February 17, 2020

National Stock Exchange of India Limited
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Mumbai – 400 051.

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Subject: Financial Results Conference Call Transcript for Q3 & 9M FY20

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Financial Results Conference Call Transcript of the Company for Q3 & 9M FY20.

We request you to please take the same on record.

Thanking You,

Yours Faithfully,

For **Dr. Lal PathLabs Limited**

Dr. Lal PathLabs Limited

Rajat Kalra
Company Secretary and Legal Head

Encl: As above

Dr. Lal PathLabs
Q3 & 9M FY20 Results Conference Call
February 03, 2020

Call Duration	1 hour 16 minutes
Management Speakers	▪ (Hony) Brig. Dr. Arvind Lal – Chairman & Managing Director ▪ Dr. Om Prakash Manchanda - Whole-time Director and CEO ▪ Mr. Ved Prakash Goel – Chief Financial Officer ▪ Mr. Bharath Uppiliappan - Chief Executive Officer (India Business) ▪ Mr. Rajat Kalra - Company Secretary & Head of Investor Relations
Participants who asked questions	▪ Chandramouli from Goldman Sachs ▪ Shaleen Kumar from UBS ▪ Ashish Thakar from MOSL ▪ Abhishek Sharma from IIFL ▪ Chirag Dagli from HDFC AMC ▪ Anmol Ganjoo from JM Financials ▪ Nikhil Mathur from Ambit Capital ▪ Krishna Prasad from Franklin Templeton ▪ Sameer Baisiwala from Morgan Stanley ▪ Rakhi Prasad from Alder Capital ▪ Tushar Manudhane from MOSL ▪ Nitin Agarwal from IDFC Securities ▪ Surajit Pal from Prabhudas Lilladher ▪ Sriraam Rathi from ICICI Securities ▪ Keshav Lahoti from Angel Broking ▪ Aditya Sunil Joshi, an Individual Investor ▪ Raghav Mathur, an Individual Investor

Moderator: Ladies and gentlemen, good day and welcome to Dr. Lal PathLabs' Q3 & 9M FY20 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Siddharth Rangnekar from CDR India. Thank you and over to you, sir.

Siddharth Rangnekar: Thank you. Good afternoon, everyone and welcome to Dr. Lal PathLabs' Q3 & 9M FY20 Earnings Conference Call. Joining us today are senior members of the management team, including Hony. Brig. Dr. Arvind Lal - Chairman and Managing Director, Dr. Om Prakash Manchanda - Whole Time Director and CEO and Mr. Ved Prakash Goel - CFO. We also have with us Mr. Bharath - CEO, India business and Mr. Rajat Kalra, Company Secretary and Head of Investor Relations.

Before we commence the call, I would like to underline that some of the statements made on the call today could be forward-looking in nature and actual results may vary from these forward-looking statements. A detailed disclosure in this regard is available in the 'Results Presentation', which has been circulated to you earlier.

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

Dr. Arvind Lal: Good afternoon and thank you to everyone who has joined us on this call today. Before I share my views on the performance of the Company and the road ahead, I would like to inform you that, as a first step in moving towards, the SEBI-directive, even though it has got postponed for another two years of splitting the position of Managing Director and Chairman, the Board of Directors at the meeting held today, have agreed to appoint Dr. Om Prakash Manchanda as the Managing Director of the Company, starting 1st April, 2020. I will continue to serve the Company in my role as Executive Chairman of the Company. Mr. Bharath U who is our CEO, India business will now take over the CEO responsibilities from Dr. Om w.e.f. 1st April 2020. Please join me in congratulating both of them as they step into the new and diversified roles from the beginning of FY21.

Moving to the performance front, we continue to deliver another quarter of strong performance on the back of our well-diversified hub-and-spoke model and our undeterred commitment to drive quality in our service industry. These two have been the key pillars driving our growth in the last decade.

At the macro level, our country continues to remain underserved in terms of high quality, reliable diagnostics services whereas there is an abundance of laboratories all over. According to one estimate, there are more than 1 lakh diagnostic laboratories in the country. At Dr. Lal PathLabs, we continue to offer a high quality and consistent service experience for our customers. Having said that, we are also continuously working on further enhancing our quality and service delivery for our customers to provide an improved user experience every time they visit any of our centers. We continue to provide reliable and high quality diagnostic services to our customers at an affordable price while also widening our test menu and a geographical presence. Our higher patient volumes and sample growth is a testimony to this. As a leading national diagnostics services player, we have the benefit of experience, scale, certified infrastructure, operational and clinical best practices and an extensive test menu. While we aim to strengthen these parameters, we will look at intensifying presence of both key geographies where we are strong and play places where we are in the ramp up phase.

As the industry matures, we believe that an increasing number of patients shall shift to large organized national players like ourselves. Emerging trends like greater participation of insurance in healthcare, targeted public sector programs to fund healthcare in addition to greater emphasis on wellness and preventive procedures, will become more apparent in the coming years. With a pan-India footprint and backing of a very capable team, we aim to be at the forefront of such trends.

With that, I would like to hand over to Dr. Om to share his thoughts and updates on the operational performance.

Dr. Om P. Manchanda: Thank you, Dr. Lal. I am happy to announce another quarter of good performance for Dr. Lal PathLabs.

Our revenue for the quarter came in at Rs. 327.9 crore, an increase of 12.1% Y-o-Y basis. For the nine-months ended December 31, 2019, revenue stood at Rs.1,028.7 crore, showing an increase of 14% compared to the same period last year. We served 4.8 million patients in Q3 of this year, which is an increase of 11.3% compared to the previous year's Q3.

In the nine-months, we served 15 million patients, an increase of 13%. Our strategic focus is on building sample volumes. We have been driving this through expansion in our network through higher throughput in every PSC and lab and through our bundle test initiatives. We have a pan India presence, but we continue to strive to expand our reach and especially so in the geographies outside of Delhi NCR. A useful metric we track is contribution from rest of India business. During Q3, that came in at about 61.2%.

Also pertinent to note is that while we grow across India, we are strictly working on initiatives to build productivity, to keep our costs under control. The next leg of our growth will undoubtedly come from rest of India, and while that happens, it will be our endeavor to maintain our margins while growing from rest of India.

Also pertinent to note is that while North and East continue to be our main markets, but we are aggressively building presence in West and South. The approach continues to be that of acquiring smaller, local but trustworthy labs in order to strengthen reach and capability. The recent five acquisitions by us in the West is a step in that direction.

'Swasthfit', our bundled package test, continues to be popular with our patients and its contribution is now 15% of the total revenue for nine-months ended December 31, 2019. Given our sustained push, this segment continues to grow very well. Simultaneously, we are increasing our online presence in order to better leverage technology and offer greater convenience to the patients. This will be a key differentiator along with other factors that will separate us from the unorganized space. As a distinguished national brand, we have both opportunity as well as the responsibility to enhance the quality of healthcare diagnostics in our country. That is our mission, to be accessible widely and build relationship of trust with the patient and the larger medical community at large. The growth objectives of the company remain aligned with this view.

With that, I conclude my opening comments and would request Ved to give an update on the financial performance.

Ved Prakash Goel: Thank you, Dr. Om, and very good afternoon to everyone present on this call today. I will now share with you some of the important financial highlights.

Revenue for Q3 FY20 is at Rs. 327.9 crore as compared to Rs. 292.5 crore in the same quarter of last year, a growth of 12.1%. Realization per patient for Q3 FY20 is slightly higher at Rs. 688 as against Rs. 683 for Q3 FY19. Normalized EBITDA after eliminating the impact of stock-based compensation, CSR expense and impact of IND AS 116 in Q3 FY20 stood at Rs. 80.1 crore as compared to Rs. 70.6 crore reported in Q3 FY19, a growth of 13.5%. PBT for Q3 FY20 is at Rs. 73.4 crore as against Rs. 67.9 crore in Q3 FY19, a growth of 8.1%. PAT for Q3 FY20 is at Rs. 54.9 crore as against Rs. 46.1 crore in Q3 FY19, a growth of 19.1%. Cash, FDs and investment in mutual fund as at the end of Q3 FY20 is at Rs. 775 crore. Basic EPS for Q3 FY20 is Rs. 6.56 per share versus Rs. 5.56 per share in the same quarter of last year, a growth of 18%.

Further, I would like to share that the Company's wholly-owned subsidiary, PathLabs Unifiers Private Limited has acquired 100% stake of Shree Computerised Pathology Lab in Yavatmal and two labs in Sangli, namely Modern Diagnostics and Modern Lab. This acquisition would help us further strengthen our presence in Maharashtra.

That brings me to the conclusion of my opening remarks and I would now request the moderator to open the forum for question-and-answer. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Chandramouli from Goldman Sachs.

Chandramouli: My question is just on the growth for this quarter. Revenue growth came in at 12% and the 9M growth at 14%. So, following these numbers, are we comfortable that we will hit our 14-15% revenue growth outlook for the full year?

Dr. Om P. Manchanda: I think, this quarter our performance has been certainly below expectations. Primarily, we had a very severe winter coming in the month of December which impacted our North business. So, the winter months still continue. January also has seen the same sort of severity in terms of winter. It is a bit early for us to say that we will actually hold on to this number because, nine months of our growth has been 14%. So, I would not like to guide with exact figure right now, but we will strive to be there somewhere around that figure. But I think it is a little early for us because Jan just got over, we have Feb and March which are two very important months to go. So, it is very difficult to forecast, but our attempt will be still to hover around that figure.

Chandramouli: Second question is on the two acquisitions that you have announced in Maharashtra. Is there any additional color that you will be able to provide on size and business profile of these two assets?

Ved Prakash Goel: So we have announced the deal structure and details just now. These two labs are small, one has a turnover of about Rs. 1.6 crore and another is having about Rs. 1.8 crore. These are one in Sangli and one in Yavatmal which are both in Maharashtra.

Dr. Om P. Manchanda: So, I just want to add what Ved just mentioned. Our strategy essentially is to widen our footprint state-by-state. So, we have identified certain markets where we need to have a market entry. So, obviously, there are either two options, we go and open our own lab or maybe acquire existing smaller labs. So, we strategically thought these two towns are very important for widening our presence in Maharashtra and it is in that direction we have done these deals.

Chandramouli: Last question is on the competitive environment. So, I think three months back, we saw some announcements in the press that Reliance Life Sciences is looking to enter the diagnostics segment. So just related to this from your conversations with industry participants or suppliers, is there anything that you are picking up, are there any strategic actions that you are considering in light of this news?

Dr. Om P. Manchanda: Information with us is what you and I have picked up from media. On the ground level, we have only picked up one or two-odd markets where their teams have reached out to some labs. But beyond that, I do not think we have anything concrete to share because there is not much of action we have seen on ground right now.

Moderator: Thank you. The next question is from the line of Sriraam Rathi from ICICI Bank.

Sriraam Rathi: Firstly, these two acquisitions in the Maharashtra, for instance, West India, we are not that strong as of now and we are trying to expand out there. So like small-small acquisitions in tier-2, tier-3 towns, what is the thought process behind that because to make presence in a meaningful way I think probably you will need a bigger acquisition or something like that?

Dr. Om P. Manchanda: Those efforts will continue. As I mentioned in the earlier calls also that if you segment the market, there are three tiers we clearly see, one is of course large chains which are only a few, you can count them on fingers, about 4 or 5 of them, then there are regional players, which will be about 15 of them based in various cities, and then bottom of the pyramid which is a very large number of labs. While in the past, attempts actually have been to chase bigger ones, but a lot of discussions and very little action was happened. But bottom of the pyramid is where we said we will parallelly continue our efforts. So whichever comes first is a good thing to do. And our strategy actually has been just concentrate on a market and then go after that. So, West region has always been our priority because South and West are two areas where our presence is weaker, we want to enhance that. But having done these smaller acquisitions does not mean we do not want to focus on the big ones as well. So, parallel efforts will continue.

Sriraam Rathi: What is the larger concern on big acquisition, is it valuation which is holding us back or there is something more to it?

Dr. Om P. Manchanda: My sense is that especially some three or four which you and I know are PE-funded players. So, I guess they have certain timeframes in their mind and the moment they come into the market for the process, that time they will open up for the deals.

Sriraam Rathi: Revenue growth has been quite steady like around mid-teens from the last two, three years what we see. Generally, this business is more of like with the revenue growth, some operating leverage does flow through. What we have been noticing is that EBITDA margins have also been largely stable. So, where are we spending this operating leverage money -- is it more on the marketing front or there is something else?

Dr. Om P. Manchanda: There are three broad cost lines for us: One is, of course, reagent side. We are not seeing much benefit on that side. Then there is the personnel cost. Again, we are not seeing much of benefit there. But then there are a lot of the other administrative costs which consist of rentals and miscellaneous costs. That is one which is helping us to maintain this. I think the big one has been the ratio between collection centers and labs because when you open a new lab, it really consumes lot of overheads. So we have actually been focusing on building franchisee infrastructure because that is very asset light, it does not consume much of OPEX, and it is most efficient way of expanding our network. So I think this ratio, lab to CC has also been improving with time. Third area is that we had invested in rest of India business. As rest of India grows faster, you tend to see more economies of scale benefit coming in. I think those are the areas that are helping us to maintain our margins.

Sriraam Rathi: So going forward, we should assume mostly that they will kind of remain stable to marginal improvement from here on?

Dr. Om P. Manchanda: So that is a clear attempt because we do recognize that Delhi NCR business will be under pressure and we do realize that we have to prepare our organization thinking clearly well, the growth is going to come from rest of India, we also do realize the rest of India growth is highly spread out, consumes a lot of OPEX. So, parallelly while we manage our top line, we also have to manage our overhead structure very well. So, so far we have been fairly successful; in the last two, three years, we have managed our margins. We hope to sustain the same thing going forward as well.

Moderator: Thank you. The next question is from the line of Shaleen Kumar from UBS.

Shaleen Kumar: Dr. Om, I have a question most related to your inorganic strategy. After quite some time, we have seen some bunch of acquisitions coming through. If you can share how has been your experience with the acquisition in terms of the integration and how you are able to leverage that one of the first labs to pass through more tests or the sales number, margin improvement, anything like that?

Dr. Om P. Manchanda: So, if you see these acquisitions, our clear strategy is we have created a holding company, which is PathLabs Unifiers, where all the acquisitions are done through that vehicle. And we are actually going market-by-market in terms of integration strategy, but our clear theme is to have entry into these markets, because these labs are too small, right now, we do not really focus on EBITDA as much as what we can do after acquiring. So, it is a footprint which we want to build in the region per se. That is the way we are looking at it.

Shaleen Kumar: But in terms of the integration to the wider system, that is what I'm more interested into, like it is a plug. So, you must be having now kind of a set of strategy or a playbook kind of thing that is how you are rolling up things into the overall system and increasing a bit of test offering, etc.

Dr. Om P. Manchanda: So clearly, we want to really expand the test menu as we acquire. Obviously, we want to offer market better services than what this market was getting, which includes improving test menu, better logistics and automation etc., all the stuff that we do in our own business, we actually bring it to that market.

Shaleen Kumar: Any kind of a valuation parameter in case you like to share that you are basically following, you do not want to cross certain benchmark while doing these inorganic acquisitions or you are looking at certain set of numbers?

Dr. Om P. Manchanda: It's actually very varying. So I do not know. In fact, our average trend has been between 2, 2.5 to 3x of revenue, but it depends case-to-case as to how it works out. Range has been between 2.5 to 3x of top line.

Shaleen Kumar: So that is where you are comfortable around?

Dr. Om P. Manchanda: It depends on the quality of assets, it depends on what the deal structure is.

Shaleen Kumar: Anything on the size, like, is there anything also in terms of management's mind like shall not cross that size or that is what they like to acquire in terms of one asset, is there any kind of a benchmark over there?

Dr. Om P. Manchanda: So larger the size, better it is, it is given, because otherwise you have too many of these acquisitions, it can create a little bit of operational complexity. So fundamental principle is if you have a larger the size, better it is. But we cannot keep on endlessly waiting for those larger deals to happen. So we decided to actually enter into these markets where we are not present. But golden rule is bigger the size, better it is.

Shaleen Kumar: So going forward, as you rightly mentioned, a few of the PE guys may be looking to exit and if these diagnostic firms come up on block you may be actively participating?

Dr. Om P. Manchanda: Yes, but it has to be on our terms. We are not going to desperately chase these assets. As we have always said that cluster focus is very important. It is a difficult way to aggregate the market. We will still keep chasing our smaller assets as well. But the bigger ones have to come in the right terms, etc., So we do not want to show our desperation, just to chase at any cost.

Shaleen Kumar: Is there increased competition or is there like along with your competitor, are they also chasing the same manner you have faced while dealing with one or two assets or this is pretty much fragmented industry, so you do not compete for acquiring any sizable asset?

Dr. Om P. Manchanda: I think there is a rising competition, there is no doubt about that. If you analyze four or five players whose numbers are public and if you add it up, I do see a trend over a period of four years, or maybe 10, 12, 15-quarters, I do see that industry growth rate is a little soft. There was a time when industry growth rate was about 14%-odd. I have just looked at last three, four quarters data and estimated even this quarter as well. The industry growth has come down to close to 10%. If their expectation is around 15%-odd and industry is growing at 10%, so people are going to chase these assets for acquisitions. So, I do see that rising competition even in this inorganic space as well.

Moderator: Thank you. The next question is from the line of Keshav Lahoti from Angel Broking.

Keshav Lahoti: My question is can you please give me revenue growth bifurcation region wise? And how has been your realization during this quarter?

Dr. Om P. Manchanda: So on the region wise, we have in the past given split only for Delhi NCR and rest of India. So our rest of India growth has been fairly good; it grew at about 19.8%. We had a bit of a setback in Delhi NCR. As I mentioned that weather was not favorable in the month of December. So, our revenue growth for Delhi NCR has been around 2%.

Ved Goel: And revenue per patient on a company basis is Rs. 688 for the quarter.

Dr. Om P. Manchanda: Versus Rs. 683 last year.

Keshav Lahoti: Region wise, any impact was there, like any region doing good in realization?

Dr. Om P. Manchanda: So, broadly similar trends are going on, it is a little bit of competitive information, we just do not want to reveal the region wise split. But I think overall there is no imbalances that exist on the region wise growth that I see. But I think the key two splits are Delhi NCR and Rest of India. We had a challenging quarter in Delhi NCR this time.

Keshav Lahoti: When you said in the concall, the new competitor which is planning to enter in the market. The progress was seen only in one or two markets. Which market you are referring to?

Dr. Om P. Manchanda: This is something which has come through our informal channels. So I just want to be doubly sure before I share that which market it is. But it is a market which is probably even unlike of that. So that is why I am taking it with a bit of pinch of salt. So, I would like to say that I have not seen much of ground level action on that competition.

Keshav Lahoti: Can you please throw some color how is the Kolkata lab progressing, how are the samples moving, the increase in volume size?

Bharath Uppiliappan: The Kolkata lab continues to do really well, the volume growth is healthy, so, is the value growth. So, I think it is making good progress. And we continue to tag about 19 labs which are feeding into the Kolkata Reference Lab apart from serving city of Kolkata itself. It is a very good progress and we are happy with the movement there.

Dr. Om P. Manchanda: In fact this rest of India growth of 19.8% is reflective of East India as well.

Moderator: Thank you. The next question is from the line of Ashish Thakar from Motilal Oswal Asset Management.

Ashish Thakar: Anything on Corona virus, have you seen any inquiries? Or are people really coming upfront?

Dr. Om P. Manchanda: No, we have not seen any inquiry on this. And by the way, this is a public health issue. Whatever happens will be based on the guidance from Government authorities. So, we are actually not expected to do anything on this front.

Ashish Thakar: So even if a patient comes, then we would not have anything ready for him?

Dr. Om P. Manchanda: We will refer him to the Government authorities.

Ashish Thakar: The hospital players like Apollo, Max and Aster DM, they are getting into the retail pathology. So, would like to have some color on this from your side?

Dr. Om P. Manchanda: Yes, definitely, Max has been very active in Delhi NCR, while Apollo is not that much in northern part of India, but I am told that they are very active in south especially. They are following the same business model of hub-and-spoke, their hub happens to be hospital labs and spokes are these collection points.

My feedback from the system has been that their own business which is the patient base within the hospital is what they are right now catering to. But, clearly, at a smaller scale they may not have an issue, but we do believe that once the scale picks up, they may have a conflict in the hospital pricing versus retail pricing, because retail pricing is much lower than what they charge inside the hospital. So they will have to think it through. As we talk informally to their people, so they do realize that, that challenge exists. But so far I think these two hospital chains have come into the retail pathology. I also heard that Aster DM also has announced entry into retail pathology. Because hospital businesses are generally under pressure, so they are all looking at ways and means of improving their bottom line. So that is why they are looking at retail pathology as one of the ways to diversify.

Ashish Thakar: In your earlier comments, you had mentioned that 10% is the kind of industry growth you are looking at. So given this fact and the fact that we are having a huge scale here, can one model 13-15% volume growth for business of Dr. Lal?

Dr. Om P. Manchanda: Sorry, 10% industry growth is not what I am looking at. I just said that if I add up all the four, five players data together, that is a trend I have seen in the last sort of the three, four quarters. I am not sure that is a likely trend going forward. So I just stated the fact based on the data I have.

Ashish Thakar: But then, in that sense, how would you assess the patient volume growth given the kind of data points that we have available right now?

Dr. Om P. Manchanda: The important thing for a company like us, we have to widen our geographical footprint. So that is very clear. As a Company, we are good at driving business organically because that is what we have done in the past 15 - 20 years. So, for us, right now while we focus on North and East, we have to widen our footprint in South and West, because we know that some of these good brands if we are able to actually partner with, we should be able to drive consumer way of building the business and leverage whatever brand equity these brands may have. So, that is the thesis that we have for our growth going forward. At the same time, we also continue to look at segments of business, preventive health checkup is one of them, then we have also launched high-end business. I do not know, whether we mentioned last quarter or not, we have launched something called "Genevolve" a new brand for our genetics business. And that was launched about a few months back. It is very early for us to talk about this, but from a future perspective, it is a very important step in the right direction.

So, we will continue to segment our business and see that how we drive various segments. And that will be our basis for driving growth. At a very macro level, we believe in healthcare. Diagnostics will continue to grow because there are many opportunities, not only to diagnose, but also monitor the progress of a disease, also therapeutics to decide the line of treatment, in every which way diagnostics is going to play a big role. So I think as far as that is concerned, all factors are contributing to exciting opportunity going forward for us.

Moderator: Thank you. The next question is from the line of Dr. Abhishek Sharma of IIFL.

Dr. Abhishek Sharma: In your earlier response to one of the questions, you had said that Delhi NCR will continue to be under pressure. I just wanted some more color on it. What is driving this pressure, is it competitive intensity, is the market becoming saturated in terms of volumes, and how is it manifesting? Are you not getting your desired volumes or is there a pressure on price as well?

Dr. Om P. Manchanda: I think pressure, word I use in relative terms, because we believe our rest of India will grow faster than Delhi NCR. I think the primary reason for that has been our base is very high; nearly close to Rs. 500-odd crore businesses that comes from Delhi NCR from very small cluster. You cannot expect this market to deliver 15%-odd growth that we are actually getting from rest of India. So rest of India market is huge. So, in that sense, I was saying that expecting Delhi NCR to drive growth for a Company level is not a fair thing. So, we want to drive rest of India to manage our growth going forward. And primary reason for that is basically the base is very high, close to Rs. 500-odd crore, which is close to 40% of our business comes from Delhi NCR.

Dr. Abhishek Sharma: But given the fact that you are the dominant player in Delhi NCR, I presume that the market itself will not be growing or is it that you would still have the market leading growth in Delhi NCR, Is that presumption correct or?

Dr. Om P. Manchanda: Abhishek, you must see that this is a highly fragmented, supply side constraints are less, and in a big city like Delhi NCR, a lot of traffic is also moving into hospital base. So, there are a lot of these things that are also happening. So I would actually say that market growth rate in Delhi NCR should be in line with the market growth. So while 2% for last quarter has been an aberration because of weather, I think our average growth rate has been around 7% - 8%. Last quarter we grew at around 8%. So, I think I would like to say that we should strive to achieve a market growth rate in Delhi NCR. At overall India level, if the market is growing at 10%, my sense is a market like Delhi NCR may not be growing at that percentage because we have already pushed very high level of growth in the last eight to nine years or so. So if it grows more than that, it is most welcome. But I cannot base my business plan based on that. I have to make sure that my rest of India opportunity falls in place because that is a much larger of course market than Delhi NCR alone.

Abhishek Sharma: The 7% to 8% growth that you believe which Delhi can grow. This would be entirely volume or is there a price component to it?

Dr. Om P. Manchanda: It is a combination of both, but it would not be strictly price increase, but it could be a mix change also because we believe that some of these health check-ups tend to happen more in Delhi NCR. That may give you higher realization per patient which not necessarily maybe through higher price but maybe number of tests per patient being higher. Yes, that is primarily volume, I would say, yes, not just patient alone, but even number of tests per patient also.

Moderator: Thank you. The next question is from the line of Aditya Sunil Joshi, an individual investor.

Aditya Sunil Joshi: So, I just wanted to understand what is the market share that organized sector has got around from the unorganized sector in like past nine months, and of that gain, what has been the gain by our Company?

Dr. Om P. Manchanda: Actually there is no published data or market tracker which is available as you see in FMCG or in pharma space. So, many of these numbers that I will share with you are fair estimates that we have. So, if I look at data for all the top-four companies where numbers are in public domain, they are doing roughly about Rs. 1,000 crore to Rs. 1,100-odd crore per quarter. So let us say, if I annualize, it close to Rs. 4,500 crore is the total market in the hands of big four players. Rs. 30,000-odd crore is the size of pathology market. And so if I just look at this, 15% of the market is in the hands of organized players. And this does not include a lot of these city-based, regional chains, etc. My sense is the organized players control about 15-20% of the total market. Everything else is unorganized, a lot of these small, small players that we have been talking about. And that is the way it stacks up.

Aditya Sunil Joshi: Second thing is like in your 'Investor Presentation', you have mentioned that you are trying to decrease the turnaround time. Can you mention how are you planning to approach that?

Bharath Uppiliappan: We are able to manage turnaround time reductions through a lot of automation, bringing visibility in the entire transportation cycle and pre-planning a lot of stuff. So it is all about equipment and the digital initiatives behind it which is leading to turnaround times getting better.

Aditya Sunil Joshi: Regarding our cluster-based approach, if I understand correctly, the number of tests that we have to conduct at the upper level like the number of tests that we have to conduct at reference labs, I am guessing, fewer, but they will be more expensive, that is why we have just fewer reference labs than the clinic labs. So considering that, what is the percentage of tests that are served at each level like there are two reference labs, 200 clinical labs, 2.5K patients service centers and around 6,500 collection points?

Bharath Uppiliappan: We do not do any testing in our collection centers; they are only sample collection points. Satellite lab as we call it will do about nearly 400-odd tests. And our test menu in total is more than 4,500 including many panels. So, rest of the tests are conducted at our reference labs. The most commonly ones which are most popular are done in the satellite labs, all the others ones are done in the reference lab. That is not only expensive, but I think skill level is also more important to report out those tests.

Moderator: Thank you. The next question is from the line of Chirag Dagli from HDFC Asset Management.

Chirag Dagli: You talked about these bundled tests which is right now 15% of revenue. Where was this number two years back and is this largely NCR or which other regions are you seeing this come from?

Bharath Uppiliappan: We sell this bundled test pan-India, but it is not only restricted to Delhi NCR, but all over India, we sell through our B2C channels. We actually began this program two years back effectively. So, over a period of time, we have broadened this momentum to be nearly about 15% of our revenues.

Chirag Dagli: Do you see this number increase meaningfully from here on?

Bharath Uppiliappan: Our effort is to provide value-added services to our patients. Yes, we would like this to increase, but we also want rest of our portfolio also to increase.

Chirag Dagli: On a per sample basis, our pricing has been coming down for the last 10-odd quarters. What is happening over there, is there a mix element to this, if you can share any thoughts there?

Bharath Uppiliappan: So the realization per patient over the last two quarters have stabilized, however, over a period of time, what you are referring to has been a lot about mix changes between Delhi NCR and rest of India, also between the various channels we have been in walk-ins and the way we connect our business. So, it has lot to do with mix rather than any real price drop per se. There have been some price adjustments here and there on smaller tests, but on overall basis, because of the mix changes.

Chirag Dagli: Has this become stable now?

Bharath Uppiliappan: Yes, last two quarters have been stable.

Chirag Dagli: There is an element of the market which is serviced by hospitals today. Is there a part of that market that labs at least organized ones like yourself can address or do you think this 37%, which is currently with the hospitals will stay with them, probably increase?

Dr. Om P. Manchanda: Actually, directionally, one is seeing that hospital ROCEs are very poor. They always look at pathology as one business which they want to do it themselves. So naturally there is no tendency to outsource or give it to the outside players. In fact, if at all there is a pressure to actually in-source it. And we have seen many large hospitals widening their test menu and reduce dependence on private independent labs. So, I think that is a natural way of operation for them. And best case scenario would be they want to give hospitals to be managed by us, but they want to keep all the margins with them. So it is a very challenging business from that perspective. So, I do not think people like us should really eye hospital business in a big way, it is more a tactical way of growing the business, but opportunity wise I think the best is to operate in a private independent lab business.

Moderator: Thank you. The next question is from the line of Anmol Ganjoo from JM Financials.

Anmol Ganjoo: I just trying to understand, what led to the marginal softness in Delhi for the quarter, adverse weather, stronger winter, which part of the business does it actually impact, any color on that?

Dr. Om P. Manchanda: I think if I have to pick one single big factor for this disturbed number is weather. But there are of course general environment per se and overall situation.

Anmol Ganjoo: So would it be a fair extrapolation that 2% would also have the market growth for the quarter?

Dr. Om P. Manchanda: Market growth for the Delhi NCR business?

Anmol Ganjoo: Yes.

Dr. Om P. Manchanda: I really would not have any data point to substantiate this because we are the leaders here. So, if we are reflective of the market growth, so be it. But otherwise, I do not see anybody else in this market. SRL is another player, but they do not give region wise. So, it will be very difficult for me to say what the market growth is.

Anmol Ganjoo: My second question is that you rightly identify other engines of growth beyond Delhi NCR for the next level. But when you budget growth going forward, are you working with the stable market share in Delhi NCR as a consequence of some of these other factors that you alluded to, you are building either flattening or a decline in the market share?

Dr. Om P. Manchanda: No, as the quarter goes by, we are actually having a rolling growth. So, we tend to factor that in. But, our intent is of course to grow much higher than what it is. But I do not want to put myself into a situation when I budget a higher growth rate and not achieve that in Delhi NCR by knowing fully well that rest of

India market is very large, and there are lots of white spaces, and we are at an early stage of growth curve in many markets like Bihar, Jharkhand, Odisha or even in UP. We want to make sure that we continue to put efforts there. And if we get a better growth in Delhi NCR, that is a bonus to us. But as far as the planning is concerned, we tend to plan a little conservative here and more aggressive in the rest of India.

Anmol Ganjoo: Just trying to understand the market structures. So, would it be a fair assessment of your stance that places where you are the disruptor, you are finding it easier to garner growth as opposed to the home market where you are the incumbent and therefore whatever that number of 20%, 22% market share is, that is some kind of a ceiling beyond which even well-known players like?

Dr. Om P. Manchanda: I have understood your question. I think if I were to put it in the management jargon, this industry at a cluster level tends to follow a S-shape curve. So it takes quite a bit of time before we actually move into a trajectory of vertical growth. You go through that phase and then there comes a time when you start plateauing. So you have to find next trigger of growth after that. So it is much easier to grow in home markets till a point when you will find a next trigger for the growth. It is much easier organically to grow in contiguous markets. So it is very challenging to grow in the non-core markets than home markets.

Anmol Ganjoo: You spoke about your deals happening only if they happen at your own terms. Could you just define any kind of framework that you are working with in terms of EBITDA multiple, payback period, what would those terms be which would fit your financial framework?

Dr. Om P. Manchanda: No, I think the first is more than the financial numbers, we tend to study what is the profile of the business, whether it is more B2C or B2B because our radiology versus pathology split, and also whatever capital structure, which is being proposed on the table. So all that put together, we will decide this one. But since we have not had any large deal for me to share with you, but the smaller ones as I mentioned that we are basically operating within the revenue multiple of about 2, 2.5 or maybe max 3x.

Anmol Ganjoo: And that could change if you were to find a bigger asset, right?

Dr. Om P. Manchanda: Yes, because in some of the smaller assets overnight you would bring a lot of governance issues and cost structure just goes up. So, you may not have a relevant EBITDA multiple in place, but at least you have a revenue multiple in place. While for bigger assets, you may look at even other metrics in addition to revenue and EBITDA as well.

Moderator: Thank you. The next question is from the line of Nikhil Mathur from Ambit Capital.

Nikhil Mathur: So my first question is on employee expenses. Now the nine months trend indicates, that they will continue to grow disproportionately higher versus the sales. So, can you call out a couple of reasons why this trend continues to persist?

Dr. Om P. Manchanda: I think one big factor for this has been the provident fund because now it has been computed on the total cost, so that actually has led to this, I think primarily, this is the single biggest reason for this.

Nikhil Mathur: Sorry to questioning again on the Delhi aberration that you have recorded this quarter. I did not fully understand that what was the climate impact in this quarter, why harsh weather has impacted your volumes in the Delhi region this quarter?

Dr. Arvind Lal: The winter in Delhi for those people who do not live in Delhi, it was unprecedented. We have never had in the last few years minimum temperatures hovering around 2-3 degree Celsius for days together. Even today in Delhi, the minimum temperature in the morning was 8 degrees. So, this is not something, which is normal. People do not want to get out of the house. And sometimes the fog also really gets in, it is very depressing. So, the patient who would be wanting to come to you in bright sunshine, etc., would much rather stay in bed at home.

Dr. Om P. Manchanda: I think this is one of the big factors, could be others as well. So I think it just stands out that weather in December was particularly very cold because it has been the coldest December in last 100 years I believe, so that is how Delhi was in December.

Nikhil Mathur: So is there an element of discussion on your mix profile in Delhi, wherein if there are certain externalities, people can postpone or altogether not go for the tests that they usually would go for?

Dr. Om P. Manchanda: So, normally some of these NCDs they tend to drop out because these are not tests which are like so urgent. You can skip some of these tests, let us say, if I want to go for my sugar tests or my thyroid, all preventive and wellness kind of test by postponing it or not doing it is also not going to be that problematic. Unlike let us say, if you are having fever or admitted in the hospital, those are of course you cannot avoid it. But people tend to skip some of these tests. So, we have seen that trend in the past, but I think it is a little unusual this time. And I am not attributing entire fall of this business 2% only to weather. As I mentioned, our base is also very high. And it is very, very difficult to grow volumes in a very compact market. So, all factors put together, we had a difficult sort of Delhi NCR this year.

Nikhil Mathur: And a bit larger picture question here. So, is there an element of discussion in the overall, on a pan India basis on the test volumes given the economic slowdown? So do you think that people are postponing their preventive and wellness test and that is kind of dragging the growth at the overall level?

Dr. Om P. Manchanda: See my reading on overall sentiment is being weaker. It actually starts with people whether they go to doctor or not. Because ultimately diagnostic is definitely a fallout of a prescription, right? And even with prescription also how this entire interaction between patient and doctor goes, whether they write medicine, they write this whole thing, but that is at a very macro level. So, I am not sure whether one can actually start saying within one or two months to see these trends. But I think those kinds of trends we will have to see it over a longer period of time. I do not think I will jump to such conclusions only on one quarter number or two quarters number. But yes, there are tests discretionary in nature let us say preventive is one of them definitely.

Moderator: Thank you. The next question is from the line of Krishna Prasad from Franklin Templeton.

Krishna Prasad: So you have done some smaller acquisitions in the West, particularly in Maharashtra. We have not seen much happen in the South. Any sense on that, what are you thinking about expanding in the South market?

Dr. Om P. Manchanda: So efforts are on in all markets, but I think as I mentioned spreading out is not a great idea, we just want to focus on one cluster, so West is what we want to really focus in the short term. But medium to long-term, all markets we will focus because there is no point in doing one small acquisition in Andhra, another one in Tamil Nadu and third one in Kerala or something. But here at least we are able to put it altogether. So, West is one focus we are going after in the short-term.

Krishna Prasad: So you think West is the next East kind of a thing?

Dr. Om P. Manchanda: Yes, hopefully.

Krishna Prasad: I probably missed your comment. You said Delhi grew by 2% for the quarter. Is that correct? And the rest of Delhi NCR grew at what percentage?

Dr. Om P. Manchanda: Rest of India which includes some international business also, but that grew at about 19.8%, we call it rest of India, but by the way a small amount of the international business also comes in, but it is not a very material number.

Krishna Prasad: What was Delhi NCR growth in FY19?

Dr. Om P. Manchanda: Around 8%-odd is the number for last quarter of FY19. So I think more than the last year, I would say what has been the recent trend is what one should see.

Krishna Prasad: And you think 8% is broadly what you are working towards?

Dr. Om P. Manchanda: Actually, I would like to stabilize at that figure, because if I take higher figures, when I make more margin in Delhi NCR, that may actually land me in a different kind of figure. So, in my business planning, I am factoring in around that number.

Krishna Prasad: On the staff cost increase that you have been witnessing, you attributed that some PF increase. When does that get into the base, what is the core staff cost increase that you are witnessing?

Ved Prakash Goel: That is in line with top line growth.

Krishna Prasad: And that should start reflecting from FY21?

Dr. Om P. Manchanda: Yes

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

Sameer Baisiwala: Is there any price increase that you are contemplating over the next 12-months?

Dr. Om P. Manchanda: Not really.

Sameer Baisiwala: It has been quite some time and the cost inflation is there. So you still do not think the market pressures allow you to take even that much of a price increase?

Dr. Om P. Manchanda: I think as a part of our strategy we are still going to focus on volume growth. We did take a price increase in Delhi NCR if you recall, in July last year. That is why I just mentioned that 2% growth of Delhi NCR, I just want to analyze a little bit, is it entirely due to weather or it also could be some of these other variables. So, we just want to take a little time before we come to a conclusion. So, I do not want to think of the price part right now. Yes, short answer is competitive pressures are definitely high.

Sameer Baisiwala: One macro question. What would take India's diagnostics industry growth to 15%, 20%, 25% because I understand that it should typically be 1.5, 2x nominal GDP growth, we have been struggling. So, looking out a few years what will make this happen and when do you expect this inflection to happen?

Dr. Om P. Manchanda: It is very difficult question to answer. All I can say is that I do not want to comment on numbers per se, but I think in general, directionally, diagnostics should grow definitely higher than overall healthcare market. I think that clarity does exist in my mind that diagnostics will play a bigger role in healthcare because it is not only just diagnostics, but also on progression of disease, also on line of treatment and also newer and newer tests would come. So, I think practice of medicine is becoming much more evidence-based. So diagnosis is going to play a very crucial role going forward. So that augers very well that diagnostics should grow faster than overall healthcare. I think overall health care whether it is pharma, whether it is healthcare hospital space, etc., those macro factors, I think for all of us to put a number to that. So, my aim would be that as a Company we should definitely grow faster than market growth. If you look at last three to four quarters, industry growth in pathology, if I add just four players together, it has been around 10%. So I think internally I should target that we grow faster than the overall market.

Moderator: Thank you. The next question is from the line of Rakhi Prasad from Alder Capital.

Rakhi Prasad: I wanted to understand a little bit on the initiatives you are taking for front end tech. So, you launched an app earlier to help with home collections and also an app for consumers to monitor their diagnostic tests that they have done with Dr. Lal. So how has that grown or how has that developed over the last couple of years?

Bharath Uppiliappan: So, our app has seen a significant movement in terms of both downloads as well as usage. The numbers are up about 60%-odd percent on the app side. We are also encouraging people to use digital assets far more. We have recently scaled up our digital store presence in Delhi NCR and even in other parts of India where we are moving towards an assisted registration process. We have also introduced a machine learning-based program which enables to predict when will your report come. So, lot of efforts have happened in the area of improving our service on the front end. We also significantly invested in our logistics visibility program, and this is helping us drive better customer service on the front end. We have also revamped our call center operations and that is also yielding us some good results. We have recently introduced customer satisfaction metrics, measuring it on a daily basis and taking corrective actions on those. So a lot of stuff has happened on the front end to improve our customer service and some early results are encouraging.

Rakhi Prasad: Could you quantify a little bit in terms of what is online sales contribution to total revenue or the number of downloads that have happened and trended?

Bharath Uppiliappan: So downloads and active user base is about 2.5 lakhs people who have got our app, and a significant portion of it, access the cumulative reports because that is a feature we give on the app saying that you can look at your past historical trends of all the reports you have done with us. So, that is a feature which people use a lot apart from looking for home collections or looking for a center which is nearby. So online business is a number which we look at slightly differently, because there are various components of fully paid vis-à-vis lead generated and so on. So that is a number which I am not carrying off hand, but we can discuss it in a separate session if you would like.

Rakhi Prasad: And any color around the repeat of customers who are coming in, who is using the app for the tests?

Bharath Uppiliappan: We have begun to do this process of doing on the app as well as even otherwise through a combination of phone number and the first name, second name combination. So, there is a program which we have just begun but it is too early to comment on that.

Moderator: Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal Securities.

Tushar Manudhane: So just on this bundled tests, 'Swasthfit', if you can just highlight on year-on-year growth in number of samples or let us say volume growth?

Bharath Uppiliappan : Realization has not significantly moved. So, our value growth is reflective of our volume growth which is close to (+30%).

Tushar Manudhane: And so any outlook on the realization per se going forward in this particular segment?

Bharath Uppiliappan : We would like to say that there is going to be no up or down on this, we will have to maintain and sustain the realization.

Moderator: Thank you. The next question is from the line of Nitin Agarwal from IDFC Securities.

Nitin Agarwal: You have talked about the fact that franchisee is becoming an incrementally more important part of our growth strategy. How prone do you think is this channel to disruption, I mean, in a sense in line with the media reports, are you discussing some of the prospective competitors, if they come around and they meaningfully increase the channel margins, in your assessment, what makes a franchise stick with a particular network versus other, so how disruptive pricing strategy, margin strategy could be?

Dr. Om P. Manchanda: I think it is a good question. My view here is not that simple as it sounds because it is like people buy brands. So, lot of people in the past have tried this, but it does not work. In healthcare, you need to trust a brand. Dr. Lal PathLabs report is what one is looking for. So, it is not easy, obviously, some 2%-odd, 3%-odd here and there people will move. But overall it is less prone to disruption as one would tend to think.

Nitin Agarwal: Secondly, despite over the last few quarters, our rest of India business growing much faster than Delhi, we have continued to maintain our margins at a reasonably steady keel. So, is there no difference in profitability level between the two businesses, I mean, intuitively one would think that the mix should have had approval there?

Dr. Om P. Manchanda: Yes, that is what I keep asking our finance guys as well. But I think you are right, there is a difference between margin profile in Delhi NCR and Rest of India. Obviously, Delhi NCR margins are higher than rest of India. So that is where we have to actually be very judicious in terms of our infra expansion and the cost of doing business in these markets. So, I would leave at that unless, Ved do you want to add something to this?

Ved Prakash Goel: I think rest of India, you are right, the margin as compared to Delhi NCR is lower. But directionally if you see as the volume is picking up in rest of India, the leverage or optimization is coming to us and that is how we are maintaining and plus we are doing a lot of stuff in terms of leveraging or optimizing our existing overheads as one metrics, Dr. Om was telling the ratio between collection center versus lab is also increasing and that is how we are leveraging more and more franchisee network rather than opening our own labs.

Dr. Om P. Manchanda: And we have also pushed rental costs very hard, because overall softness in the economy and real estate is under pressure. So, we have gone back to lot of these guys to relook at rental, and we have managed rental side also very well.

Nitin Agarwal: That clearly shows up in the way that your fixed costs have already grown in a fairly-fairly controlled way over the last couple of years. Whatever that is really there, is there, in your mind a topline growth beyond which cost increases start to sort of become a challenge, I mean, is there like a threshold point or a cutoff point where beyond which revenue growth has to be there in the system, sort of begin to fall below that, maintaining profitability starts to become a challenge?

Dr. Om P. Manchanda: So we have not done this math of late, but I think earlier we used to do when our cost curve was moving very sharply. But realizing that there is softness in our topline, so we actually recalibrated our cost structure. So I do not have off hand a number, but we will just go back and do this math and see what is that threshold where deleverage would fit in. So, we are right now managing it well. But we will go back and do this math and see at what point deleverage come in.

Moderator: Thank you. The next question is from the line of Raghav Mathur, Individual Investor.

Raghav Mathur: Just wanted to know about what is your B2B and B2C ratio, and how is your revenue there? And if you have growth numbers for each of them, how is your B2B numbers growing, and how is your B2C numbers growing?

Dr. Om P. Manchanda: I think it is uniformly spread across all the segments. There is hardly any difference I find in B2B and B2C spreads growth-wise, it is very similar in both the segments. So B2C contributes about 60%-odd of our revenue and B2B is 40%.

Raghav Mathur: The decline that we have seen in the Delhi region, is it also spread across B2B or B2C?

Dr. Om P. Manchanda: It is all across. Weather has hit all the segments, it is not just in Delhi.

Raghav Mathur: My second question was related to your inorganic expansion. So are you looking at other markets as well for the rest of the year, what are the other places or is it only in South and West?

Dr. Om P. Manchanda: I think primarily South and West is half of the country. So I just want to focus on that as well right now, because in Northern Eastern market, we are very-very opportunistic, but that in any case our organic engine is working well. So I just want to make sure that South and West we do something.

Raghav Mathur: And if you can also give us some color on why other expenses have increased? I can see the number has increased. Is there any specific area where the costs have increased?

Dr. Om P. Manchanda: In my sense, other expenses are all lab off expenses where there is house-keeping, there is electricity repairs, maintenance and security. Because we have this infrastructure of 200-plus labs, and all those costs in relation to maintenance of this infrastructure which goes into other overheads.

Moderator: Thank you. The next question is from the line of Surajit Pal from Prabhudas Lilladher.

Surajit Pal: I have just two questions. As you were saying, winter was severe and that has impacted your growth, not only Q3, also in Jan. There could be other factors which could also impact your growth in Delhi NCR area in last 1, 1.5-months something like muted dengue or economic slowdown or political instability in northern markets. Do you think these are the also factors could impact your Q4?

Dr. Om P. Manchanda: I want to clarify this. We are not attributing this entire growth of Delhi NCR fall to weather. I do not want all of you to carry this impression that weather is the only one which has contributed to this. But that is the single biggest factor that stands out. That is why we are talking about this. But you are probably right, there could be other macro factors which are very difficult for us to quantify at this stage. So, I would say weather plus some other factors. We will have to see this quarter as to how it pans out. Weather has definitely got extended into January as well. So I do not want to base my comments based on what we are seeing in January, but I think we will have to wait and watch for Feb and March and come back in the next quarter meeting to throw some light on the trends that we are seeing. But having said that, as I have been repeatedly saying that I do not want to over-depend too much on Delhi NCR growth, because realizing fully well that the space is very high, almost Rs. 500-odd crore and last recent trends, our growth rates have been in the range of about 7% - 8%. If I can hold on to this number of 7% - 8%, that will be great. But since this has fallen even below 7% - 8%, that is why we are talking quite a bit about this. Hopefully, we should bounce back in this quarter, but it is a little early for us to comment on this. But in short, I do not want to attribute this 2% of Delhi NCR growth only on weather. There could be definitely as you rightly said the other factors as well. But we will have to probably analyze and come back to you in the next quarter as we see the results.

Surajit Pal: So you also mean that dengue was pretty muted in Q3 this time?

Dr. Om P. Manchanda: Dengue comes only in one or two months. So I do not think that comes in the winter months. It is actually more in October time. So it is probably same trend. So it is nothing to talk about.

Dr. Arvind Lal: Dengue has a habit of leaving one territory and going to the next territory. That also keeps happening. So from eastwards, it keeps going sideways, maybe from center to east, east to north. So, it is not fixed in one territory.

Dr. Om P. Manchanda: And I think as a business, we do not want to depend on the spikes that happened due to these vector-borne diseases. And in any case, any such spike is maybe this can contribute only 0.5% or 1% of growth. So I think we do not want to depend on these numbers that happen just once in a while.

Surajit Pal: In the light of your acquisition and focus acquisition in Western part particularly in Maharashtra, I just recall, you had a plan to expand after Eastern part is done, and you had also planned to put up another regional reference lab in Lucknow. Where are we currently in that direction or we have changed that direction to western part growth?

Dr. Om P. Manchanda: You rightly pointed out, yes, there was a plan to put a central lab in Lucknow. There is a rethink on that strategy. We are now moving towards MP, Chhattisgarh and this Maharashtra side. And our focus now is not to put a very large central lab in one place rather than go for smaller clusters and find out smaller hubs. So that is the way we're looking at it. So this Lucknow plan has gone on backburner.

Moderator: I would like to hand the floor back to the management for closing comments. Over to you, sir.

Ved Prakash Goel: Thank you, everyone for being with us on this call today. Look forward to the next call in May 2020.

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