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Dated: 21st September,2018

The General Manager
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal street, Mumbai-01

Dear Sir/Madam

Sub: Transcript of Virinchi Ltd Q1 FY-19 Earnings Conference Call -Reg.

Ref: Scrip Code# 532372

With reference to the above subject, please find enclosed herewith the transcript of Virinchi Ltd Q1 FY-19 Earnings Conference Call held on 16th August, 2018.

This is for your information and records

Thanking You,

Yours Truly

For Virinchi Ltd

K. Ravi.

K. Ravindranath Tagore
Company Secretary
M. No: A18894

"Virinchi Limited Q1 FY-19 Earnings Conference Call"

August 16, 2018

MANAGEMENT: **MR. VISHAL RANJAN – GROUP HEAD-NEW BUSINESSES, VIRINCHI LIMITED**
MR. MVS RAO – GROUP PRESIDENT
MR. K. RAVINDRANATH TAGORE – COMPANY SECRETARY AND COMPLIANCE OFFICER
MRS. SANTHI PRIYA M – GROUP CFO
MR. SHOGUN JAIN – STRATEGIC GROWTH ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY19 Earnings Conference Call of Virinchi Limited.

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant 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. Vishal Ranjan – Group Head-New Businesses for his opening remarks. Thank you and over to you, sir.

Vishal Ranjan: Thank you and a very good afternoon everybody. We come here with the quarterly results for the first quarter financial year 2018 - 19. We are happy to report increase in our Quarter-on-Quarter revenue from Rs. 87.43 crores last year to Rs. 98 crores this year. This revenue is broad based across all the three verticals. Growth in QFund, the IT product business has been fairly remarkable which we will be speaking a bit more in detail. But we can also see a good growth on the IT services as well as on the hospital business.

Each of the three businesses across multiple operating parameters have shown a clear uptick in lines of our expectations but also putting us on a strong foothold as we move forward for the rest of the financial year. We also see an EBITDA of Rs. 29.41 Cr which translates to a 30% EBITDA margin for this quarter and if you see at a consolidated level for the last financial year when we close it at 28.3%.

This increase in EBITDA margin is largely driven by better occupancy in the hospital and new revenue coming into the QFund business. The EBIT has increased significantly and there is a slight decrease in the depreciation. The EBIT has increased by Rs. 16.95 crores last quarter to Rs. 21.55 crores this quarter and we have PAT growing from Rs. 9.04 crores to Rs. 10.18 crores.

Coming to the segmental performance, in the month of April we spoke about the new contract with our top Client, one of our largest customers for QFund in IT product business. And the top Client project allowed us for new revenue with a significantly high IT EBITDA margin.

So, in two-and-a-half months of this quarter we have not only delivered the initial part of the project but we have also invoiced and collected significant amount of revenue. So, if you see our IT product revenue growing from Rs. 34.17 crores last quarter to Rs. 40.08 crores this quarter of which around Rs. 4.40 Cr is the new revenue that we received from Our top Client Project.

So, when we talked about Rs. 20 crores of new revenue coming from the new contract, a part of that revenue has already started coming in while we had only two months of operations this quarter. With the current development we are looking confident about the Rs. 20 crores incremental revenue on IT products for the year ending 2018-19.

This year we are seeing new customers coming in, good profitable relationships getting added and this Quarter-on-Quarter increase of new customers is mostly on the mobility and the analytics space. We intend to keep adding more customers, big and small and especially in the verticals of healthcare and financial technology.

On the healthcare side, the flagship hospital Virinchi Hospitals, Banjara Hills, has crossed the 25% occupancy consistently for the last quarter. In fact, obviously the numbers change on a day-to-day basis but we are seeing more of 26%, 27% occupancy now, which is a milestone for the stability of the healthcare business.

So, now that we are well past 25% occupancy we are looking to keep investing and growing the healthcare business and start looking at higher occupancy as we move forward the next financial year. One of the interesting investments that we have been doing, which we spoke about briefly earlier, that since January this year till say June-July we have added close to 100 new doctors practically doubling our doctor pool and so much so that we are seeing occupancy pressure on our existing facility.

We made a press release that we have started the construction of the economy block. We have started the work with our own funds and that will allow us to complete our economy block on time. And with that increased number of doctors and increased number of beds we can chase or look for better occupancy as we move forward in the year.

The other pieces of the business which might be of very quick interest is around the EBITDA side. While on the business side, the revenue growth for both QFund as well as KSoft have been interesting and the EBITDAs have sustained and have improved for KSoft as well as for QFund and these will continue to strengthen on back of new contracts in KSoft and with more operating leverage coming in from the QFund contract from across all customers including that of our top Client.

The hospital business has seen a slight dip in the EBITDA margin and while the revenue has been clearly in place and that is primarily because of a front-loaded cost of the new doctors who have joined in. We believe these margins will again sustain to around 19% to 20% range that we have been doing and we should close in the quarters ahead as we see more of beds being occupied and as we see more of revenues coming in.

These small blips in the EBITDA margin for the hospital business should be evened out. I would like to summarize that QFund obviously was a big story of the last quarter simply because of the largest contract signed. It has also lead to a broad based increase in products, increase in services and better pipeline for QFund contracts as we go for our existing or potential customers.

So, we hope that QFund will outshine the rest of the previous quarters and KSoft, in this quarter has already seen revenue growth and it will keep the momentum. And hospital continues to be an occupancy story and we think for the rest of the financial year we would continue to chase that as a single metric which will help us with better revenues and better EBITDA.

With that as a summary if you could possibly close my opening remarks and open the floor for questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session.

The first question is from the line of Nikhil Bhargav from Zephyr. Please go ahead.

Nikhil Bhargav: If you see Occupancy rates for the last quarter was around 25%, now it is around 27%, so what are the expenses for the company like as you see the occupancy rate going up, so what do you expect the expenses to be like in the employment expenses or administrative expenses, basically how much you see the uptick in that?

Vishal Ranjan: There are two aspects, which as you can see in this year also there is an increase in expenditure but that is not directly linked to the occupancy because they have a couple of quarters lag coming in terms of occupancy. To be specific mostly the cost increase for this quarter was into the addition of new doctors that we did and the new doctors by and large we tried to keep them into a fixed cost structure or minor fixed plus variables structure.

So, we have completed our first set of doctor's cost increase and this employee cost should now by and large stay steady for the next quarter or so, at least in this quarter for sure. So, by doing this what happens is that now any new revenue or new occupancy will pretty much lead to improvement in EBITDA.

Nikhil Bhargav: Any update on the launch of the virtual credit card which was supposed to be launched in one or two months before so any update on that?

Vishal Ranjan: Yes, so as we spoke last time also in the call we do not want to give a date here because it is currently dependent on the partner bank that we are working with. Mostly it is on the IT integration side not on the regulatory and since technology itself is evolving, it is taking slightly more time.

So, at the macro level, there are some people who have reached out to us individually and wanted to test the beta product and test it themselves. So, those things are going on in parallel, but commercial release would depend on the technology go-ahead from the partner bank. And at this point of time because there are externalities associated we would hold back on giving a firm date on it right now. But the project is pretty much on and we are doing multiple activities every week.

Nikhil Bhargav: So, from our end we have given the software and all?

Vishal Ranjan: Yes, so essentially there is a software operation, go to market, business side all of those pieces which are required to launch the product are underway, they have been tested. The beta product is already being rolled out to some of the people who are within our network but the commercial launch is still dependent on a go ahead from the banking partner. Because of its externality we possibly want to hold on to that discussion.

Answering one of the questions that was posed in the earlier round on receivables. In terms of the aging analysis of our invoices, especially in the healthcare industry, the kind of portfolio that we are seeing will always have more and more corporates and more credit business coming in. The most important metric which we are right now chasing is the greater than 90 days receivables from the payers.

So, we think that part has been reasonably healthy and hence we would like to address it on this community call that at least on those receivable cycles we do not see a huge problem on the quality of the receivables at this stage.

Moderator: Thank you. The next question is from the line of Rudhir Barma from KSA Shares & Securities. Please go ahead.

Rudhir Barma: I was wondering if you could give us an idea how the Pay Day industry is working out right now, I mean from what we understand it has been de-growing in the last few years, is that correct?

Vishal Ranjan: Yes, and a no. I will give you two answers to that. There is an industry report which we will possibly share it or we will request SGA to circulate it. This is published by CFPB which is the governing body for all of these industries in the US. So, what is happening is the industry which we are serving is called as short-term Lending, Micro Lending industry and payday loan as you correctly picked out as a standalone product has seen a de-growth in the last couple of quarters because the industry itself was attracting a lot of bad press.

What has happened is because those customers are not going anywhere, the lenders are not going anywhere so new alternate products have started coming in to substitute those payday products. If you recall, in our earlier calls, we did mention that lot of our new customers are paying us for the customization of new products on a title loan or an equity loan now possibly the need for debit card for those customers is increasing.

So, basically the customer solution still remains short term micro finance. On this exact statistic the industry report is available on public website but we have also got a paid version available..

Rudhir Barma: Can you give us an idea what the operating cash flows were in FY18?

MVS: The operating cash flows post tax were Rs. 66 crores for the year 2018.

Rudhir Barma: And pre-tax?

MVS: Pre-tax will be about Rs. 72 crores.

Moderator: Thank you. We have the next question from the line of Manish Jain, as an individual investor. Please go ahead.

Manish Jain: What is the targeted occupancy rate of the Banjara Hill hospital for next 3 quarters or let us say by the end of the financial year FY19?

Vishal Ranjan: As of now we are on track for 30% occupancy. That part would depend not only on our current momentum and the new doctors joining in but also would depend a bit on the kind of customer mix we see. And towards the third quarter onwards we can also see a slightly better improvement on other metrics over and above on the occupancy side. When we say other metrics could also be around average revenue per occupied beds translating into the EBITDA but for your forecast I think taking a 30% occupancy is a safe number for all of us.

Manish Jain: So, 30% you are saying by the end of this financial year?

Vishal Ranjan: Yes, minimum.

Manish Jain: So, breakeven at 30% occupancy?

Vishal Ranjan: Yes, at a healthcare vertical level you might recall last year we had a Rs. 20 crores EBITDA. So, that part allows us not only a breakeven from the operating side but what we are chasing this financial year is to ensure the cash generated from the healthcare business should be able to pay off all of its current EMIs including interest and principal.

Manish Jain: So, cash generation from hospital business should be able to pay all the EMIs?

Vishal Ranjan: As of now we are comfortably paying the interest, some part of the principal because there are large principal repayments due on the equipment finance. So, that part was a concern last financial year but we are targeting to make it zero by end of this year.

Manish Jain: And you will have good rentals also of the building because it is on lease?

Vishal Ranjan: Yeah, that is already covered for. Right now, around Rs. 60 lakhs per month of rental with GST is being paid and it is already there in our EBITDA level.

MVS: Rs. 20 crores of EBITDA for FY18 is after providing for the rental of about Rs. 6 crores.

Moderator: Thank you. We have the next question from the line of Kalpesh Gothi from Valentis Advisors. Please go ahead.

Kalpesh Gothi: What kind of revenue we have booked from Our top Client order for the quarter?

Vishal Ranjan: The two pieces of which I will just recall our discussion which we had in April, so we said that Our top Client order should bring us Rs. 20 crores of new revenue for the financial year that we had seen. Of which Rs. 4.5 crores for the two-and-a-half months of April to June has already been invoiced, realized and collected. So, Rs. 4.5 crores is what you are seeing here. The balance amount will be seen in the next 9 months

Kalpesh Gothi: So, basically quarterly run rate is close to Rs. 4.5 crores or Rs.5 crores?

Vishal Ranjan: Yes, if I have to give a context to the discussion between Q3 of 2018 we moved from Rs. 32.7 crores to Rs. 33.59 crores in Q4 of 2018 and from Rs. 33.59 crores in Q4 of 2018 to Rs. 36 crores in Q1 of 2019. So, we are possibly doing like Rs. 50 lakhs, Rs. 60 lakhs per month on per quarter increase. This quarter we are seeing a Rs. 6 crores increase. So, out of the Rs. 6 crores increase, Rs. 4.5 crores increase is attributed to the new contract. And Rs. 1.5 crores increase is because of the broad-based growth in our existing old contracts.

Kalpesh Gothi: So, what kind of EBITDA it contributed this quarter?

Vishal Ranjan: EBITDA has increased from 12.92% to 15.05% but this is not a complete translation simply because this was the quarter in which we had to increase our resources for the upcoming delivery. So, our costs are bit front ended here. On the new contract with our top Client we forecasted in the beginning of April that Rs. 20 crores of new revenue should give us a Rs. 15 crores of new EBITDA.

So, to give a further context, last quarter to quarter it was like 11.89% going to 12.27%, 12.27% to 12.93%. Now, 12.93% has grown to 15.05% which is like a Rs. 2 crores kind of increase in EBITDA. This should increase Quarter-on-Quarter so that we are able to complete a Rs. 15 crores of new EBITDA for the financial year.

Kalpesh Gothi: By deducting this EBITDA, so what kind of revenue and EBITDA we have done from the existing business?

Vishal Ranjan: Even if you remove the new revenue from our top Client, the existing contracts have also increased and have given us a better momentum and the pipeline is further getting strengthened. So, to answer your question right now out of the Rs. 6 crores of increase in QFund revenue Rs. 4.5 crores is the contribution of our top Client, and the remaining Rs. 1.5 crores is from the existing projects which are going on.

Kalpesh Gothi: Vishal, on the vCard business, we are dealing with one of the bank and NBFC, so are we looking with the tie up with another NBFC or a bank or we will stick to first existing partner?

Vishal Ranjan: The way I would put across, we have pretty much spoken or have at least a good interest from two more banks and one very large NBFC. The problem that our current banking partner is solving at this point of time is one of the most complex thing which Master and Visa solved over 50 years. We are trying to solve it through UPI.

So, if you are able to move money in the credit card world with all the regulations and RBI guidelines which are there, without a Master/Visa, then you are not actually reinventing the wheel but you are creating the new wheel. So, while what you are saying intuitively makes sense that you should speak to four more guys and see if anybody can do it faster. But at this point of time whoever are the 4 or 5 progressive banks who have shown interest to go with us we are moving as fast as it can.

And I would say possibly at this stage like when our hospital was getting done it took the time it takes. At this point of time from our side we are ready, the customer groups are pretty much ready but until we are able to hit the market I do not want to put a bottleneck on this because of partner technology, regulation all of these are part of building a business.

Kalpesh Gothi: If we try to tie up with another bank so this kind of challenge we also face next time, right?

Vishal Ranjan: No, we are solving. If we solve it first time then we show the way. We tell this is how it has to be done within the regulatory framework of the country, within the credit card definition because you would imagine this is something which touches many, many players. It is something about NPCI, something about banking rules, there are something about RBI putting the things to do plus the current technology ERP that they have. So, doing it first time is going to take time but as we are putting it on our campaigns India's first UPI based credit card it takes the time that it takes.

Kalpesh Gothi: That is great news. Once an activity done then we can go ahead with this very smoothly?

Vishal Ranjan: Yes.

Moderator: Thank you. We have the next question from the line of Amit Jeswani from Stallion Asset. Please go ahead.

Amit Jeswani: My question is regarding the receivables. You have got Rs. 75 crores of receivables. Could you please breakup how much of it is from the hospital business?

Vishal Ranjan: Roughly about Rs. 25 crores is from the hospital business. Because we have some carry forward numbers from the past. And the remaining numbers relate to the information technology.

Amit Jeswani: Sir, as our hospital business scales up, what kind of receivable cycles do you expect going forward? Would it be like 90 days or lesser? What percentage of our transactions are via government and like insurance companies?

Vishal Ranjan: We can look at the industry in general . But we will talk more from the driver side of the business. As of now our government the CGHS part is fairly small. It is hardly 10% of our current revenue. Around 40% is cash and rest 50% corporate and TPAs. Now corporate & TPAs good or bad between 45 to 60 days very, very cleanly. By the way we do not have any bad debt as of now. But you could expect something as the portfolio increases.

But at this point of time you can assume that as we keep our corporate and TPA business going, 45 days receivables are typically an industry cycle we should be able to maintain if not better that. Now the story comes from the government side, Arogyashree and now with whatever comes through on the central government Ayushman Bharat program.

As of now the new economy block being constructed is to cater to the government segment. We think that the 10% would increase in terms of revenue as well as volume to around 20%, 25% and they may go to even 4 to 6 months of receivables cycle. But here also what we have seen is typically government takes its checklist-based approach which is a huge IT technology story which we think we are reasonably good at.

So, as of now whatever our 10% portfolio is there they are very rarely crossing that 4, 4.5 months kind of a cycle. More often than not we are getting them in 90 days. But at the end state when they are contributing 25% of our revenue you can assume that those 25% of revenue will carry easily 75 to 90 days of receivable cycle.

Amit Jeswani: So, our revenue portfolio will be 25% from government going forward; about 40% from corporate so that is where our working capital investments will be there. **So from corporate** 45 days and government will be somewhere between from 90 days to 6 months, right?

Vishal Ranjan: Yes. In fact, one last note on that might also be because of our location and because of the kind of facility that we have setup, cash and insurance will continue to be our primary business because in Banjara Hills you do not expect too many government patients. There are very good well-run hospitals which are like running only on government programs. Even in the end state with 90% occupancy I do not see government to be a predominant part of our business.

Amit Jeswani: One more thing. How much CAPEX would we be investing for the new cancer facility?

Vishal Ranjan: So, the total CAPEX we are looking at around Rs. 80 crores. And for which as of now the Edelweiss contract that we have the funds part of it is pretty much tied up. In fact, we have not drawn up on that line completely. The only fund that we have drawn was to replace an existing debt. So, as of now there is no increase in the debt book and it would remain at Rs. 145 crores for the group. But at the end of this CAPEX cycle, we are possibly looking at Rs. 40 crores to Rs. 45 crores additional debt coming in.

Amit Jeswani: And sir, all the money that we get in the US is directly transferred in the Indian account or we have a US subsidiary that company is holding the cash. How does this work?

Vishal Ranjan: No, all the billing that is done by Virinchi comes in directly into the Indian account. There is some amount of billing which is done by Virinchi branch in the US that goes in to the account there and from there it gets transferred to the Indian account.

Amit Jeswani: And sir, now onwards we will be paying 25% tax rates, right?

Vishal Ranjan: Right now we will be around 30%. Last year it was lower but this year we will be around 30%.

Moderator: Thank you. We have the next question from the line of Kevin Kuriakose from KSA Shares & Securities. Please go ahead.

Kevin Kuriakose: Sir, what percentage of QFund's revenue constitute the total software product revenue?

Vishal Ranjan: I would say on a safe value it could be 90% and above. The rest of the products are still delivered as a part of product-based IT services. So, for your calculation or at least what you see in our financials, the Rs. 40.08 crores of product revenue for this quarter is pretty much all QFund.

Kevin Kuriakose So, any insight on the industry wise revenue that is generated by QFund like in the Pay Day and title industry?

MVS: We cannot say how much is pay day loan, how much is installment loan and title loan. We do not get in to that kind of a break up.

Vishal Ranjan: Actually Kevin, the way our client see that they find a customer and then find out what is the best product to push to this customer. And we get paid on per loan basis or pay store basis. So, that part of it is intact. It is in our interest as well as in our NBFC lender's interest to find a suitable product.

So, Pay day as we spoke in the previous discussion with previous question from KSA we have just answered that the portfolio of exact product may change but the customer lender relationship continues and whatever is the new products that they would need we will be the only one who will be providing it.

Kevin Kuriakose So, any true open source competitors in the segment?

Vishal Ranjan: No, open source is actually a lesser problem. In fact, more often you will find people building here and there solutions for their in-house consumption. So, if I were to say a smaller guy with 50 store or 100 stores they would have possibly contracted a small project and kept the source code and kept developing and maintaining. But what is going on in the industry because of the churn of or because of the changing requirements of the industry they have to keep changing their software very, very rapidly.

So, there might be an old group which was happy with their software for 40 store or 50 store for a long time now the cost of changing the software is more expensive than possibly buying a new software in the first place. So, from our perspective it is not the open source which is going to be a threat or an in-house software that is going to be that threat. The threat if at all will come in from somebody who can make those software changes as the industry changes rapidly at a low cost. We are competitive on account of our onshore, offshore model and because of our India based cost. We will always be competitive in that space. But as of now no other serious competition is able to offer this service to change your open source or change your current solutions to the changes in the regulation on a very rapid basis.

Kevin Kuriakose And coming to the hospitals, what is the operational beds right now and what is the ARPOB?

Vishal Ranjan: So, 350 beds are completely operational and give or take we are chasing something between Rs. 26,000 to Rs. 28,000 per operational bed per day. So, for every occupied beds per day we are making around Rs. 26,000 to Rs. 28,000.

Moderator: Thank you. The next question is from the line of Santosh Jain as an individual investor. Please go ahead.

Santosh Jain: Sir, why did the promoter sell the shares?

Vishal Ranjan: The promoter has not sold any shares. The promoter holding has come down because we have issued ESOPs of which about 18 lakhs shares have been exercised.

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

Ankit Agarwal: So, my first question being what is the gross debt in IT business and healthcare business?

Vishal Ranjan: Out of the Rs. 150 crores about say Rs. 130 crores odd is relating to the healthcare business and roughly about Rs. 20 crores is with the IT business.

Ankit Agarwal: And the second question being what is the long-term idea behind PayEz and how is it like different from the existing lending model that you currently have?

Vishal Ranjan: PayEz actually is an interesting place for us to be in with a certain bunch of lenders who understand and do the correct pricing for these customers.. Basically, we have a solid product QFund which is serving the financially underserved sub-prime customers in the US. The unfortunate part of QFund kind of a business is that it is a niche industry. It is not something which will grow from its existing base to a Rs. 10,000 crores business or something like that.

So, one of the things that we are doing for PayEz is that we should be able to capture this customer early in their funds requirement cycle. And that also we are trying to do it on PayEz on two/ three parameters. One we do not want the person to get into a desperation and hence take a $1,000 or $500 loan. Let him carry a line of credit. So, PayEz is very equivalent to what we are doing in vCard in India.

But vCard is for everybody but PayEz is meant for the same set of customer lender combination. But the customer carries it as the line of credit equivalent. They will never get a credit card because they are bad in their FICO score. But we know that possibly with $300 limit, $200 limit he will have a cushion to carry. So, with that $200 or $300 limit he can go, he can spend, pay interest as he needs and what happens is when he is in a distress when he needs the $500 because these customers every once in 12 months, 24 months cycle will need a bigger chunk of money to take care of their big expenses.

So, in which case as it is an app, it is a single part of customer engagement and I am reading a SMS, I am reading it based on whatever the access the permission he gives We can be the first one to give him more loan. We can be the first one to capture the customer earlier. So, the intent or the strategy behind PayEz is to capture the customer across the lifecycle of its spend and have better customer engagement such that when the question comes for a large ticket loan they are the first one to reach out to us.

Moderator: Thank you. The next question is from the line of Jigar Joshi from Harsh Capital. Please go ahead.

Jigar Joshi: I just wanted to ask a couple of questions. So, my first question is that when will the phase 2 expansion at Banjara Hills it will be completed by what time or by what month or year?

Vishal Ranjan: Yeah, so there are two parts of the expansion. One is the economy block which is actually underway as we speak and in the quarter of October-December it should start Definitely by this financial year all of the economy block should be available. By September, 50 beds should be operational, the rest of the 50 beds between December-January. Cancer block is a slightly longer story because the equipment needs to be procured and the bunker to be built.

Our contractors are giving a 12 to 14 months kind of a cycle. We can possibly give a better clarity towards the next quarter once the bunkers are started or go into some momentum. But you can assume both expansions to be completed within the 14 months cycle as of now.

Jigar Joshi: Okay the revenue should be then coming by FY20 from this expansion the proper revenue for this expansion?

Vishal Ranjan: Yes, so in the financial year 19-20 you can see revenue from this expansion and it may not be very completely visible simply because lot of our economy patients are already treated in our main block, by giving them room upgrades because we do not want to say no to the patient.

Since, we are giving them a room upgrade, we are sometimes seeing a capacity problem for normal cash paying patients. So, revenue as well as the occupancy problem will get debottlenecked by the end of this financial year but the increase in occupancy that we have forecasted or we have spoken about will continue to happen across all locations.

Jigar Joshi: One more question I wanted to ask that with these expansions how much of our employee expenses will be increased like how much staff we will be hire there and how will affect our operating expenses?

Vishal Ranjan: It will obviously increase on two parameters. Doctors and non-doctor staff nurses and the paramedics etcetera so doctor expansion by and large we have completed. You can expect another may be 10% increase on the doctor cost by this quarter. So, by September-October whatever is my doctor cost that will get steady.

The employee cost once these two blocks have commissioned we would possibly see a one shot increase in the nurses cost or the numbers of paramedics required etcetera, housekeeping staff. But again, these are things which will be much smaller than the doctor cost. So, I think what you were seeing already is the doctor cost and that would contribute like 70% of the cost increase has already happened.

Moderator: Thank you. We have the next question from the line of Santosh Jain, as an individual investor. Please go ahead.

Santosh Jain: Sir, any interest on Blockchain Technologies?

Vishal Ranjan: Now that is something that we will need to speak offline and talk more but essentially Blockchain, artificial intelligence, deep learning and speech to text. So, we have been speaking about SMAC earlier so Social Mobility Analytics Cloud is something which we have been invested, got some clients already. Now in these four areas specifically from services as well as on our vCard product that we are talking about all of these become very, very relevant.

When we are trying to identify and say this guy is good rather than me saying or doing a dashboard having a Blockchain register is something which is very, very clear and we have done some POCs already. In fact, later this month some part of it we will possibly see some very cool apps will be built readily for image recognition, face recognition pieces.

In some of our earlier calls we spoke about QFund and in the case of the services vertical Virinchi continues to carry the IT company DNA and whenever something interesting is happening in the industry we should be the first one to adopt it. So, these pieces and each of those applications side of the technology are being manifested in QFund. In the case of hospitals we are using a fair bit of face recognition now.

So, those pieces we will continue to invest and as the initiatives start getting some scale we may productize that, may be try to make revenue out of it or if not at least as a center of excellence that will continue to be our focus area.

Santosh Jain: Okay when will promoter share increases, presently now 48%?

MVS: The promoter share will go up in about say 12 months from now when the warrants that have been issued to the promoter group get converted into shares.

Santosh Jain: Okay after that the promoter share is 48%?

Vishal Ranjan: Yeah, it will reach about 48% but then it may stabilize around 47% because we have an ESOP program going on for the next say four years and presuming that the promoter say does not subscribe to any further shares it will stabilize around 47%.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Vishal Ranjan for closing comments. Thank you and over to you, sir.

Vishal Ranjan: Thanks a lot for your time everybody and we believe one more quarter where we continue our progress both in terms of revenue growth as well as the quality of revenue continues to go forward strong. And rather than talking about what will be the next nine months looking like we think on the operating metrics we have not seen any surprises which itself is good news. And rather than surprises we think the fundamentals continue to strengthen Year-on-Year or Quarter-on-Quarter.

We would try to keep informing and meeting many of you as many times as we can or keep updating our initiatives to the investor community at large. We do not know if many of you had got time to look in to our new website we have spoken about and we try to put more whitepapers more presentations.

But some of it would help us to be more and more visible to all of you who wanted to understand what is PayEz doing, what vCard is doing, how is our top Client new contract is coming up. So, you can expect many more publications coming in there as we move forward. And nonetheless if you could possibly take a look at it, provide us some feedback what you think might be relevant for us to put in that we will be happy to incorporate.

And let us keep this communication going. This quarter and the year ahead continues to be an exciting time for us and we will possibly see the business fundamentals continue to strengthen during the year ahead. Thanks a lot for your time everybody.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Virinchi Limited, we conclude this conference. Thank you for joining us and you may now disconnect your lines.