnostics, we recorded topline revenue of 49.75 crore, representing growth of 35.85% compared to last year. EBITDA of standalone diagnostics stood at 18.19 crore, with growth of 47.36% compared to last year. EBITDA margin was 36.57%, with growth of 285 basis points. PAT stood at 6.7 crore, with a margin of 13.48%.

In standalone diagnostics, the segment contribution was as follows: B2C was 38% of total sales, B2B was 32%, and B2G was 30%. On a vertical-wise basis, pathology accounted for 74% of total sales, while the remaining 25.86% came from radiology. I now hand over to Parth for the Q&A.

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Thank you.

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Priyanshu Jain from Growth X Infinity. Please go ahead.

Priyanshu Jain – Growth X Infinity: Hi, am I audible?

Amar: Yes, sir. Welcome, sir.

Priyanshu Jain – Growth X Infinity: Hi Amar, hi Rajiv. Congratulations on a good set of results, especially on the diagnostic side. I really appreciate the move you have made regarding the divestment from the trading business. I think I was just about to mention it in this call through Rajiv, but immediately after that, the decision came through, so I really appreciate it.

I have a few questions. The first will be on the radiology and pathology business. In this quarter, we were at approximately 75% and 25%. Going forward, what is the plan for maintaining the revenue mix? Will it be 50-50, or will pathology continue to have a much higher share of the revenue mix?

Amar: Yes, sir. As far as margins are concerned, more or less both divisions have equal margins. However, the B2C market is primarily more focused on radiology, while the B2B market has a higher proportion of pathology. When we receive any government contract for the radiology business, the proportion of radiology will increase.

Therefore, it will not make much difference whether pathology remains at 75% and radiology at 25%; it will hardly make a major difference. However, we are concentrating more on the B2C segment so that our cash business increases. That is our main aim. Whether it is radiology or pathology, the mix may remain 75-25 or may change from here onward. We will concentrate more on the B2C and B2B markets rather than B2G. That is our primary aim.

Priyanshu Jain – Growth X Infinity: Great, sir. On the balance sheet side, what is the total cash as of today, if you can tell us? Also, what is the capex for the entire year for the comprehensive diagnostic centers and the other business verticals that we are developing?

Amar: Regarding capex, we acquired one center in April. For most of the centers that are currently under construction, we have already invested most of the money to date. In the next 4-5 months, we will open all the comprehensive centers and our laboratories. We have already completed the major part of the investment, but there is still scope for an additional investment of approximately 10 crore or more in this financial year, which will be funded through internal accruals. If required, we can also opt for debt. We have no reservation about taking debt if necessary.

We will complete the entire expansion plan for this year, which includes 8 comprehensive centers, more than 5-6 laboratories, two PET scans, and one genome laboratory. We will complete the entire expansion plan before December this year.

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Priyanshu Jain – Growth X Infinity: Great, sir. On the government-side business that we received from Assam and Punjab, how are we getting traction there as of today? If you could elaborate a little on that...

Amar: We have 12 radiology centers in Punjab and one in Haryana. The Haryana authorities have not yet provided us with space, so no work has been done there so far. Of the 12 centers in Punjab, we have received space for 8. At the 8 locations for which we have received space, all our centers will become operational in the next 2-3 months.

The Guwahati center will also start offering a few radiology services this month, and we will start the remaining services in the next 3 months. The Guwahati project will be completed in the next 3 months, and 8 radiology centers in Punjab will start operating in the next 3 months. A few centers will take more time because the government has not provided us with space for them. The authorities are trying to provide us with space, and we will probably receive all the remaining spaces before December. We can then start operations at those 4-5 locations as well.

Everything is on track, and all the centers will be operational in this financial year. All the government projects will also start in this financial year. We are establishing 8 comprehensive centers, which are company-owned centers, and all 8 of these centers will start operating in the next 3 months. This will definitely give us a significant boost because these comprehensive centers start generating results immediately.

Priyanshu Jain – Growth X Infinity: Great, sir. Lastly, on the franchise business, we are very bullish on this business this year because you have set a target for this year, although the earlier plan was for a longer period. Could you elaborate on the 1,000 franchises, including the partnerships and related aspects?

Amar: If you were present in our last few meetings, you would know that we had decided to have 1,000 franchises in 3 years. However, we are receiving a very good response from the public. Last month, we crossed 102 franchises in a month, and this month also we will cross 100. Therefore, we will definitely cross 1,000 this year because we have reduced the duration of our target.

We will have more than 1,000 franchises this year. We have still set a target of 3,000 franchises in 3 years, but I am very hopeful that we will complete this target within 2 years. We are very bullish on the franchise business because people are now accepting us, and more and more people are coming forward to take franchises. This is very encouraging. We have already entered 4-5 states, and in the next 2-3 years we will have franchises throughout India. We are very bullish, and whatever target we set, we will definitely complete it ahead of time.

Priyanshu Jain – Growth X Infinity: Could you elaborate further? For example, in the franchise business, we have no capex. If someone wants to take your franchise, what would the revenue mix look like? Do they have to pay any kind of fee? I was present on the last call, so if you could clarify this once...

Amar: Most of the time, these are phlebotomists. They are working in other laboratories and want to start their own businesses because they have connections in the locality and family relationships there. They take the franchise and pay us an advance of 25,000 or more. For whatever samples

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they provide to us, we generally take payment first, and the amount is reduced from the advance.

Therefore, our capex is zero. In fact, we receive some money before the franchise starts. The reason for the success of this model is that we contact phlebotomists who are working in other laboratories and want to start their own businesses. In the last 4 months, we have had a few franchises with a business of more than 4 lakhs. This simply means that these phlebotomists are earning more than 1 lakh a month.

We are very hopeful that we will take this franchise business throughout India, and we are also getting very good results. The main reason is that we are implementing one laboratory in every district. This means that the samples will come to our main laboratory and we can report them in a timely manner. That is the advantage, and people are contacting us and taking franchises because of it.

Priyanshu Jain – Growth X Infinity: So, sir, our capex is zero...

Amar: Our capex is zero in this case. We do not have to invest anything. The franchise holders invest everything, and they also pay us some advance money so that they can start providing samples.

Rajiv – CFO: The maximum margin share is 50%.

Priyanshu Jain – Growth X Infinity: Sorry?

Amar: Regarding the margin, as you asked, we share a maximum of 50% with them.

Rajiv – CFO: It varies from 30% to 50% in the hands of the franchise owner, and we receive 50% to {? 80% ?}; most of the time, it is more than 50%. Our consumable cost in this business is 15%. Therefore, if we receive 50%, we get a margin of 35% of the total MRP.

Amar: Since we are receiving 50%, this simply means that we have margins of more than 60% in the franchise business.

Priyanshu Jain – Growth X Infinity: Okay. After paying you 25,000, what other capex would they have to incur? Is the 25,000 the only amount, and do you have to provide certain things to those owners?

Amar: We do not provide much. We give them some branding materials and support them with marketing. Our marketing team provides support, but most of the time they work on their own because they operate in their vicinity and collect samples through their own relationships and previous contacts. They are working in the area where they can...

Management: They are already working there, so getting samples worth 1 lakh to 2 lakhs in a month is a very easy task. In addition, our marketing team supports them in obtaining health checkups. If we receive any business in the vicinity of a franchise owner through our online or telecalling channels, we transfer the registration to the franchise owner so that they also benefit from our online business, telecalling business, and marketing support. Our marketing team also provides materials so that they can meet doctors and obtain samples from them.

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Priyanshu Jain – Growth X Infinity: Great, sir. I have a few more questions, but I will join the queue again. Thank you, and all the best.

Management: Certainly. Thank you, sir. Thank you.

Operator: Thank you. The next question is from the line of Tahir Hyderabadwala from Groupis Fund. Please go ahead.

Tahir Hyderabadwala – Groupis Fund: Thank you for the opportunity. I have just 2 questions. First, on the guidance side, we had guided approximately 30–35% growth at the consolidated level, including both the diagnostic and pharmacy businesses. However, since we have discontinued, or demerged, the pharmacy segment, what kind of growth will you target for the next 2–3 years? Would revenue of 350 crores by FY27 still be achievable, or is there anything else on that front?

Management: The way we are expanding our business, I am expecting more than 50% year-on-year growth for the next 3 years at the moment. Considering our plans and the way we are expanding throughout India, 50% will be a very achievable topline growth figure for the next 3 years. As far as profitability is concerned, you will see quarter-on-quarter growth, but it is difficult to explain at the moment how much EBITDA there will be. However, on a quarter-on-quarter basis, you will see growth in EBITDA as well. Topline growth will definitely be more than 50% for the next 3 years. This is definite because we have already expanded in this manner.

Tahir Hyderabadwala – Groupis Fund: Will this be on a standalone basis, meaning that only the diagnostic segment will grow by approximately 50% or more for the next 3–5 years?

Management: Yes. That is the reason we divested the pharmacy business: we want to focus on the diagnostic business, which is performing very well. As you have seen, over the last 6 months or so, we have expanded from 3 states to 15 states. All these expenses and this entire expansion will give us topline growth of not less than 50% for the next 3 years. That is a definite case.

Tahir Hyderabadwala – Groupis Fund: I also wanted to get some additional modeling inputs on unit economics, such as revenue per laboratory, revenue per retail [inaudible] center, revenue per comprehensive center, and revenue per pathology center that we are currently generating.

Management: It varies from center to center, location to location, and according to the age of the center. We are working with 3 types of centers. In the case of comprehensive centers, based on what we have seen in the last 3–4 centers, they cross the break-even point within 6 months to 1 year. Mature centers usually cross 10 crores a year. That has been the experience over the last 1 year. In the case of laboratories, sorry...

Tahir Hyderabadwala – Groupis Fund: Please continue.

Management: In the case of laboratories, the laboratory business will grow with the franchise business because footfall at a standalone laboratory is not very high. However, we are receiving government business, corporate business, and, in some locations, {? Ginasikho ?} business as well. The laboratory business grows with the number of franchises. A comprehensive diagnostic center grows with referral business as well as franchises.

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When we establish a laboratory, its revenue varies from 1 crore to 3 crores a year because it is not constant for every laboratory. It depends on how many franchises are available in that vicinity. That number is increasing every day. It will become clearer in the future how much business a laboratory can handle. However, the capacity of a laboratory is more than 10 crores a year. Ultimately, it depends on how many franchises are present in that vicinity.

Tahir Hyderabadwala – Groupis Fund: Thank you. I will get back into the queue if I have anything further.

Management: Thank you, sir.

Operator: Thank you. The next question is from the line of Vivek Gupta from Advent Consulting. Please go ahead.

Vivek Gupta – Advent Consulting: Good afternoon, sir.

Management: Good afternoon.

Vivek Gupta – Advent Consulting: This is a continuation of the previous question. You mentioned that a laboratory has a capacity of 10 crores.

Management: Yes. A laboratory has unlimited capacity because whenever we want, we can increase the number of machines, so it has no actual limit. However, you can collect samples only within a particular vicinity; otherwise, your reports will be delayed. The number of franchises we have in that vicinity will determine how much business we can do. The capacity is definitely unlimited because we can increase the number of machines and conduct any number of tests. The only question is how many samples we receive from that vicinity.

Vivek Gupta – Advent Consulting: What is the current average revenue per laboratory?

Management: Previously, we had only comprehensive diagnostic centers. During the last year, we started installing laboratories, initially for {? Ginasikho ?} purposes and now for franchise purposes. Some laboratories are doing 6–7 lakhs a month, while many laboratories are doing 20 lakhs a month. The age of these laboratories is not significant because we started installing them only in the last year. Every month, we are adding more than 1 or 2 laboratories. In the future, it will become clear how many samples a laboratory can handle in a month or a year.

Vivek Gupta – Advent Consulting: What is the break-even level of sales for a laboratory at that level?

Management: Usually, in the case of a laboratory, we reach break-even within 3–4 months. As soon as we establish the laboratory, we start providing franchises. In most locations, we also have {? Ginasikho ?} work, which makes us EBITDA-positive within the first 1–2 months. It is a strategic expansion because we have confirmed work from {? Ginasikho ?}; then we obtain NABL certification and start receiving corporate work; after that, we allot franchises and begin receiving work from them. Therefore, as far as becoming EBITDA-positive is concerned, it takes 3–4 months in the case of laboratories at present.

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Vivek Gupta – Advent Consulting: No, my question was at the PAT level. How much time does it take to break even and become PAT-positive?

Management: You cannot consider the PAT level in the case of individual units. You can consider EBITDA positivity in the case of individual units because we have more than 260 units. We do not maintain every individual unit at the net profit level. We consider them on a consolidated basis. As far as retail...

Vivek Gupta – Advent Consulting: I am asking about unit-level operations. I am not asking for the data on how they are performing. I am asking how much revenue should be generated for one center to break even at the PAT level.

Management: In the case of a comprehensive center, it is 30 lakhs a month. In the case of individual laboratories, it is 3 lakhs a month.

Vivek Gupta – Advent Consulting: So that means they also break even at the PAT level within 3-4 months.

Management: Yes. This is all because of {? Ginasikho ?} and our franchise business.

Vivek Gupta – Advent Consulting: Are there any centers that are not performing, and how do you remove such centers? What is the process?

Management: We have never closed even a single center in the last 25 years. Never. That situation has never arisen.

Vivek Gupta – Advent Consulting: That is very good, sir. Do you provide any guidance...

Management: Usually, we take a 20-year lease. Whenever we establish a center anywhere, we take a 20-year lease because we know that we will never close the center.

Vivek Gupta – Advent Consulting: That is very good. Do you provide any guidance at the company-wide level for sales? You mentioned 50% growth every year for the next 3 years. What about EBITDA?

Management: That is definite because the expansion we have undertaken and the expansion we are planning over the next 2 years will give us more than 50% topline growth for the next 3 years. As far as PAT is concerned, you will see quarter-on-quarter growth.

Vivek Gupta – Advent Consulting: By when do you expect to reach approximately 40% EBITDA at the company level?

Management: We will reach 40% EBITDA very soon. Rajiv, what is the diagnostic EBITDA at the moment?

Rajiv: It is more than 36%. It is 36%.

Management: It is already 36%. We will reach 40% very soon, perhaps within a few months.

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Vivek Gupta – Advent Consulting: Within a few months. That was all from my side. I will come back into the queue for the remaining questions.

Management: Thank you, sir.

Operator: Thank you. The next question is from the line of Manish Jalana from Trustvest Investments. Please go ahead. Mr. Manish Jalana, your line is unmuted. Please go ahead with your question.

Manish Jalana – Trustvest Investments: Thank you for taking my question. What would be our receivable days in the B2B and B2G segments?

Management: In the case of B2G, a few contracts have receivables of only 1–2 months, but most of the time the average is 4 months for B2G. B2B is 1–2 months. In B2G, sometimes we receive all the payments and only 2 months of receivables remain, while sometimes we receive payment after 6 months. On average, you can assume 4 months in the case of B2G. In the case of B2B, it is 1–2 months because we receive the payments very soon. Most of the B2B business comes from insurance companies and other corporates.

Manish Jalana – Trustvest Investments: Have we seen any concerns regarding money getting stuck in the B2B business? Has any of it been converted into bad debt or anything of that sort?

Management: No, nothing. There may be some disallowances, but that is a very small amount. In general, there is no bad debt, not even in B2G.

Manish Jalana – Trustvest Investments: I am asking specifically about B2G because it is government business. There will be delays, but...

Management: There are delays, but they usually clear all the tests within a month. As soon as our monthly bills are presented, they clear all the bills, but we receive the payment on average after 4 months. There is no loss of money in either B2G or B2B.

Manish Jalana – Trustvest Investments: Understood. My other question is on the franchise business. Congratulations on scaling up this business so quickly. Are the franchises we provide for pharmacy, diagnostics, or both?

Management: No. We do not provide franchises for pharmacy.

Manish Jalana – Trustvest Investments: Only for the diagnostics business?

Management: It is only for diagnostic purposes. We have now divested the pharmacy business to our group company, Chintamani Hospital, because it has synergies with the hospital but no synergy with the diagnostic business. We want to concentrate more on the diagnostic business and deploy all our money and capital in the diagnostic business because we have EBITDA of more than 36%. That is why we are concentrating more on diagnostics. We have already expanded into 15 states, and next year we will cover 3 more states. In this manner, we will cover nearly all the states where we want to operate.

Manish Jalana – Trustvest Investments: What franchise fee do we generate per franchise?

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Management: For a franchise, we take an initial amount of 25,000 to 1 lakh. It depends on the person and the location. Secondly, we do not have to invest anything in these franchises; the franchise owners have to invest. They have to purchase a computer and some equipment, and their investment is approximately 1 lakh. Out of that 1 lakh, they give 25,000 to our company. We provide them with branding materials, pamphlets, and marketing materials. Whatever business we receive in their vicinity through online business, we honestly transfer it to them so that they can sustain the business and earn good profits. This is how we provide the franchise. We do not make any investment.

Manish Jalana – Trustvest Investments: Understood, and I think you highlighted that point earlier as well. If I am a franchise owner...

Manish Jalana – Trustvest Investments: Are you saying that my maximum cost of setting up a franchise would be somewhere around 1 lakh to {? 1.5 lakh ?}? Or could it be more than that?

Management: Approximately 1 lakh is sufficient to start a franchise. Moreover, we prefer that these franchises be taken by phlebotomists so that we do not have to train them extensively. Otherwise, we train them in sample collection and related activities. However, we try to give the franchises to phlebotomists so that our work is reduced, and we only need to provide promotional materials and marketing support.

Manish Jalana – Trustvest Investments: Understood. You said your share is 25,000, correct?

Management: No. Our share is based on the tests they transfer to our laboratory. We take at least 50% of the MRP. It depends on the location, but we receive a minimum of 50% of the MRP.

Manish Jalana – Trustvest Investments: Are there any other charges that we would charge them on an annual basis? What would it look like from the second year onward?

Management: No. Even the 25,000 is advance money for conducting tests; it is not a security deposit. We do not take any security deposit. We take advance money so that their payments are not disrupted. The only requirement is that they pay us in advance for conducting the tests. Otherwise, we do not take any money from the franchise owner. We do not take anything else.

Manish Jalana – Trustvest Investments: Would these franchise-owned diagnostic centers cover all the tests that come under pathology? I understand that radiology would not be possible.

Management: Radiology is also possible. If they refer radiology cases to our main centers, they receive approximately 50%. In the case of radiology, they definitely receive less than 50%; they receive only around 25% or so. However, we have allowed them to send radiology patients as well. That is also possible.

Manish Jalana – Trustvest Investments: No, my question was slightly different. These franchises that you provide, because of the investment you mentioned, I assume they are only for pathology and not radiology, since radiology would involve significant investment. Please correct my understanding.

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Management: They do not invest in radiology. They simply send the patient to our radiology centers. They do not have to invest in pathology or radiology either. They only have to collect the sample and transfer it to our laboratory. In the case of radiology, they refer the patient to our radiology center.

Manish Jalana – Trustvest Investments: Understood. It makes sense now. They do not open a proper diagnostic center; it is more of a collection center.

Management: Yes, it is a collection center, but all the investment belongs to the franchise owner. We do not invest anything in the franchise. We simply take money in advance for conducting the tests. When that money is exhausted, we take the money again because the payment for every test they send to us is reduced from their advance. When the money is exhausted, they have to pay another advance, and the process continues.

Therefore, we do not put any capital into the franchise, nor do we take any additional money from the franchise. They do not have to invest in the laboratory or radiology operations. They simply collect the samples and send them to our laboratory. They can also refer patients requiring radiology tests to our radiology centers. We mainly conduct pathology work, but sometimes they also send us radiology work.

Manish Jalana – Trustvest Investments: Understood. Thank you very much for the explanation.

Management: Thank you, sir. Thank you.

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

Deepak Poddar – Sapphire Capital: Am I audible, sir?

Management: Yes, sir. Welcome, sir.

Deepak Poddar – Sapphire Capital: Thank you very much for this opportunity. I wanted to understand, first, since we have divested the pharmacy business, when will its revenue stop accruing to this company?

Management: From September 1.

Deepak Poddar – Sapphire Capital: From September 1?

Management: Yes.

Deepak Poddar – Sapphire Capital: Now, when we say 50% growth CAGR, we are talking only about the diagnostic business, correct?

Management: Yes.

Deepak Poddar – Sapphire Capital: The diagnostic business was approximately 156 crores last year, so we expect that to grow by approximately 50%.

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Management: Definitely.

Deepak Poddar – Sapphire Capital: This quarter, pharmacy revenue was close to 32 crores, correct?

Management: Correct, sir. Yes.

Deepak Poddar – Sapphire Capital: Regarding the franchise business, have we worked out any calculation of the ROCE that franchise owners are able to generate through this collection-center model? They are collecting samples and giving them to us so that our volume increases and we have a presence throughout India. Is that the thought process?

Management: Yes.

Deepak Poddar – Sapphire Capital: What kind of return are these franchise owners able to generate?

Management: We try to ensure that they earn at least between 1 lakh and 2 lakhs every month so that they can earn more than 50,000. They are mostly phlebotomists earning salaries of between 15,000 and 20,000 a month. We support them in earning at least 50,000 a month so that they can continue, sustain themselves, and benefit from running their own business. That is our aim.

We provide them with promotional materials and marketing support. Sometimes, whatever business we receive through online registrations, we transfer it to them so that they also earn at least 50,000 a month. That is our primary aim. However, sometimes they earn much more than that.

Deepak Poddar – Sapphire Capital: On an investment of 1 lakh, they are able to earn 50,000 per month?

Management: Yes. That is a one-time investment. The investment is only for a computer, printers, and some shop renovation. They do not have to invest much.

Deepak Poddar – Sapphire Capital: All the client data that we receive is used to generate the reports, which are then emailed to them. How does the report reach the customer?

Management: Online.

Deepak Poddar – Sapphire Capital: Online. Do you have the entire patient database?

Management: Yes, online. As soon as the report is completed at our laboratory, the patient immediately receives a message and can view the report.

Deepak Poddar – Sapphire Capital: Is all the patient data in your database, including patients who come through these franchise units?

Management: Yes. The franchise owners register the patients on their computers, but the data is in our database. It is directly connected to us. As soon as they collect the sample, we immediately receive the details.

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Deepak Poddar – Sapphire Capital: We share approximately 50% of the revenue with the franchises.

Management: Sometimes it is 50%, and sometimes it is less than 50%, but our aim is to receive at least 50% of the MRP. Sometimes we receive more than that. It depends. Suppose we receive business of more than 5 lakhs from a franchise; then we take 50%. If we receive less business, we can take 55% or 60%. It depends on the business volume.

Our aim is that every franchise owner should earn at least 50,000 rupees a month very soon so that the franchise continues and they continue to provide samples to our laboratory. That is our primary aim. Our marketing team supports them by providing promotional materials, marketing support, and online registrations. Through all these initiatives, we try to benefit them so that they can earn more than 50,000. That is our primary aim.

Deepak Poddar – Sapphire Capital: On the margins, you said that we will reach 40% in a few months. Since the pharmacy business is going away, the reported margin should be close to 40%, correct?

Management: Yes. It was already 36% in the last quarter, and it will definitely increase.

Deepak Poddar – Sapphire Capital: In addition, the franchise revenue will have margins of 60%, correct?

Management: Yes, more than 60%. Moreover, we are not investing any capital in it. We are only providing some promotional materials and marketing support.

Deepak Poddar – Sapphire Capital: There is no capital involved, and the consumables for testing that you mentioned are approximately 15%, correct?

Management: Yes, exactly.

Deepak Poddar – Sapphire Capital: What would the revenue mix look like? This quarter, corporate was approximately 24–25%, general was approximately 38%, government was 30%, and franchise was 8%, correct? How should this mix look over the next 1–2 years?

Management: We are trying to increase the B2C business. The franchise business can be considered a B2B business. We are trying to increase this business so that our margins improve and, secondly, our capital is preserved.

Besides this, we also have to increase our comprehensive diagnostic centers because they are revenue-generating centers. These centers have been operating for the last 25 years and are still giving us more than 10% annual growth. This simply means that their growth is continuing. When we have laboratories and comprehensive centers, these centers enable us to add more and more franchises.

As far as the revenue mix is concerned, it depends on how many government projects we undertake and how many franchises we have. More or less, we try to maintain one-third, one-third, one-third. That is our aim so that...

Deepak Poddar – Sapphire Capital: One-third for franchises as well?

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Management: One-third for B2C. At the moment, our B2C business is more than 40%. However, we are comfortable with having 33% each in B2C, B2B, and B2G. A 33%, 33%, 33% mix would be acceptable to us. We do not want to increase our B2G business beyond 40% under any circumstances. Otherwise, the receivables will affect us.

Deepak Poddar – Sapphire Capital: We are planning to open 1,000 franchises, which is a large number. Ideally, your volume...

Management: We have already completed 375 in the last 4 months.

Deepak Poddar – Sapphire Capital: Is 50% therefore a conservative number? Considering our current scale, in terms of comprehensive units and so on, it is much smaller compared to the number of franchises we are looking to open.

Management: Yes, I always try to provide conservative figures.

Deepak Poddar – Sapphire Capital: One last point: you said that you already have 375 franchises, but this quarter our revenue growth was only 19-20%. Has the franchise business not started contributing yet?

Management: In the first quarter, we had nearly 175 franchises. In July, we crossed 100 additions, and this month we will cross 100 as well. It is increasing day by day. This is a new business for us that we started only 4 months ago.

We are also in discussions with the Uttar Pradesh government, which has selected us for its skill development program. Very soon, the Uttar Pradesh government will promote us for franchises as well. Preparations are underway, and it will be released in 1-2 months. That will create an enormous figure, but I cannot quantify it at the moment. We are working on it.

Deepak Poddar – Sapphire Capital: That would be all from my side. I wish you all the best. Thank you very much.

Management: Thank you, sir. Thank you, sir.

Operator: Thank you. The next question is from the line of Archit from Rockstar Equity Research. Please go ahead.

Archit – Rockstar Equity Research: I wanted to understand whether there is any seasonality in your business. Generally, in the pharmaceutical and healthcare sectors, we see performance at the beginning of the quarter. However, when we look at your results, there are some quarter-on-quarter ups and downs. I wanted to understand whether there is any seasonality in the business.

Management: I am not hearing you clearly. Can you repeat the question, sir?

Archit – Rockstar Equity Research: I am asking whether there is any seasonality in your business. In some quarters, revenue increases, while in some quarters it decreases on a quarter-on-quarter basis. Should we consider this on a year-on-year basis, or is there any seasonality?

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Management: Normally, it is a seasonal business. Some months produce better results, while other months produce lower results. However, because we are expanding on a large scale, the seasonal change in the business will not affect us.

Archit – Rockstar Equity Research: Thank you, sir.

Management: Thank you, sir.

Operator: Thank you. The next question is from the line of Akshay, an individual investor. Please go ahead.

Akshay: Hello, am I audible?

Management: Yes, sir. Welcome, sir.

Akshay: Congratulations on a good set of results. Most of my questions have been answered. I have a few follow-up questions. On the franchise business, do we have any policy regarding how far apart franchises should be located from our diagnostic centers or laboratories, to avoid customer overlap?

Management: We are expanding throughout India. I believe we can have lakhs of franchises in the next 10 years. There is a large amount of unorganized work throughout the country. At the moment, approximately 50% of the business belongs to organized pathology laboratories, while the remaining 50% is unorganized business. We have to capture that through our...

Path: I think you were asking about this or something else?

Akshay: No, my question is more about understanding whether, through these franchises, we are getting entirely new customers. Suppose we are doing 1 lakh of sales or collections. Is this the entire new 1 lakh, or is it business that is closer to the customer and would otherwise have come to us directly? Is this new market share, or would the customers have come to our diagnostic center anyway but, because the franchise is {? next door ?} to them, they have gone there and provided the sample?

Path: In this case, our policy is based on the fact that times are changing quickly. People do not want to travel more than a few kilometers to get a test done. Therefore, wherever we open our centers, we do not provide franchises within a radius of 3-5 kilometers. Beyond 3-5 kilometers, we are still not getting customers because patients do not want to travel more than 3-4 kilometers. They want all the facilities within their vicinity.

The franchise captures business that we would otherwise not receive. We can obtain business within a radius of 5 kilometers for our main centers. This is why we are establishing franchises: to obtain business from areas beyond 5 kilometers. The work of our main centers is not disturbed by the franchises.

Akshay: Understood. Just one more question. Regarding the movement of samples, do they pay for it or provide the service? How does it work?

Path: Sorry, sir? Please repeat.

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Akshay: I am asking about the movement of samples from the sample collection center or franchise center to your laboratories. Who pays for it?

Path: The franchise owner generally transfers the samples to our main laboratory. If there is a hospital vehicle where we are receiving a large amount of work, we can use our employee. Otherwise, most of the time, the franchise owner brings the samples to our center, and we report online. There is no need to collect physical reports from our center. The franchise owner can print the reports from their own unit, and the patient receives the report online.

Akshay: Is it an employee of the franchise center who delivers the samples to us?

Path: There is generally a cutoff time. After collecting all the samples, the franchise owner transfers them to us. If there is an emergency, the sample is transferred immediately so that we can report it immediately. It depends on the type of samples that the franchise owner receives.

Akshay: My question is mainly about what happens when our scale reaches 1,000, 2,000, or 3,000 franchises, because logistics will then become a larger part of the operation. Will they handle the movement through their own employees?

Path: That responsibility belongs to the franchise owner. It belongs to the franchise owner. We do not have to invest in the logistics operation.

Akshay: Understood. Thank you, Mr. Path.

Path: Thank you, sir. Thank you.

Operator: Thank you. The next question is from the line of Gaurav from Abacus. Please go ahead.

Gaurav – Abacus: Hello, sir.

Path: Welcome, sir.

Gaurav – Abacus: I have a question related to the pharmacy business. I remember that at one point you mentioned that your pharmacy business used to serve as collection points for pathology or diagnostic services. Now that the business has been divested, will those locations still be available for collection?

Path: Yes. They are operating as franchises, essentially company-owned franchises. They are collecting samples and providing them to our diagnostic business. They will continue doing so in the future as well. We have a contract with the pharmacy business under which it will provide all diagnostic business to Chandan Healthcare Ltd. That arrangement is continuing.

Gaurav – Abacus: I also remember that at one point you said that Chandan Healthcare Ltd. would never enter the franchise business. Now that you have entered it, what changed, and how is your business model different from others?

Path: At that time, we had only comprehensive diagnostic centers. For the last 25 years, our main focus had been on comprehensive diagnostic centers. These centers were not present in large numbers. If you do not have a large number of laboratories, you cannot enter the franchise business.

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Now we have more than {? 160 ?} laboratories. We still have more than 75 laboratories, and in the next 3 years we will have more than 155 laboratories. That is the basic reason we are entering the franchise business.

At that time, our business model was different, but things are changing now. People have stopped traveling from more than 5 kilometers away. If we want to grow and increase the business of our centers, the only possibility is to obtain samples from distant areas as well. That is why we have adopted the franchise business.

Gaurav – Abacus: That explains it. Thank you.

Path: Thank you, sir. Thank you.

Operator: Thank you. Ladies and gentlemen, to ensure that management is able to address questions from all participants in the conference, please limit your questions to 2 per participant. The next question is from the line of Priyanshu Jain from Growth X Infinity. Please go ahead.

Operator: Mr. Jain, your line has been unmuted. Please go ahead with your question.

Operator: As there is no response, we will move on to the next question.

Priyanshu Jain – Growth X Infinity: Am I audible, sir? Yes.

Operator: Mr. Priyanshu, you may go ahead with your question.

Priyanshu Jain – Growth X Infinity: I have a question regarding the {? GynaeSeko ?} side. I want to understand the traction we are receiving, given our plans to set up a...

Path: We are receiving samples from their hospitals and clinics. We have already covered nearly 80% of the centers, and the remaining 20% will be covered in the next few months. Wherever they open a hospital or clinic, this is our association and exclusive partnership, and we will definitely establish our laboratory inside the hospital and conduct all the pathology work.

The arrangement is continuing very well and is increasing month by month. Last month, we crossed 1 crore 45 lakhs in a month. It is increasing month by month. We have a very good relationship with {? GynaeSeko ?}, and that relationship will continue for years to come.

Priyanshu Jain – Growth X Infinity: That is all from my side. I appreciate the numbers as well. All the best for the future.

Path: Sorry, sir? Sorry?

Operator: The next question is from the line of Vivek Gupta from Advent Consulting. Please go ahead.

Vivek Gupta – Advent Consulting: I have one follow-up question. Who owns the Chandan brand?

Path: What do you mean by ownership?

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Vivek Gupta – Advent Consulting: Which company owns the Chandan brand? Is it Chandan Healthcare Ltd., or is there another company in the group?

Path: Since 2003, I have been the founder of the Chandan Group. The Chandan name belongs to my father, Chandan Singh. We created this group by starting a diagnostic center in Lucknow. Since 2018, we have also started the hospital business. In between, we started the pharmacy business as well. I was the founder and promoter of this group and...

Vivek Gupta – Advent Consulting: You must have registered the brand?

Path: Sorry, sir?

Vivek Gupta – Advent Consulting: You must have registered the Chandan brand, such as Chandan Diagnostic or Chandan...

Path: The brand is registered in the name of Chandan Healthcare Ltd. Legally, Chandan Healthcare Ltd. is the owner.

Vivek Gupta – Advent Consulting: Chandan Healthcare Ltd. is the owner of the brand.

Path: Yes. I do not own the brand personally. The brand belongs to the company.

Vivek Gupta – Advent Consulting: That was all from my side. Thank you.

Path: Thank you, sir. Thank you, sir.

Operator: Thank you. The next question is from the line of Rohan Jain from Jain Bro & Investments. Please go ahead.

Rohan Jain – Jain Bro & Investments: Hello, am I audible?

Path: Yes, sir. Welcome, sir.

Rohan Jain – Jain Bro & Investments: I want to know the average revenue per franchise that you are anticipating at present.

Path: It ranges from 1 lakh to 6 lakhs. After 3 months of business, it ranges from 1 lakh to 6 lakhs at present. We started this business only 4 months ago, and it is increasing every day.

Whenever we enter into a contract with a franchise, the franchise owner provides us with an advance, starts renovating the shop, and starts the business within a month or so. We then begin doing the business. It is a new business, and every day we are adding 3-4 new franchises. The business is increasing as the days pass.

Rohan Jain – Jain Bro & Investments: How much does it contribute to PAT? If we receive 1 lakh in franchise revenue, how much does that contribute to PAT?

Path: In the case of franchises, we have an average margin of approximately 65%.

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Rohan Jain – Jain Bro & Investments: So we can expect a 65% PAT margin from the franchise business?

Path: Sorry, sir?

Rohan Jain – Jain Bro & Investments: No, you answered my question. I wanted to understand the margins because we are implementing the franchise model on a very large scale. Therefore, a very large proportion of our PAT could come from the franchise model if the margin is 65%.

Path: Yes.

Rohan Jain – Jain Bro & Investments: Thank you very much.

Path: Thank you. Thank you, sir.

Operator: Thank you. As there are no further questions from the participants, I would like to hand over the conference to Mr. Path for closing comments.

Path: Thank you, everyone, for joining the conference call of Chandan Healthcare Ltd. If you have any further queries, you can write to us at research@greenadvisors.com. Once again, thank you, everyone, for joining the conference.

Operator: Thank you, sir. On behalf of Green Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Path: Thank you, sir.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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