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National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra Kurla Complex
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BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
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Mumbai- 400001

Subject: Financial Results Conference Call Transcript for Q4 & FY21

Dear Sir/Madam,

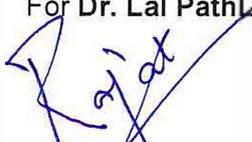
Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Financial Results Conference Call Transcript of the Company for Q4 & FY21.

We request you to please take the same on record.

Thanking You,

Yours Faithfully,

For **Dr. Lal PathLabs Limited**



Rajat Kalra
Company Secretary and Legal Head



Encl: As above



Dr. Lal PathLabs Limited Q4 & FY21 Earnings Conference Call May 21, 2021

Call Duration	<ul style="list-style-type: none">▪ 1 hour and 27 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">▪ Chandramouli Muthiah - Goldman Sachs▪ Himanshu Bhanushali - Individual Investor▪ Kunal Randeria - Edelweiss Financial Services▪ Malhar Manek - Individual Investor▪ Neha Manpuria - JP Morgan▪ Prabodh - Petrichor Investments▪ Prakash Kapadia - Anived Portfolio Managers▪ Rahul Agarwal - InCred AMC▪ Sameer Baisiwala - Morgan Stanley▪ Shaleen Kumar - UBS Securities▪ Sriraam Rathi - ICICI Securities▪ Surajit Pal - Prabhudas Lilladher

Moderator

Ladies and gentlemen, good day and welcome to Dr Lal PathLabs Q4 and FY21 earnings conference call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nishid Solanki of CDR India. Thank you and over to you, Sir.

Nishid Solanki

Thank you. Good evening everyone and welcome to Dr Lal PathLabs Q4 and FY21 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 – 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 more detailed statement in this regard is available in the Results Presentation, which has been circulated to you earlier and also available on the stock exchange website.

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

Dr. Arvind Lal

Thank you very much. Good evening ladies and gentlemen and thanks for joining us today for Dr. Lal PathLabs Q4 FY21 earnings conference call.

Healthcare and practicing COVID appropriate behavior have gained higher significance within our society in response to the persisting pandemic. Citizens are making immunity boosting habits with vaccination a priority. Simultaneously, awareness around wellness and preventive health checkups is also building. Corporates are likely, more than ever to encourage their employees to go for a health check packages to manage and take responsibility of their own health. This dovetails with our aspiration of being the leading branded customer or consumer healthcare provider offering complete diagnostic testing services with wide accessibility.

As you are all aware at this time last year, we experienced the initial phase of the lockdown whereas this year we have had to contend with a very strongly resurgent second wave. With cases on the rise at a higher rate than before, the need for quality testing that is both accessible and affordable has seen a commensurate increase. The strategic decisions taken by the management at the onset of this pandemic to form a dedicated taskforce to distinctly address the requirements for COVID and non-COVID segment respectively ensured that we were never found wanting in servicing our patients and clients at any time. In being true to our DNA, in the present scenario, we have redoubled our efforts to maintain high levels of service across the network as demonstrated last year during the first phase of the epidemic. Established national chains are better equipped on account of their scale, experience, and capability. On accuracy in reporting perspective, the DLPL brand stands heads and shoulders above the rest, given entrenched investments in technology we can monitor all our lab for everything with transaction on the quality front, on a near real-time basis and thereby troubleshoot wherever and whenever the need arises. Such operational salience is unique with an industry that is largely unregulated and fragmented.

Work on further extending our testing network, enhancing the capacity and capability of the existing labs has continued in the past year as an effort to drive efficiencies and productivity across our operation. Patient behavior too, has evolved during the period with higher preference for online interaction coupled with sample collection at home. Our technology enabled infrastructure has allowed us the flexibility to make these adjustments to our model smoothly. Using our extensive network of Patient Service Centers, we have been able to scale up home collection services, crucial to the management of the pandemic. With the right vision and execution, we are geared to extend our leadership beyond the core geographies. The scale, the experience, brand engagement that is possible for leading chains like DLPL is difficult to replicate readily. We believe that we have the right approach to serve the healthcare requirements of the nation and are confident of guiding a best-in-class operating model through these trying times and refocusing on the long-term agenda in the days beyond.

With that I would like to hand over the call to Om to share his thoughts. Thank you very much.

Dr. Om P Manchanda

Thank you Dr. Lal. Good evening everybody and thank you for joining us on today's call. I would like to take this opportunity to share my thoughts on the industry, our initiatives, and the way forward.

The past year has been extremely challenging year for all the stakeholders. The challenge still continues and has further gone up in the current financial year. In these trying times, we have seen our role as that of PURPOSE. To the best of our ability we have tried to continue our operations round the clock wherever required. Service our patients at their doorsteps, taken care of needs of travelers, taken care of our employee welfare and worked with various authorities to comply with various requirements.

Our leadership team has remained in constant touch with the phlebotomists, field executives and lab operations staff to keep their morale high. The current crisis also has tested the ability of our operational model to take sudden spikes in demand and simultaneous shortage in supplies. Our employees have shown a lot of resilience in these times. Given our established presence nationwide, we could play a role in scaling up the RT-PCR testing bandwidth across the country. Our network was able to accommodate the sample flow during the lockdown phase, both across the COVID and non-COVID segments. Moreover, with wider prevalence of RT-PCR testing and our enhanced home collection offering, Dr Lal PathLabs brand could attract newer set of patients in the B2C segments. The key feature of our pandemic SOP was to optimally use our established network infrastructure by leveraging technology. Given how we have already embedded technology deeply into our operations, we could accommodate the transition in patients' behavior from walk-ins to home collections very smoothly. Booking of collections, receiving reports, etc., have been very crucial during the pandemic to provide our patients with quality diagnostics they desired in extremely seamless manner. When a small lab organizes a home visit versus Dr. Lal PathLabs doing it, there is a vast difference in the hygiene, quality, processes, and convenience part, . We have around 3,700 PSCs which are geo mapped and thereby we are able to pool all our service requests centrally and optimize usage across the network.

Talking about our overall strategy at a macro level:

We continue to grow rest of India business, especially West and South regions, thereby further moving towards geographical broad basing of revenue contribution. Contribution from rest of India ex-Delhi NCR has increased and it now stands at 64.8%. Even though the contribution from the Delhi NCR is getting now smaller, but

we still continue to enjoy healthy margins on the back of better realization and scale. Our plans to widen our footprint are on track and very soon we will be commissioning new regional reference labs, one each at Mumbai and Bangalore. These labs will be supported by a number of satellite labs in the areas and in effective network of PSCs. Concurrently our approach of acquiring smaller and bottom of the pyramid through PathLabs Unifiers, which is our subsidiary has started now giving us meaningful business. Our efforts will continue in this direction and this will further help us seed the clusters that we are trying to build in South and Western markets. With that I conclude my opening remarks and would now request Bharath to take you through the operating performance of the company. Over to you Bharath.

Bharath Uppiliappan

Thanks Dr. Om. Good evening everyone and welcome to our Q4 2021 earnings call. I hope all of you are keeping safe and well.

Q4 2021 was an eventful quarter with an encouraging trend month-on-month of non-COVID business recovery, with walk-in and B2C channels recovery clearly visible along with continued robust growth in our PUP business. This enabled us to register a Q4 versus Q3 sequential growth in non-COVID business as well. As the intensity of the first wave subsided, the COVID portfolio saw a decline sequentially as compared to Q3 2021. All this cumulatively resulted in us recording a revenue of Rs. 431 crore with a growth of 42.9%. We served 5.9 lakh patients, a growth of 33.3%. We carried out 4.5 lakh RT-PCR tests in this quarter. It was heartening to see the Delhi NCR region returning to growth and the rest of India continuing its strong growth momentum. Our Swasthfit program also saw an increase in contribution to 19% of non-COVID revenues, up 300 basis points from last year same quarter. Our high-end portfolio, including Genomics focused, Genevolve division continues its strong growth momentum led by focus on key therapy areas.

Q4 FY2021 also saw us making progress on our previously stated objectives of South and West expansion, the satellite labs opening and also construction being progressed on our new reference labs. Our past few quarters' efforts in South and West across both organic and inorganic are also yielding encouraging response. South and West contribution in our business has moved up 340 basis points versus last year same quarter on total business and 140 basis points on non-COVID. In Q4 2021 we also launched a new patient app. Our other technology initiatives across digital as well as lab and medical side continues to make good progress. As we look back on FY20-21, it was indeed a challenging year operationally, but it also helped us get better, serve patients at large, leveraging our expanding geographic coverage, medical, digital, and people capabilities to enable us to progress towards a vision of being the most trusted healthcare partner, enabling healthier lives. Thank you, Ved over to you.

Ved Prakash Goel

Thank you Bharath. Good evening everyone and thanks for being on this call today. I am now sharing some of the important financial highlights. Revenue for Q4 FY21 is at Rs. 431 crore as compared to Rs. 301.70 crore in last year same quarter, a growth of 42.9%. Revenue for the year of FY21 is Rs. 1581.30 crore as compared to Rs. 1330.40 crore in last year FY20, a growth of 18.9%. Revenue contribution from COVID RT-PCR, antibody, and allied test in Q4 and full-year FY21 is at 11.2% and 18.3% respectively. Out of this allied test, i.e., IL-6 & D-Dimer is about 12% of our total COVID portfolio revenue in Q4 and FY21. Revenue realization per patient for Q4 FY21 is higher at Rs. 733 as against Rs. 684 for last year same period. The higher revenue realization is mainly due to COVID portfolio and higher sample per patient in our non-COVID business. Normalized EBITDA after eliminating the impact of stock-based compensation and CSR expense in Q4 FY21, stood at Rs. 129.50 crore as compared to Rs. 64.20 crore reported in Q4 FY20, a growth of 101.7%. Full year FY21 normalized EBITDA stood at Rs. 462.60 crore as against Rs. 365.60 crore last year. PBT for Q4 FY21 is at Rs.110.80 crore as against Rs. 45.40 crore in Q4 FY20, a growth of 144%. PBT for the full year FY21 is at Rs. 394.40 crore against

Rs. 310.50 crore in last year. PAT for Q4 FY21 is at Rs. 85.10 crore as against Rs. 32.60 crore in Q4 FY 20, a growth of 161%. PAT for the full-year FY21 is at Rs. 296.50 crore against Rs. 227.60 crore in last year, a growth of 30%. Basic EPS for Q4 FY21 is Rs. 10.10 per share versus Rs. 3.94 in the same quarter last year. EPS for the year FY21 is Rs. 35.33 versus Rs. 27.42 last year. Investments in FD and mutual funds including cash and bank balances at the end of March 31st, 2021 is at Rs. 985.90 crore.

We are pleased to share that the Board of Directors of the company have approved a final dividend of 80%, that is Rs. 8/- per equity share. With this final dividend, total dividend for the year FY21 is 200%. That is Rs. 20/- per equity share.

In spite of extraordinary situation and COVID-19 pandemic, we have added 15 labs and close to 600 collection center and 2200 PUPs in FY21. This includes close to 70 collection centers and around 900 PUPs added through acquisition under our subsidiary PathLabs Unifiers.

Further, our efforts towards automation and digital initiatives are performing well and we are able to optimize our margins and maintain our DSOs, inventories, and whole supply chain under control.

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

We will now begin the question and session. The first question is from the line of Chandramouli Muthiah from Goldman Sachs.

Chandramouli M

My first question is on the non-COVID realization, I think previous quarter the non-Covid realization per patient was about Rs. 745 and estimated price this quarter seems to be around mid-Rs. 710 to Rs. 715 range. Trying to understand, if there's any passive kind of change QoQ which is down to maybe different sort of mix in home collections as well or the mix of tests has changed, just trying to understand if there is anything structural over there?

Ved Prakash Goel

Our realization per patient has gone up overall which is, in Q4, Rs. 733, but if we take out the COVID related patients, RT-PCR and allied tests, the realization per patient is Rs. 715 per patient. However, this realization is increased due to two factors. One is of course, COVID but other than that the non-COVID business also shown some increase due to test per patient has gone up. So, overall, if you see the test per patient is seen flat, but if we remove COVID RT-PCR patients out of this, then our number of tests per patient has gone up, so that is the main reason. There is some bit of test mix change also in this quarter.

Dr. Om P Manchanda

If I may broadly add, if I read the question carefully, I think what you are trying to understand is the non-COVID revenue per patient going either downward or upward or is there any impact on that. Actually there are 2 factors that are operating on this non-COVID revenue per patient either way. What happens when there's a lockdown, we have noticed that normally the routine tests, which are like sugar panel and the low realization tests they actually tend to go down because they are somewhat discretionary in nature, but high-end tests continue to remain. Once their contribution goes up, there is an impact on the revenue per patient going up for that quarter. Sometimes now as we have seen the illnesses are very-very high and doctors tend to prescribe more and more tests and as Ved suggested for tests per patient, so that time also you see revenue per patient going up, but the moment lockdown gets lifted up and you have more flow of non-COVID patient coming in, we tend to come back to the normal revenue per patient. My sense is in a stable scenario, non-COVID revenue per patient will remain the same, but we have definitely seen a higher

contribution of specialized test in the last few quarters that is actually having a slightly better impact on revenue per patient.

Chandramouli M And just a follow-up to that. The higher specialized tests within the non-Covid space for the past few quarters, you think this is a byproduct of the pandemic or is this something that you think it is more structured.

Dr. Om P Manchanda It's actually a byproduct of...you will notice that our volume growth is not that high and most of the volumes that have dropped are of routine test. So, the moment routine tests go away you tend to have higher revenue per patient. It's a by-product of multiple things, but if I were to pick up two or three factors, number one, lower volume growth, that means the contribution from high-end test is higher. The second factor is number of tests per patient also have gone up that results into higher realization per patient. Number three also is that, especially we will talk about it as we go along, you will see some of these COVID allied tests, which are D-Dimer, IL-6, they also have a higher realization that tends to impact our overall realization.

Chandramouli M My second question is on the second COVID wave that we have seen over the past couple of months, I think, in the first COVID wave in the June quarter last year we saw 35%-36% decline in volumes on the non-COVID side, just in comparison to that period, what has been the experience in the second wave? Any context would be very helpful.

Dr. Om P Manchanda I think second wave is quite different from the first wave and most of us are quite aware through media and WhatsApp messages that are going around, but I'll still try to answer and based on my understanding, the way I see the difference between first and second wave. In second wave, we saw a lot of patients actually going to hospitals and we also saw unfortunate, very tragic, very sad, higher death rate as well. Now that actually had impact on COVID allied test going up. If you recall, in earlier quarters, we started talking about COVID allied test and there are four or five such tests, which are actually, inflammatory markers. We saw a sudden spike in these tests in wave two, which actually was to much lesser extent in the wave one. That's a big difference I found. I think if I were to pick one, this is a big one. And otherwise, overall cases are so many, so the volume of testing has been much higher in wave two than wave one.

Chandramouli M The final follow-up in this. Just trying to understand in the June quarter last year, there was a sort of stigma for patients to go into patient service centers, give their blood samples, is that something that is recurring now in the second wave or do you think that stigma is something much lower?

Dr. Om P Manchanda There is no stigma per se now. I think earlier people were really hesitant to get tested. Now, that's behind us. But people are still hesitant to go to a center and give blood samples. They always prefer for home collection because they think, maybe rightly so that this is much safer. But we have actually tried to manage our patient flow both ways, because at some point in time, we found that the home collection capacity is constrained. The business has a sudden spike in demand, we really couldn't catch up to the pace to catch up with the demand because many of our own employees also got impacted by COVID. We did try, especially in Delhi NCR, to open up dedicated collection centers only for COVID, but there was no such hesitation on part of patients, because once we told them it's very difficult to do home collection, we did direct them to the nearest dedicated collection center for COVID. And Bharath if you can add to this? I think we found lot of people coming to our centralized collection centers as well, right?

Bharath Uppiliappan Yes indeed, Om. We saw a good traffic in our CDC centers as we call them. That was a very large portion of what we collected for COVID RT-PCR samples. Yes, the

only large request for home collection were from people who are really positive or from senior citizens, but otherwise, rest of them would come to CDC without any problem.

Moderator

The next question is from the line of Neha Manpuria from JPMorgan Chase & Co.

Neha Manpuria

My first question is on the non-COVID recovery that was happening in the fourth quarter. Given we didn't have a national lockdown during the second wave, is it fair to say that the entire recovery didn't really fizzle off or did you see any similar impact like we saw last year on the non-Covid business this time around too?

Dr. Om P Manchanda

You mean the current lockdown which is not that strict a lockdown as we saw last year, right? That was a national lockdown and now this time it is more like a localized one. I think it's a good question. I think the impact that we had last year non-COVID was very severe. But to say that in this lockdown if there is no impact of non-COVID, that's not true. We have seen a depression in our non-COVID flow as well. But to me, that's not really captured in Q4 because of I think Maharashtra saw it maybe in March, Delhi saw it end of March or early April. So, just a short answer to your question is if there is a lockdown, is there any adverse impact on non-COVID business? Answer is yes. Is it that severe as it was last year, answer is no.

Neha Manpuria

It would be more, depending week on week that number would change. So, I can't assume that impact is similar through the last two months.

Dr. Om P Manchanda

Because at least the patient movements are still allowed for essential services you can still go out. Last year it was very-very difficult, actually people were just not moving out. So, this time people are cautious, but they are still coming out to get tested. But as you rightly said, varying week to week basis it is very difficult to comment as to how it's going to pan out.

Neha Manpuria

My second question is on this entire home collection which you even mentioned in your opening remarks there was month-on-month recovery on the non-COVID side, both on the walk-in and the B2C. Therefore, if you could just give us some sense on how much did the home collection come off, as having seen some state of normal in the March quarter and so that helps us in terms of post-COVID what could be a normalized home collection run rate?

Bharath Uppiliappan

First of all, on the B2C side, we saw a good recovery coming through January to February to March on the lab walk-in and the PSC side of the business. Number two, the home collection business, it depends actually on the COVID waves. There is a steady state of business which we have seen about 2-2½ x. We don't give out channel wise split of revenue at this stage. I will be constrained by that guidance. But yes, we saw a sharp increase about 2-2½ times of what normally we would do in home collection. That run rate continues to remain on a steady basis even now. What we have done, like Dr. Om mentioned in his opening speech, is that we have been able to leverage our collection center network to further augment this upsurge which we saw. So, we take the leads, provided it to them and they do the home collections at a nearby point, at the last mile being handled by them. And we monitor the service level centrally.

Dr. Om P Manchanda

Just to add to what Bharath is trying to say, there are four main revenue streams. One is home collections, second is walk-ins, third is through collection centers, and fourth is our pickup point. Whenever there is a lockdown, the worst affected is walk-in business, because people hesitate to come to a large lab format where there is a bit of a crowd. And loss of that channel tends to shift to two main other channels. One is home collection, so people prefer home collections. But entire thing does not shift to home collection. Home collection maybe in Delhi NCR we can do that, but

far-flung area it actually tends to shift to collection center, because collection center is a small format. It's about 100-150 square foot area. There's not too much of crowd out there. So, walk-in is the worst effected, benefit flows into collection center and it flows into home collection. That's the way normally what happens when there is a lockdown. When the lockdown restrictions actually get lifted up people are getting little less anxious, we have seen walk-ins coming back as well. And that is the impact we saw in Q4. And suddenly this wave two happened and then we are bit of back to square one.

Neha Manpuria If I may squeeze in one last question. Ved, on the employee cost in this quarter, is this a normalized run rate that we should be assuming or is there any one-off in this quarter's number?

Ved Prakash Goel Neha, this is usual. We haven't taken any one-off item. I think you may be referring to new wage code. This is not yet factored in. Having said that, last year as it was not usual year, as increments and all that stuff was not fully factored for full year, so this is truly not representative of what usually we have on a personnel cost basis.

Moderator The next question is from the line of Sriraam Rathi from ICICI Securities Ltd.

Sriraam Rathi Firstly just wanted to understand on the COVID revenue. At current prices which have already been reduced significantly, is it like at EBITDA margin level, is that business diluted for the overall company level margins or we are still able to make company level margins?

Dr. Om P Manchanda I think I'll take this question. It's a great question. See, what has actually happened, I've tried to analyze over a period of last 12 months. There was a period when we had a sudden fall in our non-COVID business. At that time, we were looking at COVID business in its entirety, you just look at from gross revenue till EBITDA, but as non-COVID revenue started coming back, we actually had a very good operating leverage in the system. Because if you study our P&L, we have close to 48%-50% of our cost structure is very fixed in nature. At a gross margin level, we are not worse off even at current prices. If we are able to leverage our current infrastructure with the space, people, logistics, if we are able to manage it very well, and plus with the revenue going up and plus a couple of other factors like we saw in wave two, you do home collection, you go for one person, we found that number of samples collected per visit per person also was very high at this time. So that also helped us, number of tests per patient also per visit also high that also helped us. So, we actually could use some of these leverages to manage the margins better. If you take COVID business in isolation and somebody can say, yes, it is dilutive, but if you take it along with the rest of the business that we have, so we are able to leverage it better. We are able to manage reasonably well so far. But the challenge will happen if the non-COVID business goes down then there will be a challenge. But I think we have recovered quite a bit of non-COVID. And if you go back a couple of quarters back when we used to say that we have not allowed any dilution of effort to non-COVID. Because we realized early in the year itself that if we don't put focus on non-COVID it's going to become challenging and that has really paid us well during the year.

Sriraam Rathi Secondly, on the non-COVID business, you mentioned that there is some impact because of the lockdown. Is it fair to assume that the business will be below normal level currently, let's say the last 1-1½ months?

Dr. Om P Manchanda Actually, it's very difficult to say. I know you are trying to ask more about the recent weeks, but my general understanding is that, in health care, a demand loss today doesn't mean demand is completely lost. People are delaying it, but unfortunately in healthcare you can't really avoid sometimes these things. So, they tend to come,

and people are waiting and watching. Now I know fortunately positivity rate is coming down. Cases are coming down. As this opens up, we do believe that it will come back. And I am talking from the experience of the last four quarters, because we also panicked a little bit in the first quarter when the non-COVID fell as if what's going to happen. But I did see a recovery happening and it was not only completely new demand. It was actually old demand which could not be serviced in the first quarter, came back in Q2. I am not sure if I see some depression in sales in these weeks and I will say no-no this is going to be trend going forward. I think there's always some recovery of non-COVID demand coming back later as well. But as I mentioned that week wise fluctuations are so high, it's very difficult to actually tell a pattern, but over a longer period, I think non-COVID will come back. I don't think you lose this one.

Sriraam Rathi

Just a follow-up to that. In the last Q4, we had more or less flattish kind of revenue because of the impact from the COVID first wave. On that base, we have grown around 26% odd in this quarter. Now if I look at FY21, we have a volume decline of around 3%-4% in the non-COVID business. Assuming that the things become normal sooner, can we expect the growth can actually be very high kind, like we have seen in Q4 for FY22?

Dr. Om P Manchanda

Relatively in terms of tailwinds yes, clearly there's a base advantage, because Q1 is so low, it will definitely benefit into the growth. I think the recovery started in Q3 onwards. Definitely to that extent there will be an advantage to the non-COVID business growth this year in FY22. But we also have to see how lockdowns really happen because, in fact, when we were sitting in the month of early March, we never anticipated that there is going to be a wave two and it's going to back the whole thing. And as I mentioned the moment you have a very strict lockdown, non-COVID business does go down and the moment restrictions get lifted up, it tends to come back. So, it's very difficult for me to actually project a trajectory of COVID for next few months. Non-COVID business, in terms of headwinds will all depend on how COVID trajectory goes. But overall base advantage definitely is there this year for non-COVID.

Sriraam Rathi

Lastly, just one question. In terms of your sample per patient mix, that has been consistently improving over the year. Now this quarter it was close to 3.7 samples per patient. We have seen that in the last 3 to 4 years the proportion of bundled test is more or less in the range of 13%-15%, so this ratio has continued to improve. So, just wanted to understand what can be optimum level, is there anything which you have in your mind that which will reach this kind of level in terms of this ratio?

Dr. Om P Manchanda

I think if there are two big variables for this, one variable is what is the sort of a sticker price of a panel. As you rightly picked up as a contribution of SwasthFit goes up, or there are other panels tend to go up, it has a favorable impact on two people. One is doctors tend to prescribe panel. Patients also don't mind because they say, okay, fine, "If I test, I can get more test, so I'll actually get two, there is some value of additional information through additional tests as well." As long as we are able to creatively price these panels around some number, let's say Rs. 1000-1500, you tend to see that prescription habits as well as patient desire tend to move from a single or two tests or three tests to a panel test and panels always will have a battery of tests like 8 or 10 and some of these Swasthfit panels I have even 20 tests also. So, that's one big variable that is there for this number to move up. The second is, as practice of medicine itself, because it's becoming more evidence-based, health awareness is so much these days that virtually patients tend to ask lot of questions to doctors saying that, "Okay, why are you doing this? Why are doing that?" And they also want few more tests to be done. So, as the practice of medicine tends to become evidence based, this number also will go up. And if I were to benchmark with Western world, where of course somebody else pays for the patient because they are all insurance covered, it's not out of pocket market, there the number is as

high as close to 10 per patient. I am not saying it will go to that number, but it gives you an idea as to where it can go, but definitely this number will have a tendency to go up rather than go down.

- Moderator** The next question is from the line of Shaleen Kumar from UBS Securities.
- Shaleen Kumar** Just want to know what is your current capacity of RT-PCR? And when you are looking at COVID allied testing, is it that allied test is coming from a COVID positive patient or is it certain tests you are qualifying as COVID allied test?
- Dr. Om P Manchanda** We are actually putting COVID allied tests, Ved correct me if I am wrong, there are five or six tests which are put in this cluster and majority of the revenue coming from these two tests which is D-Dimer and IL-6 and there is third test CRP as well. But CRP test is done in many other conditions. I think D-Dimer and IL-6 are the two tests which are primarily, suddenly have come up in our portfolio due to COVID. And we picked it up very early also, in fact, if you recall we started showing these numbers much early. We knew there is a tendency of these tests to go up and hence we wanted to take it out of our non-COVID business. So, today also if you see our presentations, you will see non-COVID, then there is COVID allied which consists of five or six, Ved, is it 6 tests or 5 tests?
- Ved Prakash Goel:** For this quarter we have categorized only two tests IL-6 and D-Dimer in allied tests.
- Dr. Om P Manchanda** Which are the major ones. So, we have two tests IL-6 and D-Dimer. The reason why we have taken also, it is easy to relate to COVID because other tests are still common with other conditions as well. That's why we have not picked it up into allied. So, IL-6 and D-Dimer are two tests which are very-very important tests in COVID situation, that's why we have identified it separately. Now your second question was that why it's going up and is it in COVID positive patients, something like that. What was the question?
- Shaleen Kumar** Is it you are only capturing these tests that are coming from COVID positive patients?
- Dr. Om P Manchanda** I have understood the question. It's primarily coming on account of doctor prescription and I think most of these tests would be from COVID positive because when its diagnosed as positive, then you are actually consulting a doctor and doctor is advising these tests, whether it is fourth or fifth day or later, so it is basically through doctor prescription these tests are coming.
- Shaleen Kumar** And the capacity of RT-PCR test?
- Dr. Om P Manchanda** RT-PCR capacity to be seen in two ways. Number one, it should be seen as a number of locations we do this test. When we started in April 2020, we had only one lab in one state, which is Delhi, and it was done in our main lab in Rohini. As we finished 31st March, I think the number has gone up to 14 labs, right Bharath?
- Bharath Uppiliappan** Yes, indeed.
- Dr. Om P Manchanda** Yeah, 14 labs and now we have added some more labs in April and May as well. So, that's why this number is fairly dynamic. And today, if I recollect the number has gone up to about 17 odd labs in our system. So, that is one way to look at capacity. And these 17 labs are spread across 13 states. And this number I am telling you as of today, it's not really as on 31st March. That's one way to look at it. Second is, D-Dimer and IL-6. The good news is that it is much more spread out, I think, close to 60 or 70 of our labs are doing these tests. So, D-Dimer and IL-6 availability is much wider than let's say RT-PCR. Now next way to look at the capacity is number of tests

that we can do. And I will hand over this question to Bharath to talk about because capacity actually has two elements. One is the people capacity to collect, another is machine capacity. Maybe Bharath you can throw a little bit light on that number as to how this test capacity is.

Bharath Uppiliappan Capacity wise there are two angles to this. Like Dr. Om mentioned that there is a machining capacity which is the number of tests which the RT-PCR machines can do on a per 3-3½ hour shift basis. The second is around the people and the crew required to manage the entire lab operations, right from registration, to getting the box opened, to utilizing the buffer and so on. The other capacity on these demand side is on the collection capacity. Now that really depends on how you manage your mix. Is it driven by home collection? Is it driven by COVID dedicated centers? Are you doing large government contracts and so on? So, what we effectively do is to run those like a network of labs. When we began last year, each state had consideration saying you cannot move sample out of my state, today the states realize that it can allow samples to be moved across. It's just that the TAT has to be maintained, reporting accuracy has to be maintained. So, leveraging technology, we run our entire operations like a network of labs and network of sites, and we are able to trans-ship samples in case one location overflows with sample on that particular day. So, this demand is also on an everyday basis where we establish a pattern and then we are able to manage capacities. From a machining or a people perspective, I don't think we have a real challenge on increasing capacities even further if we want to. Collection, and we know a bit of reporting tends to be bottlenecks at points of time. But otherwise, we are very comfortable on capacity.

Shaleen Kumar Bharath, considering all the bottlenecks, how many tests can we do bare minimum on a daily basis?

Bharath Uppiliappan We have surplus capacity of about 30%-40% more than what we currently have done as peak.

Shaleen Kumar But any number that what's the daily capacity what we can do?

Dr. Om P Manchanda I think the challenge that we have in sharing that number is because it depends on what channel you pick up. So, if you are let's say catering more to home collection, the capacity comes down. And then we have another constraint that we have to report within 24 hours, and we should do home collection, by the time sample hits the lab, it's already taken 6-7 hours. So, home collection way of doing business, your capacity goes down. But if you pick up government samples then you have a huge capacity. But since you are insisting on a number, we probably even have gone up to about 25,000 odd samples also per day at a peak level. But as Bharath said that, we can still always stretch the system little more. But since we have to keep this constraint of 24 hours reporting, we want to comply with that, we want to make sure that our B2C customers are serviced more because we have that franchisee based network along with the B2B. So, keeping that in mind we have even gone to that number as well. And these spikes actually happen only for one week 10 days. They are not on a sustained basis every day. And if you look at the trend, it started slowly building up in April, it peaks around third week of April, now it is going down. It falls flat overnight as well. So, that's why it's so fluctuating on a daily basis. It's not that RT-PCR tests every day you will have that number. It just doesn't happen that way. While since we share with you the quarterly number, you tend to feel as if we have divided by 90, this is a per day thing. There are very-very wild fluctuations, it just peaks and falls also. There are very-very steep peaks which we see in these numbers during the quarter.

Moderator The next question is from the line of Malhar Manek, an Individual Investor.

- Malhar Manek** I have just one question. I believe we are using data analytics based on customer footfall to optimize the location size, merchandize, etc., of our collection centers and labs. So, I was wondering if you can please elaborate on this like how does it work? What is our optimization accuracy in terms of an approximate percentage and for how many years have we been collecting this data and ultimately how does this investment in technology culminate in quicker turnaround time?
- Bharath Uppiliappan** First of all, when you set up a retail location, it has a lot of science but lot of art as well. And there are various considerations which go behind where you locate a lab or a collection center. Collection center is fairly simple. You are located in high streets or in high-throughput locations or in medical hubs effectively. We use certain data techniques and platforms which for competitive reasons I can't share exact names, to identify locations which are high traffic and then map against where we currently have supplies from. As far as lab locations goes there are multiple other considerations which is real estate availability, plate size, logistics, accessibility, power conditions, and so on. So, the variables between lab and collection centers are very-very different. Collection center is fairly simple. The good news is that because of our, what do you call, let us say, as we gain more experience in leveraging technology and a bit of science and art, our new collection center success rate is very good. They don't drop off the network very soon. In fact, we have a separate program to baby care some of the new collection centers. We have a robust plan in terms of how we identify locations, which is both evidence-based as well as some bit of intuitive and heuristic knowledge.
- Malhar Manek** So, if a franchisee proposes to set up a lab in a location which is determined as not optimal then we regret that.
- Bharath Uppiliappan** Indeed. The clarification is it is not a lab, it is a collection center. We don't typically franchise out our labs. So, collection centers, yes, we reject lot of applications which come from unviable areas.
- Malhar Manek** And approximately is there any percentage like optimization accuracy which is right now?
- Bharath Uppiliappan** We don't have a science effectively which I can give a number at this stage, at least in today's call. But yes, we can go back, check and then maybe cascade it a bit later.
- Moderator** The next question is from the line of Prakash Kapadia from Anived Portfolio Managers.
- Prakash Kapadia** I had two questions. If I scan the diagnostic players data, Dr. Lal has relatively lower COVID contribution to overall revenue. So, are we better placed in FY22 for predictability of growth assuming the second wave has peaked? Do we think that preventive packages will be preferred by customers and that would see increased contribution going forward? And secondly, if I look at the reference labs coming up in South and West, what are we doing to create awareness, especially in Bangalore and Mumbai and what's the plan by Dr. Lal? Because there is already a need which is fulfilled by organized players. So, if you can share some insights on these two questions.
- Dr. Om P Manchanda** First question, contribution of COVID to our total business, I think it's demand driven, we are looking to serve the demand as it comes. So, we are not trying to promote it, unnecessarily push these tests. So, it is a function of disease spread. Some states are affected less some are affected more. In some states the waves have come before and some states later. So, I think it's clearly a function of that. And also, since we are the largest company in India in terms of base and I think we have done close to about Rs. 250 crore which is the highest RT-PCR turnover in the country, that's

my sense, I haven't got yet all the numbers in place, that as a percentage of, of course, total overall sales figures will definitely be lower because our base is very large. But having said that, it's to my mind, a function of whichever market we are strong. Second question is related to Bangalore and Bombay, whatever we are doing and how we plan to grow these markets. I think this COVID thing what it has done is that people are now preferring more home collections and home collection business is not a very easy business to scale. I think in that difficulty lies an opportunity for us because if we can execute this home collection service better than our competition, then I think we are home. And to me, home collection business actually has two broad components to service. One is, how tech savvy you are. And I know that our DNA is not from technology, but I think we are moving rapidly on this path. And also, our phlebotomy services people, how courteous they are, how they deal with the patients, the entire customer service. To me, all this put together will act as a big differentiator. So, to my mind, that is one big sort of an opportunity we are seeing in both these markets in both Bangalore and Bombay because they are very discerning customers as well. And market size is fairly large. And we are seeing some traction in recent past which is primarily driven by COVID testing also. And we are very hopeful that we should be able to crack these places.

Prakash Kapadia Part of the first question, do we think with the increased contribution of bundled packages, would customers prefer that given whatever first wave, second wave has happened because there is definitely value proposition is better and you mentioned customers don't mind additional tests. Are we seeing that, or do we sense that would increase further?

Dr. Om P Manchanda As Bharath mentioned in his opening comments that our contribution of Swasthfit is steadily rising. It clearly shows there is a pattern which is going to fall in place. And I think about 19%-20% contribution on a base like us, which is close to Rs. 300 core business is a fairly large number which is now coming from these packages. I think if I were to do a scenario analysis, all of us are including me and you are now much more health aware, we want to take care of our health very well, so overall diagnostics is the first place to start because most of us have realized that the health is something inside you, not outside. So, people would want to get themselves tested. So, my belief is that this is definitely a tailwind for health packages to grow, both directly self-prescribed as well as also even medical fraternity also would want many of these tests to be done when they are seeing a patient. So, I think short answer is definitely, it's a positive, it's a favorable factor in times to come.

Prakash Kapadia Lastly, on the Eastern market how is the trajectory because it's been I think 3.5 years ago when we started our reference lab, is growth better there, has it met our expectations, and next year should we touch Rs. 300 crore kind of a revenue in the Eastern market?

Bharath Uppiliappan I think we are very pleased with what we have achieved in East. It took us some time to ramp up operations in East of India. But I think revenue numbers are really robust and growth is really healthy. And in this COVID situation KRL has established and carved out a name for itself in the markets it operates in. So, we are very pleased with what has happened in the East and that is something which the learnings of it are what we are also trying to leverage in as we move forward in South and West as well.

Moderator The next question is from the line from Rahul Agarwal from InCred AMC.

Rahul Agarwal Heartening to see non-COVID volumes bouncing back as well as higher dividends. Two questions. One is on the PSC and PUP side. I noticed PSC per lab ratio is heading up as planned. Last year it was 14, now it is 16, where you have ended March 2021. I wanted to know the lab expansion plan as well as the PSC, PUP

expansion plan for fiscal 2022. So, obviously Mumbai, Bangalore are expected very soon but if you could throw some more light on the balance next 10 months, what kind of lab we are opening, is there any thought there and what kind of PSC and PUP network goes up in fiscal 2022? That's my first question.

Bharath Uppiliappan

Yes, you are right in saying that our CC and pickup contribution per lab has moved up and this has been a conscious way we have been operating for quite some time now, is to bring in leverage into our lab operations, as well as servicing the market. As we look forward, and this we have demonstrated even during the lockdown period of last year, our lab expansion program continues without any challenge and so also our collection center expansion plan. We are leveraging technology on the collection center network. So, there's a lot of stuff which has happened on technology enablement and that is something that has helped us to have a far more accelerated collection center network opening program. I think our pipeline is robust and like Om mentioned, apart from the reference lab, we will also be putting up a network of satellite labs. In fact, some of them have got operationalized in South and West and we continue to build upon this. So, I don't think you will see us dithering on labs expansion plan including satellite labs and also collection center and pick up point network will continue. And the one thing which I want to state is while South and West also is a key focus area, there are still markets in North and East and rest of North where we can still expand to, we can go deeper into the population or as cities expand, we can continue to expand within the city itself. So, those efforts of identifying micro clusters and establishing presence continue unabated.

Rahul Agarwal

Could I say 15 labs a year, 500 PSCs a year is there, like just in terms of addition going forward, like 20% on PSC, 5% lab network YoY? Fair number?

Bharath Uppiliappan

PSC network, I wouldn't like to commit a number to at this stage, 500 or 450, whatever it is. Last year we achieved a good number. But yes, our effort will continue to remain at a very robust level because the other point of opening collection centers is we also need to baby care them. There are no point opening collection centers and then shutting them after a year or so. So, there is lot of growth opportunity in establishing them. It takes a year and year and a half to get them to shape. There are investors who have put in money to open these collection centers, we owe it to them also to give it a shot to succeed. So, it is important to find out where are the gaps, what are the full servicing suite which we need to put in. It is just not opening collection center, there's a lot of marketing efforts which go into it. There's logistics, there is doctor connect, there is a whole suite of market activation which needs to be put in place. So, the effort will be to stabilize all of this and then build a next level, but efforts continue unabated is what I would like to assure you of.

Rahul Agarwal

Second question was more to do with first quarter April-May 2021 which we are going through right now. Earlier my thought was we were picky in terms of where we want to do the RT-PCR in COVID business based on state pricing because they were deviating, higher in some states lower in some states. But right now, my sense is it's pretty much regulated across. And as Dr. Om said that even at current prices given non-COVID support, we are profitable on COVID testing at current prices. So, would that mean first quarter run rates actually are very-very large, if I compare it quarter-on-quarter sequentially in terms of RT-PCR testing? For example, if we did 450,000 tests this quarter, would it mean we will be doing 8-9 lakhs a quarter because the situation is actually worse this time around versus the first wave?

Dr. Om P Manchanda

No, I don't think we would want to take any guess on this number because this is so volatile, so dynamic, situation changes every day. I don't think I would go in that area of putting a figure for the quarter. And we will service the demand as it comes but, of course, we know that second wave has been very-very strong and peak has been very high. But accordingly it is coming down as well in the last few days, that is what

we have seen. So, I think we still have 1½ months to go. I definitely won't want to put a figure for the quarter right now.

Moderator

The next question is from the line of Sameer Baisiwala from Morgan Stanley.

Sameer Baisiwala

Om, if I remember correctly, our earlier focus in the expansion of the distribution was more towards PSCs. But I am a bit surprised to see that pickup points have also gone up significantly. I would say actually much faster than PSC, about 30%. So, just your thought on that, what's really driving this?

Dr. Om P Manchanda

I think, what has happened is that we have done few acquisitions through PathLabs Unifiers, so they have a very large pickup point business and even a small pickup also gets added. So, that also has contributed to this. And second area also has been that unfortunately last one year has been extremely stressful for many healthcare institutions due to lockdowns, they have not been able to manage their load, so they actually always found some bit of outsourcing to be done through our labs. We were also able to service them better. So, that also has contributed to this large growth because some pickup points want to ask to give us a sample, obviously we end up entertaining them. And pickup points, a number per se is not a very sticky number, so it tends to fluctuate much more. From a strategic perspective I think somebody asked this question in terms of labs and PSCs, we definitely want to improve the ratio between lab to PSC. And when I say PSC, this means our own as well as franchisee. And this is one unit of growth that we really want to nurture. Because we believe that as the business moves towards a very personalized service, home collection, the entire center of action is going to be patient service center and these patient service centers are going to be franchised out and we want to embrace this entire network through technology with us on a real-time basis. I think fundamentally that's the direction we want to go. These pickup points, I would say they are getting added because of the market forces and the demand coming in. Bharath, if you want to add something to it, please do that.

Bharath Uppiliappan

No Dr. Om, I think you summed it well.

Sameer Baisiwala

Just one more if I may and that is, is there any role that your company is thinking of playing in the vaccination drive and your updated thoughts on the volumes that you are getting, or you may get from e-pharmacies?

Dr. Om P Manchanda

It's a good question, Samir. Though I know that in the beginning lot of health care institutions or allied institutions like chemist shops or even pathology labs, it is usually seen that if we really want to widen the network of vaccination, some of us can also participate in this direction. If we are asked to do so, we will definitely rise to that occasion, but there is a bit of a question mark at our end because there is a requirement of certain spaces to be done. You need to have a waiting area, then you have to have a vaccination area, then you need to have an observation area and the person has to wait for a half an hour there. And there is also a requirement for any adverse event that happens post vaccination. So, the way I see it is that if you have to really scale up in a big way, then it is like building a new infra. And our phlebotomist, I am not very sure whether they are, from a regulatory perspective, authorized to vaccinate, they do only blood collection. I think it will be more driven by if the authorities actually come back to us saying that we want to now widen the vaccination network, it will be more driven by the guidelines that we get from authorities. But if asked to do so we will not hold back. But from an operations perspective, I am not very sure whether...we are just there to do it naturally because we don't have too much of space. Collection centers are too small, 100-150 square foot area. So, I am not very sure how we can manage all these 3-4 rooms that are required. Adverse event, we don't know. And even if we do a tie-up with some hospital, you need to have some kind of scale to even have some kind of ambulance

there. So, I think operationally it looks to me a bit challenging as of now as I see it. But if authorities want us to get involved, so we will definitely come forward and help the country and society if required.

- Sameer Baisiwala** E-pharmacies, any thoughts?
- Dr. Om P Manchanda** What was the question on e-pharmacies?
- Sameer Baisiwala** Are you seeing enough volumes? Are they scaling up on the diagnostic side and can they be a funnel into your labs?
- Dr. Om P Manchanda** For e-pharmacies like 1MG and Pharm Easy kind of guys, to get in yields is what you are saying?
- Sameer Baisiwala** They have all started diagnostic services as well so they would need...
- Dr. Om P Manchanda** I know I have seen this, many of these guys on their own they have started diagnostics. Bharath, you want to take this question?
- Bharath Uppiliappan** We have tie-ups with all the large e-pharmacy chains, like 1MG and so on. So, they sell our test packages, and they give us the leads for us to service or they give us samples for us to give the reports back to them. So that is actually in place. Some of them are putting up their own labs, I think there are a couple of them who have set up labs in Delhi, for example, Healthians and 1MG. Healthians is not strictly an e-commerce player but yes, 1 MG is. So, they are putting up their own labs. And that is something which we keenly watch, but we are also building our own e-commerce channel for us to be able to offer services digitally.
- Dr. Om P Manchanda** Some of these guys actually got advantage during COVID spikes. Because there's always a spillover of demand from larger set up because the demand during this period went up so sharply and it has come down as well. It's not that it's just staying there, it happened just for two weeks, the demand was so high, most of us couldn't actually cater to it, whether it was D-Dimer, IL-6 and I was just doing the math actually, it just went up 15 times the normal rate. So, there is no lab, or nobody actually can meet this demand. That's what happened on hospital side as well. But now it has come down as well. So, there's excess capacity. I think some of these labs got benefit of the spillover demand and since most of this demand was home collection and customers were using tech solutions. So, they did benefit out of this. Having said that, I think some of these guys are not to be taken lightly, so they are definitely competitors emerging in this space.
- Moderator** The next question is from the line of Surajit Pal from Prabhudas Lilladher.
- Surajit Pal** Given the kind of situation that been evolved, kind of sectoral strategic shift could also happen. For guys like Dr. Lal whose presence was not that great in say South and West, do you think that the current pandemic for last one year which could be going for next one year too, the presence of digital also help you to expand faster over here? If that be the norm going forward?
- Dr. Om P Manchanda** If I were to sum up, I think there are more tailwinds for us to enter new markets than for COVID, there is no doubt about that. And the tailwinds are more pronounced because people are wanting to actually get a test done from a reputed lab, they have heard about it and we always had good brand equity amongst medical fraternity. We were not that big B2C player but definitely we were a preferred player amongst the medical fraternity. Short answer is, definitely it is an advantage post-COVID for a

player like us to go into new markets like South and West. Now it is for us how quickly we leverage that.

Surajit Pal Another question is just if you can reiterate the contribution of RT-PCR and allied test in Q4 and FY21, I just missed it.

Dr. Om P Manchanda I know there was some person trying to ask for FY22 Q1 as well and I am really hesitant to comment on that because we still don't know what that contribution could be going forward. But historically, yes, Ved if I am correct, Q4 is 11.2%. I am talking about total COVID business, COVID allied is very small last year. And for the total year it is about 18%. So, I think it's in that range about 11% for the quarter and 18% for the year.

Moderator The next question is from the line of Kunal Randeria from Edelweiss Financial Services.

Kunal Randeria First question is I just want to understand a bit more on stickiness of these COVID allied tests especially the D-Dimer. Because there are some, these vaccinations one vaccine is associated with blood clots and all. Do you see a longer tail to D-Dimer and through the vaccinations done?

Dr. Om P Manchanda It's a little technical question. I don't know if Dr. Lal can answer this, if he's on the call, otherwise I'll take a crack at this. Dr. Lal, can you answer this question? I think it's a question which I thought was related to vaccination in D-Dimer's co-relation. Can you repeat the question?

Kunal Randeria My question is, I am just trying to understand this stickiness of allied tests, COVID allied test like D-Dimer. So, with one vaccine being associated with blood clots and all, so I am just wondering whether you will see a very long tail with D-Dimer test?

Dr. Arvind Lal See, first of all this is a myth that one vaccine gives rise to blood clots, etc. It is well within; it is something like 6 cases in a million have been spotted or something like that. That can happen with anybody. And what you have to remember is it is not vaccine related, but it is related to COVID. COVID itself goes and effects the blood vessels of the lungs and that is what causes these kinds of problems. To me no vaccinations related coagulopathy, as we call it, in India has been reported. But yes, they are on record, but they are insignificant. So, the problem what you are asking is due to the COVID effect and not to the vaccine effect on a large scale.

Kunal Randeria So, if I were to understand, as COVID tapers down in India, some of these tests will also go down for that same trajectory.

Dr. Om P Manchanda Yeah, that's very clear. It's a fairly clear thing. It is these RT-PCR, IL-6, D-Dimer, they are all linked to the trajectory of COVID. If the COVID goes down, these tests will go down and that's why I am a little hesitant to actually tell a full year number because I still don't know what's going to happen in future.

Dr. Arvind Lal It's like sine curve, when the epidemic is on and the peak is on, now the second peak is discernably coming down. So, you will have less testing of all these tests. And these are all follow-up tests in any case, these are post-inflammatory reaction to the virus. So, they automatically come down and the number of deaths in India unfortunately have not come down, but you will see them coming down and you will see the effect everywhere.

Moderator The next question is from the line of Prabodh from Petrichor Investments Pvt. Ltd.

- Prabodh** Over the last year we have seen hospital walk-ins among patients have dropped. In terms of the hospital tests coming down in favor of home collection, is there any texture you could link to what you are seeing from a data perspective? And as an extension of this, do we expect that once hospital walk-ins go back to normal level, there will be a reversal of some kind from standalone labs to maybe hospital-based labs?
- Dr. Om P Manchanda** I think there are 2-3 things that you have mentioned. Hospital walk-ins have come down, that's correct. A lot of OPDs have gone online, which is also correct. So, walk-ins coming down does not mean the consultations are not happening. Consultations are now happening online. I have talked to a few colleagues of mine who run hospitals, they did mention to me, in fact, most of us used to think that this is permanent shift and people will not come back. But when the COVID went down, lot of people actually started coming back as well because there is a patient interface with the doctor. Face-to-face, also has its own therapeutic aspect, right? So, there is a tendency for patients to come back. Right now, since we are in the middle of this crisis in wave two, lot of it has actually gone back on online. I think your second question was will hospital labs play a big role? I think some of the hospital labs have already started home collection, but their reach is only within 1-to-2-kilometer area. So, it's not something they try to build a retail pathology network. They only service their own current patient base. So, to that extent they are doing some kind of home collections.
- Dr. Arvind Lal** If I may add, Om, to what you have said, when the COVID epidemic or pandemic is fully on, the people who suffer, who are actually old patients of what you call these noncommunicable diseases, what you call comorbidities? People like diabetics with problems, hypertension with problems, cardiac patient problems, cancer patient problems, renal transplant patients with problems and other kinds of problems, strokes, etc., those people they stop coming. Nobody even actually entertains them that much because you are full of COVID patients. So, it works both ways. The moment COVID decreases, these patients start coming back because they are on treatment. Imagine there's a patient of cancer who's on chemotherapy, that poor chap's chemotherapy has been stopped. So, he has to go back. So that is inversely proportional.
- Moderator** The next question is from the line of Himanshu Bhanushali, Individual Investor.
- Himanshu Bhanushali** I am super satisfied on how my parents were serviced by Dr. Lal during this pandemic. However, I would want to say one thing, you should focus catering test through collection centers rather than labs since at the end we are serviced by more than phlebotomist and suppose all the time even in night.
- Dr. Om P Manchanda** Sorry Himanshu, you said we should service our patients through collection centers?
- Himanshu Bhanushali** Yeah because I will share one incident. At one point of time, I called company center for my mom RT-PCR test, but I got waiting period for more than 3-4 hours. But once I came to know that there is a collection center around my home, so I called collection center and the collection center assisted me very well and they supported me even at night. So, I just want to focus like why Dr. Lal is not catering tests through collection centers rather than labs?
- Dr. Om P Manchanda** Thank you for the inputs. Actually, that's our stated way forward because the purpose of franchisee is to scale because otherwise if we start doing it on our own, we can't scale businesses. That's the reason why we have a franchisee. And then we want to actually embrace the entire franchisee network through technology so that we are also able to see the entire customer experience at franchisee level. While you have had a great experience at franchisee, sometimes we also have cases other

way around as well. But we want to keep the visibility of the entire experience customer is going through our franchisee. But you are absolutely right, to scale this business we have to go through franchisee, that's where we will be able to go every nook and corner with the collections.

Moderator Thank you very much. I will now hand the conference over to the management for closing comments.

Ved Goel Thank you everyone for being with us on this call today and look forward to connecting with you again on our next call. Till then I wish all of you and your family to be safe and healthy. Thank you.

Moderator On behalf of Dr Lal PathLabs, that concludes this conference. Thank you for joining in and you may now disconnect your lines. Thank you.

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