

September 19, 2017

The National Stock Exchange of India Limited  
Exchange Plaza  
Bandra Kurla Complex, Bandra (E)  
Mumbai - 400051

The Bombay Stock Exchange Limited  
Phiroze Jeejeeboy 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 Corporate Presentation of the Company.

The aforesaid presentation is also available on the Company's website - [www.lalpathlabs.com](http://www.lalpathlabs.com)

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





# Dr. Lal PathLabs Limited



## Corporate Presentation

September 2017

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**DISCLAIMER:** This presentation may contain 'forward-looking' statements at places. The Company's business operations remain subject to undetermined contingencies and risks. Dr. Lal PathLabs Limited would not be liable for any action undertaken based on such 'forward-looking' statements and does not commit to revising/updating them publicly.

# Our Evolution

## 1949 – 2005

### Foundation

- **1949:** Founded by Dr. Major S. K. Lal
- **1995:** Company incorporated as Dr. Lal PathLabs Private Ltd.
- **2000:** Three clinical labs receive NABL<sup>1</sup> accreditation
- **2001:** Received ISO 9001:2008 certification
- **2002:** Received 'International Accreditation' from CAP<sup>2</sup>

## 2005 – 2010

### Building capabilities for scale up

- **2005:** onwards: Investment by WestBridge Capital
- **2008:** Acquisition of Paliwal Medicare Private Limited and Paliwal Diagnostics Private Limited
- **2010:** National Reference Lab set up in Delhi

## 2010 – 2017

### Strong position in North India, building network in other geographies

- Investment by TA Associates
- Clinical laboratories expansion in North region
- Growing the business in East region
- Entry into the South and West regions
- Multiple acquisitions to scale network
- Successful listing in Dec 2015
- Initiated process to set up new Regional Reference Lab in Kolkata

1. NABL: National Accreditation Board for Calibration and Testing Laboratories.  
2. CAP: College of American Pathologists.

# Dr. Lal PathLabs at a glance

Established **consumer healthcare brand in diagnostic services**

**Pan-India integrated coverage** with **189** clinical labs (including National Reference Lab<sup>1</sup> at Delhi), **1,759** Patient Service Centers (PSCs) and **5,021** Pick-up Points (PUPs)<sup>2</sup>

Catalogue of **1,110** test panels, **2,028** pathology tests and **1,561** radiology and cardiology tests<sup>2</sup>

Collected and processed **~7.9 mn** samples from **~3.6 mn** patients in Q1 FY18; **~29.3 mn** samples from **~13.3 mn** patients in FY17; **~26.3mn** samples from **~12.0mn** patients in FY16

**Customers** include individual patients, corporates and institutions, healthcare providers as well as hospital and clinical labs (lab management)

**~4,265** employees including full time consultants, pathologists, phlebotomists and radiologists<sup>2</sup>

Q1 FY18: Revenue: **INR 2,493mn**; EBITDA: **INR 680mn**<sup>4</sup> (Margin: **27.0%**); PAT: **INR 446mn** (Margin: **17.9%**);  
FY17: Revenue: **INR 9,124mn**; EBITDA: **INR 2,465mn**<sup>3</sup> (Margin: **27.0%**); PAT: **INR 1,552mn** (Margin: **17.0%**)

## Test Menu

### Routine testing

- Bio-chemistry
- Hematology
- Clinical pathology
- Microbiology
- Basic radiology

### Specialized testing

- Molecular diagnostics
- Flowcytometry
- Genetics / Cytogenetics
- Histopathology

## Accreditations



**NABL**

**27 Labs**



**ISO15189:2007**  
**ISO9001:2008**  
**ISO27001:2013**

## Experienced Management team



**(Hony.) Brig. Dr. Arvind Lal**

*Chairman and Managing Director*



**Dr. Om Manchanda**

*Whole-time Director and Chief Executive Officer*



**Dr. Vandana Lal**

*Whole-time Director*



**Dilip Bidani**

*Chief Financial Officer*



**Bharath Uppiliappan**

*COO (Strategic Business Unit 1)*



**Shankha Banerjee**

*COO – Strategic Business Unit II*



**Munender Soperna**

*Chief Information Officer*



**Dr. Neelum Tripathi**

*National Director Lab Operations*



**Manoj Garg**

*Chief Human Resources Officer*



**Ved Prakash Goel**

*Vice President Finance*



**Rajat Kalra**

*Company Secretary and Compliance Officer*



**Manoj Sahay**

*Chief Marketing and Strategy Officer*

## Investment Highlights

# 1

Well-positioned in one of the fastest-growing segments of the Indian healthcare industry

# 2

Established consumer healthcare brand in diagnostic services

# 3

Scalable model integrated through centralized IT platform allows for network expansion

# 4

Attractive operating metrics and multiple levers in place to drive next phase of growth

# 5

Robust financial performance and return on invested capital

# Indian Healthcare Services is a large growth opportunity

1

1.42 bn  
India's expected population in 2026

7.6%  
GDP growth in FY16<sup>1</sup>

INR 4.2 trillion  
FY14 India healthcare expenditure

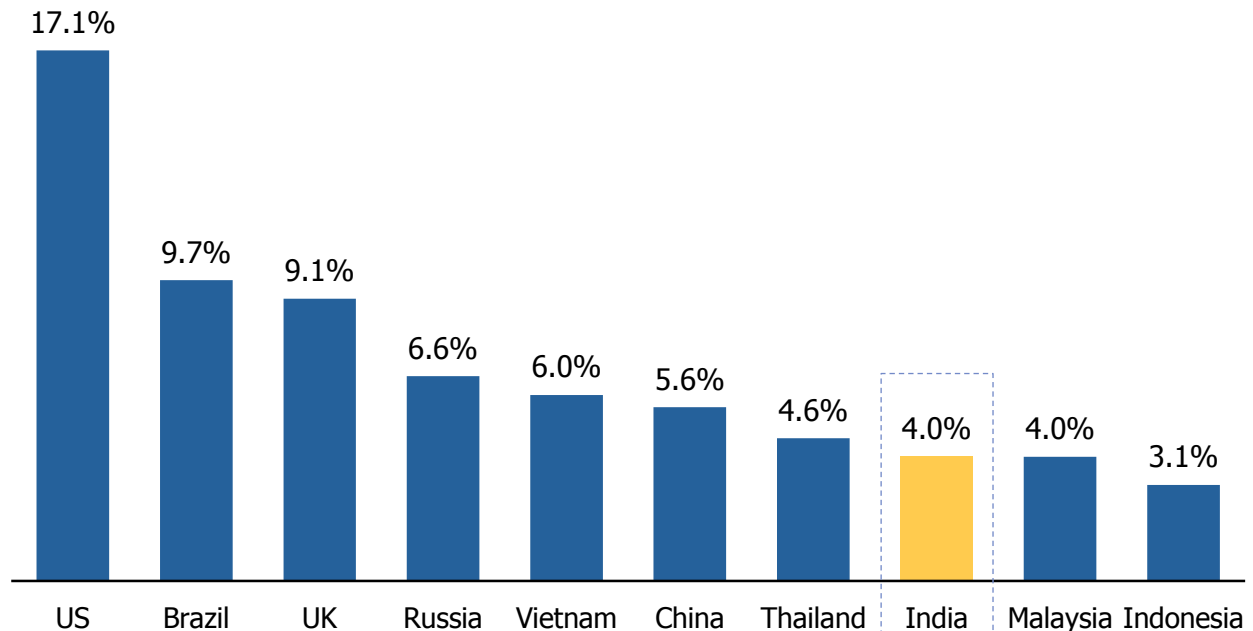
~68%  
Private expenditure on healthcare in 2013

12% CAGR  
Expected healthcare delivery market growth over the next 5 years

INR 175 bn  
Health insurance premium market<sup>2</sup>  
– growing rapidly given low insurance coverage

**India, highly underpenetrated market**

## Total Healthcare Expenditure as % of GDP (2013)



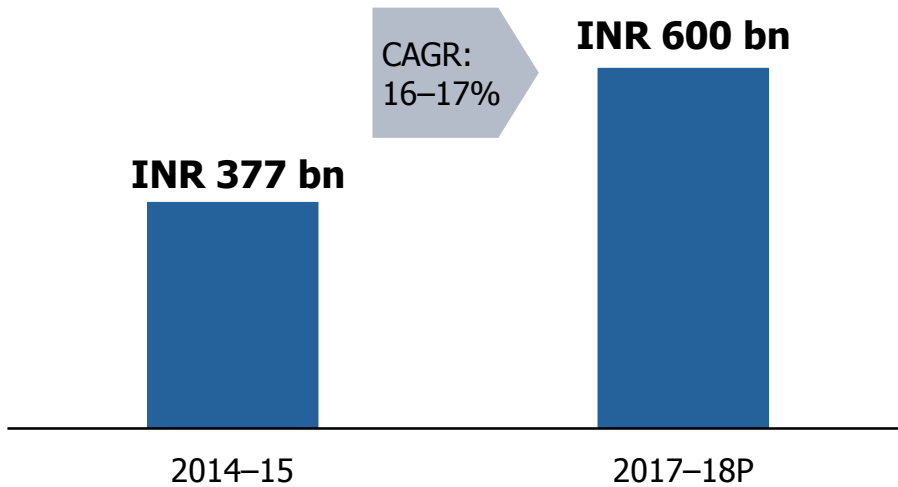
Source: CRISIL Report titled "Assessment of Diagnostics Industry in India".

1. Financial Year ending March 31<sup>st</sup>.

2. Source: Report of the Insurance Regulatory and Development Authority ("IRDA")



## Diagnostic Services Industry Size

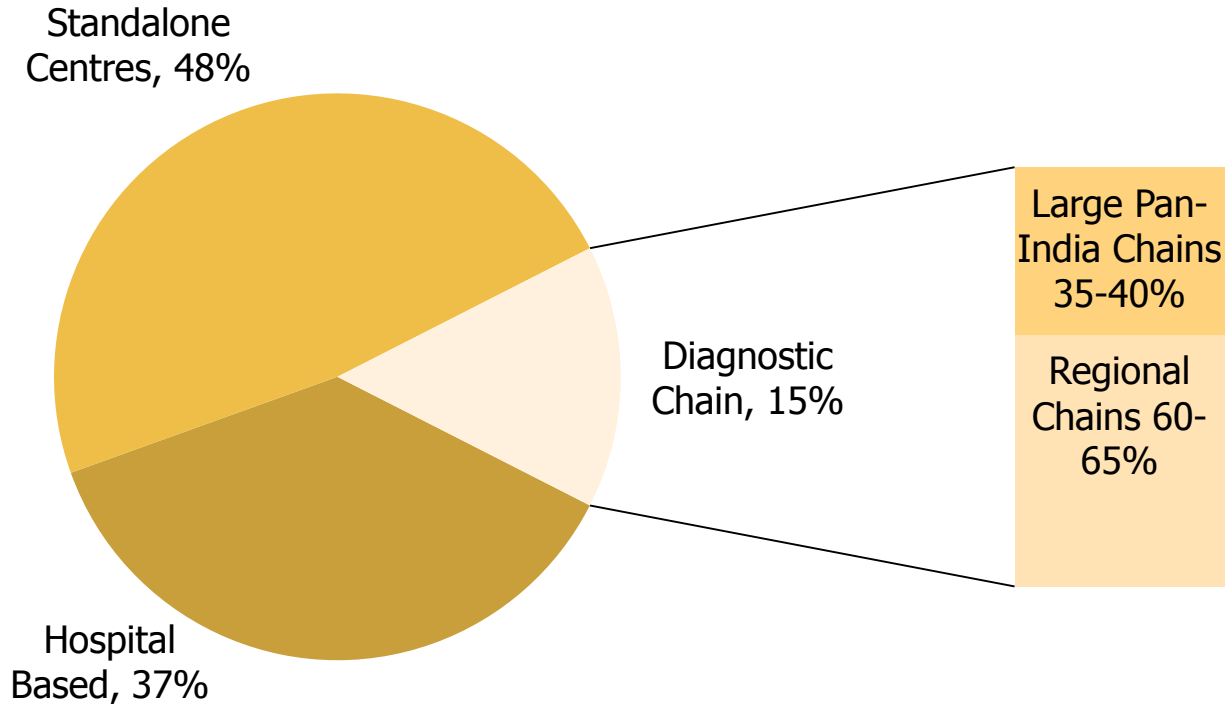


Screening, early detection, and monitoring reduce downstream costs

## Growth Drivers

- 1 Increase in evidence-based treatments**
- 2 Demand for lifestyle diseases-related services to grow**
- 3 Focus on preventive diseases and wellness**

## Highly Fragmented Industry



***Largely fragmented and unorganized***

Source: CRISIL Report titled "Assessment of Diagnostics Industry in India".

## Pillars of a Strong Brand

### Accreditations

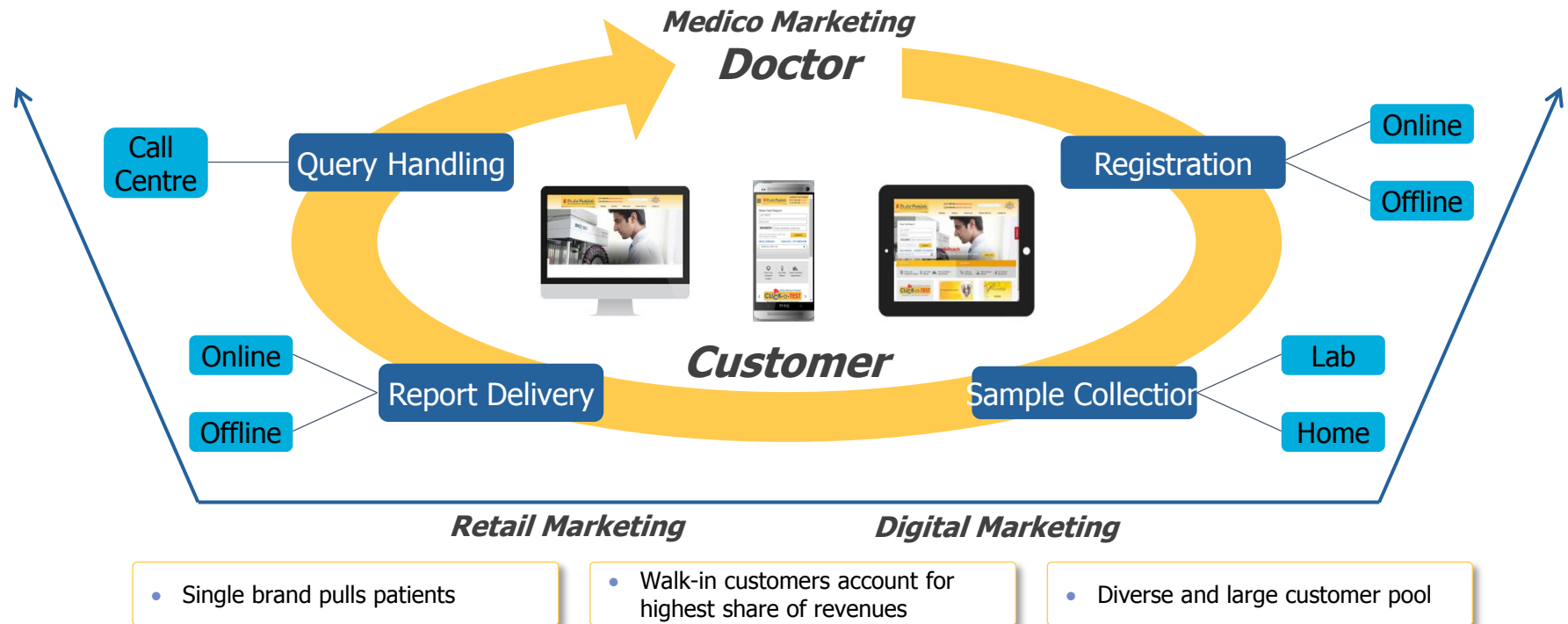
- Accreditations from CAP, NABL and ISO
- Centrally administered surveillance programs

### Nationwide Network

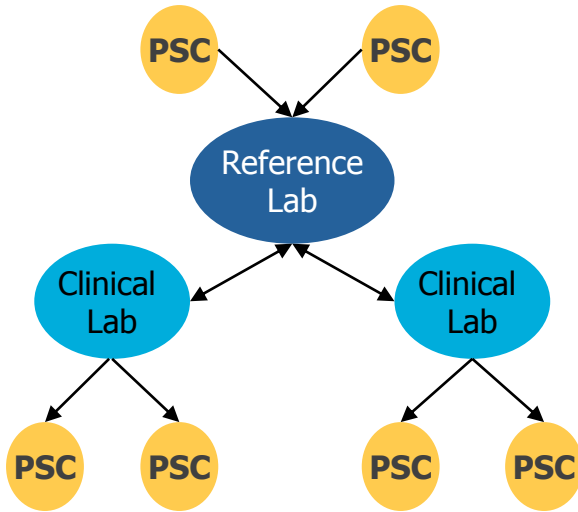
- Coverage in metros, Tier 1 and Tier 2 cities
- Wide reach through PSCs and PUPs

### Fast Turnaround Time

- 24x7 access including online access and home collection
- Dedicated logistics team



## Hub and Spoke Model

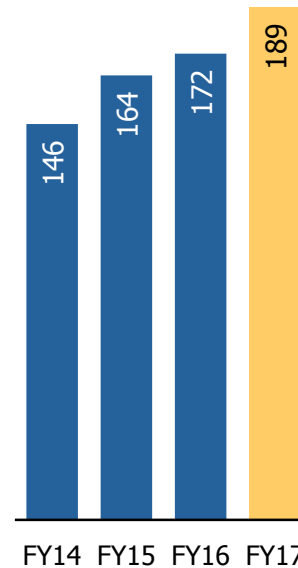


- Centralized diagnostic testing provides greater economies of scale
- PSCs and PUPs facilitate penetration within region and expand reach

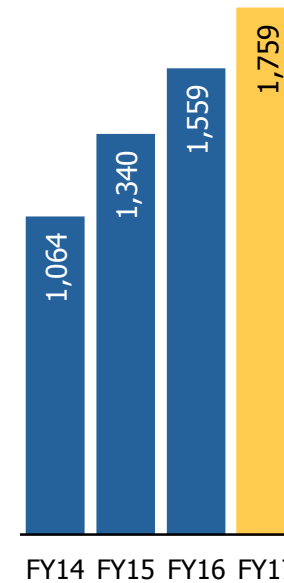
1. Includes National Reference Laboratory.

## Network Expansion

No. of Clinical Laboratories



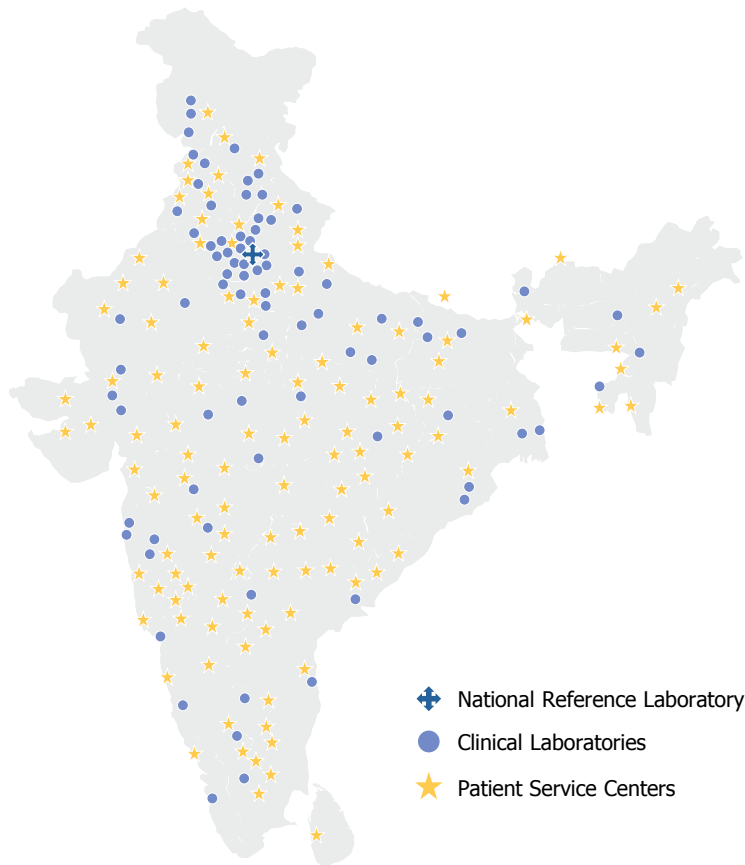
No. of PSCs



No. of PUPs



## Integrated National Network...



## ...backed by Centralized IT platform which fully integrated network

### Enterprise Resource Planning (ERP) System

- Payables, receivables, inventory, ledgers etc.
- Scalability and connectivity – web-based

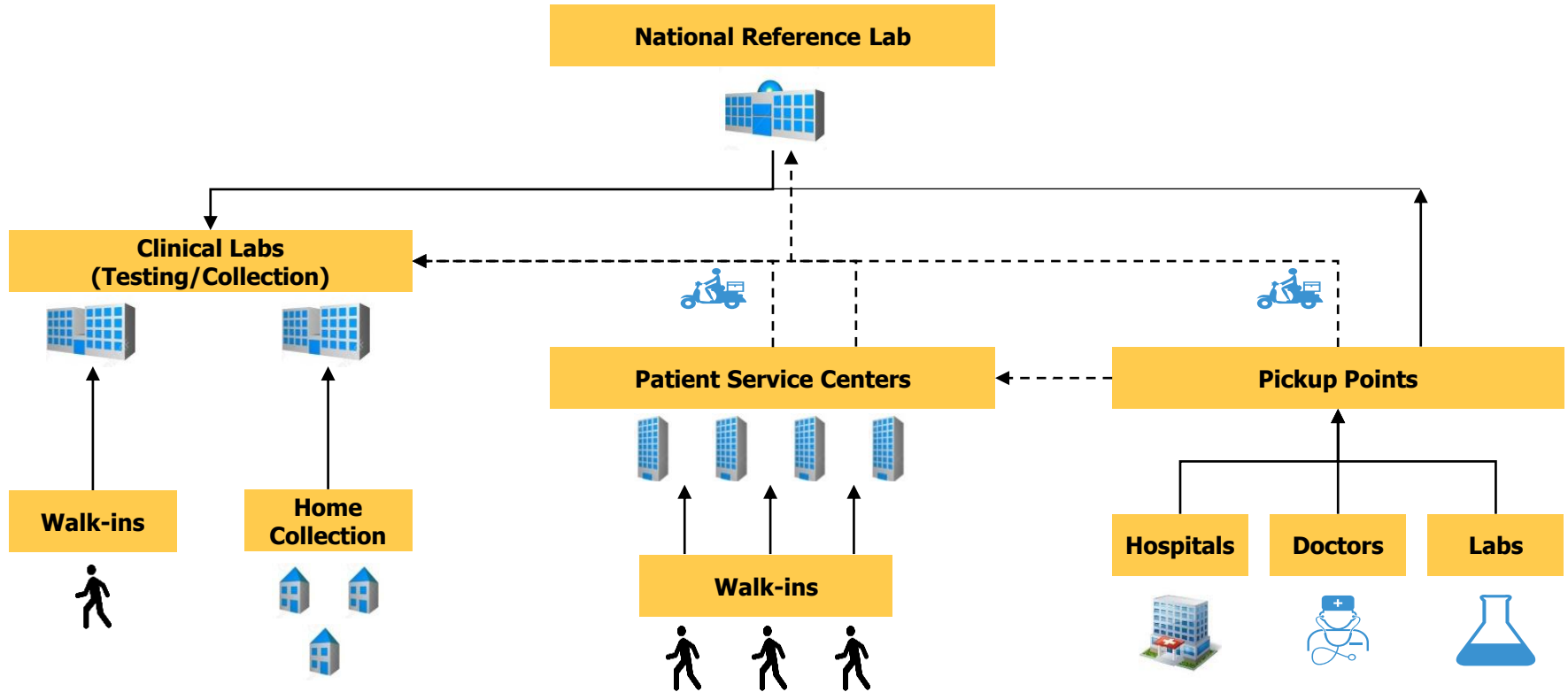
### Laboratory Information Management System

- Bi-directional interface; tracks specimen collection, shipping and testing in real time
- Assigns unique ID / barcode for each sample

### Data Collection and Analytics

- Improve diagnostic services via data analyses
- Demand for tests are analyzed using past data

## LPL's scalable business model provides strategic advantage for expansion and consolidation



- Single brand pulls patients

- Walk-in customers account for highest share of revenues

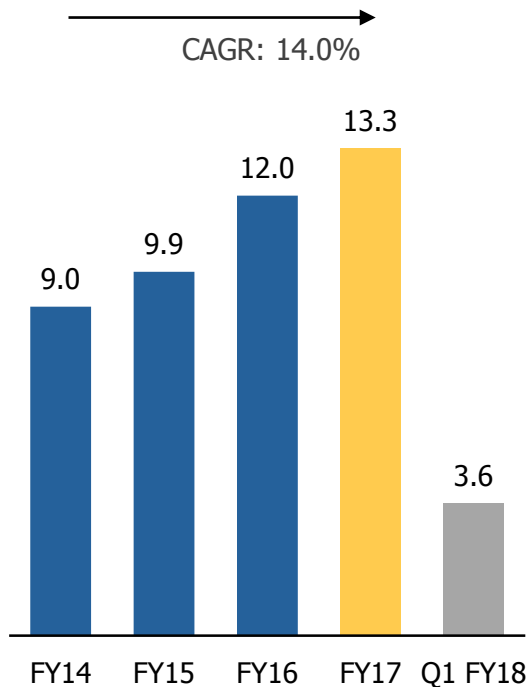
- Diverse, large customer pool offers monetization opportunities

**No. of patients**

(Mn)

- Consumer brand and network expansion driving patient volumes

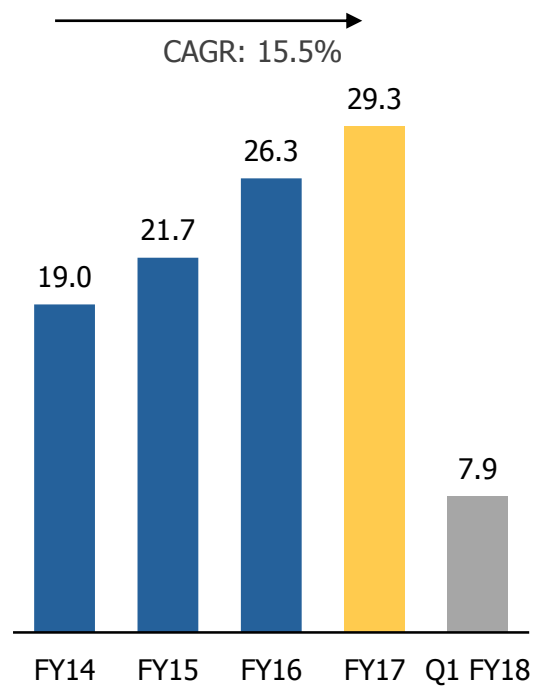
CAGR: 14.0%

**No. of samples**

(Mn)

- Increase in samples with patient volumes growth

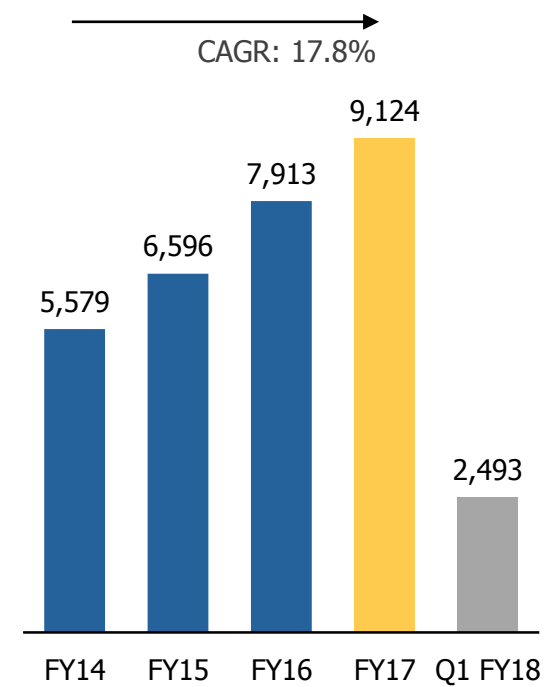
CAGR: 15.5%

**Total Revenue**

(INR mn)

- Higher revenue realization per patient on account of:
  - Growth in walk-in customers
  - Higher no. of tests per patient
  - Demand for "higher-end" tests

CAGR: 17.8%



# Multiple levers in place to drive next phase of growth

## 4

### Expand presence in existing markets

- Cluster and focused geography approach
  - Deepen presence in North India by developing additional reference labs (such as in Lucknow)
  - Scale up in East India by developing ecosystems via Kolkata reference lab
  - Targeted expansion in South and West India (focused city approach)

### Expand through strategic acquisitions and partnerships

- M&A provides growth kicker
- Leverage prior track record
  - Completed several acquisitions since 2008
- Acquisition opportunities in select new geographies

### Focus on hospital-based clinical labs

- Increase existing tie-ups
- Leverage scale and efficiency
- Provide lab management and specialized lab testing services to polyclinics

**Increase breadth of diagnostic healthcare testing and services platform**



**Continuous focus on providing quality healthcare services**



**North India**

**East India**

**South and  
West India**

*Focus on  
retail  
network and  
home  
collection*

Commitment to **quality  
and reliability** of  
services

**Online** report;  
**data analytics**

**Preventive healthcare  
screening** and chronic  
/ lifestyle disease  
management services

*Focus on  
hospital lab  
management*

Provide both **lab  
management** and  
**specialized lab testing** to  
**polyclinics**

**Increase existing tie-ups**  
in hospital lab management –  
**leverage scale and efficiency**  
of network

*Focus on  
corporate  
customers*

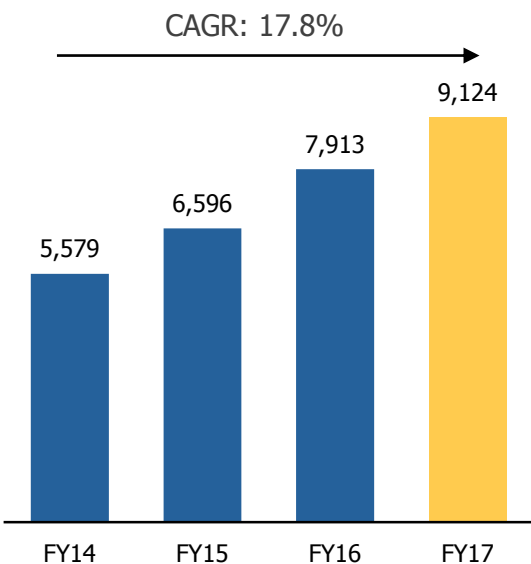
**Marketing to HR  
departments** and other  
decision makers

**Healthcare packages**  
across test types

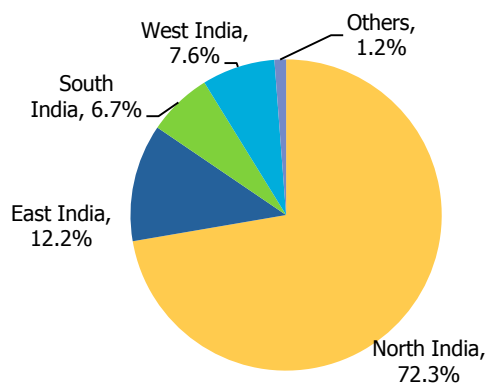
# Robust financial performance

5

## Total Revenue INR (Mn)

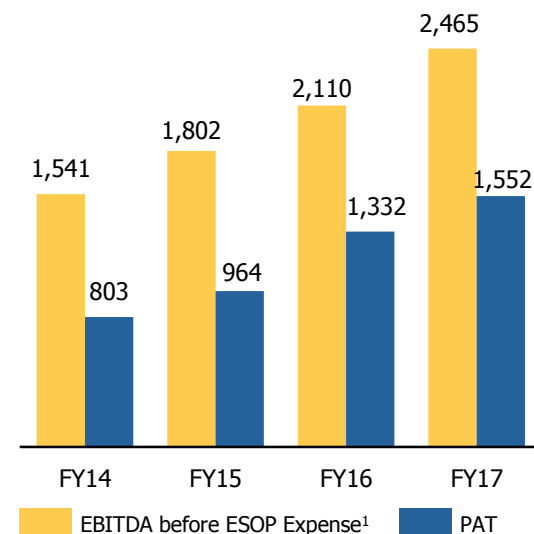
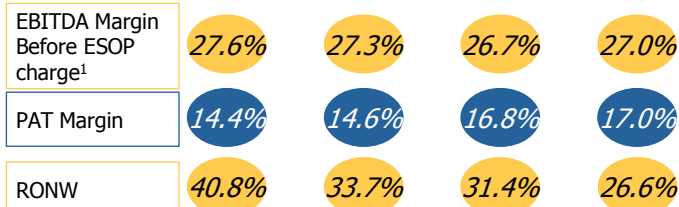


## Revenue by Geography (FY17) (%)



Geography	FY14-17 CAGR (%)
North India	17.3%
East India	18.3%
South India	28.0%
West India	13.5%
Others	24.9%

## EBITDA<sup>1</sup>, PAT and Return on Net Worth (INR mn / %)

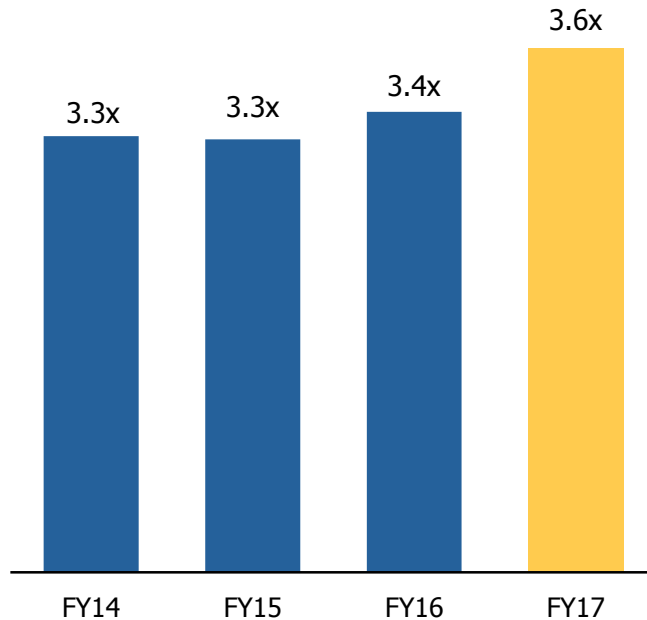


- Growth driven primarily by increasing patient volumes, samples and higher revenue realization per patient
- Increase in operating margin due to economies of scale

1. During FY14, LPL had reassessed the ESOP scheme as cash settled basis as against equity settled basis treated in earlier years' financial statements. As a result, LPL accounted for additional compensation cost of INR 155 mn in FY14, INR 242 mn in FY15, INR 8.9 mn in FY16. ESOP/RSU/ESPS charge of INR 80.5 mn in FY17 is also excluded. FY16 & FY17 also excluded the impact of CSR Expense of INR 3.8 mn and INR 18.7 mn respectively for ease of comparison. Also, FY14 PAT is based on restated figures as disclosed in our prospectus.

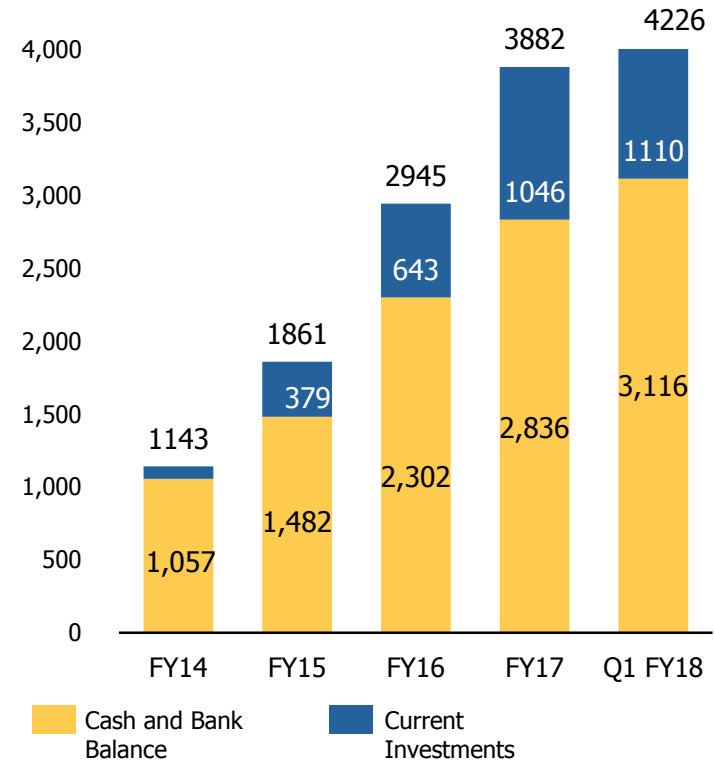
## Fixed Asset Turnover<sup>1</sup>

(Times)



## Cash and Cash Equivalents

(INR mn)



- Self funded growth on account of strong cash flow generation
- Attractive fixed asset turnover ratio given asset-light model
- Current net cash position and internal accruals expected to fund next phase of growth

1. Fixed Asset Turnover = Total Revenue / Gross Fixed Assets

## Key Q1 FY18 Highlights

- ❑ Volume growth is progressively picking-up and has shown QoQ improvement.
- ❑ During Q1 FY18 :
  - Revenues were higher by 12% at Rs. 2,493 million driven by a combination of volumes (9% growth) and price-mix improvement (2.5%)
  - Normalised EBITDA (after eliminating the impact of ESOP and other stock based remuneration charges) improved 11% driven by healthy revenue improvement and visible benefits from focused cost optimisation initiatives
- ❑ Cash, FDs and Liquid Investments at Rs. 4,226 million as at June 30, 2017 from Rs. 3,882 million as at March 31, 2017
- ❑ LPL continues to follow targeted path to growth outlined as under;
  - Deeper geographic penetration in existing markets. Focus-city approach in South and West regions
  - Commissioning of Kolkata regional reference laboratory during FY18
  - New tests profiles resulting in higher testing

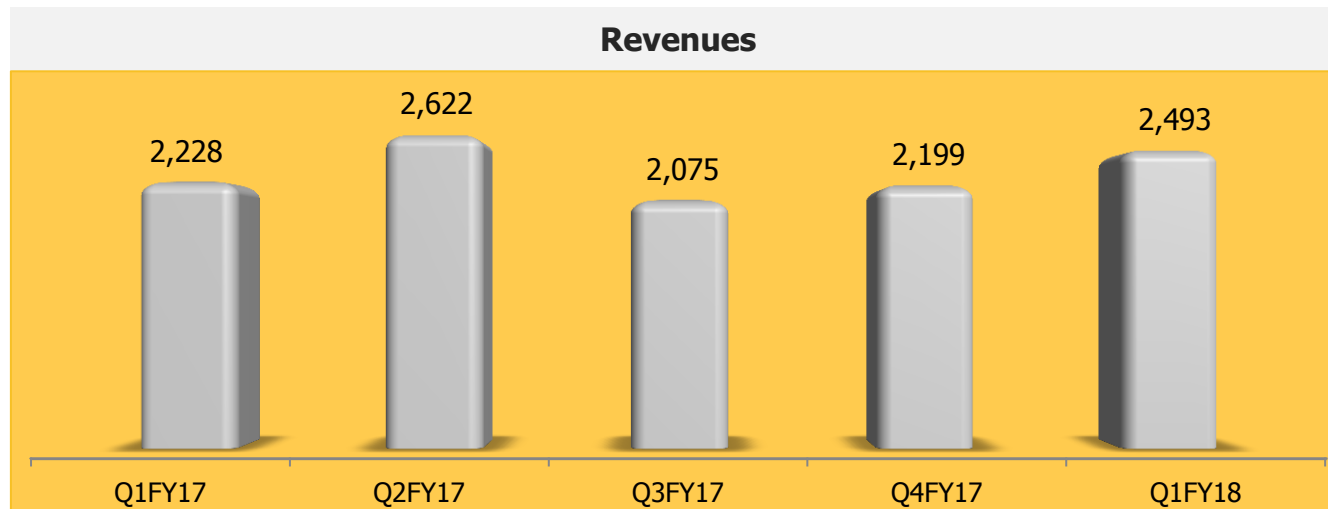
Note: Financial results of the Company are best monitored on a year to date basis, as there is a certain level of seasonality in business and specific quarter performance may be influenced by certain occurrences in that quarter. All figures in the presentation pertain to the consolidated results

## Q1 FY18 Financial Performance

Particulars (Rs. mn)	Q1FY18	Q1FY17	Growth %	FY17 Ind AS	FY17 IGAAP
<b>Revenues</b>	<b>2,492.6</b>	<b>2,228.4</b>	<b>11.9%</b>	<b>9,123.8</b>	<b>9,123.8</b>
Total Expenditure	1,837.1	1,622.9	13.2%	6,749.2	6,758.4
<b>EBITDA</b>	<b>655.2</b>	<b>605.4</b>	<b>8.2%</b>	<b>2,374.6</b>	<b>2,365.4</b>
RSU & stock based comp. cost	24.8	7.4		86.1	80.5
<b>Normalised EBITDA excl RSU</b>	<b>680.3</b>	<b>612.8</b>	<b>11.0%</b>	<b>2,460.7</b>	<b>2,445.9</b>
<i>Normalised Margins</i>	27.3%	27.5%	(20) bps	27.0%	26.8%
Other income incl interest	74.6	64.4	15.9%	275.2	251.3
<b>PBT</b>	<b>660.3</b>	<b>604.9</b>	<b>9.2%</b>	<b>2,367.3</b>	<b>2,333.0</b>
<i>Margins</i>	26.5%	27.1%	(60) bps	25.9%	
<b>PAT</b>	<b>445.5</b>	<b>398.9</b>	<b>11.7%</b>	<b>1,547.7</b>	<b>1,551.9</b>
<i>Margins</i>	17.9%	17.9%		17.0%	17.0%
<b>EPS (Diluted)</b>	<b>5.41</b>	<b>4.85</b>	<b>11.5%</b>	<b>18.85</b>	<b>18.55</b>

All figures as per Ind-AS except where stated

## Financial Highlights



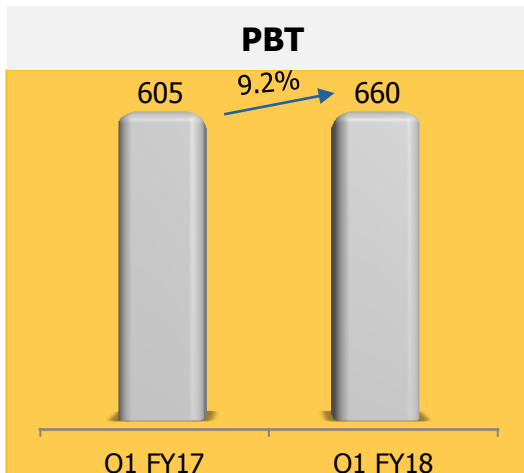
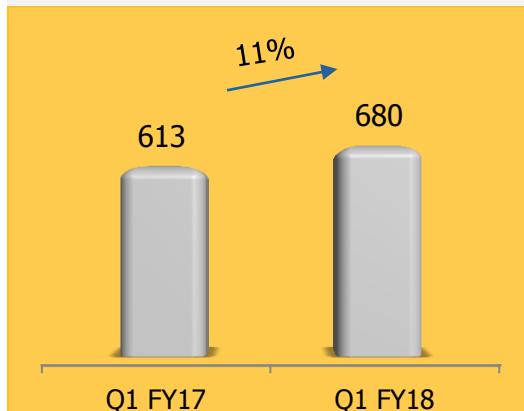
- ❑ Q1 FY18 revenues showed a continuing 11.9% YoY increase on account of volume growth of 9.1% and pricing mix benefit of 2.5%. The drivers include;
  - Enhanced footprint given addition to laboratories and PSC infrastructure
  - Strong traction in core markets of Delhi NCR
  - Gradual improvement in testing QoQ. Number of patients tested in Q1FY18 at 3.59 mn as compared to 3.29 mn in Q1FY17
- ❑ Realisation per patient was better at Rs. 696 as compared to Rs. 678 in Q1 FY17

Financial results of the Company are best monitored on a year to date basis, as there is a certain level of seasonality in business and specific quarter performance may be influenced by certain occurrences in that quarter

# Financial Highlights

All figures in Rs mn

## Normalised EBITDA excl stock based cost and CSR expense



- ❑ Q1 FY18 normalised EBITDA (after eliminating the impact of ESOP and other stock based remuneration charges) showed 11.0% increase on the back of;
  - Progressive improvement in volume trends and pricing mix
  - Disciplined approach to cost optimisation across operation and productivity gains realized
  - Higher operating expenses aligned to business growth
- ❑ Q1 FY18 normalised EBITDA margin was 27.3%; Q1 FY17 margin was at 27.5%
  - Expenses pertaining to Kolkata regional reference laboratories expected to reflect closer to commissioning
- ❑ Q1 FY18 PBT growth at 9.2% in accordance with EBITDA trends
- ❑ Q1 FY18 PAT stood enhanced 11.7% owing to higher other income;
  - Other income includes dividend from liquid funds and interest earned on FDs

# LPL Strategy for future growth

## 1 Strengthen Existing Operations

Boosting quality & reliability standards

Improving turnaround times for testing

Grow basic radiology practice

Online initiatives and data analytics

Investment in branding

## 2 Expansion in Offering

Improve breadth of diagnostic testing

Cutting edge technology

Preventive healthcare screening

Chronic & Lifestyle disease mgmt. services

Expand reach in corporate segment

## 3 Expand management of hospital based and clinical laboratories

Tap incremental contracts for in sourcing test of hospitals and other clinical laboratories

Tap polyclinics

## 4 Geographic expansion

Focus city approach

Set up more clinical laboratories

Set up Regional Reference Laboratories

Consider alliances and acquisitions



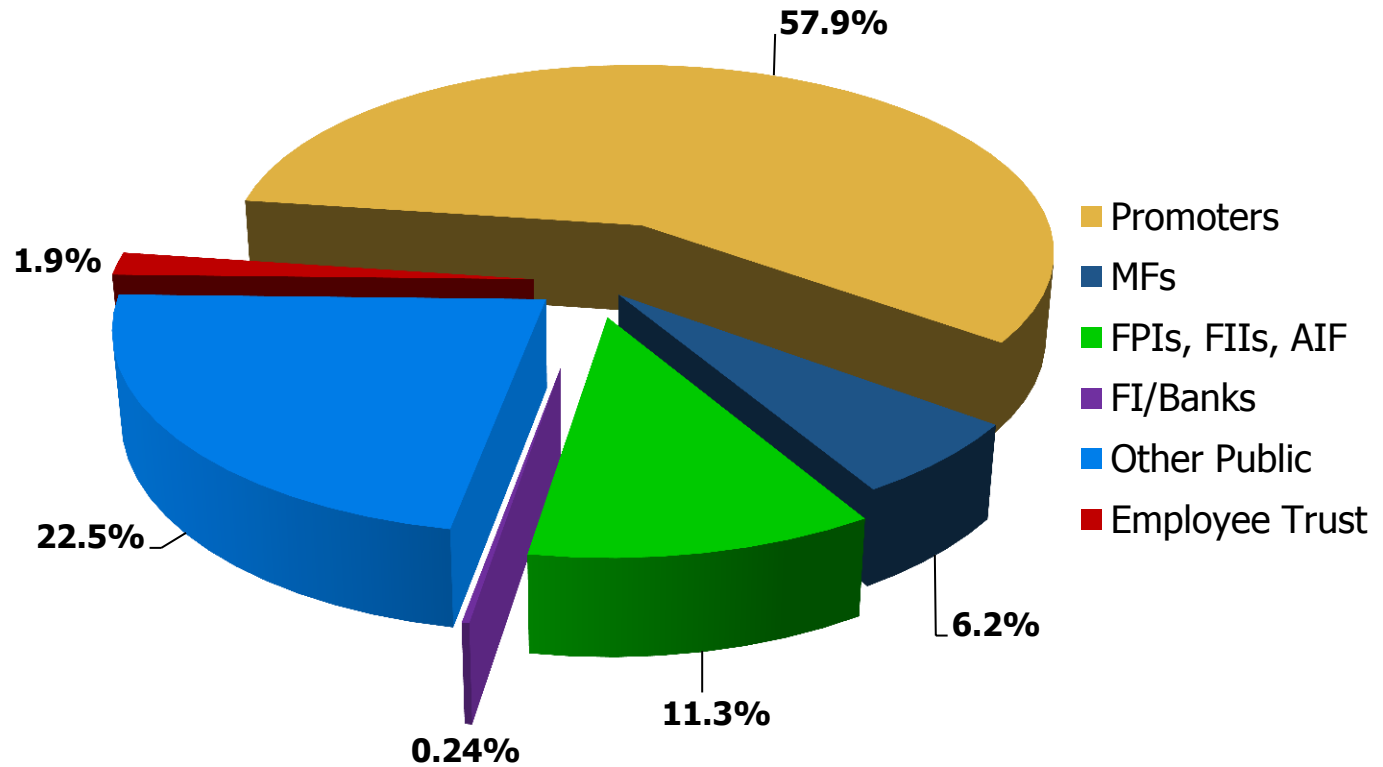
## Annexures

- **IPO transaction**
- **Present Shareholding**

# IPO transaction

<b>Issuer</b>	<ul style="list-style-type: none"> <li>• Dr. Lal PathLabs Limited (“LPL” or “the Company”)</li> </ul>
<b>Transaction Type</b>	<ul style="list-style-type: none"> <li>• Initial public offering of up to 11,600,000 shares (Face Value Rs.10 each)</li> </ul>
<b>Issue Open and Close Dates</b>	<ul style="list-style-type: none"> <li>• December 8, 2015 – December 10, 2015</li> </ul>
<b>Type of Offering</b>	<ul style="list-style-type: none"> <li>• Offer for Sale by existing shareholders</li> </ul>
<b>Total Offer Size</b>	<ul style="list-style-type: none"> <li>• INR 6,203 – 6,319 million (implied equity valuation of INR 44.63 – 45.45 bn)</li> </ul>
<b>Price Band</b>	<ul style="list-style-type: none"> <li>• INR 540 – 550 per share. Issued at INR 550 per share</li> </ul>
<b>Retail Discount</b>	<ul style="list-style-type: none"> <li>• INR 15</li> </ul>
<b>Total Offer Size as % of Post Issue Capital</b>	<ul style="list-style-type: none"> <li>• ~14%</li> </ul>
<b>Percentage of Offer Size Available for Allocation</b>	<ul style="list-style-type: none"> <li>• QIB Tranche: 50% of the Offer Size (5,800,000 shares)             <ul style="list-style-type: none"> <li>• QIB Anchor Investors: Can be allocated up to 60% of the QIB Tranche (3,480,000 shares)</li> </ul> </li> <li>• Non-Institutional Investor Tranche: Minimum 15% of the Offer Size (1,740,000 shares)</li> <li>• Retail Individual Investor Tranche: Minimum 35% of the Offer Size (4,060,000 shares)</li> </ul>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>• Reg S and Rule 144A</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>

## Shareholding as on June 30, 2017



## Contact us

### About Dr Lal PathLabs Limited (DLPL)

Dr Lal PathLabs Limited is one of India's leading consumer healthcare brand in diagnostic services.

It has an integrated nationwide network, where patients and healthcare providers are offered a broad range of diagnostic and related healthcare tests and services for use in: core testing, patient diagnosis and the prevention, monitoring and treatment of disease and other health conditions. The services of DLPL are aimed at individual patients, hospitals and other healthcare providers and corporates. The catalogue of services includes 1,110 test panels, 2,028 pathology tests and 1,561 radiology and cardiology tests.

As on March 31, 2017 DLPL's has 189 clinical labs (including National Reference Lab at Delhi), 1,759 Patient Service Centers (PSCs) and 5,021 Pick-up Points (PUPs). In FY16 & FY17, DLPL collected and processed approximately 26.3 million samples and 29.3 million samples from approximately 12.0 million and 13.3 million patients, respectively.

### Additional information on Dr Lal PathLabs Limited:

Corporate Identification No: L74899DL1995PLC065388

Website: <https://www.lalpathlabs.com/>

### For further information please contact:

Dilip Bidani

**Dr Lal PathLabs Limited**

Tel: +91 124 301 6500

Fax: +91 124 423 4468

E-mail: [dilip.bidani@lalpathlabs.com](mailto:dilip.bidani@lalpathlabs.com)

Siddharth Rangnekar / Nishid Solanki

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[nishid@cdr-india.com](mailto:nishid@cdr-india.com)