Dr Lal PathLabs

August 9, 2016

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- 400001

Subject: Disclosure of information under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015

Dear Sir/Madam,

Pursuant to Reg. 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations"), please find attached herewith Financial Results Conference Call Transcript of the Company for Q1 FY17.

We request you to please take the same on record.

Thanking You,

Yours Faithfully,

For Dr. Lal PathLabs Limited

Rajat Kalra
Company Secretary & Legal Head

Regd. Office: Dr. Lal PathLabs Ltd., Block E, Sector-18, Rohini, New Delhi - 110 085 +91-11-3024-4149, **Fax:** +91-11-2788-2134
Corporate Office: Dr. Lal PathLabs Ltd., 12th Floor, Tower B, SAS Tower, Medicity, Sector-38, Gurgaon - 122 001, Haryana +91-124-3016-500, **Fax:** +91-124-4234-468
E-mail: lalpathlabs@lalpathlabs.com, **Web:** www.lalpathlabs.com, **CIN No.:** L74899DL1995PLC065388

Dr Lal PathLabs Limited (LPL)

Q1 FY17 Results Conference Call Transcript

July 29, 2016

Call Duration	▪ 1 hour 23 mins
Management Speakers	▪ (Honorary.) Brig. Dr. Arvind Lal - Chairman and Managing Director of Dr Lal PathLabs Limited ▪ Dr. Om Prakash Manchanda - Whole-time Director and CEO of Dr Lal PathLabs Limited Mr. Dilip Bidani – CFO of Dr Lal PathLabs Limited
Participants who asked questions	▪ Pritesh Chheda - Lucky Investments ▪ Shweta Karia- Batlivala and Karani Securities ▪ Alok Dalal -CLSA ▪ Sangam Iyer -Subhkam ▪ Chiraj Talati from Kotak Securities ▪ Prashant Nair - Citi ▪ Dheeresh Pathak - Goldman Sachs ▪ Nitin Agarwal - IDFC Securities ▪ Neha Manpuria - JP Morgan ▪ Sameer Baisiwala -Morgan Stanley ▪ Aakash Manghani -BOI AXA Managers ▪ Piyush Goel- India Capital ▪ Vishal Shah -Allard Partners ▪ Atul Mehra - Motilal Oswal Securities

Siddharth Rangnekar: Good Evening, Ladies and Gentlemen. Welcome to Dr. Lal PathLabs Limited or LPL Q1FY'17 Conference Call for Investors and Analysts. The call has been hosted to discuss the Financial Performance and share Operating Highlights of the company with you. Joining us today are, Hony. Brig. Dr. Arvind Lal – Chairman and Managing Director of the company; Dr. Om Prakash Manchanda – Whole-time Director and CEO; Mr. Dilip Bidani – CFO, accompanied by Mr. Ved Goel – Vice President, Finance. We will commence the call with comments from the management team, following which we shall open the call for Q&A session, where the management will address any queries that you may have. I would like to highlight that some of the statements that may be made or discussed on today's call could be forward-looking in nature. The actual results may vary significantly from the forward-looking statements made. A detailed statement in this regard is available in LPL's Q1 FY17 Results Presentation which has been circulated earlier.

I would now like to invite Dr. Lal to commence by sharing his thoughts on the company. Over to you, sir.

Brig. Dr. Arvind Lal: Thank you, Siddharth. Good Evening, Ladies and Gentlemen and thank you very much for joining us on this call today. It gives me great satisfaction to witness the tremendous support and feedback that we are getting from the analyst and investor community.

Our continued momentum and overall success which was also seen in Q1 FY17 is the direct result of our passion and commitment to provide quality diagnostics services to a wider set of audience each and every day. We believe our strategy is working, but we are also aware that there is much more that we can do in this highly dynamic industry. We are constantly fine tuning our model to ensure that we can create a platform where scalability and profitability are simultaneously achieved.

Our investments towards our regional reference labs as well as the clinical labs are in line with our agenda to grow our brand and enhance the turnaround time for delivering results. Sustaining excellence remains our key motto. At all our facilities we have created a universe which today uses cutting edge technology for tests and generating results with high levels of accuracy. This has over the years become our USP and a distinctive factor on the basis of which our patients trust us. We believe this is our winning competitive edge. Going ahead, we are dedicated to fulfilling our business imperatives of maintaining our superior standards, strengthening of brand and growing our financial strength and flexibility

With that, I will request our CEO, Dr. Om Manchanda to take this call ahead. Thank you very much.

Dr. Om P. Manchanda: Thank you, Dr. Lal and to everyone joining us today, a warm welcome. I will cover with you some important aspects of our strategy and outlook before handing over to Dilip for the perspectives on the financial performance.

To read out some quick highlights, Q1 saw revenue growth of 18%. Our profit after tax showed improvement of 30% in the same period.

With syndicated studies estimating the total size of the diagnostic services industry to stand at around Rs. 60,000 cr by FY18, the sector continues to present a rich opportunity for established entities like Dr Lal PathLabs. We have been in the industry for over 6 decades now, with a nationwide presence and an immediately recognizable brand. The essential premise of our model is that a patient should get the confidence and assurance that he will get the benefit of the best in service delivery when he or she walks into a Dr Lal PathLabs outlet.

To give you a perspective, at present, organised diagnostic chains cover only 15% of the diagnostics market, with the rest getting addressed by a fragmented combination of individual and standalone centres and disparate hospital based chains. With the help of a hub-and-spoke arrangement our network covers the vast majority of the country's population with the help of 172 clinical laboratories, 1,559 Patient Service Centres and 4,967 Pick-up Points. The PuP's could be a neighbourhood clinic or a hospital that designates certain tests to our network. In addition we have tie-ins with corporates and government agencies so that employees can avail of our services conveniently.

There is a dedicated logistics team that is responsible for transferring samples to the assigned laboratory within a stipulated window. We provide our laboratories and franchisee partners with the basic consumables in order to hold ourselves at the high standard of service to our patient community.

In addition to growing the North India region where we have a strong presence we are additionally focusing on priority regions where we think time has come to drive an accelerated pace of expansion. As per a pragmatic approach we will seek to develop the East and Central India regions by establishing new Regional Reference Laboratories at Kolkata and Lucknow. Each will be a master facility that will specialize in high-end tests while providing the entire gamut of testing procedures and services that the brand has to offer. These centres will extend the reach of our capabilities further into the hinterland while allowing us to benefit from scale as we draw in samples from underserved areas. Our model is very scalable while our approach to expansion will stay disciplined as you will have witnessed throughout our corporate history. We have always believed that diagnostics can deliver growth in volumes and being cognizant of that we have aligned our costs to a competitive level. Working on a reagent rental model and an asset light approach we have kept the balance sheet lean while expanding nationally.

We are focused on the pathology segment within diagnostics, which typically accounts for majority of the diagnostics industry. Further those of you tracking this space will acknowledge that the urban centres are disproportionately well represented in terms of overall revenues in the pathology piece. The premise for growth of the diagnostics sector overall depends on the following broad trends;

- Preference for Evidence-Based Treatments
- Wider Prevalence of Life Style Diseases
- Preventive Diseases and Overall Wellness

With our unique approach anchored by a strong brand, an extensive network and panel of tests together with a team of qualified professionals I am certain that we will best the industry rates of growth.

As on organization we also take the experience and qualification profile of our team seriously and have continually sought out to employ and retain good talent. Similarly we have institutionalized this practice across the network and also undertaken to train our franchise partners to deliver best in class service and patient care. We believe that the patient must trust the brand for reliability of results, turnaround times, patient care and handling and fairness of charges. And I am certain with the steps that we have initiated that we will come out on top on each of these parameters. It should be no surprise therefore that we have a high component of walk-in patients who are drawn in.

One other important aspect that we track internally as a success measure is our technology orientation. Our network is full tech-enabled with every sample receiving its unique barcode and identification. This adds to the modularity of approach and we can seamlessly increase the processing of tests in our network. On the other hand we are continually screening for more advanced methods for delivering test results and to do so with greater accuracy. There is a constant dialogue with the supplier fraternity in terms of being able to increase efficiency of our model while making available quicker turnarounds to our patients. Just to update you on some statistics, as on June 30, 2016, we have a catalogue of 1,110 Test Panels, 1,934 Pathology Tests and 1,561 Radiology and Cardiology Tests.

As you would appreciate that spends on healthcare in India come substantially from private pockets. Investments into the industry similarly, also come primarily from the private sector. Diagnostics being vastly fragmented gives a platform for established and branded players to extend services further to the underserved population. With is scale, breadth of tests and quality of service a focused entity such as Dr Lal PathLabs are at the forefront of realizing this vision. Pathology services have emerged as the preferred line of diagnosis as duly borne out by the rising number of prescriptions seen for pathological tests. Within pathology it is the biochemistry based tests that have a large contribution.

Given the rising prevalence of lifestyle ailments such as diabetes, hypertension and cancer doctors are increasingly prescribing biochemistry tests for blood sugar, cholesterol and triglycerides, urea and creatinine to identify and help manage such diseases. In fact some studies show that sugar and lipid tests account for nearly 1/3rd of all biochemistry tests. Molecular diagnostics which is prescribed for cancer also shows up markedly in terms of contribution to the overall kinds of tests.

Another area of growth for diagnostic brands is the wellness and preventive health segment. These combined series of individual tests with the objective of specific screening of chronic ailments or to assess the overall health of the patient. Such packages are usually offered to corporates for their employees as well as to walk-in customers. Here again, the share of wellness and preventive diagnostics stands at 6-8% of the overall diagnostics market.

We have charted out a plan of action to further strengthen our network and brand and I will enlist the measures that we have taken in order to do that;

- Extension of network –which includes strengthening our presence in important regions like North India
- Geographic expansion –this will cover our capability creation in East and Central India, where we are commissioning our RRL's. In the South and West regions we will follow a cluster approach by putting up centres in the vicinity of the existing ones with a long-term view of putting a RRL
- Addition to number of available tests –we are continually augmenting the range of tests that our network can offer while updating to the latest standards and technologies available in the field. The objective being really to render a full-suite of tests to the patient, while increasing accuracy and reducing the turnaround times
- Management of hospital and clinical laboratories –we are looking at scaling up an offshoot model whereby we undertake management of laboratories which are functioning within a hospital. The initial response has been encouraging and we are looking at adding more such contracts going forward

For the coming year we are positioned very confidently to deliver a continued growth performance. Dilip will articulate the financial aspects of the strategy in a short while of course. We are invested in the diagnostics business through a very salient brand. I am happy to share that we are making visible progress in our strategic initiatives as outlined by me. These together with the reputation for trust, reliability and timeliness will drive us further into the future.

With that, I would like to request Dilip to take you through our Financial Updates. Thank you.

Dilip Bidani: Good evening and thank you for joining us on this call today. I shall focus my discussion today on financial performance for the quarter ended June 30 2016.

Please note our earnings presentation is also available on our website which is www.lalpathlabs.com as well as on the stock exchanges both BSE and NSE.

LPL has continued to showcase sector leading results, given the combination of the extensive reach and brand equity associated with Dr Lal Pathlabs. We have initiated the fiscal with a healthy set of numbers and we are optimistic of the outlook based on the trends visible to us. Our operating model, which most of you are now acquainted with, is robust and we are committed to capitalise on it in order to drive increase in topline and earnings.

During Q1 FY17, we reported a healthy 18% increase in revenues to Rs 2,228 million as compared to Rs 1,893 million in the same period last year. These numbers were realized following a combination of factors which include expansion in our presence across our key and emerging markets not only through our own labs & PSCs but also via extension of the business through managed clinics and hospitals. This is then complemented by our broad range of routine and esoteric tests. On the whole this has transpired into volume growth of 15% delivered in Q1FY17.

Moving on to operating profits; we registered a growth of 23% in EBITDA to stand at Rs 604 million as against Rs 492 million. I would like to point out that normalized EBITDA growth is 17.3% post exclusion of the ESOP charge in Q1FY16.

As an organization we undertake continual efforts to improve on key measures of operational excellence which involves implementing various cost initiatives on a sustainable basis. The increase in EBITDA is also attributable to our benefits we derive from the scale of our operations which serves as an advantage for the Company. This quarter however we are also seeing the impact from annual wage increases effected for the year along with increase in cost of consumption due to higher volume of lower margin business.

The PAT for Q1 FY17 enhanced 30% to Rs.402 million from Rs. 310 million in the previous year and reflecting the growth shown in the top line.

On the whole, Q1 provided a solid start to this year and we are committed to capturing broader industry trends in the sector by evaluating opportunities within each growth driver, be it penetration in various markets or expansion of tests catalogue. We are simultaneously progressing well on strengthening our back end facilities. I am happy to state that we are on track with work related to our new reference labs at Kolkata and Lucknow. Thus these efforts along with the many small and big initiatives to enhance operations will improve our profitability and ensure better ability to provide services to an extended patient base and deliver results in a more efficient manner. We are well equipped with the financial resources, expertise and capacity to execute as per our blueprint and thereby capture growth and eventually deliver returns.

With this, I would like to conclude our opening remarks and request the moderator to open the forum for Questions.

Moderator: Thank you. Ladies and Gentlemen, we will now begin with the Question-and-Answer Session. We have the first question from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Could you give us some flavor on the growth rates which have now come down to about 16-17% versus a fairly higher number, some quarters and years back? Second, if you could help us bisect the growth into NCR and non-NCR and your assessment on the NCR market?

Dr. Om P Manchanda: First part, if you look at our growth rates, last year we grew at 20% and year before that we grew at 18%. So for the last three years, our growth rates have been in similar range, so it has not come down unless you are talking about many years back, that time our base was very small. Buut our growth rates have been in the similar range of about 18% to 20% in the last two-three years.

Your second question is a good question, Since we started our our business from Delhi, so obviously the contribution from Delhi was always very high, but I am glad to share that our overall dependence on Delhi as a business is reducing with time. Today rest of India contributes to about 55% of the business as against at some point in time it used to be 90% and 80% and we are fully aware that since our Delhi business is very large, our growth rates right now are more or less in line/ slightly lower than all India growth but we are growing very fast in rest of India and rest of India geography being larger, we are fully protected even if there is a slight dip in the Delhi NCR.

Pritesh Chheda: Can you quantify the growth rate in your NCR?

Dr. Om P Manchanda: I must also qualify that quarter-to-quarter growth rates are not really representative for that region, because as you may be aware in some quarters sometimes inflation rates are very high, but however for the current quarter Delhi NCR has grown at about 13%, rest of India has grown about 22% giving us an average of 18%.

Pritesh Chheda: Over the last two-three years, has this 13% number kept on coming down if you look at from yearly basis and we forget quarterly?

Dr. Om P Manchanda: Not really, it hovers around 13-15% sometimes 16% , that is the way it has been. It is not very sharply fluctuating right now. But over a period of time, yes, it has come down, but for the last two to three years it has been between that 13% to 15%.

Moderator: Thank you. The next question is from the line of Shweta Karia from Batlivala and Karani Securities. Please go ahead.

Shweta Karia: My first question is can you give us a brief breakup geography wise revenue, North India vis-à-vis the other regions including the international one?

Dr. Om P Manchanda: We actually have decided right now to not to give geographical numbers on a quarterly basis as that is not the way we look at it. However, I think you would have seen our yearly numbers, North contributes nearly 70% of our turnover and followed by East and then South and West. So that is the way our numbers look like.

Shweta Karia: Another question is could you give us the list of main tests and their contribution if not quarterly, then maybe on a yearly basis?

Dr. Om P Manchanda: Our top-10 tests are very routine in nature; tests like Thyroid Profile, Vitamin D, CBC, Haemogram, Glucose and things like that and I may not have these exact numbers readily available in front of me, but a single test will not contribute more than 2 or 3% of the total portfolio. So, it is a very-very wide spread sort of contribution by each test, but in the top-10 list you will have test like Thyroid Profile, Vitamin D, Liver Function Test, Kidney Function Test, which very routine tests in nature.

Shweta Karia: Your CAPEX guidance for the coming two years?

Dilip Bidani: If you look at our CAPEX profile for the last couple of years, it is in the region of about Rs.30 crore a year and in addition we are investing in the two Regional Reference Labs at Kolkata and Lucknow, each of which other than land will be consuming about Rs.40-45 crore. So that is going to be over the next three years, because Lucknow construction work has not yet started, but Kolkata has already in full swing.

Moderator: Thank you. The next question is from the line of Alok Dalal from CLSA. Please go ahead.

Alok Dalal: Your volume growth in the quarter was 15%. What was the volume growth in 1Q'16 Vs 1Q'15, it would be in a similar range?

Dr. Om P Manchanda: I think so. Last year, on a yearly basis we grew more on volumes than on value because we had a Dengue outbreak in the second quarter that brought down the average. Volume growth last year last quarter also was 15%.

Alok Dalal: Sir, second question was the fees to Collections Center Rs.22 crore. Sir, how much is the revenue generated from this fees to Collection Center, in the sense how much do you pay the franchisees for them to generate that much sale?

Dilip Bidani: If you look at the fees to Collection Centers, we pay them revenue share of 20% to 30% depending on the location and region and what is the potential of the market and based on that this number is translated on an overall basis at about 9% to total revenue.

Alok Dalal: This trend has more or less remains intact over the last year or two years?

Dilip Bidani: It is largely intact; ranges from 9-10%.

Alok Dalal: What is the investment that a franchisee has to make if it wants to get on your panel and what is the breakeven time for a franchisee?

Dilip Bidani: If you look at the investment that is required for a franchisee, depending on the size of the unit and the kind of location it is in which city or town or tier of the town, it can be anywhere from Rs.3 -7 lakhs. Basically, if you look at the investment that he needs to make is in the small center, do up the interiors, invest in refrigerator, centrifuge phlebotomy chair, reception, computer, printer and so on. So that really sets up his shop so to say and then he is good to go. We do not monitor how much is the return for him, but it can be quite significant as a return on investment in certain locations.

Alok Dalal: Why would a franchisee consider Dr. Lal versus say another organized competitor, any thoughts on that?

Dr. Arvind Lal: In the service industry, it is you take a lot of time into putting into effect your actual model and we did this thing first, in fact, we are the first people in the world who brought in franchising in the healthcare. So nobody does it better than us, it is like asking a local mithai shop , why can you not become McDonald's?. So we have been doing this but the basis of our success in this collection center Franchising is because of our laser sharp focus on quality of the result and turnaround time to the patient.

Alok Dalal: Sir, when you set up these large Reference Labs, what is the breakeven time for those?

Dilip Bidani: So far we have only set up one national reference laboratory which has paid for itself several times in the last five years itself. However, having said that, that would not be the best way to evaluate the Reference Lab financials simply because Reference Lab is something which builds up the market in its radius of 300 to 400 Kms and it is not as if that Reference Lab is itself getting walk-ins or getting customers to come in at that lab. It is a complete ecosystem which we create by setting up these Regional Reference Labs and which drives business from across that entire region ranging from 300-400 Kms and that is the kind of the cluster approach which we believe can be anywhere with the new kind of investments and the kind of facility that we are setting up, it may take four to five years to recover the cost, but definitely it is something which we are looking at it for a longer-term rather than quick payback alone.

Alok Dalal: Now you are expanding into East and you are expanding into Central India. It is the same franchisee model that you will use. Given that reputation is the biggest risk that your company may face or your business may face, how do you ensure that as you expand now with this franchisee model that each franchisee maintains the standards that you are looking for?

Dr. Arvind Lal: That is what I tried to mention earlier also. So what we have done in say one geographical area say the North of India, Central India and by the way in East we have been there for over 20, 25-years, so that is not a new territory for us. So what we will do with the coming in up the Reference Labs, that nidus which was not there earlier where we could test everything, that is going to be created. So we are very upbeat on this that the market will take this as very-very big kind of commitment from us and we will be able to do much more justice not only to the East but to the Far East, Northeast, which has been neglected Eastern part of India, i.e. Bihar and also Eastern U.P. So that is what we feel.

Moderator: Thank you. The next question is from the line of Sangam Iyer from Subhkam. Please go ahead.

Sangam Iyer: Sir, when we look at the Reference Labs like Kolkata coming up in maybe a year’s time or so, how should one be looking at the overall growth for the company because we have the presence already there in East, so how much would be the incremental contribution that we are factoring in here?

Dr. Om P Manchanda: I think that is a very good question and very important to our strategy going forward. Our model is such that we have central lab doing the entire test menu. So when samples get collected at collection centers or pick up points, then they travel to nearest lab and nearest lab is in the same city which is doing routine test but for the high end test all samples have to come to central labs. Right now, we have only one central lab in Rohini that is servicing the entire country. This central lab in Delhi which we shifted to Rohini in 2010, we actually saw a huge spurt in growth in North of India. That is our experience, that by putting a good quality central lab, there is a kicker which we see on the top line. We already have a critical mass both in east and central region nearly about Rs.100 crore each and we believe that the moment we have a central lab there, it not only helps us to derisk from dependence on our Rohini Lab but we go closer to the market and we believe that we will be able to see a huge multiplier effect on top line in these regions, and our level of confidence is very high because it is backed by the success we have seen in Rohini Lab earlier.

Sangam Iyer: In a steady state for example say next year onwards when Kolkata comes on, and say for the next two to three years when we say we should be completely breaking even there, can Kolkata be another say Rs.500-600 crore kind of run rate potential there, how should one be looking at as an individual entity growing into?

Dr. Om P Manchanda: Yes, the only parallel I can draw to help you on that analysis is that if you look at our Delhi business in 2005 was about Rs.35 crore or so and last 10-years this number has grown 10x and lot of aggression has gone in marketing activities and of course building up the central lab. Kolkata today as a city has a similar number as what we had in Delhi. Even if you discount for the purchasing power being lower there, even if you discount for higher institutional business than what we have in Delhi, easily we believe that if not 10x, then atleast 5x this number could really grow to and we have also seen as the city grows bigger it has a huge positive rub-off on the entire region and entire Northeast, Odisha, even of course Bangladesh, all these markets will really get simulated and we do believe that we will have a kicker in our growth rates. Now, at this point in time, it is very difficult to put a number but definitely it will be much higher than what we are currently clocking.

Sangam Iyer: Just taking that one step ahead, in terms of releasing of your capacity at your Delhi facility, the main lab, how much of that would actually happen with this Regional facility coming in and is there an incremental sales initiative that we need to put in some other geographies within the Northern India which are untapped so far for us which could actually help us compensate for the shift in the capacity?

Dr. Om P Manchanda: For us the capacity is essentially the release of space. Otherwise, testing capacity is virtually free of fall, because a lot of these vendors they just come put machine on lease and rental basis. So space in fact it will help us because currently we are looking at much more space for Delhi. So I presume that whatever gets shifted to Kolkata, I do not need to hire additional space. So, I do not think that should be concern for anyone that how will that capacity be utilized.

Sangam Iyer: No, I meant that on an incremental opportunity perspective when we look at it, are there areas in the north which earlier because of the kind of not being the only centre which was doing all the testing, so limitations on that front now gets opened up because of your two regional centers coming up would open up opportunities in terms of catering to newer markets within the Northern India?

Dr. Om P Manchanda: I do not think so. Currently, I think we are catering to most of the geographies from here. So I do not think that will be an upside.

Sangam Iyer: You said that currently East and Central contributes Rs.100 crore each to your overall…?

Dr. Om P Manchanda: I have just given a ballpark figure.

Sangam Iyer: Of which Kolkata itself is around say Rs.35-40-odd crore approximately? So would there be not a cannibalization to the extent of Rs.100 crore at least in the first two years when you have the regional center there because it would not be contributing too much incrementally, is just a shifting of space from Delhi to Kolkata, from testing perspective it would not add too much in the initial stages?

Dr. Om P Manchanda: I think clearly we are right now looking at this as marketing investment. Both these cities Kolkata as well as Lucknow are big medical hubs. The moment you take high end testing closer to the market, we will become a preferred brand in that market. Today lot of business is actually traveling out of many other players. So I am not looking at these investments in the short-term from supply side, I am more looking at from a demand side and I do see immediately when the labs come on, demand should grow faster.

Moderator: Thank you. The next question is from the line of Chiraj Talati from Kotak. Please go ahead.

Chirag Talati: Just I wanted a couple of figures from you; what would be the absolute number of samples tested in Q1 FY 17 and also in Q1 '16?

Dilip Bidani: The number of Samples tested has gone up by 15%; Q1 FY15 is 6.19 million , Q1 FY 16 is 7.15 million

Moderator: Thank you. The next question is from the line of Prashant Nair from Citigroup. Please go ahead.

Prashant Nair: Just two or three questions: Firstly, what is a normal quarter in terms of no spike due to any particular outbreak this quarter or anything in the base last quarter, so is this a normalized growth 17% that we can look at?

Dr. Om P Manchanda: I think broadly it is that, only the one thing which you should keep in mind is that as we mentioned earlier that we do keep taking price increases in parts, so this time one part of our business in Delhi NCR we did take a price increase, so that was only for a short period, it is not for entire quarter, that maybe the only thing, otherwise it is a normal quarter.

Prashant Nair: Just following up on that, when you said you take a price increase for short periods, so how does that work – is it for a particular point in time after which it reverts back to the earlier pricing or do you end up being higher on pricing to some extent every year?

Dr. Om P Manchanda: Many years back we used to take for the entire country at one go. We realized that is not a good idea. So we have three layers of pricing – one layer is national price, second layer is local price, third layer is customer specific pricing. We take increases in phases. So first we will take for national sales price. Since we have 172 Labs, each lab will have a local sales price change. It tends to normalize the curve. So this time we have taken a price increase for national sales price and we will keep taking it as we go along every two to three months. As we had mentioned that annualized impact of due to price is about 2% in our growth rate that is what we will try and achieve going forward.

Prashant Nair: Dilip, can you give an update of what do you expect to spend this year and next on the CAPEX front?

Dilip Bidani: Prashant, as far as the CAPEX has been last few years, we have been spending around Rs.30-35 crore per year other than the Regional Reference Labs. So there is a similar trend in Q1 also there and that should continue and that will get topped up with Rs.40-45-50 crore worth of capex for Regional Reference Labs for each of them.

Prashant Nair: Over what timeframe would you spend this Rs.80-odd crore on the two Regional Reference Labs, would it be done by fiscal ’19?

Dr. Om P Manchanda: December ’18- Lucknow, September ’17 is Kolkata.

Moderator: Thank you. The next question is from the line of Dheeresh Pathak from Goldman Sachs. Please go ahead.

Dheeresh Pathak: Why can you not expedite the Lucknow, on a rented space and then you have your own facility to move with there, why does it take so long for you to establish being set up?

Dr. Om P Manchanda: First of all, life of a Reference Lab is very-very long, like the first lab we had lasted for almost 50-60-years and Rohini is also our own space. So we always believe that if we take something on rent, you always have a risk of losing it if the landlord tells you to go and then we will have to vacate it, and plus right now it is not an urgent thing for us to put up a central lab, because U.P. can easily be serviced from Delhi. So that is why we pasted that way, but otherwise it is not that we have missed opportunity by not having a central lab in U.P. right now.

Dheeresh Pathak: But earlier you were acknowledging the growth can be much higher from the current growth because samples are going to other players will come to you faster turnaround, better visibility, so you are not going to be in a rented space for long, it is a matter of a few years, maybe a year or two?

Dr. Om P Manchanda: To that extent, we already have a big lab in Kanpur through our joint venture. Kanpur Lab has a very good test menu per se. Though the space may not be very large, but we have the capability of doing that kind of test menu which may not be to the extent of Reference Lab, but we are not losing out by not having it as of now, and plus it also helps to put a large facility once you have taken a critical mass to a particular level. I think we are slightly short on that. So let us just see how it goes.

Dheeresh Pathak: This three-year time you are saying in Lucknow, it is the construction time is going to take three years?

Dilip Bidani: That is right, it is an entire building which we are constructing on a plot of land owned by us. So it will be a large construction, it is not a small shop that we are setting at, it is not a satellite lab.

Moderator: Thank you. The next question is from the line of Nitin Aggrawal from IDFC Securities. Please go ahead.

Nitin Aggrawal: On Kolkata, you mentioned that once the lab comes in, you will be able to do tests which are probably being done by others. So what is the dynamic in the market right now – are there other players who are doing these tests or there are these tests which the market tests sort of starved off, how does the Reference Lab change things for you there?

Dr. Arvind Lal: These tests which are very-very high-ended in nature currently, they are all coming to Delhi from Kolkata, because there is no facility in the whole of North, East and Eastern part of U.P. also, which can service such tests. Of course, we can have an argument that the logistics and the courier systems are so good that the flight time between Delhi and Kolkata is hardly 2:20 hrs or whatever, but the fact of the matter is you have to be very close to the patient and you have got to give him not only accuracy but the first turnaround time and not only piece on the cake, but the size of the cake also increases if you have your presence there and this is our experience, after setting up the Rohini Lab.

Nitin Aggrawal: So these tests right now none of the regional players are also looking to do these tests closer to the patients?

Dr. Arvind Lal: That is correct.

Nitin Aggrawal: Although you have been in Kolkata for a while, but are the dynamics in terms of the way of reference fees and all other packages which work in the industry very different in the North compared to the other parts of the country that you already are in?

Dr. Om P Manchanda: These prices are the same or lower. The problem is that in the high ended test for Cancer, for Endocrine Tests, Molecular Diagnostics, etc., the facility is only right now available in Delhi, and that is what we are doing.

Nitin Aggrawal: But as you mentioned bulk of your revenue really comes from the very normal tests, how much were different does it a lab which is doing high end tests closer to the patient really make a difference on the overall volumes per se?

Dr. Om P Manchanda: The way it works is that it is not either, or, both segments are very important and high end tests actually help you to build your brand on quality, accuracy and puts you on the cutting edge of Pathology; however, the moment you build your brand there and you are able to create value but you unlock that value by getting aggressive in the routine tests. So it is one segment helping the other. Also, it is not the patient for high end test is different for routine test, because the guy who is going to get tested for high end will always have routine tests also is a part of the prescription. I think it is a little matter of convenience we make these two segments separate, but it is a part of the same continuum.

Moderator: Thank you. The next question is from the line of Neha Manpuria from J.P. Morgan. Please go ahead.

Neha Manpuria: Like you mentioned that a lot of your tests are more routine tests. There is a sense that probably the unorganized part in the industry which is pretty large is discounting sharply on pricing for these routine tests. Is that a vie for the industry of organized players like us and therefore putting pressure on pricing, what are you seeing in the market particularly for the routine test?

Dr. Om P Manchanda: As a team we always have to keep that in mind, because we cannot take price increases very often, in any case its highly competitive because there are so many labs and we believe at some point in time customers are willing to pay premium but you should not get outpriced, but my experience is people are willing to pay premium as long as they have confidence and trust in the quality and these smaller players who are deeply discounting, their quality & variations are quite visible. The good news for people like us is that frequency of these testing is very high. So the opportunity for the patient to compare results from one lab versus other or the variation, the experience when they go to multiple visits to smaller labs, really helps us to demonstrate our quality. So while your point is right, we also have to keep our cost structure tight to see that we do not get out price.

Neha Manpuria: On the answer that you have mentioned, do we see opportunity to reduce our cost base as it operates today other than obviously operating leverage from high utilization of our Reference Labs?

Dr. Om P Manchanda: The cost base reduction is definitely can be achieved by franchising our collection center as much as possible. We need to make sure that we do not unnecessarily expand our Lab infrastructure, because at one level it helps us to grow but at the same time it is also adding to the overhead structure. So invariably our industry people normally tend to take pride in saying, "I have so many labs." So I am little careful on that aspect. So I need to put up a lab only if it is required to meet testing requirements. As far as the customer footfall or traffic is concerned, we should try and achieve that through collection center that too through franchisee network. That is how we are able to keep this model asset-light.

Neha Manpuria: The number we mentioned roughly 5,000 Collection Points, are those all franchisees or the Patient Service Center own, how is the 5,000 number split up?

Dr. Om P Manchanda: 5,000 are not collection points, they are actually Pick-up Points. So the difference between Pick-up Points and Collection is that in Collection Point, they are partners, they are representing brand, they have branded outlets, while Pick-up Points are actually like Hospitals and smaller labs, they outsource high-end test to us.

Neha Manpuria: So then the Patient Service Center essentially would be …

Dr. Om P Manchanda: Branded outlet, yes.

Moderator: Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

Sameer Baisiwala: I think you mentioned that the industry is growing at 15% to 17% and you yourself are growing ballpark in that range. So I am just wondering, should you not be gaining market share, what is really holding you back given the fact your proposition of a better quality, technology, etc.?

Dr. Om P Manchanda: I think it is a good question. Right now, our contribution from Delhi NCR is very high and Delhi NCR is definitely not growing as high as one would like, because our base is very large, but rest of India as I mentioned on the earlier question that growth rate is about 20 - 22%. As the contribution of rest of India grows, this growth rate really should move up.

Moderator: Thank you. The next question is from the line of Aakash Manghani from BOI AXA Managers. Please go ahead.

Aakash Manghani: I had a question on the pricing strategy. I was noticing that your pricing over the last 3-4-years would have moved at around 1-2% CAGR. What will be the differential in NCR and non-NCR currently in terms of pricing and what is the policy on pricing annually?

Dr. Om P Manchanda: In North India, we have very high walk-in component compared to other parts of India. Since we have built consumer-facing brands, our ability to take price increase is also little higher in North of India than in rest of India. So we tend to see that we stay competitive and try and gain market share in rest of India while in North of India we try and see that our customer service levels go up like home collections, give them experience of downloading of reports, on the app. So a lot of these service-related initiatives we take so that we are able to justify the premium that we command in North of India.

Aakash Manghani: Can you bifurcate the pricing in NCR and non-NCR, average realization per patient which is Rs 680 for your company as a whole. How much is the 70% of the business and for the remaining 30%?

Dr. Om P Manchanda: I am just rounding off this figure rather giving an exact figure; nearly Rs 900 in Delhi NCR and Rs 550-560 is rest of India. So again one caveat here that MRP in rest of India we have very large Institutional business, so it has average of net business as well.

Aakash Manghani: How would the non-NCR pricing would have moved in the last two to three years?

Dr. Om P Manchanda: Non-NCR I think on institutional segment, it is quite challenging to take the pricing up, while on the consumer-facing business it would have moved up the same 2-3%.

Aakash Manghani: On an overall basis, what is the proportion of sales that come from the Institutional segment?

Dr. Om P Manchanda: About 40% of our business is institutional.

Aakash Manghani: What is the pricing per patient of a sample you make over there on Institutional business?

Dr. Om P Manchanda: I think we can take it offline; I do not have readily available here.

Aakash Manghani: Once your Kolkata Regional Center comes up, what is the sort of cannibalization you see over there? I am pretty sure lot of your high-end tests are coming from there to the Delhi Lab. So once that comes up, business from here will move over there, right. So is any ballpark number that you can tell me based on current business?

Dr. Om P Manchanda: In terms of value, it is about 20%, but I do not think that is the way we look at it. Lot of questions are coming around the high-end tests. Let me clarify that, these high-end tests are not bio-chemistry or hematology; these high-end tests are like Molecular Diagnostics, histopathology, Cytogenetics. The major advantage of these tests being done closer to market is the confidence in the brand. This confidence is in the brand and we are not talking about patients directly, we are talking about top notch doctors in that region, because they are key opinion leaders and interaction of those top notch doctors with our labs really improves if you are sitting in their own markets. So the touch with the market just goes up and it has a huge rub-off on samples being sent to us. So I personally believe and this is what we have seen, the moment you become the large player in that region you become talk of the town. Virtually in ever medical conference you get discussed, people talk about Dr. Lal PathLabs coming with a huge lab in East and that is what helps you to drive your growth. I believe the growth should be at least 2x of what we are doing today.

Aakash Manghani: I notice in your opening remarks you sounded very optimistic on the expansion of Hospital-based and Clinical Labs. Could you just elaborate on what sort of opportunity is over there and what is the business model over there?

Dr. Om P Manchanda: As per CRISIL report, roughly half of the Pathology market is inside the hospitals. As you know, every hospital has a routine lab. So far we have been only tapping that part of the business which is being outsourced to Reference Labs. We have realized that with our scale, size and the productivity that we have experienced, if we go to these hospitals and say that we will manage your labs operationally and we are able to have a situation where we are able to protect their margins and also still take out some margins for ourselves, may not be to the extent that we make outside business but you get a very large captive business. So it is a little bit of high volume, low margin business but the market is large. We have had experience with about 18-20 such labs. So it is fairly a good business if we are able to execute some of the business development work. So the reason for my optimism is because the market is large, we have had some traction in the past. So we are going to focus more and more on this. Let us see how it works.

Aakash Manghani: There is no CAPEX that you would incur? You will just take on the existing set up and it will be sort of white label sort of a business, right, it will not be branded as Dr. Lal?

Dr. Om P Manchanda: That is a good question actually. Most people are now wanting Dr. Lal brand name to be there, because it really helps them to drive traffic to the hospital. So we are seeing a model where there is a co-branding between hospital and Dr. Lal PathLabs.

Aakash Manghani: So the current 18-20 Labs you are doing is branded as Dr. Lal within the hospital?

Dr. Om P Manchanda: They are co-branded and the reports are only available within the hospital, they do not move out of the hospitals.

Aakash Manghani: When you say high volume, low margin, what sort of margins are we talking about – low 20s?

Dr. Om P Manchanda: Our portfolio margin is about 26-27%, this margin would be about 18-20%.

Aakash Manghani: No CAPEX sort of involved from your end materially I am assuming?

Dr. Om P Manchanda: Materially, there is no CAPEX because what we do is we take over existing machines. If there is a need to replace these machines these vendors in any case are willing to put up free of cost.

Aakash Manghani: How big can this business be for you in terms of if you were to put a ballpark revenue number to the next 3-4-years?

Dr. Om P Manchanda: It is little early. Right now, I would not put a figure as of today but market is large, but it is not easy to tap it either I must qualify that because most hospitals by nature they are not used to outsourcing their business, so it is lot of business development work and also getting that business is not always commercial, because you have to really work on doctors who normally tend to prefer their own labs. So it is a large market but not very easy to realize, otherwise many players would have gone in there. So it is early stage right now for us to put a figure but we will definitely try and see if we can make some business out of it.

Moderator: Thank you. The next question is from the line of Piyush Goel from India Capital. Please go ahead.

Piyush Goel: My question is on the clinical side. My understanding is that these large three-four organized players use the same kind of reagents and machines from the same manufacturers. So is it possible that for a same blood sample collected on the same day and sent to two different players, say one to Dr. Lal and one to somebody else, is it possible that the clinical outcome of the test is different and if yes, then why could that happen?

Dr. Arvind Lal: It is possible, I often give this example to my entire force, that there is a Jumbo Jet Boeing 747, this is flown by Ariana Airways. It is flown by Bangladesh Viman, it is flown also by Air India and there is also flown by United, Continental, Virgin, etc., So if you were given a free ticket, which airline would you fly by, mind you, they all have the same aircraft, the same airlines turbine fuel. So you would probably not fly Ariana or Bangladesh Viman or Pakistan International. You would probably fly European, Continental or Virgin, etc., The reason is that not only do they have the equipment, they make sure that the equipment is running to its best peak form at all times meaning which that they l oil & grease it well, the maintenance is done properly and the person who is behind the wheels that is the pathologists or the people who are running that show, they are absolutely qualified and last but not the least the lab is highly accredited. We are the people who brought in accreditation or quality standards in India in the whole of medicine, not only in Pathology, we are the first people. So we understand this game very well. It is not that we do different things, but we do things differently. So that is all I can say.

Piyush Goel: What percentage of your business comes from wellness and is that business growing faster than the rest of the business and if so by what percentage?

Dr. Om P Manchanda: Actually if you ask me, it is for any lab it is very-very difficult to classify that this test is done for wellness or this test is done for illness, because even in wellness also all the tests are routine in nature. So the only way I can think of is that every quarter we run certain camp activities, we call them preventive health checkups. So that does not mean the sale coming out of the preventive health sector, this is only wellness testing, because every time also it is happening that way. So I think that number is about Rs.30-40 crore.

Dr. Arvind Lal: Also, I can add, Piyush, that the incidence of non-communicable diseases or lifestyle diseases which are killing 60% of our countrymen, they are headed by these ordinary kind of diseases like diabetes, high blood pressure, coronary artery disease or cardiac disease and cancer. Cancer is not an ordinary disease by the way and many more of course, I am just telling you the top four. The problem in India is that it is not that the people have not heard about these diseases, they are not coming upfront to get themselves tested, for example, a man who is having cardiac diseases he thinks that only the guy next to him will have cardiac problems and he will never have.

So he does not go for these kinds of lipid test or blood sugar test, etc., So the real problem is the awareness in India will increase. Right now, most of the people are coming to us in illness. So if they come in wellness and they come say for one test in a year, etc., and everything is normal, they are cleared for the next one year, whereas people in India tend to come only when they are on their last leg, they have had chest pain, they go to the doctor, doctor says, "Oh My God!, You have got one artery or two arteries blocked. Now you go back." Then the whole gamut of testing starts. So that is going to change in India.

Moderator: Thank you. The next question is from the line of Vishal Shah from Allard Partners. Please go ahead.

Vishal Shah: First question is how different is the profitability margins for the business which comes from your own labs versus collection centers versus the pick-up points?

Dilip Bidani: Very interesting question. If you look at the profitability, you will look at right from the top line right up down to the bottom line. If you have our own outlets, your realization is maximum, because you are getting the maximum realization as well, because they are walk-in customers. The moment you go for a franchisee, realization starts reducing, because you do a revenue share. A pickup point would have even lower realization because that is more of a B2B business. However, having said that, with the higher realization comes higher cost of infrastructure as well. So net-net, own outlets have high realization, higher cost and therefore an X level of margins. Net-net we have seen that broadly give or take a bit, they all become more or less at the similar level. But each has to be looked at as complementing the entire business and therefore you cannot do one without the other. Therefore, what we look at is growing all these segments simultaneously rather than one at the cost of the other.

Vishal Shah: In terms of sourcing of business like how is the contribution differ between the business which is sourced from own labs versus the collection centers and Pick-up Points?

Dr. Om P Manchanda: Technically, there are only two ways to get business – either the customer walks into our stores or we go and pick up samples of somebody else facility. Customer walking into our store can walk into these two kinds of stores – one is either our own or it is franchisee. Then this testing versus collection is a supply side qualification. From the front end side, they serve the same purpose as any lab also.

Vishal Shah: One-third is pick-up points but the walk-in customers which come through collection centers versus own labs, what is the breakup between that?

Dr. Om P Manchanda: We do not have exact capability of tracking our collection center sale, is it fully walk-in or not, I think maybe next couple of years as we are automating registration process, we will have this data much more clearly, but our guesstimate is roughly 60% of our business is walk-in business which is combined between collection and our own. So 40% is our own labs and balance 20% would be collection center and rest will be all Pick-up Points.

Vishal Shah: Just to clarify the business which you get from collection centers, it is recognized as a gross basis and then you pay out the fee, but the business from the Pick-up Points are the institutional, it is recognized on a net basis itself?

Dilip Bidani: That is correct.

Vishal Shah: How many Pathologists are there within the organization and how are they paid – are they on our roll full time or they are paid up fee?

Dr. Om P Manchanda: They are on our roll full time and about 200 Pathologists.

Moderator: Thank you. The next question is from the line of Shweta Karia from Batliwala & Karani Securities. Please go ahead.

Shweta Karia: Which are the main and famous standalone centers which Dr. Lal competes within the Delhi NCR region like you have Dr. Dangs Pathology, so could you just name a few?

Dr. Arvind Lal: The lab which you are mentioning, they are just one single standalone lab and we run 20 labs in Delhi and 250 collection centers. So there is actually no contest. It is very insignificant for us.

Moderator: Thank you. The next question is from the line of Chiraj Talati from Kotak. Please go ahead.

Chiraj Talati: What would be the percentage of revenues from corporate customer this quarter? Has it grown in the past three quarters??

Dilip Bidani: It is about 12-13% contribution and has grown marginally.

Chiraj Talati: The reason I am asking is when I look at the number of samples per patient it seems to have gone down QoQ and has remained flat on YoY basis as well. So I was just wondering if the corporate customers are increasing, they should also naturally follow that?

Dr. Om P Manchanda: Actually, we have seen that this number of samples per patient move extremely slowly; I think the average is about 2.1. It is fairly stable for the last couple of years, is what I have seen. It tends to go up when you launch aggressively these health check-ups because there you will do 50 tests in one-go for a one patient. But your contribution from prescriptive portfolio, these always very standard, because you will always have a lower number of test per patient because it is done on prescription.

Dr. Arvind Lal: Exactly what I was trying to explain earlier that people are coming to us more in illness, they report less number of tests, if they came in wellness then that wellness packages would take off which is what we are trying to do and those stave off people coming in the end stage, you will be shocked to hear that 70% of the renal failures who come to us for dialysis, etc., for those tests, they have all been diabetics. So had they checked the diabetiies or had they been called for blood sugar much earlier, and been able to control it aggressively they would not have landed up in this fashion. So that is exactly what you are saying that more and more Indians are coming only for small number of tests because they come in the end stage.

Dr. Om P Manchanda: Chiraj, this is also a need-based testing. While that wellness kind of testing is really pushed very hard and you are not sure about sustainability of that kind of test, here it is a pattern which is reflecting the disease pattern in the society.

Chiraj Talati: I have got this broader medium to longer term question, do you have a set percentage in mind where you would like to kind of cap or where you would want to have your wellness revenues as a percentage of overall sales because it would also be margin-dilutive to overall performance I guess?

Dr. Om P Manchanda: We are not looking at that. I think I use that particular opportunity to really broad-base our customer base so that the wellness advantage is that your customer base becomes much bigger and we have also seen that large number of corporates coming in and you will get corporate business more through wellness. But since our number of patients is so large this ratio will move. So one change that we are doing is slightly of structural change where we are creating corporate business teams just focus on corporate business. I do not have any number which says that "Okay, I will target this much of business from wellness or corporate." But we want to get aggressive in this segment as of now.

Brig. Dr. Arvind Lal: Secondly, when Health Insurance really kicks in, right now as you know Health Insurance is only paid for IPD patient, not OPD. So once this segment is opened up, they will get many more tests for finding out what they are having and rather not coming last stage where they have got everything.

Moderator: Thank you. The next question is from the line of Atul Mehra from Motilal Oswal Securities. Please go ahead.

Atul Mehra: Sir, in terms of understanding the model, what I tend to believe is you would have at any given point in time spare capacity where you can accommodate many more tests on a given day, etc., So if there is a case that so you could perhaps build a plan where a family can have comprehensive tests across various categories so that they do not come in at the last stage and you could really package this well and use your excess capacity because it is nothing to you perhaps in terms of incremental cost. So do you think there is an opportunity of this sort where you could perhaps bring in something really differentiated to the market and obviously helpful to the consumers as well?

Dr. Om P Manchanda: Yes, I agree with you, because incremental cost of doing these tests is very low, because you are loading the same tube, instead of doing two, you can do five tests, incremental cost will be low but realization will be higher. That is where this whole wellness and preventive health checkup does help. But it is very important that at the same time we must know that patients are not that educated to really interpret these reports. In our business the demand cycle is it is a three-way process, there is interaction parallel going on with the doctor as well. Last thing you want is your patient to feel that something has been pushed to him or her which was actually not required. So it has to be done in a manner where you are trying to solve a problem, because patient to our premises is coming to find a solution to the problem rather than being told that get these three-four tests done. We need to be a little careful on that. Lot of questions are coming related to capacity whether it is underutilized or over-utilized or we have constraints. So I just want to tell everyone that we have a very large part of our portfolio which is highly automated. Capacity buying or putting additional capacity is not an issue in that because we just have to put one more machine, the capacity moves up very fast. There are only two or three departments where manual component is very high than technical component like Histopathology or Cytogenetics or Genetics where capacity is not in terms of space, it is actually in terms of more manpower that we require and that percentage of our portfolio would be about 10-15%. 85% of our business is such if required, we can increase the capacity immediately, all we have to do is just dial vendor and say that you put ten more machines or five more machines, they will put up.

Brig. Dr. Arvind Lal: Instead of ten machines, put one big one which has the throughput.

Atul Mehra: So do we intend to do some of these because I also look at this perhaps maybe from it is being a pure B2C business so in lot other businesses that we look at there is obviously some level of royalty program and I am sure there is a different kind of business but where I am coming at is the level of engagement that you could tend to have with the customer at a very early age and that could really flow so whenever there is any kind of issue that you would face, then obviously he would come to you the second time as well. So it is perhaps a way of recruiting new customers for you. So would you tend to look at something like this?

Dr. Om P Manchanda: Absolutely, I think that is a great point you are making. We are looking at our model moving from transaction to engagement model. The engagement model for us if you are thinking of loyalty points and giving discounts, that is not the way we look at it. We are looking at value added services to patients like he or she can get all the previous visit reports on the app and any time doctor wants to talk to our customer care or doctor has any clarification, home collection, those kind of services we are giving so that we stay engaged with the patient. As Dr. Lal mentioned lifestyle diseases incidence going up, so there are patients who really want to monitor their progress of disease. So we are able to probably put together collation of reports where on multiple visits see how the readings are moving and those kind of services and that is where the loyalty will build and we are all really seeing benefits of some of these services.

Dr. Arvind Lal: The patient or the individual has to become gradually more responsible for his own health. Right now everything is put on the shoulders of the doctor, asks doctor, "What happened?." All the angst is taken against the doctor. So India's wellness concept has to change. Every day we are talking about GST, etc., If the lifestyle diseases could be arrested, India would have another 2% extra GDP because of these diseases being conquered. We are not saying, never being conquered, but to curtail them. So we are just one end one bit of the whole supply chain that without finding out what your reading say blood sugar or cholesterol, HDL, etc., are or liver function test or kidney function test, no doctor can tell you what is wrong and 70% of all clinical decisions are based on Pathology tests.

Moderator: Thank you. Ladies and Gentlemen, that was the last question and we will now close question queue. I would like to hand the floor back to the management for closing comments. Please go ahead.

Dr. Om P Manchanda: Thank you to all of you for being present with us for the duration of this call. Should you have any further queries, you may get in touch with us and we would be glad to address them. Thank you once again.

Moderator: Thank you. Ladies and Gentlemen, on behalf of Dr. Lal PathLabs that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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