

December 15, 2017

The National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051

The Bombay Stock Exchange Ltd
Phiroze Jeejeeboy Towers
Dalal Street,
Mumbai- 400 001

Dear Sir/Madam,

Sub: Disclosure of information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are filing herewith a transcript of the conference call held to discuss the Company's unaudited financial results (Stand-alone and Consolidated) for Quarter/Half Year ended September 30, 2017, on Tuesday, December 12, 2017 at 2.30 P.M. local time.

Dr. Velumani A., Ph.D., CEO, Mr. A. Sundararaju, CFO and Mr. Sachin Salvi, GM-Finance, represented the Company.

Yours Faithfully,

For **Thyrocare Technologies Limited**,



Ramjee Dorai

Company Secretary and Compliance Officer



Thyrocare Technologies Limited

📍 D-37/1, TTC MIDC, Turbhe, Navi Mumbai - 400 703, India ☎ 022- 3090 0000 / 4125 2525

✉ enquiry@thyrocare.com 🌐 www.thyrocare.com

(CIN : L85110MH2000PLC1238)

Thyrocare Q2 Earnings Conference Call

12122017

- **Moderator**
- Ladies and gentlemen, good day and welcome to the Thyrocare Q2 FY18 Earnings conference call hosted by Prabhudas Lilladher Private Limited.
- As a reminder all participant lines will be only 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 this conference call, please signal the operator by pressing * then 0 on your touch tone phone. Please note that this conference is being recorded.
- And I now hand the conference over to Mr. Surajit Pal from Prabhudas Lilladher Private Limited. Thank you and over to you, sir.
- **Mr. Surajit Pal - Prahudas Lilladher**
- Thank you, Rayo. Good afternoon everyone this is Surajit from Prabhudas Lilladher Securities. I thank the Thyrocare management team for giving us the opportunity to host this call. From Thyrocare we have with us today Dr. A. Velumani, CEO, Mr. A. Sundararaju, CFO, and Mr. Sachin Salvi, GM Finance, Thyrocare. Over to you, sir.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Thank you, welcome you all for the Q2 Earning Call, sorry for the delay, we were a bit late in coming to declaration.
- Well, as far as Q2 numbers are concerned I am not personally very happy because it wasn't expected to be as low as we have observed it. But I failed to notice that both festivals of Dassera and Durgashtami have got shifted into the previous quarter and they play a very big role in the 5-7% turnovers of the year. So that's one reason that I can say that we were not good at Q2. But having said that if you look at the half yearly numbers they have been as much in line as what they should be. And compared to last year we had a wonderful Q2, last year, but this year Q2 because of last year good Q2, is not a satisfying one, when I analyze it numerically. Having said that we are no way seeing any challenges. This year will also be as good as last year, plus or minus 2% or 3% will be the outcome in

the year end. So overall in totality we have been smoothly sailing in spite of all the disruptions, in spite of all the strategies of all major players to ensure their growth are as good as Thyrocare. We have maintained EBITDA which is much better than, probably first time in the history we have touched 42%, always we come to 41 or 40. So that also is motivating one. But I have been always telling, for me growth is more important than the EBITDA. So I will exercise a few strategies in the second half of the year where the EBITDA would be 40%, and the growth should be 25 plus is what I am dreaming but 23 plus is very much around.

- A lot of things are happening in this industry many new players have come in, large more funds have been poured into this industry. And the multiples that the two listed companies are enjoying has motivated many people to be there, and lot of people are burning their cash, a lot of people have burnt and finished the cash. Overall if you look at it, it has been for the last 2-3 years a story of many people trying to get our market share. Our regional processing laboratories have been doing well. They were not expected to generate a business of their own. They were expected to do a business which comes in that region locally processed. So in that way they have not added any cost. They have fortunately given us a confidence that we can afford to even go for some 40 regional processing laboratories without any cost giving some concern in the operation. But for that maybe if we want we can put even day after tomorrow 40 labs, cash is in hand, but we need to have the work loads also, volumes also. So 25% growth if you look at it, we would be accordingly positioning adequate number of RPLs every year so that we will have centralised laboratory only in Mumbai, processing only 30,000 specimen, all the growing workload will keep on shifting to regional processing laboratories. So this overall about the business side. As usual the Aarogyam has done better than the non-Aarogyam segment, and a few things were comfort last year, because the IPO spending, the post IPO spending, all those spending have given us last year probably a better growth. To maintain a 25% also with this in this year compared to last year growth will be a big challenge but I am sure very much on it and we are very much moving towards that.
- Now as far as Whaters is concerned the business did not gel with us in the blood business, blood and water are not the same business. We felt it is the same network, same logistics. We had invested half a million only in that particular division. Now last three years, we see it is not moving and we don't have that kind of an ability to parallelly to keep inside and grow that business along with pathology business. We were thinking of giving up but we have identified a party who is currently doing food and other soil testing facility and we felt let us give our Whaters facility, testing facility also to them. They don't have an automation with

them. So we felt internally that it is good to hand over this business and invest into that company and use that company to grow that business rather than we ourselves sitting and doing it. So a decision was taken and the board has been sought for approval for the investment. The investment is 10 crores cash and 10 crore the business of what we had, so 20 crores worth is proposed to be invested, for a 30% of the equity, and we have ensured that all normal shareholders rights are demanded and documented. Now that's about Whaters.

- We have invested in another vertical, this has been done only in these last three months, that is on tuberculosis. The country is having tuberculosis as a big burden. And as much as in 1996, I did not see anyone focusing on thyroid. Today I am seeing no one is focused on TB. It is a bit of different kind of a business, than the conventional business which we have been doing, but we were challenged by the disease, we were challenged by the challenge it causes to the country and to the economy. So we thought we should invest and we should try there, so we have invested roughly around 3 to 4 crore rupees and created a 5000 sq ft facility in the ground floor of our current premises. And this facility is supposed to focus only on tuberculosis and tuberculosis has enough of volumes, enough of business in the market place. How are we going to get attention and get business is what is to be seen. So that is about pathology side.
- In radiology side, PET CT business we have three centres owned and operated. We understood this owning and operation has some challenges of scaling up. So we then identified three more candidates, and went in for a franchisee model that is in Surat, Baroda, and Raipur. Surat is doing extremely well, compared to our even own operations, Surat operations gives us much more comfort. And Raipur has been only third month now, we are the first PET CT in the private set up which does 100 scans within the third month of operations. I must tell you here, there are good number of people who are operating for the third year without doing 100 scans, so we believe that we have indentified location wise Raipur is good, location wise Surat is good. Both markets don't have a competition. Baroda unfortunately has four PET CTs so there is competition in Baroda. So in case of PET CTs franchisee model there is no cost to it, all cost are by franchises. So our EBITDA appears to be improved and appears to be better, because we have a business model which will not have cost on us, it will only have revenues with us, the revenues though will be limited.
- So when we look at the nuclear as a business, we felt that we need to invest more into locations for PET CTs franchisees and our dream continues to remain as 4 cyclotron and 80 PET CTs, so that says that when we pay a dividend we do have a question, are we truly pursuing nuclear or we are going light on it. So this

board meeting we felt we will hold on for one more quarter. And if there is a need to invest in nuclear more we will accordingly decide how much dividend we should pay before the end of the year. So nuclear apparently is motivating because of the franchisee model. But only when we run 10 franchisee models we will come to know what advantages more are there in franchisee model. So we have an additional three of them coming in the month of January and February that means by March 31st we should be having not less than 12 machines operating, currently 8 machines are operating. So this is in short about nuclear.

- I want questions to come and I will be very happy to answer them and now it is open to you to take it the investors and their representatives.

- **Moderator**

- Thank you very much, we will now begin with the question and answer session. Participants who wish to ask a question may press * and 1 on their touch tone telephone. If you wish to remove yourself from the question queue you may press * and 2. Participants are requested to use handsets while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

- We have the first question from the line of Prakash Kapadia from Anived Portfolio Management, please go ahead.

- **Mr. Prakash Kapadia – Anived Portfolio Management**

- Thanks for taking my question, congrats on a good profitable growth.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- Thank you.

- **Mr. Prakash Kapadia – Anived Portfolio Management**

- I had two questions. In your opening remarks you did mention about a lot about private deals being there and some of that is now subsidizing and cash is burned out. So if you could give us some sense of you know what is happening on the ground, so are these players now talking of rational pricing, what are we sensing on the ground. Obviously our pricing strategy and volume growth was better as compared to others, but if you could give us some sense of what is happening on the ground that would be helpful.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- See in this business quality is no more a selling point everyone has the same quality, at least top 100 guys in the country have the same quality. Now somebody telling that because of my quality my cost is better, my cost is higher than that is not all truly gelling in the current environment. So all the guys who are coming in know only one thing, the only way to get traction, get numbers is pricing. So the investors put in money and they tell them, they don't tell them what is the turnover they want, they tell them what is the number of specimen they want. So that gives the investee a freedom to experiment, because the investor has told him bluntly don't worry about profit I want you to get volume.
- **Mr. Prakash Kapadia – Anived Portfolio Management**
- No of footfalls, right.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- So what is happening is they will go and tell even my franchisees are even my other organized franchisees, whatever rate it is I want your specimen, that is I charge Rs. 200 for a particular test, no problem you give me Rs. 100. So who is actually benefited is the guys who are engaging with the patient. And the B2B business is undergoing irrevocable disruption and that has been happening in the almost ten years. But earlier all 10 years all entrepreneurs themselves had taken decision to dilute and fight. No one has given them money from outside, but for last five years I have reason to believe that around 100 people have got around an average of 2 million dollars investment.
- **Mr. Prakash Kapadia – Anived Portfolio Management**
- Okay, and this you are not necessarily seeing on the B2C side?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- See, B2C side no one is willing to dilute the rate and willing to pass on the benefit of the customer. We take for example B2C for thyroid is Rs. 300, we are the lowest in the market in the B2C segment. When I say so, players of size, some players without size they have decided to even operate even less that rate. But similar laboratory, a similar accredited laboratory charges somewhere around 1200 to 1500 for B2C. But they charge only very little in the B2B. So it is very difficult for a common man to get the benefit, it is all the middlemen who will continue to get the benefit. There is no way out.
- **Mr. Prakash Kapadia – Anived Portfolio Management**

- Understood, that is helpful. And secondly, sir, if you could share some you know, thoughts on what are we doing to it cross sell and up-scale some of our existing customers on the technology side, so for example if you know I have been a customer what is the next route to tap my wife, my mother, my father and you know, cross sell and ensure you get like a family pie and you expand your revenue share from the same patient. So are we doing some specific, you know, coding on the technology side, unique client code, sms alerts, emails.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yeah, in that way we haven't adequately explored the potentials of the customers who have already come to us. We felt once they have come to us they will have no choice because no one else will offer better so they are with us and there is a likelihood they are with us. Now the challenge for us is in a day we have gone 60,000 specimen in which around 50,000 specimen are B2B, and 10,000 specimen are only B2C. B2B customer we will never be able to touch because that is not our customer. In the 10,000 of B2C customer, sometimes it is very difficult to chase a man with any identity and get business because in our countries there is nothing known as an identity for a man. We were thinking that once Aadhar gets in we will probably will use Aadhar as a base number and work on in. We were trying to do with telephone, but then every man purchases a every alternate quarter one telephone number and also somebody uses his telephone number for his cousin brother also and his entire family also. So there has been a lot of challenges for identifying how to reach to the customer. Having said that we do despatch four times in a year, a coupon which contains our packages specifically for loyalty customers because we have got name, address, pin code of that individual and we are sending physical printed coupons to roughly around 5 lakh customers. Now this is on what do you call as offline printed coupons and we also make mailers and send it once in a month on mailer. Having said that still a lot more to be exploited, explored there. We haven't been good at it and we are looking for an agency who will do that job.
- **Mr. Prakash Kapadia – Anived Portfolio Management**
- Because from an up-scaling and cross selling perspective it becomes much easier and easier to tap and obviously you have the loyalty because he has already come to you. If that can work, that can add further impetus to your growth.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- Yeah, a little more emphasis will be given to that segment in the next two quarters.
- **Mr. Prakash Kapadia – Anived Portfolio Management**
- Understood. And lastly, sir, you know, nuclear side of the business, as you know long term potential investors, what are the two or three variables we need to track over the next four to six quarters. Is it addition of number of franchisees or is it number of tests or the capacity utilization in our nuclear side of the business, because as you said we are evolving and still franchisee part is being tested and we will have clarity down the line. So over the next four to six quarters what are the two or three kind of variables which we need to assess, that we are on direction or we are losing momentum or on track or no.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- See, this is a bit of a dynamic scale where overall balance sheet will show you what is mean per machine workload that is number of scans per machine per day. So some of my old machines are doing 18 scans per machine per day, and some of the newer machines are doing only 2 scans per machine per day. So the business profitability is only on per machine, the number of scans per machine per day. So that needs to be monitored. That you can't monitor because once I finish 12 I will be looking for four more for 16, once I finish 16 I will look for 4 more to becoming 20. So you will not be able to see the overall productivity...
- **Mr. Prakash Kapadia – Anived Portfolio Management**
- Momentum.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yes, this is an ongoing project and it is very difficult to look at it. If I want to see a better balance sheet I should stop growing. In other words, I should not put more investment in more locations, then I am limiting my business to only let us say a 100 crore turnover. And 100 crore turnover will have x% EBITDA and 200 crore turnover will have 1.2x% EBITDA. And if I go to 400, it will be still better. So EBITDA will be better when we reach to a better size. So there is difficulty, in understanding how this business is truly emerging out finally, because we also have disrupted the nuclear as a business. When we came into market we were the first guys to declare a 9999 rate which was only a 4 digit rate when everybody was 25000 plus. Now that has forced all players to go back foot very reluctantly, very late, but if you analyse in these last two quarters the entire market has come

down to 12000, 13000, 14000, and a mean scan revenue. So when they don't come down, we grow fast, when they come down we grow slow. But if all have come down, the industry will grow fast. But very difficult to truly draw some kind of projection and tell this will happen, but one thing is certain we will not be into any losses we will be, we will be producing profits and using those profits we may buy more, some machines. Otherwise all machines will have to be invested and we have to wait till we have reach to a size. Now whether to do 80, whether to do 60 or whether to do 40. All three options are there but until 40 if I don't do, we have gone into wrong business.

- **Mr. Prakash Kapadia – Anived Portfolio Management**
- Understood. So, we will continue to invest till the time we reach 40 and then we will further take a call is what you are saying.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yes.
- **Mr. Prakash Kapadi – Anived Portfolio Management**
- Understood. Sir, all the best. I will come back to you if I need.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Thank you very much.
- **Moderator**
- Thank you. The next question is from the line of Anand Dhavnani from Sameeksha Capital. Please go ahead.
- **Mr. Anand Dhavnani – Sameeksha Capital**
- Good evening, sir.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Good evening.
- **Mr. Anand Dhavnani – Sameeksha Capital**
- Could you give me break up of year on year and quarter on quarter growth in the B2B segment and B2C segment?

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Sachin will talk on it.
- **Mr. Sachin Salvi – GM, Finance, Thyrocare Technologies Ltd.**
- So, the breakup of B2B and B2C segment is there in our presentation. If you can please see, key operating matrices business lines that gives you the breakup.
- **Mr. Anand Dhavnani – Sameeksha Capital**
- Okay. I didn't find it on the B2C, I will come back later if I have more questions.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yeah, yeah. As far as B2B and B2C are concerned, B2C growth was excellent last year because of the spend which we had done for promoting the brand in multiple verticals of media. So, last year it looked like B2C is growing faster than B2B. But B2B continues to grow. So, this year if you look at it, it is growing in a better way than B2C year on year, quarter to quarter.
- **Mr. Anand Dhavnani – Sameeksha Capital**
- Okay. And sir, for our ESPs and TAPS and the cities that we cover, any kind of targets that you have for FY'18-FY'19.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- We couldn't hear your question . Oh, you are talking about targets given to the franchisees.
- **Mr. Anand Dhavnani – Sameeksha Capital**
- Yes, sir, our internal targets of number of Thyrocare service, professional Thyrocare aggregator that we want to have. Currently I believe we have like 558 cities that we cover and Thyrocare aggregator which is around 900. Just wanted to understand what is the...
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yeah. I think the investor community may not be knowing probably we did not make it clear. We also have developed an online client model, where a customer as a laboratory can pay and use us. No big formalities are needed. And you send your business, you pay for the business and you can use it. This kind of clientele

we have only started in these last two years. Initially we experimented is it working alright and it is working alright. So if you look at it now our clients are of 3 categories. One is the full fledged franchisee who engages with a customer walking into the centre. Another man is a man who accumulates patients' samples from different players and we call them as Thyrocare aggregators. And the third guy is an online client, who uses his own laboratory and maybe he uses his own brand, but utilises our facilities. Because he feels our facility is the lowest cost in the market space. So, today we have roughly around 2700 clients. And this has been consistently growing quarter over quarter by over 20%. This is only the client counts. Every client does not produce big volumes. Some of the clients only produce 100 samples a month. But we feel that all of them will grow if we continue to engage with them.

- **Mr. Anand Dhavnani – Sameeksha Capital**

- Okay, okay. And sir, in the early part of concall you mentioned that RPL will be used for incremental load.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- Yes.

- **Mr. Anand Dhavnani – Sameeksha Capital**

- So, just wanted to understand the capex, you would have to do in that side of the business.

- **Mr. Sachin Salvi – GM, Finance, Thyrocare Technologies Ltd.**

- This is Sachin, as such there is no huge capital requirement for setting up a RPL. Each RPL set up cost would not exceed 2 to 2.5 crores because these are very small sized set up.

- **Mr. Anand Dhavnani – Sameeksha Capital**

- Okay. Then what is the number of RPL that we are targeting to have let's say for next 1½ and 2 years.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- Now, let me put it this way. For each 20 crore turnover, you need to spend 2 to 2.5 crores of capex whether you do it in centralised location or in a regional location. So, it is not an additional capex, it is a distributed capex and that hasn't

been a worry for us. Only thing is if we have too many installations, machines will be standing and standing machine is a liability.

- **Mr. Anand Dhavnani – Sameeksha Capital**

- Okay, okay. Sir, our central processing laboratory, as far as I understand, you have got machineries from a vendor and he had given it at a low rate. You were only charged for the reagent that you use. Does the same model work for RPL as well.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- No, no, actually we have come out of that model. Because every vendor is putting 15% mark up on reagent pricing and he gives us the machines. This was alright when we were not truly worried about the numbers. Now, we realised that, that 15% concession that we do the reagent 15% saving is working out to be much better option than not buying the machine and taking machine as a lease. So, we have calculated and we have probably have an improved EBITDA because of the change in strategy.

- **Mr. Anand Dhavnani – Sameeksha Capital**

- Okay, okay.

- **Mr. Sachin Salvi – GM, Finance, Thyrocare Technologies Ltd.**

- The machines are purchased by us.

- **Mr. Anand Dhavnani – Sameeksha Capital**

- Okay, okay. And sir, in last quarter one of our biggest competitors launched the wellness package. So, just wanted to understand has that in anyway affected our growth this quarter.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- If somebody else also has put in their net in the Arabian Sea next to us, I don't think number of fish we will get is anyway less. It is a huge market and don't think that's a true problem because I today see almost 25 topmost players in the country have copied our Arogyam in letter and in spirit and with grammar spelling mistakes. And so, I am very happy. In fact people ask me do you do any R&D. I don't think I call it as a R&D but I think if I am copied by someone else that is an R&D. Speaking that everyone is knowing that other segment is giving faster

growth to Dr. Velumani and Dr. Velumani doesn't keep it as a secret. In every business channel interviews, I make it very clear. My strength comes from the wellness segments. And I think it is open. I don't think that is a small segment where the competition will truly be troubling. One can keep on exploring as much as possible in that market space.

- **Mr. Anand Dhavnani – Sameeksha Capital**

- Okay. And sir, about the tuberculosis you mentioned in your opening remark, if you can give us a gist of this opportunity size in this vertical.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- Which one, I didn't understand there was some disturbance. Please repeat the question.

- **Mr. Anand Dhavnani – Sameeksha Capital**

- Sir, you mentioned about tuberculosis being an opportunity.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- See, the tuberculosis, one thing I must tell you here. Thyroid is starting with 'T'. Tuberculosis also starting with 'T'. With thyroid I don't think in these last 30 years, I ever heard somebody died because of a thyroid problem. So, if we could create a huge business brand out of that thyroid, out of that 'T' which doesn't kill and another 'T' which straightaway kills if not treated in time. In fact India is the tuberculosis capital of the world. In India, UP and Bihar are the 70% burden of the tuberculosis in the country. A lot of people are trying to control it. A lot of government agencies are trying to put in their might to solve the problem. Plenty of private hospitals are also doing work but all of them are working at a very high cost. Because of the high cost the consumption is too low. We believe like what happened in thyroid it will happen in tuberculosis also. Once there are volumes there will be prosperity. So, we have made up our mind for 24 months to work without profit in that segment because my need today top line but my need is not the profitability. So, when we have focused TB as a brand, which is a brand nowhere in the country, I don't think anyone is focused on TB as much as we will be focusing on. So, we have assembled a team and put up infrastructure within a matter of 4 months. And it is possible that one day TB may do much bigger than even Thyroid. But all are subject to lot of you know, outcome of this kind of focus, how it impacts. Government is struggling because government doesn't have 3 things, IT, HR and logistics. We believe we have IT, HR and logistics in place.

There is likelihood of government will lean on us to help tuberculosis. Because here it is only challenged by logistics as well as IT.

- **Mr. Anand Dhavnani – Sameeksha Capital**

- Okay. And, sir, what kind of investment other than this 3 to 4 crores, this tuberculosis business might need for next couple of years.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- The major expenses if at all I look at on the capex side, if you decide to put up an RPL it is roughly 2 to 2.5 crores. And I think we invested some money in purchasing some more HDLC instruments, 4 of them that was all put together around 4 crore. And when we want to put in PET CT, we need 6.5 crore. So, this is the capex which is not that we have decided to do this much this year. I am a man who will decide on that particular quarter based upon some kind of aggression coming in, you know, if we go and sell our PET CT franchisee model, it is taking time to convince them. But if they themselves have come to us, it will make lot of sense for us to explain them. So, we are inorganically not pushing it. We are organically growing it.

- **Mr. Anand Dhavnani – Sameeksha Capital**

- Okay. This is the last question. Delhi government had some low priced tests at certain hospitals. So, have we been able to empanel ourselves or have we been planning to empanel ourselves in that segment.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- I was thinking that Delhi government business means our business will prosper like anything. We did get empanelled. But we were not given unique what you call as preference. Though we were only 9,999, other players were much, much higher. They allowed anyone to get it done from anywhere. And we hardly got 100 scans in a quarter. And that also payments have still not come. So, it is not that we lost an opportunity. And it is not that we did not persuade it. It looks like they have only declared that it is paid by the government. Their referrals are very, very low because they may not have budget.

- **Mr. Anand Dhavnani – Sameeksha Capital**

- Okay, okay. And sir, I don't have any questions but I have one suggestion if I may.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yeah.
- **Mr. Anand Dhavnani – Sameeksha Capital**
- Sir, I, my, during my interaction with medical community, I see a lot of rumour mongering about the quality of tests. And I think you, yourself have mentioned on several occasions that because our cost is low people think we do not have the quality.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yeah.
- **Mr. Anand Dhavnani – Sameeksha Capital**
- And I would like to suggest you to, you know, maybe have a program whereby you take in people into the lab once every 6 months or a year and if we can get that purchase among the...
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Those, those who talk they don't come.
- **Mr. Anand Dhavnani – Sameeksha Capital**
- Okay, okay. We understand they get commission from other labs and....
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- No, you know, this is the pain which in the last 20 years we have faced. And if you have noticed last fortnight in Bangalore, there was an IT raid and 200 crores were found in diagnostic centres. And various other indicators are very clearly telling the corrupt community are now under severe pressure. And I am okay. I don't think anybody can ask the quality today. Because a cap accredited laboratory and NABL accredited laboratory, somebody is talking about quality you must know actually what they are talking about.
- **Mr. Anand Dhavnani – Sameeksha Capital**
- Yes, sir, we very much trust. We very much like the company for the low cost budget. Maybe it is the layman who is like overly influenced by doctor and...

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- No problem this is an unorganised market where we are only 7-8% market share. One day we will have 20% market share that time people will unilaterally, unanimously agree that Thyrocare is the cheap and best.
- **Mr. Anand Dhavnani – Sameeksha Capital**
- Yeah. Sir, good luck and I will come back in the queue for more questions. Thank you.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Thank you.
- **Moderator**
- Thank you. And the next question is from the line of Mohan Adwan from Multi Act. Please go ahead.
- **Mr. Mohan Adwan – Multi Act**
- Yeah. Thanks for taking my question. Sir, in the last 5 quarters we spent around Rs. 30 crores plus, which were funded by the selling share holders. So, I just wanted to know what exactly was the nature of this spending and did it affect our growth rates positively in those quarters and now that you do not have that kind of money to spend, do you feel challenge to grow at that pace going forward?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Actually that was a bonus. We got it because the outgoing investors were according to me, were going with very great returns. And we were not investor-investee, we were more of family when we were sitting in the board rooms and taking discussions and all deliberations. So, I told them, gentlemen, I want you people to spend for my IPO, this much are the amounts. Then only I agreed for an IPO. So, I was entitled for it. And when I say, I was, the company was, I didn't take it personally for me. I wanted the company to benefit. So, we got a boost to produce impactful campaign for the brand which we have done. But having said that it may continue for another 2-3 years may not be to that extent you know, if last year we got 10 crores extra because of the advertisement, this year it will come to 5 crore. Third year it will go to 2.5 crore. But we must reuse other side just to continue the growth. I personally feel we have been doing it almost for the

last 15 years the same CAGR over a period of 5 years of gradient. We should be able to do, I haven't got worried about that funding not being around.

- **Mr. Mohan Adwan – Multi Act**

- Sir, this money was spent purely for like TV, print and advertising. It was not for selling product etc, right.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- No, no, this is purely meant for media.

- **Mr. Mohan Adwan – Multi Act**

- Okay, okay. And sir, my last question was on the seasonality, if you could explain, what happens to us during festive season. And if I see, Diwali was in October this year, as well as last year. So, why would it have affected our revenues?

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- Yeah, Sachin will answer.

- **Mr. Sachin Salvi – GM, Finance, Thyrocare Technologies Ltd.**

- So, Dussehra and Durgaasthami, it was not Diwali. Durgaasthami as well as Dussehra last year was in the month of October. This year they were at the end of September. So, if you take out straightaway from our East business of around say 7 to 8 days and from our West business about 3 to 4 days on account of these durgashtami and navratri, that is the impact which we had in this quarter on account of these two festivals.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- There are not festivals alone. Sometimes monsoon helps, sometimes monsoon stops business. Sometimes the elections stop the business. So, it is not that it is all very smooth run. According to me the festival months are supposed to be low but the monsoon months are supposed to be better. So, somewhere in average if things to goes well otherwise according to me this September was the worst September we ever had has a month. We are also doing research to find out what was the, what went wrong in September. In October things have improved.

- **Mr. Mohan Adwan – Multi Act**

- Sir, and these samples that might be lost they are just deferred, right, it is that patient will come back to you in the, in October.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yeah, yeah. In other words I must tell you, whenever somebody has to undergo your wellness package, he has one month of flexibility. So, then he is what, doesn't happen now will come after fortnight. It is not true worry for us. When we finish the year, we know this year is better than the last year or as good as last year.
- **Mr. Mohan Adwan – Multi Act**
- Okay. Sir and we have almost done with Q3 as well. So, the numbers that you see gives the confidence that Q2 was just a blip and there is nothing that we should read into it.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- I am not supposed to answer this question.
- **Mr. Mohan Adwan – Multi Act**
- Okay, okay, no problem, sir. Thanks for this.
- **Moderator**
- Thank you. The next question is from the line of Srinivas Seshadri from Mirabilis. Please go ahead.
- **Mr. Srinivas Seshadri - Mirabilis**
- Yeah. Thank you for the opportunity. I have a few questions. Firstly, Dr. Velumani, in this since wellness is more of a, kind of wellness testing is more of a potentially repeat behaviour how do we kind of track whether customers are coming back and what is the kind of repeat impact of that business. Since now Arogayam has been, there is a history to it in terms of 3 years gone by. How do you measure that part and what are the numbers which are coming out on that part?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Maybe many investors may not like what I say, but this is what I want to say. We don't put any pressure on our employees. We don't put any pressure on our

franchisees nor on our customers. We are fairly priced, we are quality wise, speed wise have no paucity. So, we believe somebody who has availed us, he will avail again. Even if we don't go back to them. But having said that, there are good number of people who got it done not because of anything just for a small doubt. Since all parameters are normal, they think, I will be normal at least for another 5 years. So, they don't truly get convinced even if we call persuade. As I said, we are having what you call name, address and pin-code of all the customers. So, we are disbursing our coupons to everyone. And we felt when we got listed, all investors who were around 25,000, 30,000 investors will be keen to avail our coupons. I don't think anything more than 5% of the people availed our coupons. So, wellness is not something truly everybody consumes. Wellness is something only rich consume. And when the rich consume they consume some of the people do it. I meet some people in some investor forum and they tell me, Dr. Velumani, I got 9 times done Arogayam 1.7 in this year. That means he has, he is a health freak and he is number freak and he is controlling his numbers on given a monthly basis. Cutting the long story short, we were not as much as we wanted to be after the regular customers. I think the next 2-3 quarters we will investing more on them and try to see, whether we can get another 2- 3% growth.

- **Mr. Srinivas Seshadri - Mirabilis**

- So, if I understood it correctly you are saying the general medium behaviour is that they don't feel that it has to be done manually, it may be less frequent kind of testing, that's how the market has evolved so far.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- I think everybody's needs are not the same.

- **Mr. Srinivas Seshadri - Mirabilis**

- Okay, okay, got it. The second thing was on the TB business which you highlighted. I must commend you again on another new initiative has been added by you. I wanted to understand because there are various types of TB tests. And some of them are like, some of them could be more of a long cycle test in terms of culture development. Some of them are somewhat similar to bio-chemistry types which we do in general which are short cycle and results come out immediately. So, I wanted to understand the way the testing is going to happen on the TB side. Is it going to be a similar kind of a machine driven, system driven kind of testing or will it be more people intensive and time intensive kind of, will the format be very different.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- I think 90% of the TB business is involving machines. But those machines are not those machines which will print out the results in 30 minutes. Those are the machines which will take minimum 24 hours and maximum sometimes it goes to 20 days, to tell whether it is positive or not. So, if you ask me it is more machine driven but not as much as machine driven as the conventional Thyrocare business. That is 99% machine driven. This is 80% machine driven. 20% of the tests needs manual intervention. According to me no one knows how to handle tuberculoses in the large scale. We also don't know. We are just putting up the facility at the 5,000 square feet. If we imagine the tuberculoses as a major issue, the size actually it is, we need 10 times bigger floor than what we use for thyroid. That is only to tell. That we don't know much about, which are all the tests actually useful, which are all the tests just used because other test is not available in hand. So, our own experience in next 3-5 years will help some organisations to plan strategies for handling tuberculoses. Some of the government institutions are handling tuberculoses. But you know how government institutions take anything serious. For them they want to say that they do the test and if they do 300 tests a day, they will write it in their annual reports, last year we did 260, this year we are doing 300. But millions are suffering and there is no wherewithal from the government to take that responsibility. I am just experimenting. Thyroid is what everyone has encroached on, everyone has come as a competition. Why not we set up another brand where we will be seen as the only player. So, that's our dream. And I think we are in the right path according to me until we have proved that we are not right.
- **Mr. Srinivas Seshadri - Mirabilis**
- Okay, okay. And by definition this should be more of a B2B business because it's more of a doctor recommended kind of, what would be the root to the market.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- See, B2B, we have 3 B2Bs. One is B2B lab. Second is B2B hospital, third one is B2B clinics. So, this business will be less lab and more hospital. Pathology business is more lab and less hospital.
- **Mr. Srinivas Seshadri - Mirabilis**
- Right, right. Got it, got it. And just one thing, you have been mentioning that there is a lot of money coming, new money coming through investor out there funding a lot of these companies, new companies. There would be some kind of a benefit to

you as well because in some cases it will be more like an online marketing companies which kind of completely have you as a backend testing provider.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Right.
- **Mr. Srinivas Seshadri - Mirabilis**
- So, so, I just wanted to understand, what is the contribution of that kind of segment to your revenue currently and how that has grown?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yeah, I think all online people are overcrowding for a small online customers, customer base. So much so, the same man gets 10 emails from the 10 of the operators who are, who all 10 of them are only my backend kitchen users. And in Google if we want to see our name first, somebody else who is using our services their kitchen is putting their name as first. So, have you understood, that space appeared to be not adequate in size compared to the number of players and their aggression. So, it is matter of you know, tomorrow the market will grow on its own pace. But I think there everybody is around and I have reason to believe at least 70% of the online bookings I am serving.
- **Mr. Srinivas Seshadri - Mirabilis**
- Okay, okay. And that is percentage of your revenue would you be able to quantify how much.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yeah, I think we call this as a DSA, Direct Selling Agencies. We do have today around 12 to 15% of business from DSA.
- **Mr. Srinivas Seshadri - Mirabilis**
- 12 to 15%. Okay, okay and that is been a very fast growing revenue line for you.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- 5 years back it was only 2%.
- **Mr. Srinivas Seshadri - Mirabilis**

- Okay, okay, so it has grown much faster.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yeah.
- **Mr. Srinivas Seshadri - Mirabilis**
- And final question is regarding this RPL. If you can just highlight how many are there today and maybe over the next 2-3 quarters, what are the plans? And typically though I understand that lot of business in that local area will be handled by RPL, tests will be handled by RPL. Usually is there also spurt in the growth in the business once RPL is established in a certain geography within that say 50 kilometre radius of that geography.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yeah. We are going closer to the customer, customer who was serviced in 48 hours, now is getting serviced in 24 hours. So, obviously when the quality is the same then the cost is better. Then the speed also becomes better there will be a better growth. But having said that had we not had RPL, all the disruptions which everybody is doing probably would have disrupted us also. So, without an RPL we might have grown on 2-3% less. So, I am just making it as you know, overall outcome appears to be because of RPL also.
- **Mr. Srinivas Sheshadri - Mirabilis**
- Understood. How many RPLs would you have currently?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Currently we have 8.
- **Mr. Srinivas Seshadri - Mirabilis**
- 8, okay.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- 7th was Mumbai In Mumbai, we have an RPL. And the eighth is in Patna. And the ninth could be Chandigarh.
- **MR. SRINIVAS SESHADRI – MIRABILIS**

- Okay, okay fair enough. Okay thank you Dr. Velumani.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Thank you.
- **MODERATOR**
- Thank you. The next question is from the line of Aditya Khemka from DSP BlackRock. Please go ahead.
- **MR. ADITYA KHEMKA – DSP BLACKROCK**
- Yeah hi good afternoon sir. Sir just one very silly question to begin with. This 23-25% growth that you keep evading to, that is the revenue growth or the profit growth?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- All.
- **MR. ADITYA KHEMKA – DSP BLACKROCK**
- All in the same. We expect to maintain margins and not really expand margins from where it is.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Total turnover ebidta and PAT all three will be moving.
- **MR. ADITYA KHEMKA – DSP BLACKROCK**
- But by the same percentage.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- It could be a slight improvement in ebidta if there is a better top line growth.
- **MR. ADITYA KHEMKA – DSP BLACKROCK**
- Sure, sure. And sir this again falling on the same lines which is for the consolidated. So you are including nuclear in this growth basically.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- Yes.
- **MR. ADITYA KHEMKA – DSP BLACKROCK**
- But nuclear on its own would be definitely growing faster than this right? So your pathology business therefore by definition is growing, you expect them to grow at around 15% odd. Is that a correct assessment?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- I think the growth of nuclear was roughly around 36% if I am not wrong. And it has hardly contributed to 1% of the pathology's ebidta. So since the size of nuclear is too low the percentage truly will not impact either way too much.
- **MR. ADITYA KHEMKA – DSP BLACKROCK**
- Understood, understood. And sir on the pathology side previous participants had asked this question, so my question was actually on the pricing front. So we are hearing from different corners of government and industry players that there might be some sort of price regulation emerging. It will be diagnostics space. Just want to get your perspective on the same as to how do you see price regulation? Is it good or bad for the industry? And how would Thyrocare fare in that environment?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- See when it comes to pharma industry, for the last 2 or 3 decades their matrices with pricing comfort. So all listed companies for the last 1 year in the pharma segment have got some kind of a perturbed outcome. In case of hospitals also they have been comfortable in terms of pricing and so some of them have enjoyed for last 2 decades, some good profitability, because the pricing was not at all questioned. But in diagnostic industry we are only two listed players. Only last 2 years we know what actually is the numbers. Only once we get listed we understand and the public understands. Now if cost control comes, it will certainly affect all those people who have been pricing it because they had the comfort. Now same machines are there, same consumables are there, same reagents are there. I don't see any reason why somebody should charge thyroid 300, somebody else should charge thyroid 1500. If you ask if government says thyroid should not be charged more than 400 or 500, all those people who have been charging comfortably would have a troubled balance sheet. But will it affect Thyrocare? Yes it will impact Thyrocare positively because at least finally everybody has understood Thyrocare's pricing is the correct pricing. And you will

be a very happy man to hear that you were right. Number two, Thyrocare will get more business because all such guys who were operating at very high prices at a very high cost of operation, but still they had a good profitability though – so they thought why to give it to Thyrocare? Now all of them will come under serious pressure because if you can't charge more and you don't have volume you don't have a choice. So there is a likelihood – I am just postulating. Don't even tell that I am promising. There is a likelihood the kind of hospitals who don't have a workload will have to take a call to give it to someone and get it done. Overall for the industry it will have very great one because the consumer is the one who actually pays from his pocket. And if he knows the cost is too high he will not consume it. In last 20 years I have observed many times a mother has been asked for a Thyroid test. So the mother comes along with the mother-in-law. The lady comes along with the mother-in-law and after listening to what is the cost both of them undergo the test.

- **MR. ADITYA KHEMKA – DSP BLACKROCK**

- Okay.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- So if you ask me if the costs are low then consumption will be high, industry will be enjoying, common man will be enjoying. Only those few I would name it as 5% of the players who were misusing the word quality for charging would now find it difficult to do that.

- **MR. ADITYA KHEMKA – DSP BLACKROCK**

- Okay, okay. But in your mind it is fairly certain now that tight controls will now come in India.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- If they can control the price even below my price I will be celebrating it.

- **MR. ADITYA KHEMKA – DSP BLACKROCK**

- Okay, okay. And amongst the 4-5 large organized players in India where SRL, Metropolis, Dr. Lal, maybe even a suburban healthcare, around all these players how would you rate your prices versus all these players? Would you be lowest amongst all these players?

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- Obviously I have been the disruptor for the last 20 years. I have made many of them to change their prices, change their strategies. But having said that all the names that you have told have enough volume. And all of them will be able to readjust their business strategies accordingly. All those hospitals who are into diagnostics business also without volume will have a tough time in price controlled diagnostics industry.
- **MR. ADITYA KHEMKA – DSP BLACKROCK**
- Understood, understood. Sir one last question from my side. So the government is making noises on the pricing front. So are we also talking about quality in the same breath? Are we talking about getting the NAVL accreditation done for most of the labs and sort of establishing a quality standard at least in some sense so that every player can be on an equal platform?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- See once the pricing is controlled, then the differentiator is only quality. Many people felt that even if you don't have accreditation, if you have priced it high a common man will think that you are providing a better quality. So I think overall quality will improve. Not overnight. Price will get standardised overnight. Because that is legislation. Quality cannot be legislation. Quality has to be educated, implemented and sold. It is going to take time and I will tell it will take 20 years for the industry to become clean and good in quality.
- **MR. ADITYA KHEMKA – DSP BLACKROCK**
- Alright. Got it. Okay sir thanks a lot. It was a pleasure speaking to you.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Thank you.
- **MODERATOR**
- Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal. Please go ahead.
- **MR. TUSHAR MANUDHANE – MOTILAL OSWAL**
- Sir just on the TB side just wanted to check the kind of test we are going to do is it like blood test, sputum test?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- In tuberculosis?
- **MR. TUSHAR MANUDHANE – MOTILAL OSWAL**
- Yes.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Everything.
- **MR. TUSHAR MANUDHANE – MOTILAL OSWAL**
- Okay. Because like the time frame you still think it will be within 24 hours?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- We will avail with whatever doesn't work in logistics we will be eliminating.
- **MR. TUSHAR MANUDHANE – MOTILAL OSWAL**
- I mean there have been, of course on the website itself but the blood test most of the time there have been false results. So any thought on that?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- I repeat again, blood test have false results because tuberculosis is not easy to diagnose in blood. It gets dislodged either into kidney or into your brain or into some kind of varies where it doesn't come into contact with the blood. So tuberculosis if it is negative in blood it doesn't mean it is negative. Tuberculosis positive in blood doesn't mean it is positive. We also were doing a tuberculosis blood test some 5-7 years back. Then government has understood that is a bluff test and people have misused it. So they have banned it and we don't do that test. Having said that there are a few tests which according to government they are reliable. According to government they can't be sold beyond this price. So in case of tuberculosis a few pricings have already been controlled by the government. And we will only know when we get inside how much is a test reliable. Now test reliability may not be technical limitation of the man who is doing it. The reliability in tuberculosis is on the disease identifying capability. So these are all supposed to be revolving around another 3-5 years of journey. Currently all pathologists do tuberculosis also. Many hospitals do tuberculosis other than many government institutes. But nowhere I see somebody handling 4 digit number of samples. And we will only learn about the entire space only when we handle volume.

- **MR. TUSHAR MANUDHANE – MOTILAL OSWAL**
- Understood, understood. That's it.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Another 10 minutes, please keep the questions as short as possible.
- **MODERATOR**
- Thank you. The next question is from the line of Jatinder Agarwal from Relax Capital. Please go ahead.
- **MR. JATINDER AGARWAL – RELAX CAPITAL**
- Hello?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Hello!
- **MR. JATINDER AGARWAL – RELAX CAPITAL**
- Yes. Sir I recently saw one ad of Thyrocare Polyclinic.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Yeah.
- **MR. JATINDER AGARWAL – RELAX CAPITAL**
- Is that something new? And if you could share some thoughts about the scalability of that type of a business model.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Right. We made a mistake of buying a big premises for nuclear business. And that was thinking that nuclear will grow fast we will put multiple pet CTs there and we will run the business. But the business model says don't put all in one place, you put all in different-different places. And that makes that building today available for doing medical business and we don't want any other medical business except running Thyrocare clinics. So now that we have space in hand we have started some 10 cabins and we are working on it. The objective here is whoever patient comes in all blood tests comes to us and B2C rates can be generated and that is taking care of the rent part of it. We are experimenting it.

Should it go well we can replicate it across the country not by buying premises, by leasing out premises. So this is under R&D. It will take another 24 months to see whether this kind of strategy will add more to brand value, more to top line and more to bottom line.

- **MR. JATINDER AGARWAL – RELAX CAPITAL**

- So basically like the doubt that I had is so when I go as a patient to my family doctor, it is only my family doctor who practically has an understanding of my symptoms or all the illness that I have ever had. So in these polyclinics is there a centralised database system that all these doctors who are sitting in your premises will follow? Or is it that they are still standalone doctors and just because they are sitting in your premises you get the business from them?

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- GP is GP and GPs are friendly and they are called FP, family physicians. So they will have a disease knowledge of almost all diseases. But you will not go to your GP when you know what you have is a liver problem. Then you will be looking for a liver specialist. So when we say Thyrocare Polyclinic we are not handling fever and we are not handling routine metabolic problems. We are handling a known patient with a specialised man who is supposed to be dealing with that particular segment only. So if you notice it many people don't know where to go if there is a dermatological problem. And somebody who has got bone pains, bone difficulties, they don't know where to go. Nowadays they search in various online media and they go there. When they go there that man has got more patients than what the number of square feet is. So they are all struggling. We felt that let us give premises for the doctors to sit down and let them take their consultation fees and let us take the diagnostics revenue. Let us try if it works we can replicate similar models because this is the first branded polyclinic in the country if it works.

- **MR. JATINDER AGARWAL – RELAX CAPITAL**

- So basically you will not own the patient per se.

- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**

- No, no, no. Patient was free. Patient comes there because patient needs some medical solution. And doctors cannot treat medical problems without diagnosis. We believe that whenever a patient is engaged around Rs. 500-800 of mean revenue will come that takes care of the rental part of it. Our kitchen will run more.

- **MR. JATINDER AGARWAL – RELAX CAPITAL**
- Perfect. That is very helpful. Thank you sir.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Thank you.
- **MODERATOR**
- Thank you. Next question is from the line of Sriram Rathi from ICICI Securities. Please go ahead.
- **MR. SRIRAM RATHI – ICICI SECURITIES**
- Yeah thanks for taking my question. Most of the questions have been answered. Just on the Pet CTs in the presentation it is written that three new Pet CTs have been ordered for three new centres. How many are we targeting this year and next year?
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Next year we don't know but this year I can tell you we have one in – the last one which became operational was in Raipur that was inaugurated by the Chief Minister of Chhattisgarh. That was 2 months back. The next which is maturing and ready for first scan in another 10 days is Aurangabad. So that will come up operational even before this end of this quarter. And next one is in Bombay in Prabhadevi where all the hospitals, cancer hospitals headquarters are there. We are planning to place on Pet CT there. So that should be operational by January end. There is one coming in Nasik, there is one coming in Jaipur, there is one coming in Pune. All of them most likely will get installed before start of 1st April.
- **MR. SRIRAM RATHI – ICICI SECURITIES**
- Okay, okay. So basically just also wanted to understand how much capex we should assume in FY18 overall consolidated capex including the pathology as well as Pet CTs? As well as FY19.
- **Dr. A. Velumani – CEO, Thyrocare Technologies Ltd.**
- Even I am not very good at the numbers. Sachin will tell you.
- **Mr. Sachin Salvi – GM, Finance, Thyrocare Technologies Ltd.**

- So you can consider per Pet CT at around 6.5 to 7 crores. So you can multiply the numbers, 6 Pet CTs into 7 crores, that will be the capex for Pet CT in the coming years.
- **MR. SRIRAM RATHI – ICICI SECURITIES**
- Okay, okay. So basically this kind of run rate should assume and accordingly the capex will be there.
- **MANAGEMENT – THYROCARE**
- Sorry?
- **MR. SRIRAM RATHI – ICICI SECURITIES**
- Basically around 6 kind of we are writing 6 pcr. So around 6 Pet CTs we can expect every year to get added in the near term.
- **MANAGEMENT – THYROCARE**
- I am of that opinion by 2023 I should have reached 80.
- **MR. SRIRAM RATHI – ICICI SECURITIES**
- Okay, okay got it.
- **MANAGEMENT – THYROCARE**
- It is very difficult for me to tell quarter by quarter because when the business comes from the front we take it.
- **MR. SRIRAM RATHI – ICICI SECURITIES**
- Right, right sir. Got it sir, got it. Sir in terms of cyclotron how many we are looking to add?
- **MANAGEMENT – THYROCARE**
- Cyclotron we need 4 cyclotron if we have to run 80 pet CTs. So currently we have capability to serve from Bombay alone until we have 25 Pet CT. When it exceeds 20 we will be putting up one in Delhi. When it exceeds 40 we will be adding one in Bangalore. When it crosses 60 we will be adding one in Calcutta. So whether Calcutta we will put or not, Bangalore we will put or not, all depends upon how the overall growth we are having and we are visualising.

- **MR. SRIRAM RATHI – ICICI SECURITIES**
- Okay, got it. And cyclotron cost is around 20 crores.
- **MANAGEMENT – THYROCARE**
- Yeah 20 crores.
- **MR. SRIRAM RATHI – ICICI SECURITIES**
- Okay got it sir. Great sir thank you so much.
- **MANAGEMENT – THYROCARE**
- Thank you.
- **MODERATOR**
- Thank you. Next we have Mr. Surajit Pal from Prabhudas Lilladher. Please go ahead.
- **MR. SURAJIT PAL – PRABHUDAS LILLADHER PVT LTD**
- Yeah thanks. Actually I was taking cue where Aditya stopped in terms of price restriction as you were suggesting what could happen. Doctor is it possible somebody or you know after some time government puts price restrictions and as you suggested there are a lot of guys who are charging very less burning their own pockets but taking competition in the market. Now if the government comes and follows the same model which they have followed in pharmaceutical area, by taking the average of certain tests and they said that this is the ceiling beyond which you cannot go. And wherever whoever is standing in terms of pricing, you just cannot increase to that ceiling level. You have to stand up over there only. Only you can increase by the WPL level for the next year. So if those things come, to my mind two things could happen. One thing could happen is that either they will fall out from the competition, so competition will be much shrunk between few people who can afford it. Or they will come to the third party like you at your lab so that they could survive the onslaught of price restriction. What's your view on that?
- **MANAGEMENT – THYROCARE**
- You are asking my view or my wish?
- **MR. SURAJIT PAL – PRABHUDAS LILLADHER PVT LTD**

- What's your view? Could it be possible if price restriction comes into picture?
- **MANAGEMENT – THYROCCARE**
- See I think whenever you have comfort, I must tell you poor man only lives frugal. Rich man doesn't live frugal. If you look at business if somebody has the comfort of revenue he doesn't follow any frugality. Once that is troubling, getting squeezed, frugality is the next option. I have a reason to believe that the most efficient kitchen will be the most powerful engine for the growth of diagnostics in the next few decades. I repeat most efficient kitchen. Not necessarily what I am running only is the most efficient kitchen. Anyone can make the machine to keep running for 22 hours in a day, then it would be making a lot of sense. So what would happen? Today I find plenty of my competitors putting in every city a machine and reporting Thyroid in the same day evening because they are competing with one more street corner laboratory. I am the only man who tells I run my business number one kitchen and its results will come only tomorrow morning. For 17 long years I ran one laboratory for the billion population which probably is impossible to imagine. So today we have got 8 kitchens which are highly efficient. It will go to 30-40 kitchens most efficient. And if players are currently processing in multiple locations they will change their style and bring it to one location. And there is a likelihood if a newspaper agency can use competitors' newspaper printing facility for printing his news I think the laboratories also can use somebody's facility to get that test done. All those things will be forced upon because the cost control will bring out the best to the industry. Impossible tasks you can't drive because then no one will be able to run it. But I have a reason to believe that in healthcare that too in diagnostics somebody charges for an MRI of 1.5 Tesla of MRI, someone charges only Rs. 2500, somebody else charges Rs. 22500. So the government says nothing more than 3500 the big guys all have got completely knocked out. So these are all fear in fact with which everybody is today sitting. And if price control comes good for the country, and it is good for companies which run most efficient kitchens.
- **MR. SURAJIT PAL – PRABHUDAS LILLADHER PVT LTD**
- My last question is that if you can just give a brief of your new concept TAT of that marketing concept like DSA and OLC.
- **MANAGEMENT – THYROCCARE**
- You want me to explain what are these?
- **MR. SURAJIT PAL – PRABHUDAS LILLADHER PVT LTD**

- Yeah I mean that would be great.
- **MANAGEMENT – THYROCCARE**
- Yeah actually we realise in this business quality is matched already. Cost almost everybody is willing to match at a B2B side, not B2C side. Speed everybody is telling my machine will give you 2 hours' results and no machine is slower, no machine is faster. Now comes the service, who will pick up the specimen, who will deliver the report, how fast it can be done. Now if you look at all online marketing companies say for consumer goods, they have set some bad standards unfortunately. You ask for Rs. 500 worth of material, in some of the membership schemes it comes very next morning 10 'o' clock to your door in almost all parts of the country. Which means the diagnostic industry is now supposed to satisfy that customer who has been pampered by other industries. So what happens we need to look at how fast we can give him service. So in places wherever we are having our regional processing laboratories, which actually run 24X7 we have kept boys who will go in a circular path every 4 hours. And they will serve it at the door without any extra additional cost. This might reduce my ebidta, this might increase my top line. Call them as last mile executives whose job itself is to service 25 points daily. Since we have already volumes in hand it is not eating away anything. It can add a lot.
- **MR. SURAJIT PAL – PRABHUDAS LILLADHER PVT LTD**
- But will they be your permanent employees or will they be participants.
- **MANAGEMENT – THYROCCARE**
- They are all participants. Similar model of Amazon. The guy comes, only the guy with the two wheeler is accommodated and that guy is told your duty for 2 hours morning and 2 hours in the evening is picking up the specimen and submitting it. And he submits it and he is probably going for Amazon for another 2-4 hours of work. He is earning roughly around Rs. 20000 per month. In Indian employment standards that is supposed to be decent enough for him to get committed to. Additional cost is not an issue because we have found out per specimen it is around, I think in the revenue it is around 1% is consumed. But if it can give rise to another 2-3% growth it is worth it.
- **MR. SURAJIT PAL – PRABHUDAS LILLADHER PVT LTD**
- Okay.
- **MANAGEMENT – THYROCCARE**

- And this is what I have to do before somebody else does.
- **MR. SURAJIT PAL – PRABHUDAS LILLADHER PVT LTD**
- Sure. Thanks. That's all from my side. Raymond if there are any questions we can take the last one.
- **MODERATOR**
- Yes there's one last question in queue. We have Mr. Anand Dhavnani from Sameeksha Capital. Please go ahead.
- **MR. ANAND DHAVNANI – SAMEEKSHA CAPITAL**
- Yeah thank you for the opportunity. Sir just wanted to understand from our biochemistry test we have the non-linear fall in costs due to large volumes. Now if you can help us understand how much of this fall is due to fixed cost of machinery spread over a larger volume vis-à-vis lower reagent cost due to volume discounts.
- **MANAGEMENT – THYROCCARE**
- Not that I could understand, did you hear the question correct?
- **MANAGEMENT – THYROCCARE**
- It is tough to quantify this, because this reagent cost is getting embedded into the – sorry the machine cost is getting embedded into the reagent cost if these vendors are charging. For all the players in the industry they are having the same kind of a model so it is very difficult for us to quantify.
- **MANAGEMENT – THYROCCARE**
- Yeah let me put it, I am a mathematician I can put it in a mathematical way. We have two costs put into a single cost. One is the machines capex, the reagents opex cost. Both of them will follow an exponential curve to draw in X axis volume and in Y axis cost. The machine cost comes down fast if the machine is running 24 hours in a day. In fact if the machine runs 24 hours in a day the machine cost is negligible, zero. The reagent cost also falls here exponential curve. So when we look at it the benefits of both exponential curves for a high volume player the players would enjoy, not the vendor. So we were doing it without knowing much about what way this will truly help us. At some point of time we felt if we buy the machine we got rid of one cost. And our machine runs extra hours we get extra

money. So if you have high volumes please don't go for a machine embedded reagent scheme.

- **MR. ANAND DHAVNANI – SAMEEKSHA CAPITAL**

- Okay, okay. And second question was on the radiology business. Any possibility that out of these 40 scanners that we have, some of these would be built into hospitals and we would be managing their Pet CTs in the cancer region or oncology division of these hospitals?

- **MANAGEMENT – THYROCCARE**

- Actually if you notice it, I am a lazy businessman. So far I have been putting my own machines and managing my own machines. I understood managing my own machine is a bigger pain than investing in my machines. So I am moving out of management of Pet CT by going to a franchisee model. So even if I get in the hospital I will tell them I will give you the machine, you only have to manage it. So if I ask the management of Pet CT doesn't have any great knowhow except a quality medical doctor who will report and scan. It is not like a pathology business wherein multiple things, multiple machines, multiple purchases. Here once the machine is purchased only thing needed is FDG which I will be supplying. Remaining things is he presses the button and the scan is ready and he reads the scan and he gives the report. There is no pain in that operation and I have given that to the hospital. So we will not be managing hospital based radiology.

- **MR. ANAND DHAVNANI – SAMEEKSHA CAPITAL**

- Okay. Fine sir that's it from my side. Thank you.

- **MODERATOR**

- Thank you. That was the last question. I would now like to hand the conference back to the management for any closing comments. .

- **MANAGEMENT - THYROCCARE**

- Thank you very much. It was wonderful I think. This is the longest investor call. We went for almost 90 minutes. And I think all questions are as such the questions which we have been answering for the last couple of quarters also. Nothing new in it. Let's hope that this year we will have a similar year and enjoy the both growth as well as the profitability. I wish all of you a great year ahead and happy New Year.

- **MR. SURAJIT PAL – PRABHUDAS LILLADHER PVT LTD**
- Thank you Doctor and the management for diligently addressing the queries of the participants and wish you all the best.
- **MANAGEMENT - THYROCARE**
- Thank you.
- **MANAGEMENT - THYROCARE**
- Thank you.
- **MODERATOR**
- Thank you very much.

END