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November 15, 2018

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Mumbai- 400 001

Dear Sir/Madam,

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

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Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are filing herewith a transcript of the conference call held on Monday, November 12, 2018 at 02.30 P.M. local time, to discuss the Company's unaudited financial results (Stand-alone and Consolidated) for Quarter / Half Year ended September 30, 2018.

Dr. Velumani A., Ph.D., CEO, Mr. A. Sundararaju, CFO, Mr. Sachin Salvi, GM-Finance and Mr. Anand Velumani, Director of our wholly owned subsidiary, Nuclear Healthcare Limited, represented the Company.

Yours Faithfully,

For **Thyrocare Technologies Limited**,



Ramjee Dorai

Company Secretary and Compliance Officer



Thyrocare Technologies Limited

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

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

(CIN : L85110MH2000PLC123882)

Thyrocare Technologies Ltd Q2 FY19 Earnings Conference Call

12th November 2018

- Moderator

- Ladies and gentlemen, good day and welcome to Thyrocare Technologies Q2 FY 19 Earnings Conference call, hosted by Prabhudas Lilladher Private Limited. 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 star (*) then zero (0) on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Surajit Pal from Prabhudas Lilladher Private Limited. Thank you and over to you sir.

- Mr. Surajit Pal- Prabhudas Lilladher

- Hi everyone, good afternoon. This is Surajit from Prabhudas Lilladher. I thank Thyrocare Management team for giving us the opportunity to host this call. From Thyrocare we have today Dr Velumani -CEO, Mr. A Sundararaju- CFO, Mr. Sachin Salvi-GM Finance and Mr. Anand Velumani- Director Nueclear Healthcare Limited. So our call, first we will start with management presentation followed by Q &A. Thank you. Over to you Dr Velumani.

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

- Thank you very much. This is Sachin Salvi- General Manager, Finance. Before I pass it on to Dr A Velumani I'll read out some of the numbers which are there on our presentation too. Our quarterly consolidated revenue of Rs 103.88 crores has gone up by 18%. Our EBITDA of around 43.46 crores has gone up by 22%. Thyrocare's standalone revenue of 95.68 crores has gone up by 17%. As far as our radiology segment Nueclear is concerned, their quarterly standalone revenue has gone up by around 31% and it stands at 8.19 crores. The pathology business has grown by almost 17% because of the sample growth of 21% and investigation growth of around 26%. At Nueclear we have done around 8200 scans that includes around 7500 PET scans in this particular quarter. Our EBITDA margins have been maintained at 42% at

consolidated level and at Thyrocare standalone level they are maintained at 43%. The radiology segment has grown and it has shown EBITDA margin of around 23%; this is continuously, regularly for five quarters, this EBITDA margins were maintained at this level. The company has bought back around 958,900 equity shares, thereby there was cash out flow of around 63 crores in this particular quarter. This is very briefly about the quarterly financial highlights. I'll hand over to Dr Velumani for opening comments.

- **Dr Velumani- CEO, Thyrocare Technologies**

- Hello, good afternoon and welcome to the Earnings Call for Q2 FY19 and yet another quarter. And this quarter is far better than the last quarter. We have 18% growth in the consolidated numbers and of course radiology sounds better number but size wise it is smaller and business wise it is newer. The pathology business has grown 17% compared to Q5 for the same, I mean Q1 by Q5. There has been an increase in EBITDA which is a surprise for us because we did reduce the prices for some of the Aarogyam profiles which were a little higher margin because that was where the competition was trying to trouble. And we were expecting that we might have better growth with a compromise in EBITDA. But we are having 17% growth with an improved EBITDA and EBITDA stands 43% for the pathology business. And as far as business is concerned there is more competition, there are more players. The players have more funds and majority of them got in and they're all trying to get their numbers and while chasing their numbers they have burnt our growth. So that is what was happening for the last 3-4 years. In spite of that we could grow and maybe last year's number was a worry, as I said it was a worry for me also. But this Q2 is better than the last quarter. We believe some of our price reduction as well as aggression is doing a good job. And the Q3 should be back to 20 plus; this is what my wish is and let's see how it is turning out to be. And we have added head counts, if I look through the Q2 numbers the HR cost has increased and that is because we have added almost 30%, 40% manpower, that is what was 800 is today 1200. So to that extent we have added manpower because the country is too big and we were not adequately addressing the market which is much, much complex. So we have taken in this quarter, not only in this quarter even in

previous quarter in these last six months we have added numbers and we would be continuing to add numbers, additionally 300 numbers before March 31st 2019. So the HR cost apparently looks little higher because the aggressive recruitment drive we have had. And overall we have also added number of franchises by around 20%. And they are a new business and that is also motivating. But if you look at overall we have had B2B as only business and then we found franchises are not growing beyond a limit. Then we liberally added some more franchises online without asking for deposit. And today we are on the quarter adding more franchises. We are at present crossing around 3000 members and we could reach maybe around 4000 before March 31st 2019. Overall I don't see a stress in pathology except that having more people, training more people and put them to take care of specific geographies. I think we never had a stress even in the past. Maybe last quarters I had to defend because of IPO based spending and because of that some base line itself was raised that year. Then subsequent years did not grow as much as that IPO year had grown. We're through with that trough and we are marching towards a wonderful year of 2018-19 where we should end up somewhere around 25% growth Year Over Year. I have been telling about our CAGR we are doing fairly well and we are at 22% CAGR in the last five years and one year it grows better another year some challenges do come. So we are more looking at CAGR as an indicator to be happy about. Of course Nuclear as a business we hadn't gone at a speed at which we wanted to go. We in between paused a bit, our last two centres were Nashik and Aurangabad and then for the last four months there were no new centres. Now Bangalore and Coimbatore are already ready. The initial QC processes are going on; before the end of December we should be doing at least 100 scans each in each scanner. Which says that we will have 14 machines. Out of 14 machines we have our own 7 machines and 7 machines on franchise model and the franchise model has its own pains, it's own challenges because we are depending upon a third party to run it and the third party has their own challenges in listening to or following our guidelines. Having said that more franchise business will come only after studying how the franchise business is doing. And we have a couple of more locations identified and we are looking for premises. They are Chennai, Pune and Ahmedabad. So this is about Nuclear. And overall the quarter went on well and just

now Diwali has been a little worry because Diwali one week the business is a bit of a challenge. But this is nothing that this year only Diwali, every year it is there. So we should be doing the Quarter 3 and Quarter 4 fairly well. And I am throwing now for questions or opening it for questioning by the people on line. Thank you very much.

- **Moderator**

- Thank you very much sir. Ladies and gentlemen we will now begin the Question and Answer session. Anyone who wishes to ask a question may please press star (*) then 1 on their touchtone telephone. If you wish to remove yourself from the question queue you may press star (*) then 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen we will wait for a moment while the question queue assembles. To ask a question please press star (*) then 1. The first question is from the line of Prakash Kapadia from Anived Portfolio Management Services. Please go ahead.

- **Q & A SESSION**

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

- Thanks for taking my question. So if you could give us some more colour on the revenue which we've seen on the diagnostic business. What has led to this 17.5% ? is it the weak base? Is it price cuts which have helped? Is it specific targeting to existing customers? And on the price cut if you can quantify what are the percentages of price cuts we've taken? Is it just from the Aarogyam business? Is it from the B2B segment also? That will be helpful.

- **Dr Velumani- CEO, Thyrocare Technologies**

- Right. Now overall if you look at it every business house and business CEO has his own confidence and sometimes worry. As far as we are concerned in the IPO side when we did the IPO and then subsequently for couple of the quarters they were all doing very well at 25 plus, 27 plus. So we were thinking that it is all going well, doing well and we were bit relaxed, I must admit. But when last year we had a couple of quarters where the growth had gone down as low as 10% Quarter over Quarter, we have understood, we have you know as a rabbit we slept; we should have kept on moving. So then subsequently we are back to using our own aggression in

terms of you know if you discipline too much, the business goes down, because somewhere the network has got too much of options and the brand which needs more, I mean demands more discipline is less liked. So we were a bit relaxing on that aspect -number one. Number two- we have reduced the rates. While reducing the rates we intelligently balanced it and thyroid was the single largest product and we had disrupted it five years back more than needed and after 5-7 years we have understood that disruption was bit more than what it should have been. So while in the month of May while reworking on our pricing we increased the thyroid rate and we reduced the Aarogyam rate. Now if you look at it overall it is supposed to be producing no impact because half of the business was in our thyroid and half of it was Aarogyam . So if you ask which are the products which are reduced only three products in Aarogyam out of all products of Aarogyam where competition could do those tests. Other Aarogyam they can't do those tests. And in case of thyroid we were bold enough to increase the rates from 60 rupees to 70 rupees, which is roughly around 14-15% increase in the pricing. So if at all you look at it we have peaked with the prices, so overall we have not reduced the prices and the Aarogyam has accordingly rate has been reduced. Because Aarogyam 's rates have been reduced for a period of three months, that is the last quarter two months, we did not see an increase in turnover though there is an increase in volume. Because 15% rate is reduced more, 25% rate was reduced and the growth was not sufficient enough to show a turnover growth. So that is why the last quarter was I think 9% and subsequently this quarter it has moved up to 17% and I have a reason to believe in the same way it should touch around 22% in the coming quarter. So for your question the answer is we did not go B2C or B2B segmentation for price tweaking. We went for Aarogyam and thyroid, remaining products we didn't touch. So in case of Aarogyam only three products we reduced the rates. The reduction in rates was roughly around 30% and in thyroid we increased the rate, that is around 15%. And if you look at it by the volume and the value it was just equal and they're nullifying each other's effect to a certain extent.

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

- Understood. Out of the first half other expenditure of 45 crores what will be the ad expense for H1?

- **Dr Velumani- CEO, Thyrocare Technologies**

- We have done an ad expenses of 5 crores of Q1 plus Q2 and we might do around 7-8 in the next Q3 and Q4.

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

- And in the opening remarks you did mention about sharp rise in employee additions and that trend will continue. So which department are we scaling employees? Is it collections, marketing support and what has led to this sudden change? Is it targeting certain specific micro markets? Are we earlier outsourcing some of these functions and that is starting in-house; if you could give us some.

- **Dr Velumani- CEO, Thyrocare Technologies**

- Yeah. Actually we were not outsourcing to anyone. We were having a X number of employees. I saw the country has huge potential. We have our centralized laboratory and regional laboratories all standing and enough of capacity is there. So we felt that taking more people and training more and putting them to focus more, that is what we were trying to. And if you have to understand the context in which we have done this you know when in the first five years we were only present in State headquarters, next 5, 10 years we moved down to District Headquarters. Now for the last few years we are moving down to Taluk Headquarters. When you look at Taluk Headquarters there are 3000 taluks & 600-700 District headquarters. So if we have to cover 3000 taluks we need people at least around 1000 of them focused on them. So we are interested in having enough people, micro management is needed; small-small towns have enough of business potential and we are focusing there. In other words metros are saturated. We need to move towards the markets which are rural. So we're moving towards there and that needs huge manpower.

- **Mr. Prakash Kapadia- Anived Portfolio Management Services**
- And this micro markets....
- **Moderator**
- Mr. Kapadia may we request you to come back in the queue for the follow up please.
- **Mr. Prakash Kapadia- Anived Portfolio Management Services**
- Sure.
- **Moderator**
- Thank you. The next question is from the line of Sudarshan Padmanabhan from Sundaram Mutual Fund. Please go ahead.
- **Mr. Sudarshan Padmanabhan --Sundaram Mutual Fund**
- Hello; sir thank you for taking my question. Sir my question is just from the previous participant that you know when you talked about price cuts and price increase kind of negating each other, I mean if I'm actually looking at this Q on Q you know the samples or Q on Q investigations that has been done and basically divided by standalone revenues it looks like there has been a 4% dip on a Q on Q basis on the realisation. I mean is it primarily because if I'm looking at the mix, I mean the mix of you know the west has come down but mix of others has gone up. So as you mentioned moving towards more of taluka, regions and towns. I mean is it primarily because of that that the realisation has come off on a Q on Q basis?
- **Dr Velumani- CEO, Thyrocare Technologies**
- Now we have a term called as per specimen revenue. So per specimen revenue has come down because we have had good per specimen revenue in Aarogyam where we have disrupted it. That is Aarogyam 1, 2, 3. Now I haven't fully understood the question so I am only answering you to that part which I have understood.
- **Mr. Sudarshan Padmanabhan --Sundaram Mutual Fund**
- Yes sir, this is also if you're looking at the overall samples I mean number of samples that ..

- **Dr Velumani- CEO, Thyrocare Technologies**

- Q1 and Q2 or Q1 and Q5?

- **Mr. Sudarshan Padmanabhan --Sundaram Mutual Fund**

- It is Q1, that is if you look at the June quarter number 23.42, 26.17, if you divide that number by the 89.19 and 95.68 in millions you basically get a number of 28.08 for Q1 and 36.56. So that is the implied revenue. I mean super investigation. So I am trying to understand is it because of the..

- **Dr Velumani- CEO, Thyrocare Technologies**

- Yeah you are right, I was thinking of per specimen. Now the investigation you have calculated. Let me tell you we're doing now more tests for same money.

- **Mr. Sudarshan Padmanabhan --Sundaram Mutual Fund**

- Sure, sure, sure.

- **Dr Velumani- CEO, Thyrocare Technologies**

- Every package we have reinforced with some more additional tests not truly increased in cost but if you look at revenue divided by number of tests you will find per test revenues has come down. The number of test growth is around 40% if you notice. So had that 40% gives the equal revenue you would have 40% Quarter over Quarter revenue. So now we are doing more tests for the same money.

- **Mr. Sudarshan Padmanabhan --Sundaram Mutual Fund**

- Yes sir. And this takes care of the combination which the competitors were offering and which probably you know the issue that we saw in the last few quarters. So with this I think we're able to address that issue sir?

- **Dr Velumani- CEO, Thyrocare Technologies**

- Yeah Aarogyam 1.1 to 1.7 we are operating. From 1.1 to 1.3 is a routine menu, so everybody could get in there and disrupt it. The menu where everybody cannot do has not been touched for pricing. Only those three tests which are disruptable have been touched. So we have understood

that and we believe that we should be back in track in our 20 plus percent growth Quarter over Quarter.

- **Mr. Sudarshan Padmanabhan --Sundaram Mutual Fund**

- Sir the second thing from my side is you know understanding if I'm looking at the last four, 3 to 4 quarters barring this quarter, I mean at least from the 4Q or you know slightly from even 3Q of last year I mean we had tried to do lot of things but as you mentioned that private equity money was there and the kind of excess money was flowing to some of these players. I mean two things over here one is you know over a period of time the intensity of competition tends to come down if the private equity players or even the players entering into the industry feels that it's really not worth the kind of competition that is there. And second is that as we move forward I mean the pain that we've seen probably in the last couple of quarters, now the price cuts that we've taken, the combination issue that has been resolved. I mean do you think that that is, temporarily kind of solve the problems as far as the competition is concerned?

- **Dr Velumani- CEO, Thyrocare Technologies**

- No problem is solved. No private equity guy has still learnt because every time a new private equity guy invests in a new laboratory and the biggest challenge here is everybody thinks that that big a volume can be generated by just investing even a couple of millions. I think the size what we have today if somebody has to reach to the size they need a billion not a couple of millions. Having said that everybody wants 2 to 5 million and then leave the runway. So that is what is causing the stress that we as an organised player are not growing more than 30% or at 40%. Having said that all breaks are on and all challenges were on. We are entitled for 20 plus percent of growth otherwise. But if you notice it previous year we had grown from 26-27% year before last and the last year we had only grown around 11%. This 11% was not because truly everybody's competition, it is only because my previous year base was bit higher. So today we are back with that what you call as peak which was troubling, we are back into the normal growth mode. And I think 20% to 24% is doable with whatever so called price correction; but if you look at it I have compensated using Thyroid. I think we are back on track with our normal

growth. I don't think that truly I have conquered using some (15-30%) it was to communicate to the investor that yeah it will be better if we do this; if we do this I pretty well knew that it will be 20 to 25% once this base gets corrected.

- **Mr. Sudarshan Padmanabhan --Sundaram Mutual Fund**

- Sure sir. Sir one last thing from my side, if I'm actually looking at the mix of revenues I think pretty clearly we're seeing a jump in preventive care and B2B business. But B2C seems to be a little you know while it's small it still seems to be growing in a single digit and still seems to be coming in the slower lag. And second sir, one more thing is if I'm looking at even the PET CT scan part of the business, it looks like here again we might have taken some kind of price cuts. Sir can you talk about these two aspects as well sir, the B2C part of the business?

- **Dr Velumani- CEO, Thyrocare Technologies**

- See B2C part and B2B part, both are conflicting. We were a B2B player to begin with until private equity people came inside. Then they felt that I am missing out a lot in B2C and we were splurging money into advertisement and we have done 7-8 years of B2C venturing. When we sit and calculate we are very clear B2B business is having better profitability than B2C business after correcting for promotional acquisition cost as well as execution cost. So this, after doing a fairly big spending in IPO we calculated the ROI and ROI said you put in 40 crore you got only 23 crore revenue. So how can we continue to splurge on that, B2C is very tough business, it's a business where acquisition costs are too high. Having said that we have not invested much on B2C in business. We are allowing it to continue even if it is a small percentage growth. Our attention has gone more towards B2B which was our strength and which is our long term interest. So this is an internally taken conscious decision to move towards more of B2B and B2C you can maintain on a 5-10 crores of expenditure every year; whatever it comes, let it come. So that is the conscious decision as long as B2B and B2C are concerned. Coming to new players, obviously we were working on franchise model and we haven't made any price correction. The price is still continuing to be the same. There is no price correction can be done downwards in this business because we are the lowest. If at all a price correction will be there it

will be only towards the up side. But as on today our machines are only doing some 10 or 11 scans per machine per day. Until it reaches 20 scans per machine per day we can't afford to increase the rates. And we haven't reduced the rates so there is a nuclear, there is no rate correction.

- **Mr. Sudarshan Padmanabhan --Sundaram Mutual Fund**

- Sure sir. So that's it from my side. Thanks a lot.

- **Dr Velumani- CEO, Thyrocare Technologies**

- Thank you.

- **Moderator**

- Thank you. The next question is from the line of Saravanan Viswanathan from Unifi Capital. Please go ahead.

- **Mr. Saravanan Viswanathan—Unifi Capital**

- Yeah, thanks for taking my question. See if we see number of samples processed I mean we're touching, we're going to touch 5 million samples per quarter. So would we have any data point to show how much of it is repetitive customers?

- **Dr Velumani- CEO, Thyrocare Technologies**

- See our business has two segments- one is B2B another is B2C. In B2B we don't know anything about the customer, his name, his face, his age or his identity. We only know it as a specimen with a bar code. That is roughly around 80% of our business. The B2C business is what we are carrying clarity on who is the customer. And in this case there are some extreme cases who have done in three years not less than 15 times. And there are good number of cases who have come for second or third time. So if you ask me on an average it is around two times the guys come back for testing on an average.

- **Mr. Saravanan Viswanathan—Unifi Capital**

- Fine sir. And in terms of, currently in terms of Tier 1 and non-Tier 1 would you have any break up?

- **Dr Velumani- CEO, Thyrocare Technologies**

- Actually we haven't truly looked at Tier 1, Tier 2 because Delhi is a very different market, Mumbai is very different market; according to us these two markets were the same kind of markets where everybody is, all big players are present. Everybody has their own local ground and all of them are playing aggressive, so these markets have had a wonderful growth between 2010 and 2015. But from 2015 until today their growth has gone into single digit. So we call them as a capital market. Then comes other cities like Bangalore, Hyderabad, Chennai and Kolkata. These cities are growing around 10 to 15% . They are far better than the Delhi and the Mumbai market. But what is actually growing today is UP and Bihar. That is the location where last ten years there was hardly any growth. So what had shown growth in the first five years of business, next five years of business, third five years of business, today's business are very, very different markets. So we, but it doesn't go by the size of the population or by the location, it is going by per capita income of the city.

- **Mr. Saravanan Viswanathan—Unifi Capital**

- Understood. Okay understood sir. In the B2B side of your business, I mean would some standalone hospitals also would be our partners?

- **Dr Velumani- CEO, Thyrocare Technologies**

- You take a pyramid of hospitals, big guys in the top and small guys in the bottom. Put a centre point. The hospital below the centre point are our customers. The hospital above the centre point are my competitors and in between guys are my competitor's clients.

- **Mr. Saravanan Viswanathan—Unifi Capital**

- Okay. Sir when you've increased the manpower count their job is to go to these Taluk Headquarters and in the nearby areas they will go and market your offerings?

- **Dr Velumani- CEO, Thyrocare Technologies**

- I think our company has taken a decision not to send people in the field and do your field marketing. Today you have got a fair comfort of your WhatsApp or an email. Today a

laboratory cannot operate without any email Id and we are sitting in office and managing so that the cost of our marketing is relatively low.

- **Mr. Saravanan Viswanathan—Unifi Capital**

- Okay. So it's more online and ...

- **Dr Velumani- CEO, Thyrocare Technologies**

- Yeah more of digitally approaching them by mobile and by email.

- **Mr. Saravanan Viswanathan—Unifi Capital**

- Understood. Okay thank you. Thanks.

- **Moderator**

- Thank you. A reminder to the participants, to ask a question please press star (*) then 1. The next question is from the line of Shrinivas Seshadri from Mirabilis. Please go ahead.

- **Mr. Shrinivas Seshadri –Mirabilis**

- Yeah hi, thanks for the opportunity. I have a few questions. Firstly sir in the Press Release you've talked about, briefly about new tests like, NA PCR and skin care profile as well as the NGS lab, could you throw some more light on sir what is the business opportunity here? And also some kind of update on the Focus TB brand.

- **Dr Velumani- CEO, Thyrocare Technologies**

- Overall laboratory test menu though it has got around 2000 tests we are doing only around 200 tests. And my competition does around 1000 tests in their menu. But if you look at it only 50 tests are accountable for 80% of the revenue and in which top 5-6 are through volume spinners and the revenue spinners. So this has been slowly in the last 15 years consolidating but all tests don't give revenue. Good number of tests only give you some kind of a presenting elegance. The true tests are hardly some 10 to 40 or 10 to 50 based upon the laboratory's focus. Now we had looked at Focus TB as first opportunity to diversify. And when we felt that there is no one in this country focusing on TB, a disease for which every minute there is death and we felt that that is a business which would in the long run be useful to the society as well as for the company.

This business is only today 10 months old. We started it in January. And it looks like it will break even in the year too. This year it has not broken even though we have finished nine months. There is a news, without accreditation there is no recognition. And for accreditation without a business you can't do accreditation. So we have done a lot of free sampling so that we complete the job of accreditation. It is done in the month of September. So we should be able to see a fairly good revenue in the next year and a constant growth of roughly around 100% Year over Year for at least five years. But that is only my expectation. What it turns out to be is to be seen, to be seen. Now other than that we know existing tests we're doing around 220 tests, packaging is not done well. So we have recently started obesity profile, skin profile, even hair testing; all these things we got into thinking that if we try 10 at least 2-3 should work and they should become a candidate for growth amplification. Some may work, one may work or none may work. We are all doing R&D and this nothing but start it, experiment it; if it doesn't work start something new. This is something any laboratory which is of our stature needs to do it. Having said that we also have some very successful tests which have been done in the last 2-3 years. They are adding revenue. They are tests like Homocysteine, lipase, amylase, like that there are 5-6 tests; they are growing and they are a result of our research. So some research is on. We are going to see which profiles work and which don't work.

- **Mr. Shrinivas Seshadri –Mirabilis**

- Got it sir. Sir the second question is more on the near term outlook, firstly when you said you're hopeful of 25% plus growth, are you referring to the fourth quarter exit rate or on a full year basis, because the first half of this is much lower. And secondly also some comment on the margin because now the rupee has depreciated quite sharply during the quarter. So how do we stand with respect to reagent cost inflation specifically?

- **Dr Velumani- CEO, Thyrocare Technologies**

- It's very difficult for me to tell a number on which I will be closing in March 31st 2019, but I can always give you a band width of anything from 22 to 26%. That is what I would be exiting, I mean ending in the year. For that I need to do Q4 growth compared to previous Q4, a growth

of 30%. Because my Q1 upon Q1 was very low. So I am not looking at anything truly north of 25%, but 22% is what is the lower side, I should be doing anywhere in between. That's number one. Number two is US dollar is a very big challenge. We are paying today some 3 to 10% depending upon the vendor. Couple of them, the very big guys have found it difficult to truly negotiate because they were afraid of losing their business. Since our size is big there is a, no through dollar proportionate increase but certainly there is an increase. I would put it as if we remain as a dollar or let us say 73 rupees per dollar we would have a burden of around 4% in our reagent cost.

- **Mr. Shrinivas Seshadri –Mirabilis**

- So the reagent cost could go up by 4%?

- **Dr Velumani- CEO, Thyrocare Technologies**

- Yeah but we have 43% EBITDA , as I look at it I think we should not be getting intimidated by that. And it is not happening to only Thyrocare, it is happening across the board for the entire industry. And in fact for the smaller players there is a bigger burden and for the bigger players there is a smaller burden.

- **Mr. Shrinivas Seshadri –Mirabilis**

- Okay. And sir are we looking to park that on in some way through the product pricing mix again or are we banking on variants to kind of settle this in the time?

- **Dr Velumani- CEO, Thyrocare Technologies**

- I think we as a company first time seeing rate going up in the last 23 years. Always it was volume which was bringing down the cost. And for the last 5-7 years neither it was going down nor it was moving up because the volumes could do whatever it could do. But I am afraid about the dollar going above 70 and if dollar moves faster our growth will not be able to justify the cost retaining the same. I have a reason to believe it should come back to 70. And if it comes back to 70 with our increased volume we will not have a burden. But it is a matter of negotiation and I am not right now commenting on it.

- **Mr. Shrinivas Seshadri –Mirabilis**
- Okay. Sir one point, one question.
- **Moderator**
- Mr. Seshadri may we request you to come back in the queue for the follow up please.
- **Mr. Shrinivas Seshadri –Mirabilis**
- Yeah thank you.
- **Moderator**
- Thank you. The next question is from the line of Chirag Dagli from HDFC Asset Management.
Please go ahead.
- **Mr. Chirag Dagli- HDFC Asset Management**
- Yeah sir thank you for the opportunity. Sir can I have the 2Q B2C volumes?
- **Dr Velumani- CEO, Thyrocare Technologies**
- B2C volumes, volume wise it has not changed, volume wise it's around 11%-15%.
- **Mr. Chirag Dagli- HDFC Asset Management**
- 15% of the total volume?
- **Dr Velumani- CEO, Thyrocare Technologies**
- Yes
- **Mr. Chirag Dagli- HDFC Asset Management**
- Okay. And sir if you can talk a little bit about the big tests, you know Vitamin D, Thyroid, how has growth been in those tests?
- **Dr Velumani- CEO, Thyrocare Technologies**
- Now I must tell you the non-Aarogyam tests are growing somewhere between 8 to 14%. Non Aarogyam tests.
- **Mr. Chirag Dagli- HDFC Asset Management**
- 8 to 14?

- **Dr Velumani- CEO, Thyrocare Technologies**

- Yes because all the tests are not old tests. The old tests are growing lesser, the newer tests are growing more. We have a parameter called AMX, it grows much, much, even more than 15, 17%. So if you look at it the old parameters are not doing as good as some of the new parameters in terms of growth. But the old parameters have volumes and in that volume 3, 7% only it grows in some of the cases. It's a spectrum. It's very difficult for me to tell. Thyroid has grown around 11%; Vitamin D has grown around 14%. There are some tests which have grown only 3%.

- **Mr. Chirag Dagli- HDFC Asset Management**

- Okay sir. And the Aarogyam tests are, those volumes you're giving separately?

- **Dr Velumani- CEO, Thyrocare Technologies**

- Yes.

- **Mr. Chirag Dagli- HDFC Asset Management**

- Okay sir. And sir any comment on you know in the past you've talked about trying to do something big in the neo natal tests. Have those plans sort of firmed up? Any idea on the kind of opportunity, how do you think about it?

- **Dr Velumani- CEO, Thyrocare Technologies**

- I think we look at it as a infertility, pregnancy, pre-natal, neo-natal, all four as a single segment. And we had certain tests, in fact we have in pregnancy related tests, the AMHS side is growing far, far better. So pregnancy is a business which is growing around 15 to 18%. And during pregnancy there are tests which are done for the outcome of the foetus for normalcy. And those tests have grown around 20 to 25% though the size is small. And we are planning to add what you call as NGS- Next Generation Sequencing to confirm these pre-natal abnormalities, for which we have just started the laboratory. The laboratory took around 2.5 crores of investment. This segment is what everybody has been calling as Molecular Testing, that Molecular Biology or whatever they name it. But they are all under what you call as Nuclear Type Testing, what is

NAT- Nucleic Acid Testing. Now we are into that space but we are not into doing all the tests. We are into doing only the pre-natal test. This test has a fairly big market, currently it is going to China. And it's priced roughly around 20,000 rupees per patient. We intend to place it around 8000 rupees per patient. So there is a likelihood we will disrupt. But having said that all these markets are not like routine test markets. They're all special markets; consultant driven markets and it will take time for us to produce volume but we are on the business.

- **Mr. Chirag Dagli- HDFC Asset Management**

- So our approach will also be through the consultants?

- **Dr Velumani- CEO, Thyrocare Technologies**

- That has to be through consultants only, because pregnancy and wellness of the offspring in the pregnancy, this cannot be managed by even MBBS doctors. It has to be an MD doctor. And there are established channels available through which the samples are collected; around 50% goes to China and remaining 50% Indian players are doing it. Unfortunately they have priced it high. This is my personal opinion. We intend to disrupt that market using a rate of around 100 dollars.

- **Mr. Chirag Dagli- HDFC Asset Management**

- And when do you think you can launch this commercially?

- **Dr Velumani- CEO, Thyrocare Technologies**

- We would be launching it by first week of January. Almost everything is in place and the evaluations for the QC is going on.

- **Mr. Chirag Dagli- HDFC Asset Management**

- And what sort of volumes can do the first year?

- **Dr Velumani- CEO, Thyrocare Technologies**

- I don't think volume wise there is a capacity limitation. Market whatever number of specimen it can give us we can process it. I am of that opinion we should be doing at least 2 crore turnover in calendar year '19 and grow 100% Year Over Year for at least five years.

- **Mr. Chirag Dagli- HDFC Asset Management**
- And just last question sir the overall part of you know these pregnancy tests etc all of it put together currently how big is it?
- **Dr Velumani- CEO, Thyrocare Technologies**
- Currently out of 300 in you know this year if we close let us say a 400 crores it should be around 25 crores.
- **Mr. Chirag Dagli- HDFC Asset Management**
- Okay sir. Thank you so much.
- **Moderator**
- Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments.
- **Dr Velumani- CEO, Thyrocare Technologies**
- Thank you very much friends for joining in the Con Call. And we have had a very challenging year when I look at the last four quarters, I was in a defensive mode. I think we are through with that challenge of seeing a growth of 20 plus. We have people in place. We have processes in place. We have aggression in place and we are likely to end the year with at least 10% more than the market growth. And that should be continued we are the top four in the country and we continue to. I want all of you to understand there is no one growing faster than us. There is no one having better EBITDA than us. It's a matter of time. Thank you very much for being a part of the call and part of the journey.
- **Moderator**
- Thank you very much sir. Ladies and gentlemen on behalf of Prabhudas Lilladher Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

(END OF TRANSCRIPT)