

February 15, 2019

The National Stock Exchange of India Limited  
Exchange Plaza,  
Plot No. C/1, G Block,  
Bandra Kurla Complex, Bandra (E)  
Mumbai - 400051

The Bombay Stock Exchange Limited  
Corporate Relationship Department  
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 Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations"), please find attached herewith Corporate Presentation of the Company, which the Company proposes to share with analysts/investors.

We request you to please take the same on record.

Thanking You,

Yours Faithfully,

For **Dr. Lal PathLabs Limited**



**Ashish Kapil**  
**(Asst. Company Secretary)**

Encl: As above



# Dr. Lal PathLabs Limited



# Corporate Presentation

February 2019

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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.

## Company Overview

- **Our Evolution**
- **Dr. Lal PathLabs at a glance**
- **Experienced Management team**

## 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 – 2018

#### 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 IPO listing in Dec 2015
- New Regional Reference Lab in Kolkata started in 2018

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 **193** clinical labs (including National Reference Lab<sup>1</sup> at Delhi and Regional Ref Lab at Kolkata), **2,153** Patient Service Centers (PSCs) and **5,624** Pick-up Points (PUPs)<sup>2</sup>

Catalogue of **478** test panels, **2,425** pathology tests and **1,772** radiology and cardiology tests<sup>2a</sup>

Collected and processed **~31.2 mn** samples from **~13.3 mn** patients 9M FY19 **~34.7 mn** samples from **~15.2 mn** patients in FY18; **~29.3 mn** samples from **~13.3 mn** patients in FY17;

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

**~4,316** employees including full time consultants, pathologists, phlebotomists and radiologists<sup>2</sup>

9M FY19: Revenue: **INR 9,023 mn**; EBITDA: **INR 2,404 mn**<sup>3</sup> (Margin: **26.6%**); PAT: **INR 1,531 mn** (Margin: **17%**);  
FY18: Revenue: **INR 10,569 mn**; EBITDA : **INR 2,783 mn** (Margin: **26.3%**); PAT: **INR 1,718 mn** (Margin: **16.3%**)

### Test Menu

#### Routine testing

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

#### Specialized testing

- Molecular diagnostics
- Flowcytometry
- Genetics / Cyto genetics
- Histopathology

### Accreditations



1. Total area of 7,253 square meters 2. As on March 31, 2018. 2a As on Dec 31, 2018  
3. Normalised EBITDA excl RSU and stock based comp. & CSR Cost

## 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*



**Ved Prakash Goel**

*Chief Financial Officer*



**Bharath Uppiliappan**

*CEO India Business*



**Shankha Banerjee**

*Chief Growth Officer*



**Munender Soperna**

*Chief Information Officer*



**Dr. Neelum Tripathi**

*National Director Lab Operations*



**Manoj Garg**

*Chief Human Resources Officer*



**Rajat Kalra**

*Company Secretary and Compliance Officer*



**Manoj Sahay**

*Chief Marketing and Strategy Officer*



## Investment Highlights

## 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 2022

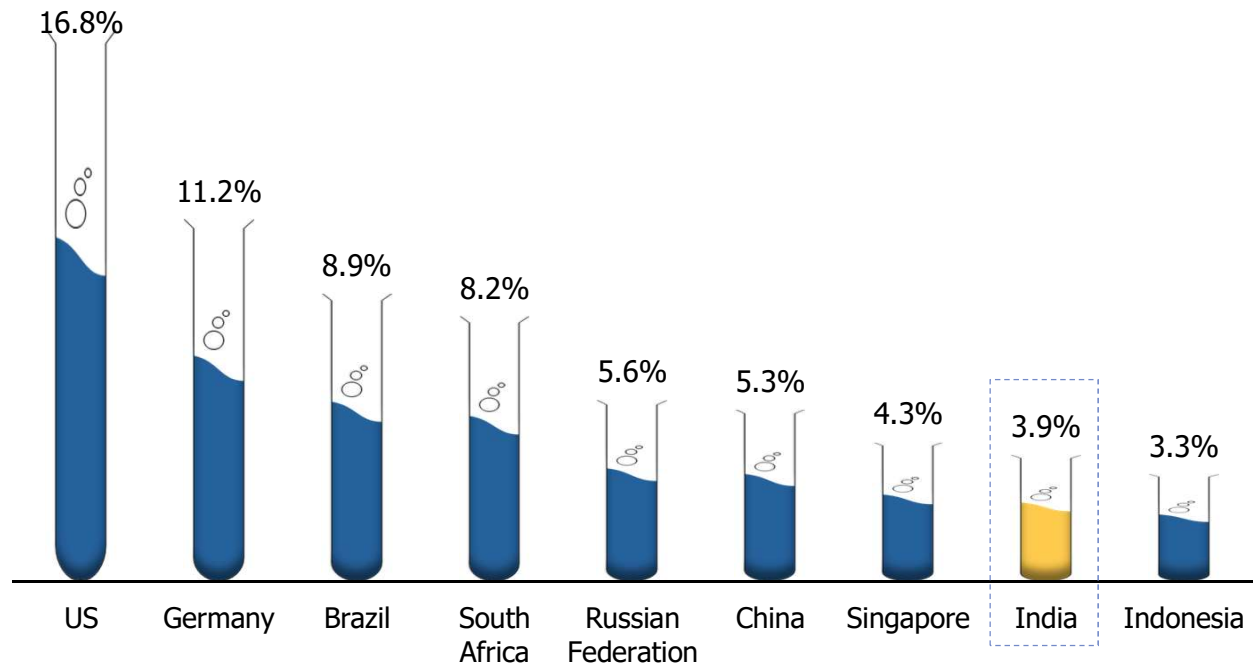
USD 2,483 bn  
India GDP in FY20<sup>1</sup>

USD 273 billion  
FY20 India healthcare expenditure

~74%  
Private expenditure on healthcare in 2015

**India, highly underpenetrated market**

## Total Healthcare Expenditure as % of GDP (2015)



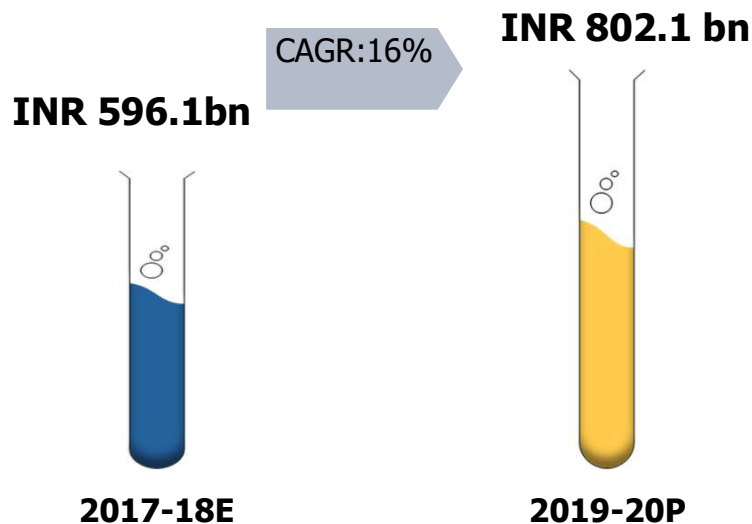
Source: CRISIL Report titled "Assessment of Diagnostics Industry in India".

1. Financial Year ending March 31<sup>st</sup>.
2. Source: Report of the Insurance Regulatory and Development Authority ("IRDA")
3. Source: World Health Organization Global Health Expenditure database, October 2017, 4. IMF

**INR 596 bn Diagnostic Services industry expected to grow to INR 802 bn by FY20**

**1**

## Diagnostic Services Industry Size



Screening, early detection, and monitoring reduce downstream costs

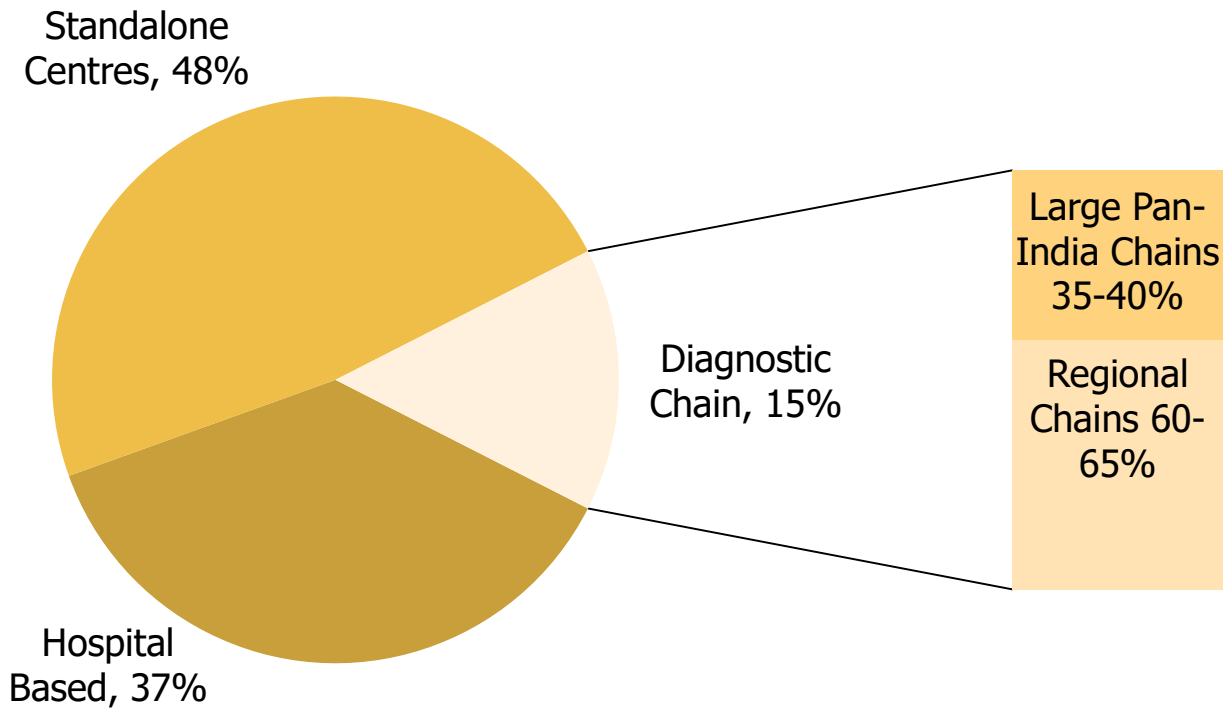
## Growth Drivers

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

# Diagnostic Services industry remains highly fragmented

1

## Highly Fragmented Industry



***Largely fragmented and unorganized***

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

# Established consumer healthcare brand in Diagnostic Services

# 2

## Pillars of a Strong Brand

### Accreditations

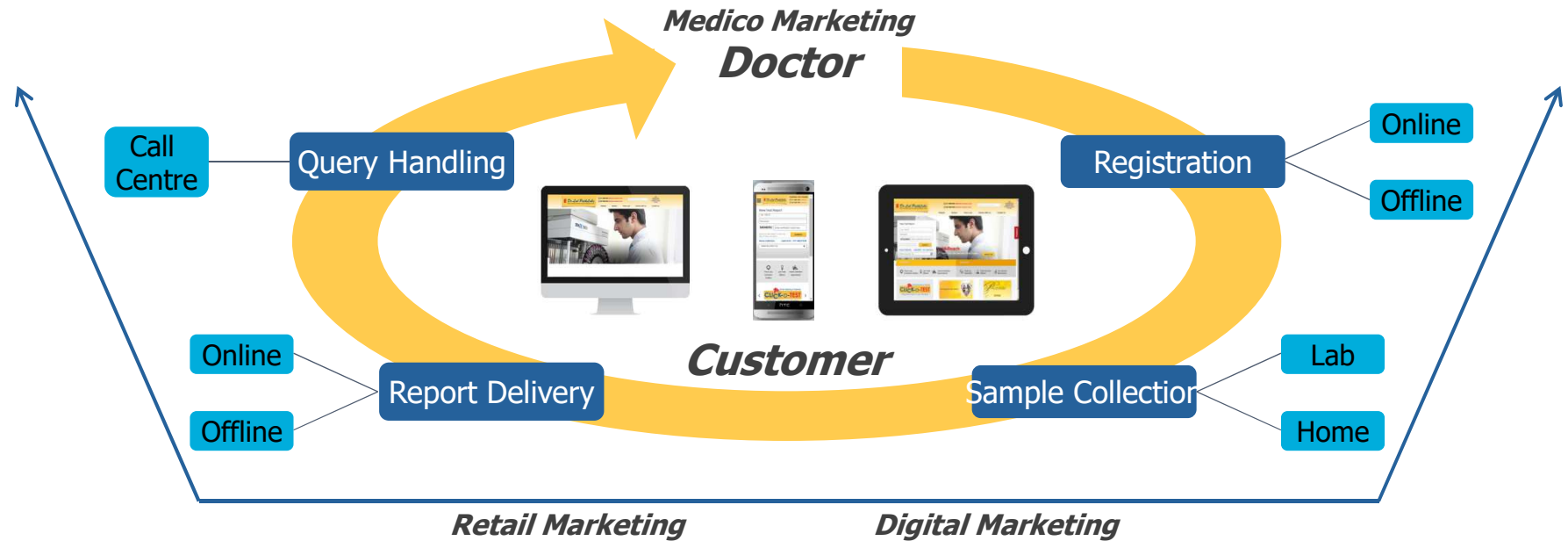
- Accreditations from CAP, NABL and ISO
- Centrally administered surveillance programs

### 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



- Single brand pulls patients

- Walk-in customers account for highest share of revenues

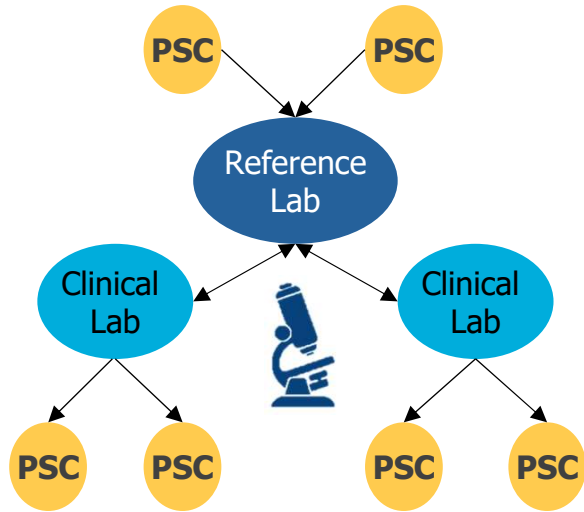
- Diverse and large customer pool



Scalable Model integrated through centralized IT platform allows for network expansion

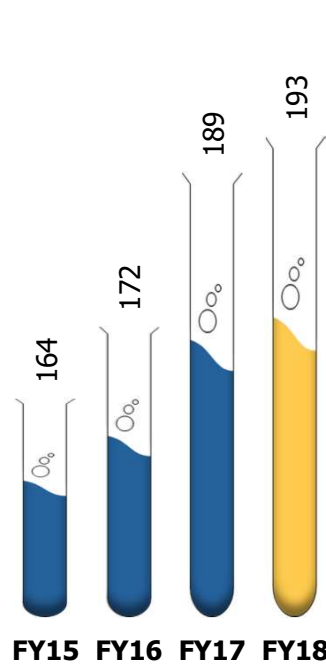
3

Hub and Spoke Model

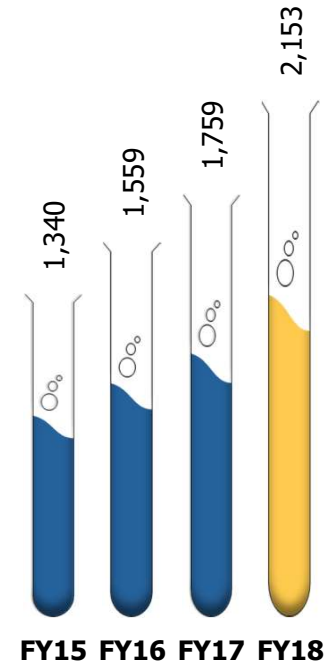


Network Expansion

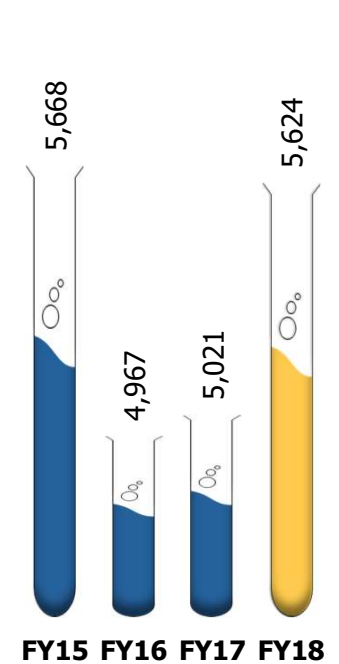
No. of Clinical Laboratories



No. of PSCs



No. of PUPs



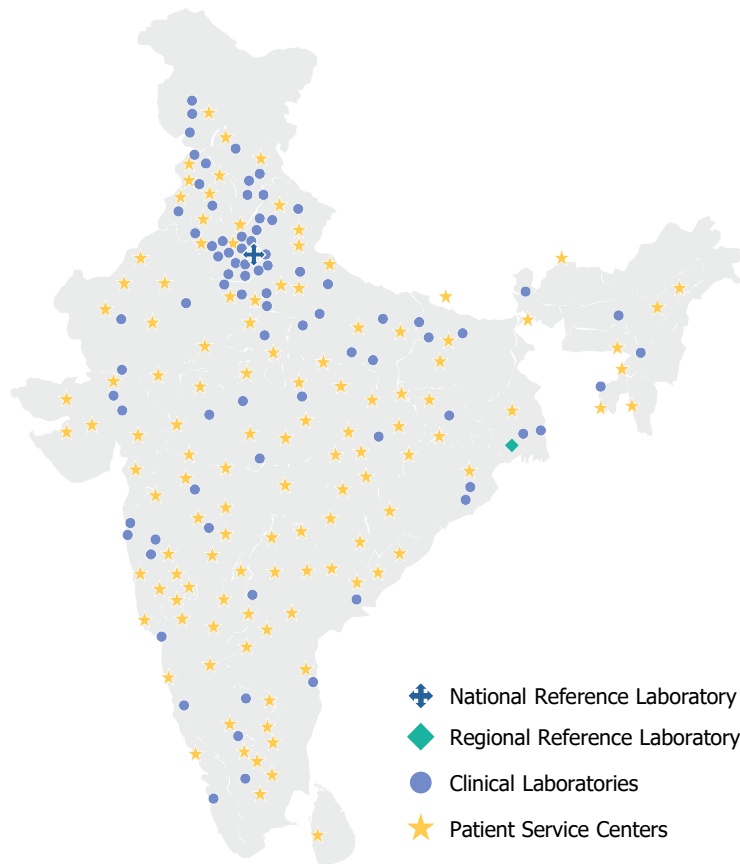
- Centralized diagnostic testing provides greater economies of scale
- PSCs and PUPs facilitate penetration within region and expand reach

1. Includes National Reference Laboratory.

## Scalable Model integrated through centralized IT platform allows for network expansion

3

### 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

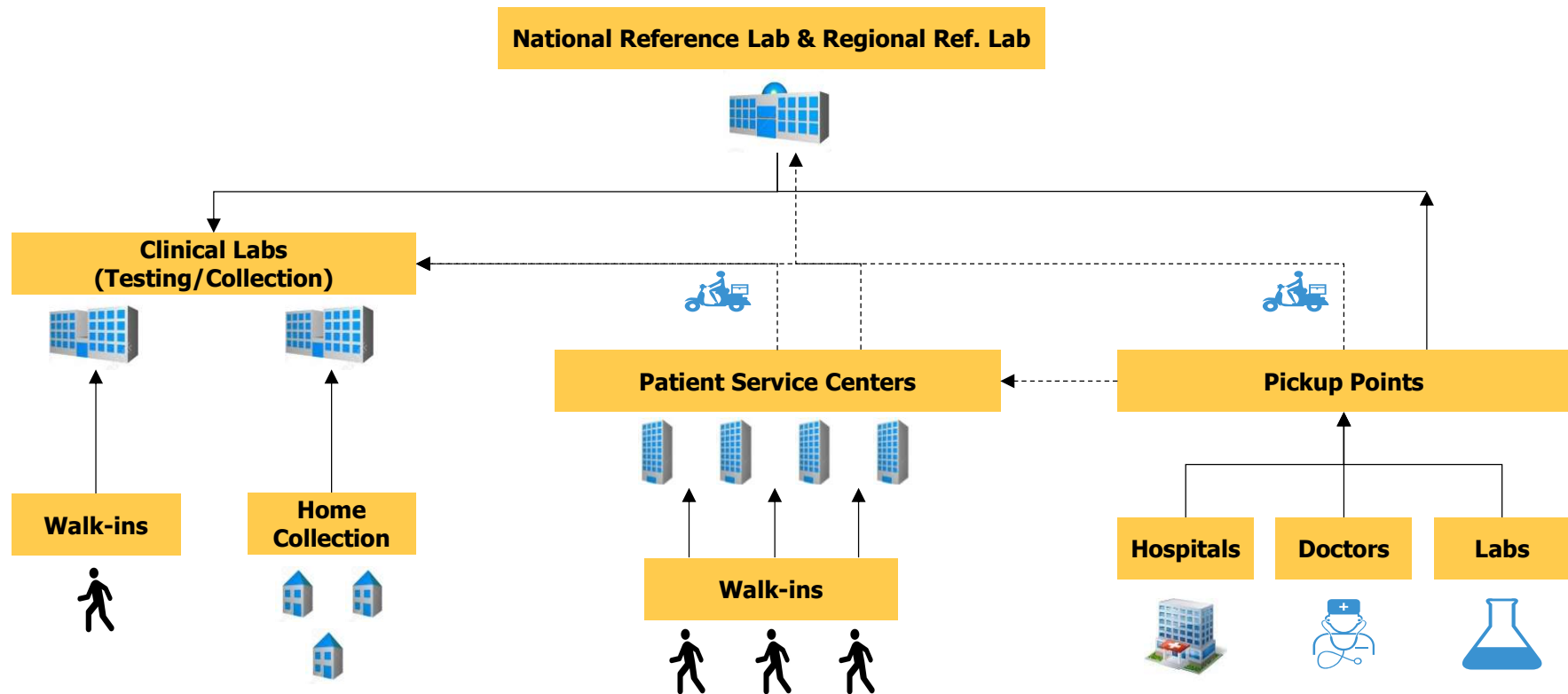
- Bi-directional interface; tracks specimen collection, shipping and testing in real time
- Assigns unique ID / barcode for each sample

#### Data Collection and Analytics

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

## Collection network

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

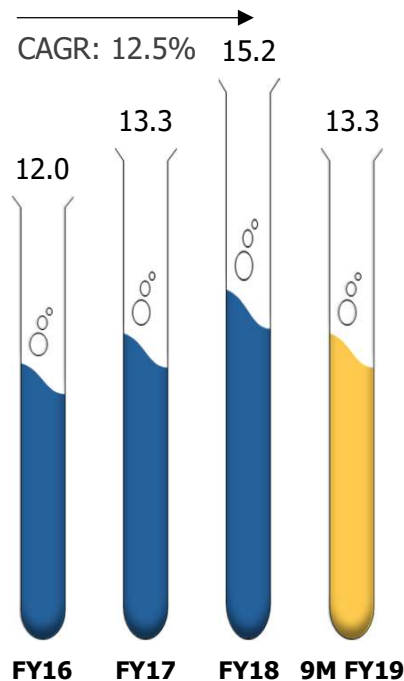
## Attractive operating metrics

# 4

### No. of patients

(Mn)

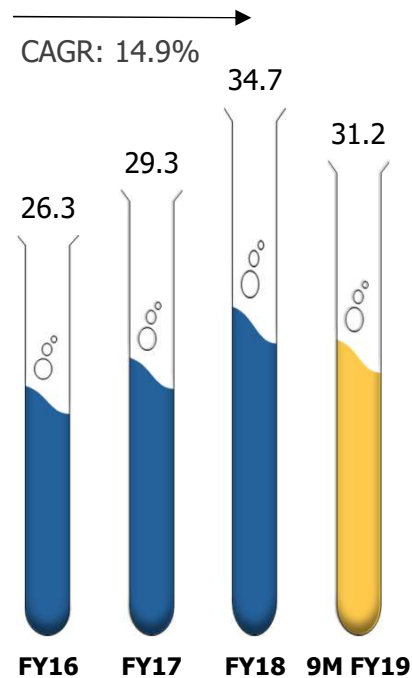
- Consumer brand and network expansion driving patient volumes



### No. of samples

(Mn)

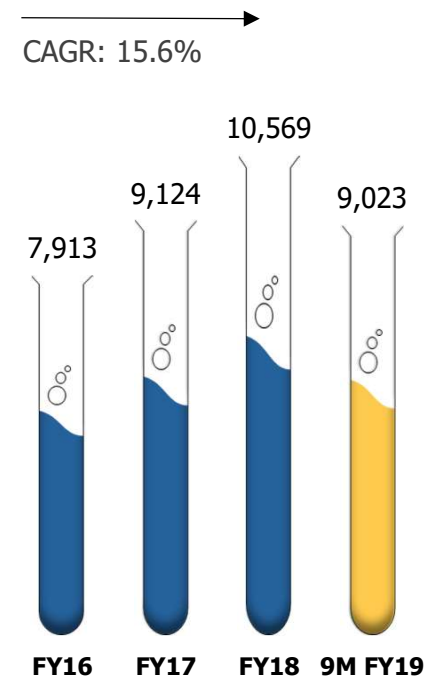
- Increase in samples with patient volumes growth



### Total Revenue

(INR mn)

- Q3 FY19 Revenues increased on account of :
  - Marked gains in patient volumes at 12.1%
  - Increase in tests per patient at 2.38 vs 2.28



## 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
  - 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**

## Strategies to deepen our presence

4

**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. Bundling of tests

*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

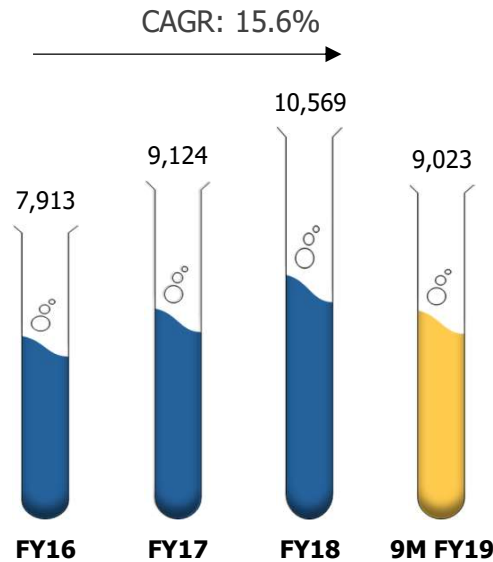
**Healthcare packages**  
across test types



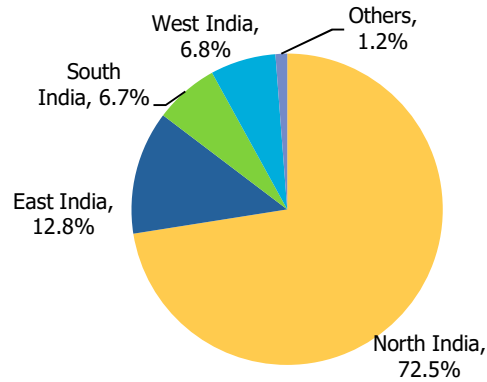
# Robust financial performance

5

## Total Revenue INR (Mn)

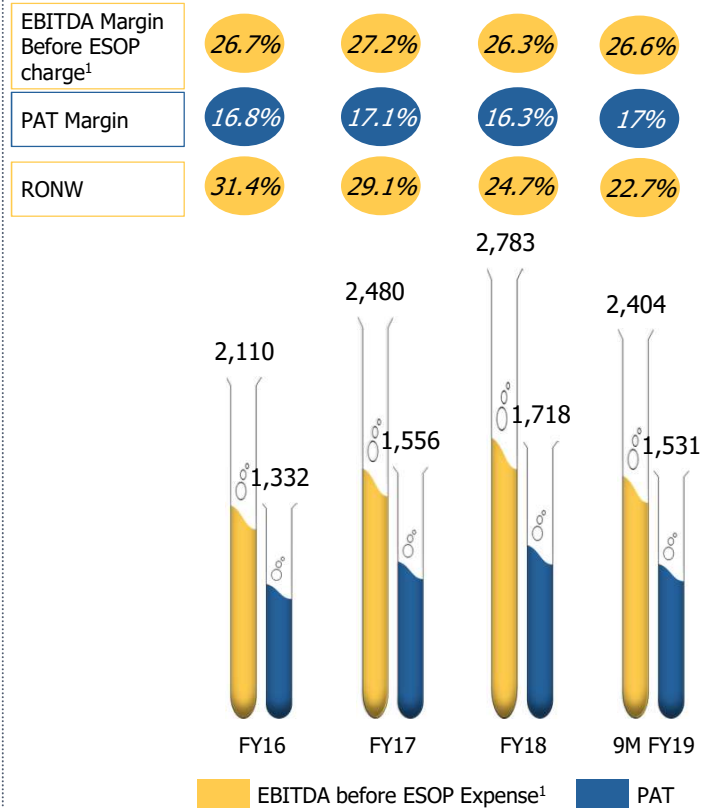


## Revenue by Geography (FY18) (%)



Geography	FY14-18 CAGR (%)
North India	17.0%
East India	19.1%
South India	24.6%
West India	11.1%
Others	23.1%

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

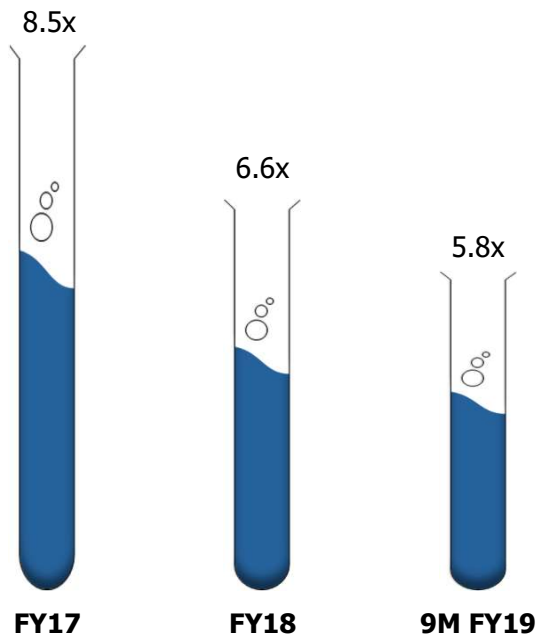


- Growth driven primarily by increasing patient volumes and samples
- Increase in operating margin due to economies of scale

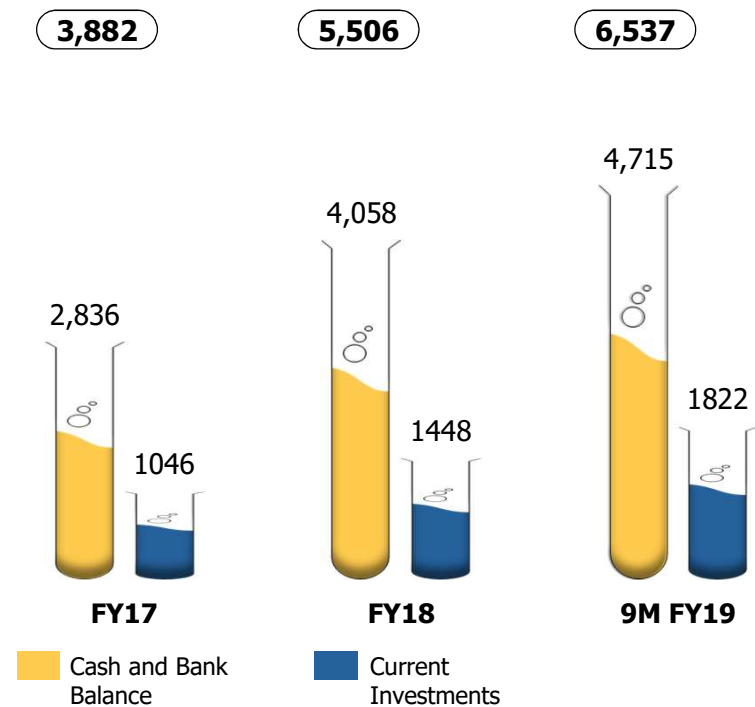
1. During FY14, LPL had reassessed the ESOP scheme as cash settled basis as against equity settled basis treated in earlier years' financial statements. As a result, LPL accounted for additional compensation cost of INR 8.9 mn in FY16. ESOP/RSU/ESPS charge of INR 86.1 mn in FY17 is also excluded. FY16 & FY17 also excluded the impact of CSR Expense of INR 3.8 mn and INR 18.7 mn respectively for ease of comparison.

**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 / Net Fixed Assets as per IndAS

## Q3 & 9M FY19 Highlights & Financial Performance

## Q3 FY19 Snapshot

11.3%



Revenues

**INR 2,925 mn**
Samples  
Processed
**~10.2 mn**

16.3%

Normalised  
EBITDA
**INR 706 mn**
Patients  
Tested
**~4.28 mn**

27%



PAT

**INR 461 mn**
Total  
Employees\*
**~4,316**

\*As on March 31, 2018,

## Key Performance Highlights

**Consistent growth in patient and samples volumes for Q3 at 12.1% and 17.3% respectively driving revenue growth for the quarter**

### **During Q3 FY19:**

- Revenues gained 11.3% YoY to Rs 2,925 million following 12.1% increase in patient volumes
- Number of patients tested stood at 4.3 million in Q3
- Normalised EBITDA (after eliminating the impact of stock based remuneration and CSR) was at Rs 706 million, a growth of 16.3%
- PAT for Q3 stood at Rs 461 million which is a growth of 27% over Q3FY18

**Cash, FDs and Liquid Investments at Rs 6,537 million as at December 31, 2018 from Rs. 6,332 million as at September 30, 2018**

**Company continues to deliver volume growth through heightened brand interaction and introduction of new high-end tests.**

- Introduced high end tests under the brand name Neuro pro & Onco pro
- Received good response to the marketing campaign on Diabetes in Q3FY19
- Interaction with customers through both digital and offline mediums driving higher walk-ins

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 in Ind-AS format.

## Financial Table

Particulars (Rs. mn)	Q3 FY19	Q3 FY18	Growth %	9M FY19	9M FY18	Growth %
<b>Total Revenue</b>	<b>2,925</b>	<b>2,627</b>	<b>11.3%</b>	<b>9,023</b>	<b>7,901</b>	<b>14.2%</b>
Total Expenditure	2,269	2,061		6,749	5,901	
<b>EBITDA</b>	<b>656</b>	<b>566</b>	<b>15.9%</b>	<b>2,274</b>	<b>2,000</b>	<b>13.7%</b>
Adj for stock based comp. & CSR Cost	50	41		130	95	
<b>Normalised operating EBITDA</b>	<b>706</b>	<b>607</b>	<b>16.3%</b>	<b>2,404</b>	<b>2,095</b>	<b>14.7%</b>
<i>Normalised Margins</i>	24.1%	23.1%		26.6%	26.5%	
Other income incl interest	122	71		325	223	
<b>PBT</b>	<b>679</b>	<b>555</b>	<b>22.3%</b>	<b>2,314</b>	<b>1,993</b>	<b>16.1%</b>
<i>Margins</i>	23.2%	21.1%		25.6%	25.2%	
<b>PAT</b>	<b>461</b>	<b>363</b>	<b>27%</b>	<b>1,531</b>	<b>1,315</b>	<b>16.4 %</b>
<i>Margins</i>	15.8%	13.8%		17%	16.6%	
<b>EPS (Basic)</b>	<b>5.56</b>	<b>4.39</b>	<b>26.7%</b>	<b>18.48</b>	<b>15.97</b>	<b>15.7%</b>
<b>EPS (Diluted)</b>	<b>5.55</b>	<b>4.39</b>	<b>26.4%</b>	<b>18.45</b>	<b>15.95</b>	<b>15.7%</b>

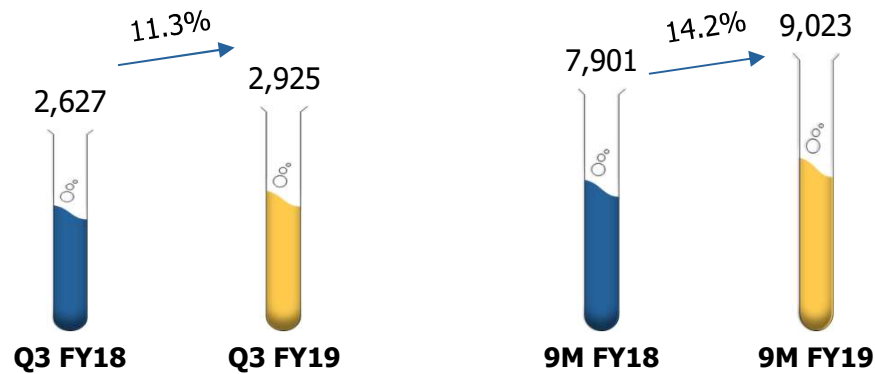
All figures as per Ind-AS except where stated



## Financial Highlights

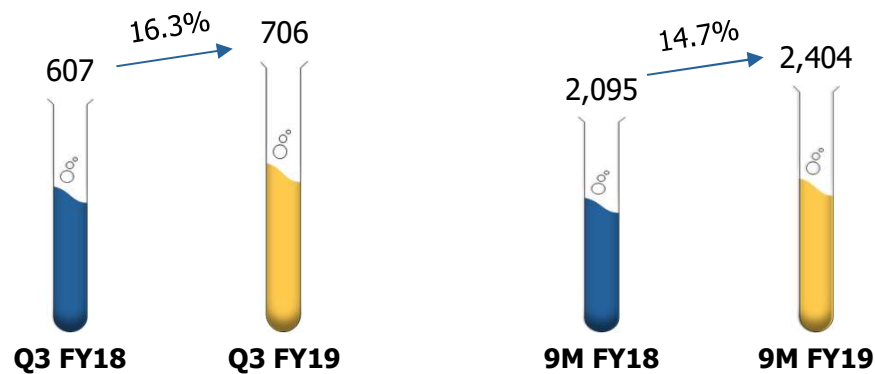
### Revenues

All figures in Rs. mn



- Q3 saw 11.3% improvement in revenues at Rs. 2,925 million. This was the result of:
  - Consistent momentum in volumes with 12.1 % growth
  - Gains in tests per patient from 2.28 to 2.38
- Q3FY19 realisation per patient stood at Rs. 683 as against Rs. 688 in Q3FY18
- 9M revenues delivered 14.2% increase on the back of 16.3 % rise in volumes

### Normalised EBITDA (after eliminating the impact of RSU and other stock based remuneration charges)



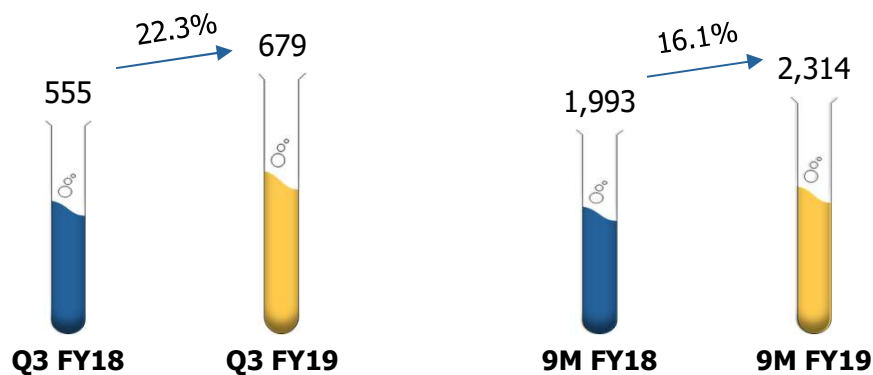
- Q3 normalised operating EBITDA (after eliminating the impact of stock based remuneration charges and CSR cost) grew 16.3%, due to:
  - Targeted efforts to enhance productivity & efficiency
  - Continuous cost optimization
- Q3 Normalised EBITDA margin was at 24.1% as compared to 23.1% last year
- 9M normalised operating EBITDA (after eliminating the impact of stock based remuneration charges and CSR cost) increased 14.7%. Margins stood at 26.6%

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

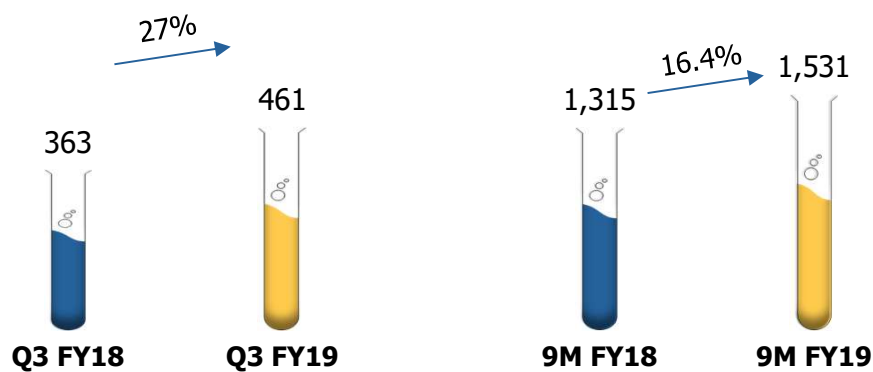
### PBT

All figures in Rs. mn



- Q3 PBT was at Rs. 679 million vs. Rs. 555 million last year
- Q3 PBT margin was at 23.2% from 21.1% last year
- 9M PBT came in at Rs. 2,314 million with margins of 25.6%

### PAT



- Q3 PAT came in at Rs. 461 million from Rs. 363 million, an increase of 27%
- Q3 PAT margin stood at 15.8%
- 9M PAT at Rs. 1,531 million, higher by 16.4%. Margins at 17%

## LPL Strategy for future growth

# DLPL 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

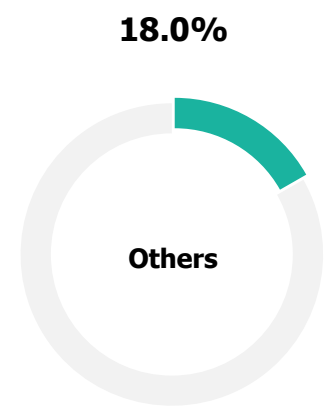
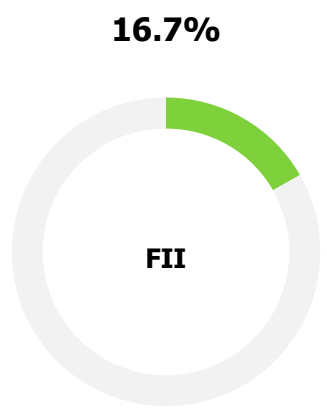
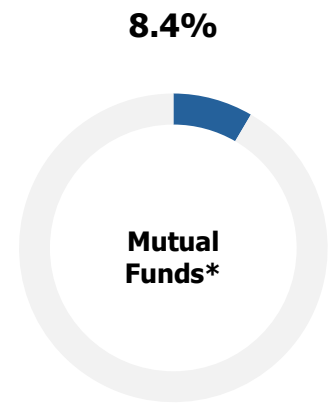
Set up Regional Reference Laboratories

Consider alliances and acquisitions

## Annexures

- **Shareholding as of 31st December, 2018**

# Shareholding as of 31st December, 2018



\*Mutual Funds includes Alternate Investment Funds as well



## 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 478 test panels, 2,425 pathology tests and 1,772 radiology and cardiology tests.

As on March 31, 2018 DLPL's has 193 clinical labs (including National Reference Lab at Delhi), 2153 Patient Service Centers (PSCs) and 5624 Pick-up Points (PUPs). In FY17 & FY18, DLPL collected and processed approximately 29.3 million samples and 34.7 million samples from approximately 13.3 million and 15.2 million patients, respectively.

#### Additional information on Dr Lal PathLabs Limited:

Corporate Identification No: L74899DL1995PLC065388

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

\* As on 31 December 2018

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