



Dr. Lal PathLabs Limited
Q1 FY2022 Earnings Conference Call Transcript
July 30, 2021

Call Duration	<ul style="list-style-type: none">▪ 1 hour and 16 minutes
Management Speakers	<ul style="list-style-type: none">▪ (Hony) Brig. Dr. Arvind Lal - Executive Chairman▪ Dr. Om Prakash Manchanda - Managing Director▪ Mr. Bharath U - Chief Executive Officer▪ Mr. Ved Prakash Goel - Chief Financial Officer▪ Mr. Rajat Kalra - Company Secretary and Head of Investor Relations
Participants who asked questions	<ul style="list-style-type: none">▪ Kunal Randeria - Edelweiss Financial Services▪ Nikhil Mathur – Ambit Capital▪ Nitin Agarwal – DAM Capital▪ Pooja Bhatia – Morgan Stanley▪ Prakash Kapadia - Anived Portfolio Managers▪ Rahul Agarwal - InCred AMC▪ Saion Mukherjee – Nomura▪ Shaleen Kumar - UBS Securities▪ Shubham R. – West Bridge Capital▪ Shyam Srinivasan – Goldman Sachs▪ Sriraam Rathi - ICICI Securities▪ Vishal Biraia – Aviva Insurance

Moderator: Ladies and gentlemen, good day, and welcome to the Dr. Lal PathLabs' Q1 FY2022 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nishid Solanki from CDR India. Thank you and over to you, sir.

Nishid Solanki: Thank you. Good afternoon, everyone. And welcome to Dr. Lal PathLabs' Q1 FY22 Earnings Conference Call.

Today, we are joined by senior members of the management team, including (Hony) Brig. Dr. Arvind Lal – Executive Chairman; Dr. Om Prakash Manchanda – Managing Director; Mr. Bharath U – CEO; Mr. Ved Prakash Goel – CFO; and Mr. Rajat Kalra – Company Secretary and Head of Investor Relations.

Let me share our disclaimer here:

Some of the statements made on today's call could be forward-looking in nature, and the actual results could vary from these forward-looking statements. A detailed statement in this regard is available in the results presentation, which has been circulated to you and is also available on the stock exchange website. I would now like to request (Hony) Brig. Dr. Arvind Lal to share his perspectives with you.

Thank you and over to you, sir.

Dr. Arvind Lal: Thank you, Nishid. Good afternoon, everyone and welcome to Dr. Lal PathLabs' Q1 FY22 Earnings Conference Call.

First quarter of fiscal 2022 was a challenging period due to impact of second wave of COVID-19 pandemic, which was more resurgent this time with steep rise in caseloads in a very short span of time. However, increased pace of India's vaccination drive, paired with the entry of top vaccines manufactured by other countries including India, is helping India making headway against this virus.

The country is seeing strong demand for healthcare and related services. Diagnostics, as an important cog in the overall healthcare system, is also seeing this demand, and Dr. Lal PathLabs has been a crucial player to satiate this. Our accurate, affordable and accessible diagnostic services, along with efficient hub-and-spoke model sets us apart from the competition, and we are emerging as a front-runner to fulfill the growing diagnostic needs of India.

A major part, almost two-thirds of Q1 FY22, was severely impacted by the second wave of the pandemic, and many states were forced into lockdown to contain the spread of this deadly virus. Having learned many lessons from the first wave, we were better prepared this time on crisis management. Fortunately, we are past that hurdle, but a new challenge is expected to emerge in the form of the third wave. We hope it doesn't come, but we have to be ready for it.

That said, Dr. Lal PathLabs will always be there at the forefront to fulfill the demand in the country for quality diagnostics. We continue to maintain our services with high level of efficiency without compromising on quality. We have made several efforts to ensure that neither COVID nor non-COVID segments get affected, and people receive top quality services at affordable prices. The pandemic has been boosting the penetration of organized players in a highly fragmented diagnostics space across the country. We have remained focused on adding more and more quality collection centers and PSCs to enhance the reach of our hub-and-spoke model. We are spreading rapidly across India and are establishing a firm presence in western and southern India, where we lacked substantial presence earlier. Aided by the technologies employed, with sharp focus on online channels, we have continued home collection of samples and have been adapting to patient's needs effectively.

Offering our support and assistance to both patients as well as our employees is of paramount importance to us and all necessary measures are being taken to ensure their safety and well being. We are rigorously driving vaccinations for all our employees at company's cost to provide a safe and healthy environment to our patients and customers. Our expertise, dedication and scale have helped us navigate through this crisis and provide best healthcare services to patients in most difficult times. I would like to extend my gratitude to our entire workforce for their relentless efforts in assisting all our patients.

The COVID-19 pandemic is shown to change the healthcare industry's dynamics in India. And we will play a pivotal role in this transformation.

With that, I would like to hand over the floor to Dr. Om Manchanda to share his thoughts. Thank you and over to you, Dr. Om,

Dr. Om P. Manchanda:

Thank you, Dr. Lal. Good afternoon. And thank you to everyone for joining our call today. I would like to discuss the industry and how we are positioned within that, and the way forward for us.

Operationally, Q1 FY22 was a challenging quarter for us. These were indeed difficult times for our employees, physically, mentally and emotionally. I would like to take a moment here to sincerely thank them for their efforts.

During this period, Dr. Lal PathLabs leaned on accumulated learning from the previous quarters to manage operations and customer service. Lab testing operations and home collection services were made available seamlessly during this quarter. Our revenue figures in this quarter are strictly not comparable to the corresponding quarter of the previous year. The quarterly growth in Q1 FY22 has a combined favorable impact of lower base and significantly higher contribution from COVID and COVID allied tests. There were wide fluctuations in revenue figures, primarily driven by COVID and COVID allied tests demand pattern that varied week to week. We also noticed unusual spikes in a few new tests, unlike earlier quarters, and these tests were actually related to COVID illness.

In order to provide a better understanding of these movements, we have not only provided monthly trends in sales, but also provided a split in terms of four groups in earnings presentations. These groups are number one, non-COVID; group

number two is COVID consisting of RT PCR and antibody tests; group number three is Allied 1, which is consisting of IL-6 and D-Dimer; and the group four, which has been added for the first time in this presentation is COVID Allied 2, that consists of three tests; CRP, Ferritin and LDH. Fourth group is carved out for the first time since these tests experienced unusual spike in Q1 FY22.

RT PCR testing remains the gold standard for testing for COVID-19. And we have been able to keep up with the demand by increasing its availability across the country. As on date, we have 19 labs offering this test. Despite restricted movements, our non-COVID segment has also seen an upside with the trends that were being formed in the second half of the previous fiscal year. On strategic front, we continue to focus on widening our footprint, especially in south and west regions, both through organic and inorganic way.

This quarter, we have seen an interesting change in the dynamics of the diagnostic industry in India. We believe this is a very positive development for the sector. Since our understanding suggests that this could further accelerate penetration of diagnostics, especially down the box strata. These developments will lead to a faster pace of conversion from unorganized business to organized business in our opinion.

Patient behavior is also undergoing rapid change, where the sample collection is shifting from completely offline to online-offline model. The franchisee collection centers will play an important role in providing unique and differentiated Lal PathLabs brand experience. DLPL has been a company that has relied on both technology as well as physical infrastructure. The tech enabled processes that are embedded into our operations will continue to support the franchisee network that will form the basis for our growth aspirations going forward.

With that, I conclude my opening remarks and would request Bharath to take you through all the operational performance of our company. Over to you, Bharath.

Bharath Uppiliappan:

Thank you, Dr. Om. Good afternoon, everyone and thanks for joining us on this call today. I will take you all through the operational highlights of our company.

In the first quarter, the country bore the brunt of an unprecedented surge in COVID cases, and in this context, one should look at the performance of this quarter.

During the quarter, we were able to achieve the highest ever quarterly revenue of Rs. 607 crore, serving 7.1 million patients. And 36% of the revenue contribution came from COVID portfolio compared to 23% in previous quarter. The overall revenue growth stood at 128% led by a low base of Q1 last year, and a high COVID contribution in this quarter. Serving 7.1 million patients was possible due to a growing pan-India network of labs and collection centers, including in Tier-2, Tier-3, and Tier-4 cities.

We perform COVID RT PCR tests at 19 labs across the country, and allied tests in more than 50 labs in the country. Last quarter, we performed 11.4 lakh RT PCR tests, which is more than double the number we did in Q4 FY21. The

revenue per patient increased from Rs. 760 in Q1 last year to Rs. 860 in Q1 current year, mainly due to higher contribution from COVID and allied tests, along with the increase in test per patient in non-COVID segment, as well as some channel mix.

SwasthFit, our bundled test offering superspeciality portfolio including the genomics division, continued strong growth momentum. Revenues from DLPL generated home collection leads led to a revenue contribution of 13% and almost half of the revenue came from COVID and allied tests. Home collection services was the need of the hour and our initiatives on digital technology, partner and people engagement programs really came to the fore.

We continue expansion into South and West market and are pleased to share that we have commenced pilot operations at our Bangalore reference lab during the quarter. In addition, we have also commenced operations at six satellite labs in southern region, in cities namely Madurai, Pondicherry, Hubli, Kurnool, Karimnagar and Kakinada. In the western region, we have started operations at satellite labs in Borivali and Vashi, and the Mumbai reference lab work is also in progress. On the digital front, we have revamped and relaunched a feature-rich patient app, and more such initiatives are in the pipeline.

I would also like to take a moment and thank the entire DLPL team who have tirelessly delivered yeoman service during these times, inspite of personal challenges.

With that, I would like to invite Ved to take you all through the financial highlights for the quarter under review. Thank you and over to you, Ved.

Ved Prakash Goel:

Thank you, Bharath. Good afternoon, everyone. And thanks for being on this call today. Before sharing financial highlights of Q1 FY22, I would like you to note that Q1 FY22 is not strictly comparable to Q1 FY21, due to nation-wide lockdown in Q1 last year and significant contribution of COVID and COVID allied tests in this quarter.

I am now sharing some of the important financial highlights. Revenue for Q1 FY22 is Rs. 607 crore as compared to Rs. 266 crore in last year same quarter, a growth of 128%.

Before going further, I take a moment to explain the COVID portfolio. Revenue from COVID RT PCR and antibody test in Q1 FY22 is Rs. 105 crore, which contributes to 17% of total revenue. As mentioned by Dr. Om earlier, we had seen unprecedented demand in some other tests, that is CRP, Ferritin and LDH, which we have classified as COVID Allied 2 in addition to COVID Allied 1, that is IL-6 and D-Dimer earlier. Revenue from COVID Allied 1 is Rs. 74 crore and COVID Allied 2 is Rs. 42 crore, a contribution of 12% and 7% to total revenue, respectively. Therefore, total COVID portfolio revenue in this quarter is Rs. 221 crore which is 36% of total revenue.

Revenue realization per patient for Q1 FY22 is Rs. 860 as against Rs. 760 for Q1 FY21. The higher realization is aided by COVID, COVID allied tests, geographic mix, channel mix and higher sample per patient for non-COVID

business. Normalized EBITDA after eliminating the impact of stock-based compensation and CSR expense in Q1 FY22 is Rs. 199 crore as compared to Rs. 54 crore reported in Q1 FY21.

PBT for Q1 FY22 is Rs. 179 crore as against Rs. 38 crore in Q1 FY21. PAT for Q1 FY22 is Rs. 134 crore as against Rs. 28 crore in Q1 FY21. Basic EPS for Q1 FY22 is Rs. 15.87 per share, versus Rs. 3.45 in the same quarter last year. Cash and cash equivalent at the end of June 30, 2021, is Rs. 1,153 crore.

We are pleased to share with you that Board of Directors of the company have approved an interim dividend of 60%, that is Rs. 6 per share of Rs. 10 each. In spite of COVID second wave challenges, we have continuously serviced our patients through improved availability, test menu expansion, automation and digitization of our processes. This enabled us to improve overall efficiency and productivity and provide superior experience to our customers.

That brings me to the conclusion of my opening remarks. And I would now request the moderator to open the forum for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sriraam Rathi from ICICI Securities. Please go ahead.

Sriraam Rathi: Congratulations on a great set of numbers. So, firstly, is it possible to share the number of patients to the number of tests for the non-COVID business?

Dr. Om P. Manchanda: I will share some numbers, but I must qualify this that we don't have something called non-COVID patient and a COVID patient, because at times they all get mixed up after a patient is diagnosed as COVID, because a lot of tests are also coming from non-COVID portfolio as well. But having said that, COVID is about 2.34 million and non-COVID is 5.91 million, adding up to 7.05 million.

Sriraam Rathi: And secondly, I just wanted to understand like Q1 FY22, so non-COVID business, is it fair to assume that it was quite normal or there have been some impact? Because if I look at, two-year period, like Q1 FY20 which was a normal quarter, so the non-COVID revenue has grown at around 7%, 7.5% CAGR in Q1 FY22. So, was there still some impact because of the lockdown and all this happened during Q1 FY2022?

Dr. Om P. Manchanda: Yes, I think so. Non-COVID in Q1, my sense is it is a little subdued because especially later half of April and first half of May suddenly there were a lot of restrictions on movements, etc. If you notice the month wise split that we have given, if you see our earnings presentation, so Rs. 133 crore in April, Rs. 116 crore in May and then Rs. 137 crore in June, Usually, if I notice earlier trends, and I have seen last 15, 16 years, month of May has never been lower than month of April. First, May actually has 31 days, so you get one day extra sale as well. And June actually is one of the lowest months amongst all the three months. So, technically speaking, I think I see a huge sort of a softness in non-COVID number in May, that primarily happened because we were at its peak in terms of COVID wave at that time. So, I would say that overall on balance, non-COVID

business, though it's doing well from our perspective, it could have been higher if it was a normal quarter.

Sriraam Rathi: Lastly, in your opening remarks you mentioned that, you see that there could be possibility of shift from unorganized market to organized market, I mean, can that lead to higher growth for companies like us? We generally look at 14%, 15% growth on annual basis, I mean, will it go up from these kind of levels for the non-COVID business?

Dr. Om P. Manchanda: So, I think the reason I say an unorganized to organized shift being higher, I think there are three, four variables that are operating right now. And let's spill and wait it out as to how it pans out in future. One is, a lot of technology, especially consumer is trying to consume this diagnostics nowadays online. I think some of these smaller players may find it a little difficult to operate in that format, so they may want to align with us. So, that is one level of shift which may happen. Second level of shift is, which I foresee, is that with the growing competition there could be a lot of pressure on manpower as well. If the salary starts going up, it will put further pressure on the profitability of some of the smaller guys. So, I find that unorganized player, it's not that they will get reduced in terms of numbers, I think the new formats of partnership may just emerge between larger players and smaller players is what I see when I make this comment between unorganized to organized.

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

Shyam Srinivasan: Dr. Om and team, just wanted your perspective first on the two major developments that happened or rather developments that happened from an M&A perspective. You don't need to comment specifically on what's happening there, one is the PharmEasy – Thyrocare deal was announced, at least the founders did; then we also had hi-tech deal getting called off. So, just from an M&A perspective, what's happening, are valuation multiples hitting to another level, especially with more diagnostic IPOs as well? So, just want your thoughts on the M&A for this space.

Dr. Om P. Manchanda: So, I may not have a specific comment on these deals. But broadly, in general, I can definitely say that, when we speak with a lot of these unlisted players, they have expectations of listed multiples. When you at time sit down across the table, you find that there is a bit of valuation expectation mismatch as to what one is expecting, and where we feel it should be. So, I think broadly speaking, given this volatility in overall trends in sales, and that's why we have tried to be as clear as possible in our earnings presentation so that everyone has an idea how these numbers are panning out on month-on-month basis, and also split between COVID and non-COVID. I think this non-COVID and COVID mix up, it is actually creating a bit of understanding issue. So, I think once this whole thing settles down, my reading is, in next few quarters we should be back to normal sort of way of functioning.

Shyam Srinivasan: Just following up on this side, I am not only talking from an M&A perspective, but also from the disruption that say an aggregator who are entering the space would bring in. I am just looking at your realization, Rs. 860 versus this one, even if I

do non-COVID realizations, I think they are up Y-o-Y. So, just trying to see, could there be heightened pricing competition? I know we talked about this in the past from a private equity perspective, but how are you thinking about how you will be pricing your products going forward?

Dr. Om P. Manchanda:

I think that's a good question. So, first is the industry moving in the direction of digital, I don't know whether to use the word disruption or not, but definitely its becoming tech enabled, I would say, there's no doubt about that. We have been investing in this area aggressively in the past, and our spends further have gone up. And we will continue to invest in this area. So, as a team, we are prepared to actually take the whole organization in this direction of making it tech enabled. And the reason it is becoming tech enabled because the consumer behavior is changing where it was completely offline, now it's a combination of both online and offline. I think it's important to note that the customer journey starts online but it falls on offline, because there is a collection part which you can't substitute with online. And I take a little bit of time on explaining this whole home collection, or collection as a operational process in the entire value chain. It's not only important from a customer experience perspective, it's also extremely important from a quality perspective.

You must have heard from Dr. Lal saying in the past that 70% of errors in diagnostics actually happen in pre-analytical phase. So, this phase is so important and that's actually one of the reasons why normally we don't scale up that fast. Because if you scale too fast, you actually compromise on this step and that actually can affect the core of this brand, which is related to accuracy of results. And to my mind, there are two pillars on which this business can get differentiated. One is, of course, the service side of it, which at times, most of us tend to feel that digital with consumer apps actually provide a better service. So, we are equally prepared and we have recently launched our app, which is also as good as anybody else can think of, especially from digital companies. But the most important part of this business is the medical side of it. Because at the end of the day, you must know that value wise diagnostics is about 3% or 5%, but from a patient perspective, the value is worth 70%. So, 70% of the decisions are based on diagnostics. So, there won't be any customer who is willing to compromise on the quality. We believe that our brand is actually so strong in terms of medical value, compared to anybody else, and I think that will definitely work in our favor. So, to sum it up, definitely consumer behavior is moving online and plus offline. And we believe that we are fully equipped to take on that.

Now coming to these changes, how it will affect the market? I have earlier said also that I believe this will definitely accelerate the growth, because more dollars will be spent on promotion. And as you rightly mentioned, there could be a price competition as well, which is perfectly fine, because you have seen the results, as the revenue grows, this business has a huge operating leverage, so we should be able to manage it. We haven't taken price increase for the last almost five, six years, but we have been delivering the results financially as per the expectation. So, on balance, I think higher growth should be able to compensate for whatever competition you see on pricing.

Shyam Srinivasan:

Last question is on the West and South strategy, so you are largely going to commercialize through the regional reference labs, so just can you give us some

outlook in terms of how you are approaching this market? And these are not your strong or home markets, so what could be differentiated here and how could you actually take on some of the incumbents?

Dr. Om P. Manchanda: So, South and West, both inorganic and organic roots will continue. We have this PathLabs Unifier where we acquire labs and on organic front, we are putting these two reference labs, one is already in the pilot stage in Bengaluru and Mumbai is already work in process. So, we will continue to focus on both organic and inorganic.

Moderator: Thank you. The next question is from the line of Vishal Biraia from Aviva insurance. Please go ahead.

Vishal Biraia: How have the cost of collections changed in the last few quarters?

Ved Prakash Goel: On home collections specifically you are asking?

Vishal Biraia: Yes.

Ved Prakash Goel: So, we don't disclose this separately. One is your collection cost which is logistics and manpower cost, but there are other costs also, which has not specifically contributed or mentioned.

Dr. Om P. Manchanda: I think as Ved rightly said, we normally don't track this way. But since you asked this question, I am just thinking aloud. I think you gain somewhere, you lose somewhere. I think where you lose is the productivity of phlebotomist, because if it's a walk-in, the same phlebotomist can collect 20, 30, 40 samples, but through home collection it comes down to about 8 to 10 per day, so that's where you lose. But where you gain is that you don't have real estate cost, you don't have other maintenance costs. So, I think net, net, my sense is it will be even-stein actually, I don't think there will be increase in cost.

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

Pooja Bhatia: Just wanted to get your perspective on the cash deployment strategy. Since we now have a sizable chunk of more than Rs. 1,000 crore, any exciting inorganic opportunities your way?

Dr. Om P. Manchanda: So, our strategy for cash utilization will continue to be what we have mentioned in the past, which is three pronged. We will continue to pay dividends, which we have been doing, we will also continue to invest behind technology and technology would go both in the areas of medical, because we buy a lot of high end instruments. And we are investing behind IT and also new infrastructure that we normally put about 15 to 20 labs every year. And third is, of course, we will continue to look at inorganic opportunities, so that's our stated strategy and we will keep on exploring those options.

Pooja Bhatia: Dr. Om, what is the kind of investments that we have already done in the tech initiatives that the company has taken?

- Bharath Uppiliappan:** On the tech side, there are two, three sides we look at tech, one is, like Dr. Om mentioned, on the consumer side; and secondary is on the whole area of medical side. On the consumer side, we just talked about getting the new app in place, there is a lot of other work happening to get a truly phygital experience going on. Because like Dr. Om mentioned, there is a physical angle also to this business, so how do you get to the phygital experience or some program which we are running to get that shaped up. There is also work happening on the medical side in exploring collaboration on AI/ML usage in medical science. So, that is a second area where digital technologies can really play a role. And there's also a lot of work which is happening around logistics and so on in terms of how do we get lot of optimization, etc., going around. So, we are actually implanting digital across every single element of our business, be it partner management, be it logistics, be it lab operations or on the consumer side.
- Pooja Bhatia:** Is it possible for you to quantify?
- Dr. Om P. Manchanda:** Pooja, we haven't separately shared this number in the past, so I think directionally I would want to say that we are significantly upping the investment in this area. We will probably, going forward, see if it makes sense to separately highlight that.
- Ved Prakash Goel:** But as a part of capital allocation, every year we are spending about Rs. 40 crore, Rs. 50 crore, it may be a little more going forward, but not substantially.
- Dr. Om P. Manchanda:** There are two more areas which in case you want to look at more. I think we have these two big softwares, so they are also up for renewal for new versions. So, that's another area where the investment will go.
- Moderator:** Thank you. The next question is from the line of Nikhil Mathur from Ambit Capital. Please go ahead.
- Nikhil Mathur:** Dr. Om, my question is building on the tech side, the tech investments that you are currently undertaking. If I look at the user experience that was talked about, trying to enhance that, and an app has been launched as well. So, can you share some more details what kind of a user experience are you looking forward to, that a customer can get from this maybe 12 to 15 months down the line? Can it be like that you get to know your phlebotomist, you can track the samples, how it is flowing in the entire system, you get a better understanding of what the TAT is. And also, you can show that data on the app so that there is easy recovery of that data in future when further repeat tests happen. So, what kind of a user experience are you envisaging from the app, if you can share some details on that?
- Dr. Om P. Manchanda:** Sure. I think I will ask Bharath to talk about this, but I must tell everybody on this call, I know that there are various types of customer base we have, so I think one set of customers is all of us, including me and all of us on this call. But I was doing some analysis, 60% of our customer base is about the age group of 40, 45. And they come from all kinds of socio-economic classes. So, everybody is not sort of app literate or digital literate, so you must keep that in mind that every customer that is served is not very, very app friendly. So, I will give this to Bharath to talk about what are the features we have on our app.

- Bharath Uppiliappan:** Thank you. So, from an app perspective, today we offer a lot of facilities. So, one is the home collection channel, which we have a lot of features built on the app. For example, today you can book a test completely, pay through multiple payment gateways and get a confirmed slot for the home collection operation. You can also track the phlebotomist who is going to come to you etc. We are also setting up a real time control tower in the background, which will enable us to track whether phlebotomist is reaching and then put-up backup plans in case something really isn't working on that count. So, there are lot of initiatives which we can do on this count. A couple of more projects which we are doing, which like I mentioned the phygital side, I may not be in a position to reveal them exactly at the stage because they are competitive by nature. Once we launch them, we will definitely share the details with you.
- Dr. Om P. Manchanda:** And you can also see all your old reports on the app.
- Nikhil Mathur:** And just another question, so now if you are seeing that many of the health-tech guys are getting aggressive on the diagnostics side of the broader outpatient market in healthcare, do you envisage certain risk perhaps on the pricing, perhaps maybe the phlebotomist who is kind of limited in the wider country, and that can lead to some sort of a fight for this phlebotomist pool and system wide higher employee costs, so any particular risk you see if many of the existing digital players are likely to get aggressive in the diagnostics space?
- Dr. Om P. Manchanda:** Yes, I think it's a good question. I must tell you that it's not that we haven't faced low priced competition in the past. We have had players who actually sell these test at one-third the price. And we have also tried on our own also in some markets as a pilot. So, just because your price is lower, doesn't mean customer is going to come to you, because there is something more, because people are looking for value. So, pricing is an important variable, but it is not the only variable, that you must keep in mind. Second, what was the second part of your question?
- Nikhil Mathur:** Whether there is a limited phlebotomist pool in the country, and if there's a fight for that pool would that lead to some elevated cost?
- Dr. Om P. Manchanda:** That's a great question. And I do believe that competition for quality manpower will go up, not only for phlebotomists but even for management as well. So, I think we are going to see some aggressive sort of people trying to poach the employees from other companies. So, I think that's an important part of it, which let's see how it pans out. But we are acutely aware about that sort of a disruption.
- Nikhil Mathur:** And just final question if I can slip in. So, in case you are able to build on the tech side whatever the company is envisaging, would we still need to do an M&A? Is M&A really one of the largest pieces to kind of drive consolidation or growth from a company standpoint over the next three to five years?
- Dr. Om P. Manchanda:** I think so, because as I mentioned earlier, creating this medical brand is not that simple. Just because you are a tech enabled, you are a digital company, doesn't mean that patients would come to you. So, there is a power of brand which has been for many years in that city. I think M&A will still continue to make sense. But M&A of a good quality sort of processes, governance, and I think more

important, the profile of the customer base. The higher B2C component is what is very important. So, the short answer is, M&As will continue to make sense according to me, especially in those areas where our business is weaker.

Moderator: Thank you. The next question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal: Dr. Om, on the business in the quarter, the non-COVID business, I mean, how close to a normalized business where we in this quarter or was it meaningfully impacted by COVID this quarter?

Dr. Om P. Manchanda: I think it was impacted by COVID. The number that we have shown here is Rs. 386 crore. As I mentioned earlier, May was quite soft and I would expect at least some more number there. So, if I add normalize on that, I think it's more or less in line with what I would have expected for the quarter. And hopefully in Q2, we should actually improve as we go along. But to answer your question, we did see a bit of softness on non-COVID this quarter, primarily in the month of May.

Nitin Agarwal: June used to be a sort of reasonable normal month for the business from a revenue run rate perspective?

Dr. Om P. Manchanda: Normally, June is not a very high month. I don't know, for different reasons, from last two years everything has gone upside down. But generally, June is a vacation month, most medical professionals tend to go on leave, and prescriptions come down. And if you guys track pharma, probably you would see that as well. So, June generally is not a very high month, it actually starts picking up from July onwards.

Nitin Agarwal: Okay. And secondly on the non-COVID realization, we saw a spike which came through in the initial few quarters, I mean, has realization on non-COVID business now stabilized or is it still at those elevated levels?

Dr. Om P. Manchanda: There is a lot of volatility on non-COVID realization, and it's primarily happening because the infection is very high in the system, you tend to see higher number of tests being prescribed, because you are visiting doctors frequently and you have a lot of complications, etc. So, I think we are still not able to see a stable trend, there is a very high volatility on revenue per patient, primarily due to higher test being ordered per patient. So, I think it's not giving us very clear trend. This morning we were doing this exercises varying from 5% to 12%, this is why fluctuations that are happening. So, I really won't like to comment right now on this because of this factor.

Nitin Agarwal: And one number that you gave in the earlier questions was, the number of non-COVID patients you had served were about 5.9 million for this quarter?

Dr. Om P. Manchanda: Yes. 5.9 million, yes.

Nitin Agarwal: Okay. And lastly, on a more broader level, you talked about setting up your reference labs in Bangalore and Mumbai and starting work around that. In the last several years, the organized diagnostic companies have been very strong in

their own specific regions, and I guess that's the way it has really played out so far. With some of the moves that some of you guys are making in terms of trying to enter into territories where some of the incumbents are more strong in, I mean, what's your own sense on how does the incumbent respond to these initiatives?

Dr. Om P. Manchanda: I think if you look at one quarter or one year, it sounds like that. But if you look at our journey of last 15 years, as we were in 2005, nearly 90% was Delhi NCR. Today, Delhi NCR is just about 37%, 38%. So, we have actually gone out of Delhi NCR and expanded ourselves in Rest of India. But the trick here is that you don't spread yourself too thin. There's a cluster approach that one needs to follow, and that's what we do.

Moderator: Thank you. The next question is from the line of Saion Mukherjee from Nomura. Please go ahead.

Saion Mukherjee: Just one question on the financials, now since there is an impact of COVID, so if you look at from a quarter one FY2020 perspective, I mean, what is your assessment for the non-COVID business as things normalize? How would be the EBITDA margin looking? Because we were doing margin, let's say, lower than the current levels, let's say 27%, 28%, now we are at 30% plus, 31%. So, how should we think about margin as COVID volumes subside in the subsequent quarters?

Dr. Om P. Manchanda: I think it's an excellent question and all the time we just keep looking at answers for this question in our data. And we keep separating the effect of COVID out of it because we believe that it's a event which is coming and it's also the baseline and there are spikes in this. But the thing is that because of COVID, restrictions, movement, etc, non-COVID is also a little soft. My gut says that we should come back to a trajectory which used to be in pre-COVID times on the revenue side. On the margins side, maybe Ved can comment on that. What do you think?

Ved Prakash Goel: I mean, we are getting operating leverage, Mr. Mukherjee, because whatever is coming additional, very high operating leverage which we are getting because of nature of our fixed overheads. And as we are now focusing on Rest of India, which is growing faster, so we are also looking at non-COVID where pre-COVID level the trajectory of 25%, 26% normalized EBITDA margin. So, I think we are able to maintain that going forward also.

Dr. Om P. Manchanda: I think the point he's making is that there is still some leverage in this business, because as the business is shifting through franchisee, collection centers, I think our real estate costs are going to come down, scale is going to give us a little more benefit on cost per test. So, I think we should be able to manage the margins going forward as well.

Saion Mukherjee: Okay. Just on a business perspective, I mean, just to understand the mix. So, let's say, quarterly you are doing Rs. 400 crore of revenues, one segmentation I was looking at how much you are generating online through your platform or maybe through your other online platforms. And secondly, is there any top 10 tests are disproportionately high proportion of your revenues? If we can give some color on the test concentration and online-offline mix of the non-COVID portfolio.

Dr. Om P. Manchanda: So, earlier we used to track business in three distinct segments, one was walk-in, second was through our franchisee, and third used to be our pickup points, which are direct pick up points where we go and pick up the samples. From last sort of a couple of years, we have now started tracking home collections separately. Since you are asking about online sales, this online actually has different components, because one could be that somebody who has booked online, who has paid online and asked for a home collection and the report is also delivered online. So, that's I think the ultimate online experience. But we also believe that there is segment that somebody can book the test online but may not pay, but the patient may prefer to come to our lab, give the sample and pay there. So, that is also another online component. Third, the online could be that somebody just called up on phone, because as I mentioned to you, everybody is not comfortable with the app, but they just call up and book a test and ask for home collection, that could also be considered as online. So, I think there are various types of groups here, but we are all putting it in one group called home collection. So, that is what we have now started tracking. From now onwards, we will have four groups; home collection, walk-ins, franchisee, and pickup points. And let me also tell you that franchisee also do their own collections, right? So, at times, it's difficult to know what their number is, but there is a LPL generated leads are also forwarded to our franchise, so that we put in home collections also.

Saion Mukherjee: And the breakup if you can give, do you have numbers, like rough breakup across these four segments?

Dr. Om P. Manchanda: Broadly, I think we have already indicated that close to 13% of our business is coming from home collection. Further split, I think at this stage, we are not in a position to provide. But as we refine these numbers, we will share with you going forward.

Saion Mukherjee: Okay, thanks. Just one last question, I think this was asked earlier about competition and the transactions that we have seen from PharmEasy buying out Thyrocare for instance. Now, we had seen competition before, now the issue is the players who are coming in, and there are other online players, as you know, who are also getting aggressive. So, first, they have deep pockets with a lot of funding, and they are really trying to acquire customers and trying to give a very holistic outpatient experience, which includes consulting, diagnostics, and pharmacy. So, that's the value proposition with a lot of funding and a decent brand as well. Don't you think this environment is very different from the kind of competition that we have played, we have seen in the past? And to that extent, it's the new challenge we are facing at this point?

Dr. Om P. Manchanda: I think so, I tend to agree, yes, we can't write it off. It's a new challenge. It's a challenge, as you rightly said, horizontally we are actually full stack in terms of medicine, in terms of consulting, in terms of diagnostics. Then there is also within diagnostics I think there are two very important, it's offline and online. So, that also is there. So, what our response right now is that we actually increase our online capability so that this stack is taken care of, which is vertical stack in terms of offline capability we already have, online we believe we have made significant progress and we will continue to move with times. So, in terms of horizontal part, which is medicine, etc, right now that is not on the card. But as you rightly said,

it's a new landscape, we have to be aware about it. We will keep watching the whole thing as it goes.

Saion Mukherjee: Is it also possible that, let's say, any of the other online players, just like Thyrocare was brought out or partnered with, is it possible for Dr. Lal PathLabs, given the ground presence and infrastructure that Dr. Lal already has, is that something which you think is a decent possibility?

Dr. Om P. Manchanda: We have franchisees, so we have close to about 3,500 plus franchisee, we have close to 10,000 pickup points, I don't know exact number. So, we work with partners, we believe that partners really add a lot of value. And I think that's how this whole fragmented market one can scale out. And that has been the formula. But I think what we have also ensured that we track end-to-end customer experience. As Bharath, mentioned that we are developing an oversight where the customer experience is fully tracked through our control towers. So, we also work with partners as anybody else.

Moderator: Thank you. The next question is from the line of Prakash Kapadia from Anived Portfolio Managers. Please go ahead.

Prakash Kapadia: Thanks for all the support given at these testing times. And breakup of revenues has helped in getting a better picture of understanding what is happening, so that is helpful, thanks for that. If I look at the COVID revenues, they have seen a 3.5% increase almost on a sequential as well as on a year-on-year basis. What we understand is, second wave was far more urban centric rather than rural. So, have these revenues come from major of the metro cities, is that correct understanding?

Bharath Uppiliappan: First of all, thank you Prakash, we tried to do the best we could in these times. Like we mentioned in the opening comments, Delhi NCR did really well for us this quarter, because of concentrated geography, but we also got a lot of samples from interiors of India across UP, Punjab, etc. And we also started to do testing in 19 labs for RT PCR and about 50 labs for allied tests. So, it was a broad-based kind of numbers which came through, the COVID as well as on the non-COVID side. Just not restrict to urban or rural India, but a very broad-based source of revenue for us.

Prakash Kapadia: And maybe because you are saying north did well, so north contribution would have increased as compared to what it was few quarters ago.

Dr. Om P. Manchanda: Marginally, because the Rest of India has become really resilient now, they have their own labs, infrastructure, etc. So, they also did really well this time.

Prakash Kapadia: And if I look at the presentation, this time around D-Dimer, IL-6 were much higher, so is that because of the severity of the COVID which we saw in the second wave as compared to first wave, is that right understanding?

Dr. Arvind Lal: Yes Prakash, it is a good question. It is now fairly well accepted that this second wave was much more severe than the first wave, because the Delta Virus was at play. And in many reports, you would have also read that the infectivity cycle or the rate severity was almost 50% more than the first wave. So, when you

suffer more or the patients suffer more, so the body also inside is showing different changes. And if you know, obviously you have heard this term known as cytokine storm, etc, so more and more the body reacts to do inflammatory changes, those tests are the ones which went up. In first wave, by the nature of the first wave, which was basically the Wuhan Virus, the original virus; second phase was the British Virus; and the third phase is this Indian virus which is Delta, which is the severest of all. We don't know, the only thing which I can say for the future is that because the vaccination now is picking up, it is quite possible that the severity of infection may become less, so we keep our fingers crossed.

Prakash Kapadia: Okay. And assuming, Dr. Lal, that kind of a scenario, obviously, some of these tests will subside in terms of what kind of trajectory we had seen because of the mutant and the higher variant of the virus.

Dr. Arvind Lal: Yes, of course. In fact, keeping that in mind, we gave a month's split, so that gives you an idea how these fluctuations have moved

Prakash Kapadia: Yes, that really helps. And sequentially if I look at the margin trajectory, there has been a 280 bps kind of improvement in the EBITDA margin, so is it fair to say COVID and non-COVID business both have seen a margin improvement due to the operating scale, which we have seen? Because earlier the COVID kind of business was much lower in terms of margins, was that also right to think that COVID has driven?

Dr. Om P. Manchanda: Actually, COVID tests are much more centralized in nature, so relative overheads are less. So, as the revenue grows, you certainly see a huge operating leverage giving us the benefit. I think that is what has happened in this, because proportionately your overheads have not grown the way revenue grew in these two months. And we were all overstressed, every one of us was working 24/7, which over a longer term basis is not sustainable, right, just a huge stress was there on the system.

Prakash Kapadia: And lastly, for increased patient volume, and I am guessing because a large part of the quarter was pretty severe, so home collections would have been pretty buoyant. So, have we scaled up the team or the work which we were doing on the franchisee, phlebo integration and training, did that help scale us volumes, did we outsource some of these collections, how did we manage? Because if you think of it, there has been quite a rapid scale in terms of the patients and the number of tests.

Bharath Uppiliappan: Prakash, two, three things happened. One is, that given the intensity of the wave, which struck us, the productivity per se also increased. So, there is one factor of the number of collections, the day stretched for a longer period of time, like Dr. Om mentioned that people were really literally working 24 hours, so the collections went late in the evening, etc. Number two is that we had opened up COVID dedicated centers.

Dr. Om P. Manchanda: And by the way, this COVID testing is non-fasting, so there's no time pressure, per se.

- Bharath Uppiliappan:** Yes. So, that is really what drives the productivity, because you can keep taking samples late in the evening, in the night also, doesn't really matter. Number two is that we had opened lot of COVID dedicated centers, wherein we are able to take care of lot of patients going through, not necessarily through home collection, from overall volume perspective. And we opened these centers all across the country so that we are able to get a lot of samples, get the efficiency of operations going on and serve as many people as possible. The third part is that our franchisee partners really stood up along with us in serving the nation at this point of time. A lot of tech enablement was done for them to kind of get the leads from us and go to a patient's house and collect samples, or even manage their day to day business via the integrated portals we have now in place.
- Prakash Kapadia:** So, some of the base work also was a critical factor in terms of the integration and managing the scale?
- Bharath Uppiliappan:** Yes, this was not a single day affair that we stood up and did all this.
- Dr. Om P. Manchanda:** April, May throughput was so high.
- Moderator:** Thank you. The next question is from the line of Shaleen Kumar from UBS. Please go ahead.
- Shaleen Kumar:** A bunch of questions. Like, if I look at the ICMR data, my COVID test is not coming off, it is hovering around same level of 1.8-2 million per day. So, is it like more in Tier-2, Tier-3 cities where we have a limited presence? Why it is not reflecting in our number? And second, just want to understand from you on the psyche of the patient as well as doctor, given we are in the flu season, so how is the psyche working now, are doctors able to identify this is a normal flu and not a COVID? Or is it like because of what we have gone through such a brutal second wave, nobody wants to take a chance? And it means that COVID is there with us, or at least in our memory is going to stay with us for some time?
- Dr. Om P. Manchanda:** I think on the first question, I really won't have too much of color on ICMR data, but clearly we are seeing a declining trend. And there are two three reasons where the tests are coming, one is the travel related testing is still happening. The other illness related testing, that actually has sharply come down. Third is, geographically where your presence is stronger, if the incidence is lower than the tests are down. I think, right now, if I recollect, maybe some states in south, Kerala, is showing higher, maybe those states will have a little bit higher testing. So, in general, we have seen it's completely related to incidence of COVID.
- Now your second question in terms of flu, whether the doctors are able to differentiate? I don't think flu season has yet started to the extent which normally happens, maybe Dr. Lal would want to add.
- Dr. Arvind Lal:** See, right now any fever, which is even flu, but the doctor would first say that let me first rule out COVID, because what is obvious in front of you, if you remember when we said that it is not gone, the third stage has come, etc, it is not the third wave that now you can't differentiate from where you got it. So, at that point of time, the first thing which has to be ruled out is a COVID infection. So, irrespective of the fact whether you are having flu, after all COVID virus is also

influenza virus. So, the doctors are very, very sharp on this. And especially when there is tele-consultation, the doctor will definitely say that please get your COVID test done. And for the patient it is very good because he just picks up the phone or whatever, a computer, and he calls the person home. COVID testing, by and large, more than 90% has been done at home collection. So, this is the first thing, and people have been pleasantly or unpleasantly surprised, I should say, that they never thought it would be COVID but turned out to be COVID. So, that's the way the disease is.

Shaleen Kumar: Dr. Lal, do you think, at least for some time this trend is likely to sustain, people would just want to rule out COVID as it becomes a part of the normal diagnostics?

Dr. Arvind Lal: It will become like an endemic, you must have heard this word, from pandemic to endemic, I think Singapore has already announced this, that they no longer think it's a worldwide pandemic, that's kind of a big thing, but it will become like the other viruses, which you yourself have mentioned, like an influenza virus, like the HIV, the HPV, they will keep on simmering in the background. And whenever the patient has to be, I mean, for a few years this will definitely happen that the first test which will be asked for will be the RT PCR.

And I must also inform you at the same time that there are expert groups all over the world, T. H. Chan, Public Health School in Harvard, even they are predicting that now the testing will move to the home, it will be self testing on rapid antigen tests, which have now become very common. And moreover, it will also happen every week. Imagine that since the virus is going to stay with you, so people are also getting used to it. So, every week they are saying you should get or you yourself should do the test. So, we don't know where it is good to end. In my opinion, it is very much like the S-curve or like the sine curve in trigonometry, it goes up and goes down. The moment it goes down, people relax, the unlocking happens, and it comes back again. So, it is a seesaw kind of a battle.

Dr. Om P. Manchanda: So, I think Shaleen, the way to look at it is that there will certainly be a baseline sale which will keep happening over every month, and then there will be spikes. So, this is what we have seen in this, so I think that's the way to look at it. And it's like shifting sand, so sometime RT PCR, antigen, then you have home diagnostics, new technology will keep coming, I think one will have to keep an eye on this as to how it's moving. But in terms of testing, there will be some baseline testing which will happen on monthly basis, both driven by illness and also maybe travel related. That's the way I would look at it.

Moderator: Thank you. The next question is from the line of Kunal Randeria from Edelweiss. Please go ahead.

Kunal Randeria: My first question was on Swasthfit, do you expect, as the world normalizes, India normalizes, to grow faster than what it used to grow at. And if you can give us some sense on how much realization could be higher on Swasthfit versus the rest of your business?

Bharath Uppiliappan: Swasthfit will be about 20% odd higher than the rest of the business, that is a normal trend we have seen in the past.

- Kunal Randeria:** And growth expectations, do you expect it to grow much faster than what your business is growing at?
- Bharath Uppiliappan:** Swasthfit portfolio has been actually growing faster than the portfolio overall numbers since the time we launched it. And we expect that we continue to have a very healthy pace even in the times to come for two, three reasons. One is that there's a growing awareness of health and preventive testing will pick up. Number two is that it offers very good value for people who do routine testing for either a specific condition or whatever the prescription says for, and it is a combination of tests which they can use for better information. So, yes, we will continue to see a good trajectory in Swasthfit.
- Kunal Randeria:** Sure. Just one more question on the recovery of your base business. So, is it fair to understand that its broad based? I mean, are you growing sort of recurring faster in the traditional areas like north where our brand is especially strong, is the growth faster over there? Or is it across the country you are probably growing at the same rate?
- Dr. Om P. Manchanda:** I think it's going faster in Rest of India as well, not only north alone. So, I think the first response will be broad based, given the basis slightly lower in the other parts of the country, I think we are seeing higher growth rates in the Rest of India.
- Kunal Randeria:** And just trying to get your opinion on one more thing. So, after this PharmEasy kind of acquisition of Thyrocare, do you think going forward there could be another business model where, let's say, an e-pharmacy ties up exclusively with a diagnostic company, is that something that you believe is possible rather than acquiring it outright?
- Dr. Om P. Manchanda:** Yes, of course. I think that's the way I look at it, all the ecommerce players they generate leads, they are aggregators. To my mind, they have to partner with people like us, that's all what needs to be done. So, if they are aggregating the manufacturer or pharmaceutical company at the back end, I think the same way they should aggregate diagnostic companies also, because in the front end, they own the customer. I think it will definitely be a great help to us in those markets where our physical infrastructure is less. So, to my mind, it is a combination of both offline and online has to go together. It's a partnership model to my mind that works best for everyone.
- Kunal Randeria:** And then am I to understand that you would be open to a partnership where you are sort of the exclusive partner? I mean, if I go to an aggregator, I probably only find Dr. Lal over there.
- Dr. Om P. Manchanda:** Yes, we don't say no to them, we work with them. We worked with many of them, today also. They work with us today. Because on their side, they go and ask for Dr. Lal, if they don't have Dr. Lal they don't get customers, so they also want the traffic. So, I think we have to coexist.
- Kunal Randeria:** Sure. How much of your business would be coming from them currently?
- Dr. Om P. Manchanda:** It's not that significant. Right now, we probably are not in the position to share as well. But to my mind, we are very clear that going forward, we will partner with

them. Basically, it should commercially suit our arrangement, I think everything else should work.

Moderator: Thank you. The next question is from the line of Shubham R. from West Bridge Capital. Please go ahead.

Shubham R.: First of all, congratulations on a great set of numbers. My question was, could you just give us a realization on both the non-COVID and COVID side of things? And is there continued pricing pressure on the COVID test still or is that now stable?

Ved Prakash Goel: So, on this COVID, we have given the realization, it started from Rs. 3,500 or so, now it's hovering around Rs. 750 or so. So, this is the average of COVID RT PCR and the antibody. But if you see going forward, there are some states that have even lower prices, which is as low as Rs. 450 or Rs. 500. So, on a standalone basis, I don't think realization of this RT PCR is going to stay here. But along with the RT PCR, what we have seen and what we are doing is getting all other tests also, and that is where the leverage is coming. Along with this COVID testing, there are a few other tests which are coming, and that's where might be this realization on overall basis is where we have hovering around Rs. 700 or Rs. 750.

Dr. Om P. Manchanda: So, I think broad question which is there on everybody's mind, that COVID pricing trend actually has seen a sharp downward curve, right. But I also must say that the cost also correspondingly actually has seen a downward curve as well. So, it's not that prices have come down and then you have lost out on profitability. So, prices are also coming down and so are cost. Now has it stabilized? I think we are nearing that zone, it's a little bit on a decline side. But last couple of months we are seeing a stable trends in terms of realization on COVID side. The point which Ved is trying to make is that, when we get a request for a COVID or COVID related test, along with that, there are a few more tests which are ordered. That's how leverage sets in and we are able to steer through.

Shubham R.: And just one last question from my side is that, any guidance on the COVID related tests going forward? Like how is July trending, is it more in line with June or has it declined further from June levels, if we could give any guidance for the next quarter in terms of COVID related tests?

Dr. Om P. Manchanda: So, I don't think we would want to give any guidance on the COVID test, because it's highly unpredictable. I don't know really what happens. But precisely keeping that in mind, we gave you a split between April, May, June, so you can clearly make out as to how the trend would be.

Moderator: Thank you. The next question is from the line of Rahul Agarwal from Incred Capital. Please go ahead.

Rahul Agarwal: I missed most of the call, so sorry if I am repeating any questions. But I just had one question, Dr. Om. So, essentially, given the way this COVID is moving, obviously, the earlier thought was that it might taper off earlier, but it's not happening. And obviously, that's bringing a lot of cash flow and a lot of higher volumes and good numbers across all diagnostic chains. I just wanted to pick

your brain, as in as we enter into the next 12 months and fiscal 2023-2024, obviously, the base is getting heavy because of COVID. Would you agree that non-COVID volumes, as the feeling is that the healthcare spends and overall awareness is going to be much higher because of this COVID pandemic in India and globally, will non-COVID be able to offset the higher base and still grow on those numbers into 2022, 2023, 2024 going ahead? That's the only question I had. Thank you.

Dr. Om P. Manchanda: So, it's a great question. So, that we will have probably watch and see how it goes. But our efforts are continuing in terms of widening our footprint, so we are not letting that effort go down. South and West is a big gap area, and actually I was doing some analysis and first time I see the West has contributed in double digit for us this quarter. So, we will continue to widen our footprint and we believe that will definitely help us build non-COVID base. And COVID actually has been helpful as well for us entering into new markets. So, we will continue to expand our footprint because market is fairly large.

Rahul Agarwal: Got it. And one bookkeeping question I had, so the new regional reference lab is supposed to come in Bombay, is it already done, is it open?

Dr. Om P. Manchanda: No, we have started our Bengaluru operations, Mumbai work is in process because I think there are certain licenses requirement, once that's in place then we will start our work.

Rahul Agarwal: May I know the location, please, in Mumbai?

Dr. Om P. Manchanda: That's what I said, right now since I don't have those licenses in place, because I think change of use license. Unless that is in our hand, we can't say this is the location.

Moderator: Thank you very much. That was the last question, I would now like to hand the conference back to the management team for closing comments.

Ved Prakash Goel: Thank you, everyone, for being on this call today. I wish all the best to you and your families, Stay safe and healthy. Thank you.

Dr. Om P. Manchanda: Thank you.

Moderator: Thank you very much. On behalf of Dr. Lal PathLabs Limited, that concludes the conference. Thank you for joining us. You may now disconnect your lines.

This is a transcription and may contain transcription errors. The Company or sender takes no responsibility for such errors, although an effort has been made to ensure high level of accuracy.