

September 2, 2016

The National Stock Exchange of India Limited  
Exchange Plaza,  
Plot No. C/1, G Block,  
Bandra Kurla Complex, Bandra (E)  
Mumbai - 400051

The Bombay Stock Exchange Limited  
Corporate Relationship Department  
Phiroze Jeejeeboy Towers  
Dalal Street,  
Mumbai - 400001

**Subject: Disclosure of information under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015**

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations"), please find attached herewith Corporate Presentation of the Company.

The aforesaid presentation is also available on the Company's website - [www.lalpathlabs.com](http://www.lalpathlabs.com)

We request you to please take the same on record.

Thanking You,

Yours Faithfully,

**For Dr. Lal PathLabs Limited**

For Rajat Kalra  
(Company Secretary & Compliance Officer)



Ashish Kapil  
(Asst. Company Secretary)

Encl: As above



# Dr. Lal PathLabs Limited



## Corporate Presentation

September 2016

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**DISCLAIMER:** This presentation may contain 'forward-looking' statements at places. The Company's business operations remain subject to undetermined contingencies and risks. Dr. Lal PathLabs Limited would not be liable for any action undertaken based on such 'forward-looking' statements and does not commit to revising/updating them publicly.

# Our Evolution

## 1949 – 2005

### Foundation

- 1949: Founded by Dr. Major S. K. Lal
- 1995: Company incorporated as Dr. Lal PathLabs Private Ltd.
- 2000: Three clinical labs receive NABL<sup>1</sup> accreditation
- 2001: Received ISO 9001:2008 certification
- 2002: Received 'International Accreditation' from CAP<sup>2</sup>

## 2005 – 2010

### Building capabilities for scale up

- 2005 onwards: Investment by WestBridge Capital
- 2008: Acquisition of Paliwal Medicare Private Limited and Paliwal Diagnostics Private Limited
- 2010: National Reference Lab set up in Delhi

## 2010 – 2016

### Strong position in North India, building network in other geographies

- Investment by TA Associates
- Clinical laboratories expansion in North region
- Growing the business in East region
- Entry into the South and West regions
- Multiple acquisitions to scale network
- Successful listing in Dec 2015

1. NABL: National Accreditation Board for Calibration and Testing Laboratories.  
2. CAP: College of American Pathologists.

# Dr. Lal PathLabs at a glance

Established **consumer healthcare brand in diagnostic services**

**Pan-India integrated coverage** with **172** clinical labs (including National Reference Lab<sup>1</sup> at Delhi), **1,559** Patient Service Centers (PSCs) and **4,967** Pick-up Points (PUPs)<sup>2</sup>

Catalogue of **1,110** test panels, **1,934** pathology tests and **1,561** radiology and cardiology tests<sup>2</sup>

Collected and processed **~21.7mn** samples from **~9.9mn** patients in FY15<sup>3</sup>; **~26.3mn** samples from **~12.0mn** patients in FY16<sup>2</sup>.

**Customers** include individual patients, corporates and institutions, healthcare providers as well as hospital and clinical labs (lab management)

**~4,000** employees including full time consultants, pathologists, phlebotomists and radiologists<sup>2</sup>

FY16<sup>2</sup>: Revenue: **INR 7,913mn**; EBITDA: **INR 2,113mn**<sup>4</sup> (Margin: **26.7%**); PAT: **INR 1,332mn** (Margin: **16.8%**)

## Test Menu

### Routine testing

- Bio-chemistry
- Hematology
- Clinical pathology
- Microbiology
- Basic radiology

### Specialized testing

- Molecular diagnostics
- Flowcytometry
- Genetics / Cytogenetics
- Histopathology

## Accreditations



**NABL**

**27 Labs**



**ISO15189:2007**  
**ISO9001:2008**  
**ISO27001:2013**

## Experienced Management Team



**(Hony.) Brig. Dr. Arvind Lal**

*Chairman and Managing Director*



**Dr. Om Manchanda**

*Whole-time Director and Chief Executive Officer*



**Dr. Vandana Lal**

*Whole-time Director*



**Dilip Bidani**

*Chief Financial Officer*



**Manoj Garg**

*Chief Human Resources Officer*



**Shankha Banerjee**

*COO – Strategic Business Unit II*



**Munender Soperna**

*Chief Information Officer*



**Dr. Neelum Tripathi**

*National Director Lab Operations*



**Bhaskar Ghoshal**

*Vice President Commercial*



**Ved Prakash Goel**

*Vice President Finance*



**Rajat Kalra**

*Company Secretary and Compliance Officer*

## Investment Highlights

**1**

Well-positioned in one of the fastest-growing segments of the Indian healthcare industry

**2**

Established consumer healthcare brand in diagnostic services

**3**

Scalable model integrated through centralized IT platform allows for network expansion

**4**

Attractive operating metrics and multiple levers in place to drive next phase of growth

**5**

Robust financial performance and return on invested capital

# Indian Healthcare Services is a large growth opportunity

7

1

1.42 bn  
India's expected population in 2026

7.6%  
GDP growth in FY16<sup>1</sup>

INR 4.2 trillion  
FY14 India healthcare expenditure

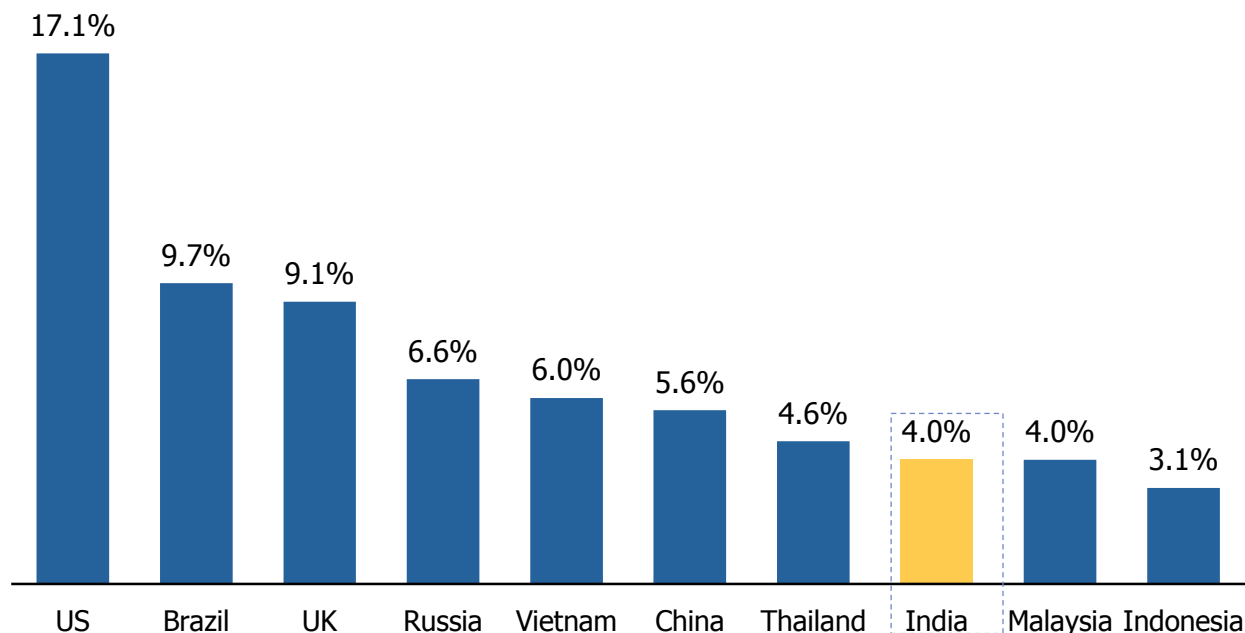
~68%  
Private expenditure on healthcare in 2013

12% CAGR  
Expected healthcare delivery market growth over the next 5 years

INR 175 bn  
Health insurance premium market<sup>2</sup>  
– growing rapidly given low insurance coverage

**India, highly underpenetrated market**

## Total Healthcare Expenditure as % of GDP (2013)

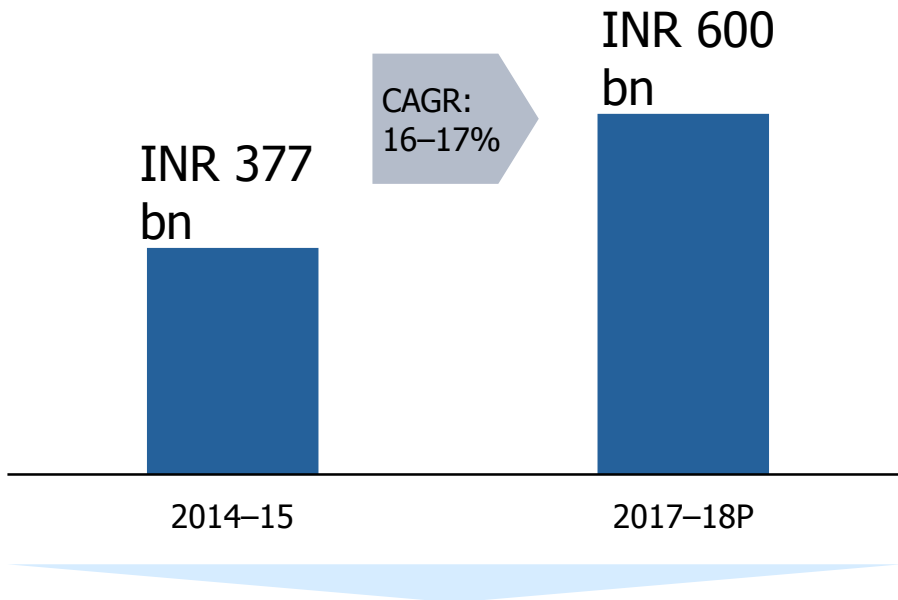


Source: CRISIL Report titled "Assessment of Diagnostics Industry in India".

1. Financial Year ending March 31<sup>st</sup>.

2. Source: Report of the Insurance Regulatory and Development Authority ("IRDA")

## Diagnostic Services Industry Size

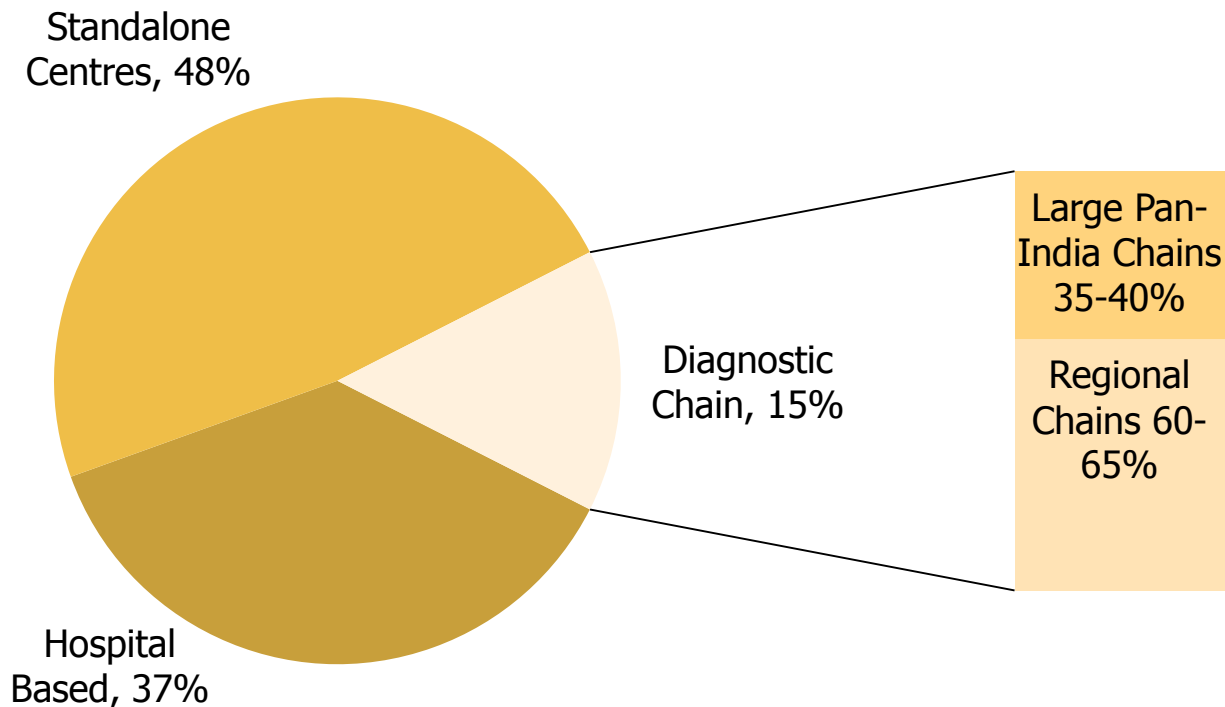


Screening, early detection, and monitoring reduce downstream costs

## Growth Drivers

- 1** *Increase in evidence-based treatments*
- 2** *Demand for lifestyle diseases-related services to grow*
- 3** *Focus on preventive diseases and wellness*

## Highly Fragmented Industry



***Largely fragmented and unorganized***

Source: CRISIL Report titled "Assessment of Diagnostics Industry in India".

## Pillars of a Strong Brand

### Accreditations

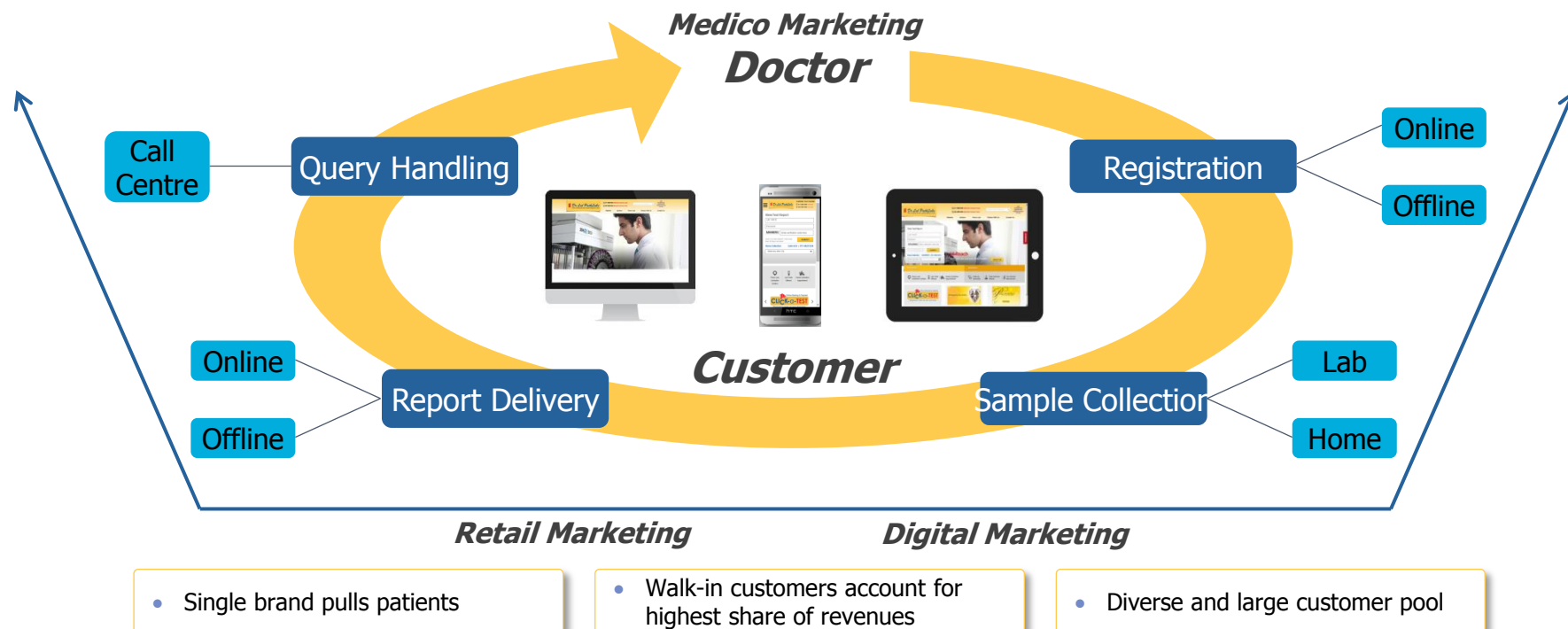
- Accreditations from CAP, NABL and ISO
- Centrally administered surveillance programs

### Nationwide Network

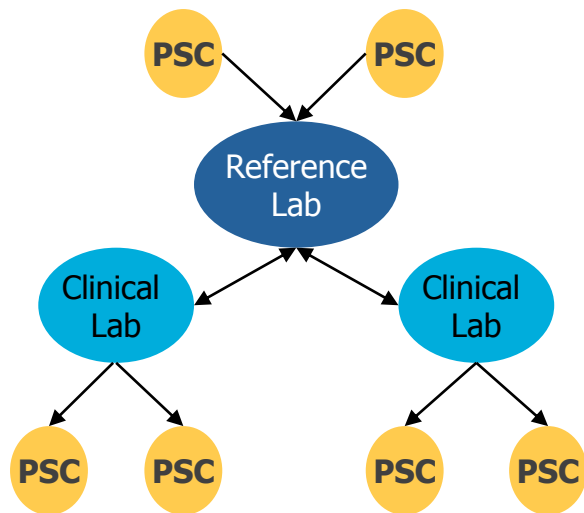
- Coverage in metros, Tier 1 and Tier 2 cities
- Wide reach through PSCs and PUPs

### Fast Turnaround Time

- 24x7 access including online access and home collection
- Dedicated logistics team



## Hub and Spoke Model

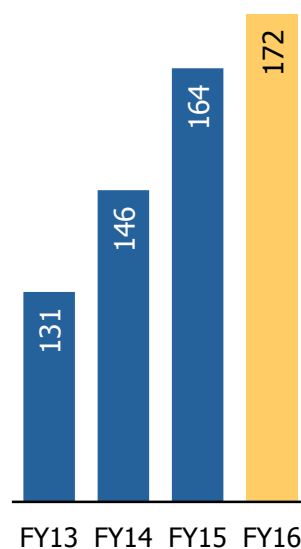


- Centralized diagnostic testing provides greater economies of scale
- PSCs and PUPs facilitate penetration within region and expand reach

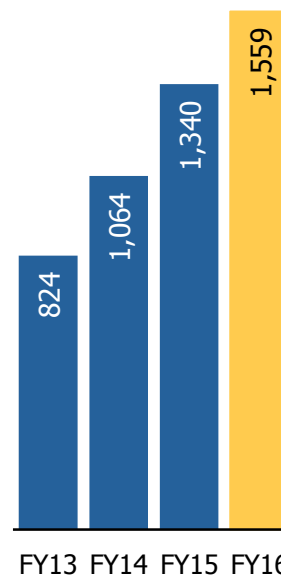
1. Includes National Reference Laboratory.

## Network Expansion

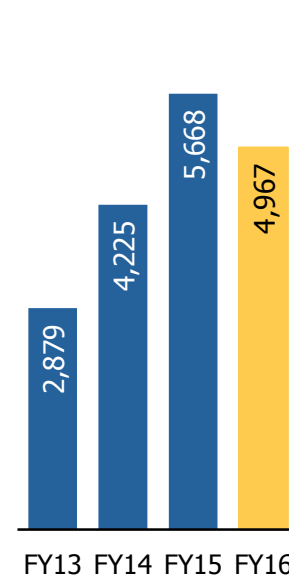
No. of Clinical Laboratories



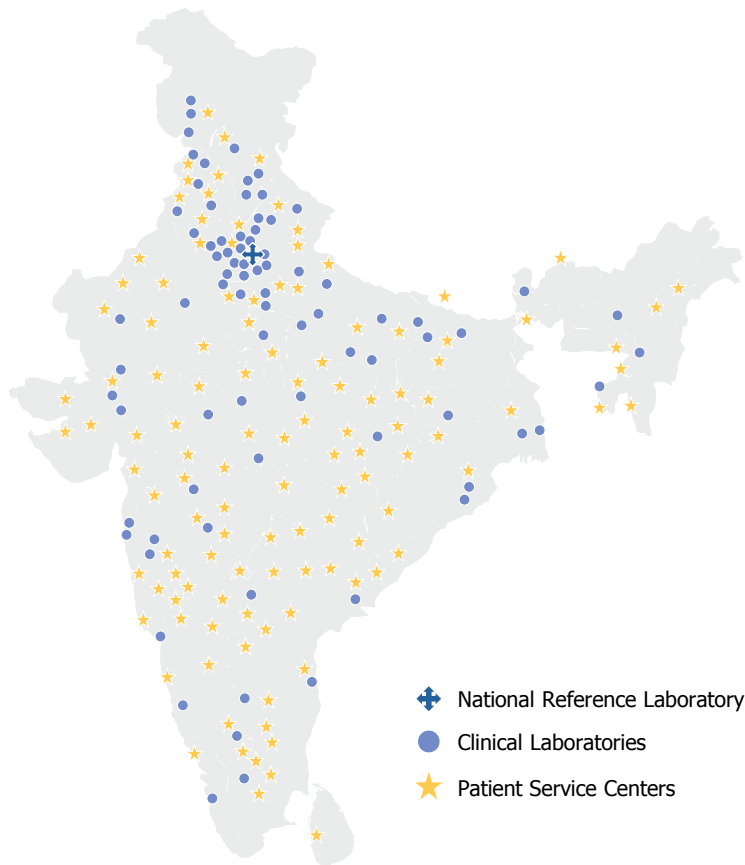
No. of PSCs



No. of PUPs



## Integrated National Network...



## ...backed by Centralized IT platform which fully integrated network

### Enterprise Resource Planning (ERP) System

- Payables, receivables, inventory, ledgers etc.
- Scalability and connectivity – web-based

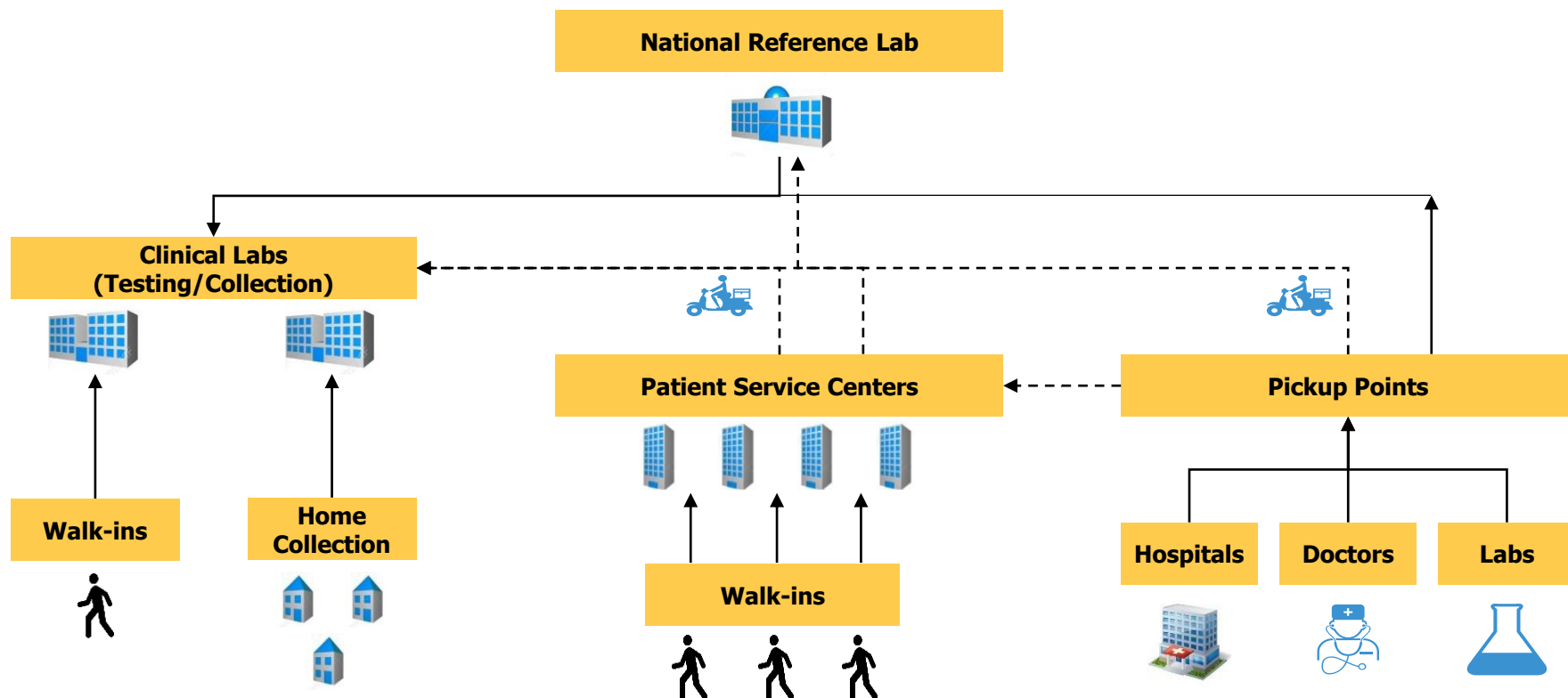
### Laboratory Information Management System

- Bi-directional interface; tracks specimen collection, shipping and testing in real time
- Assigns unique ID / barcode for each sample

### Data Collection and Analytics

- Improve diagnostic services via data analyses
- Demand for tests are analyzed using past data

## LPL's scalable business model provides strategic advantage for expansion and consolidation



- Single brand pulls patients

- Walk-in customers account for highest share of revenues

- Diverse, large customer pool offers monetization opportunities

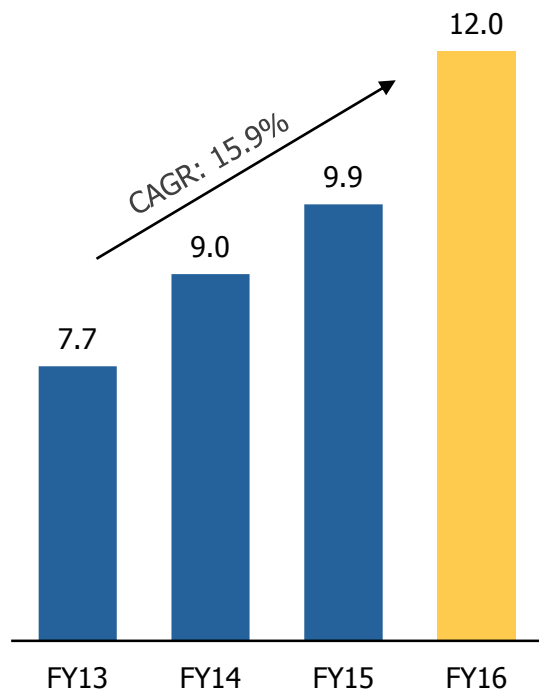
# Attractive operating metrics

4

## No. of patients

(Mn)

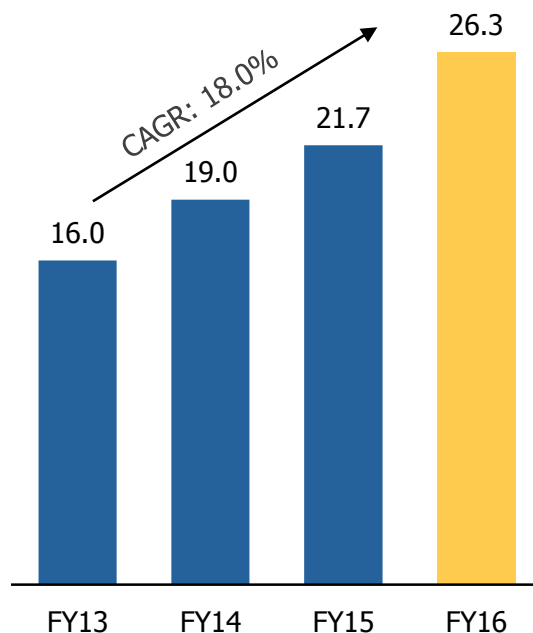
- Consumer brand and network expansion driving patient volumes



## No. of samples

(Mn)

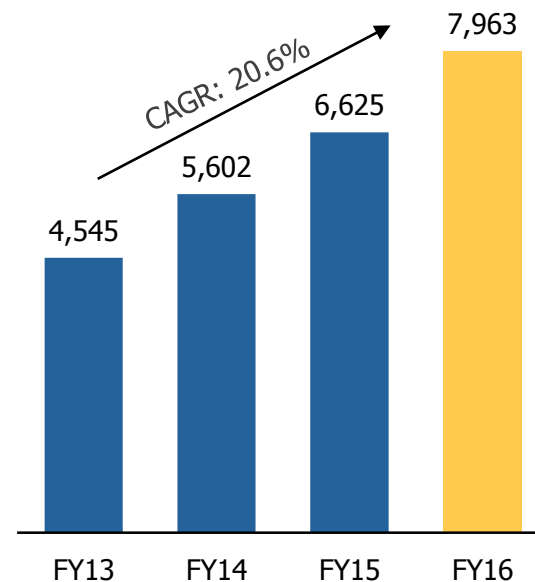
- Increase in samples with patient volumes growth



## Total Revenue

(INR mn)

- Higher revenue realization per patient on account of:
  - Growth in walk-in customers
  - Higher no. of tests per patient
  - Demand for "higher-end" tests



## Multiple levers in place to drive next phase of growth

4

### Expand presence in existing markets

- Cluster and focused geography approach
  - Deepen presence in North India by developing additional reference labs (such as in Lucknow)
  - Scale up in East India by developing ecosystems via Kolkata reference lab
  - Targeted expansion in South and West India (focused city approach)

### Expand through strategic acquisitions and partnerships

- M&A provides growth kicker
- Leverage prior track record
  - Completed several acquisitions since 2008
- Acquisition opportunities in select new geographies

### Focus on hospital-based clinical labs

- Increase existing tie-ups
- Leverage scale and efficiency
- Provide lab management and specialized lab testing services to polyclinics

**Increase breadth of diagnostic healthcare testing and services platform**



**Continuous focus on providing quality healthcare services**

# Strategies to deepen our presence

4

**North India**

**East India**

**South and  
West India**

*Focus on  
retail  
network and  
home  
collection*

Commitment to **quality  
and reliability** of  
services

**Online report;**  
**data analytics**

**Preventive healthcare  
screening** and chronic  
/ lifestyle disease  
management services

*Focus on  
hospital lab  
management*

Provide both **lab  
management** and  
**specialized lab testing** to  
**polyclinics**

**Increase existing tie-ups**  
in hospital lab management –  
**leverage scale and efficiency**  
of network

*Focus on  
corporate  
customers*

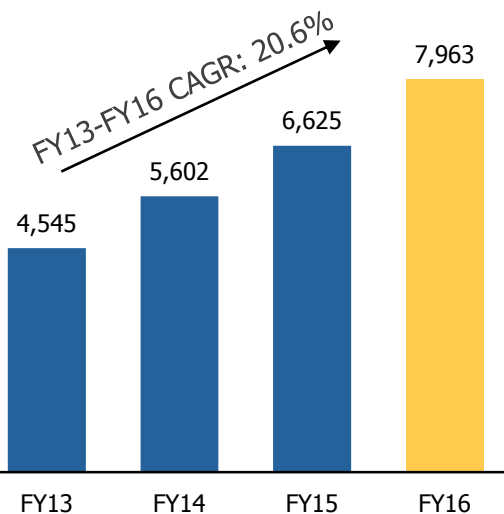
**Marketing to HR  
departments** and other  
decision makers

**Healthcare packages**  
across test types

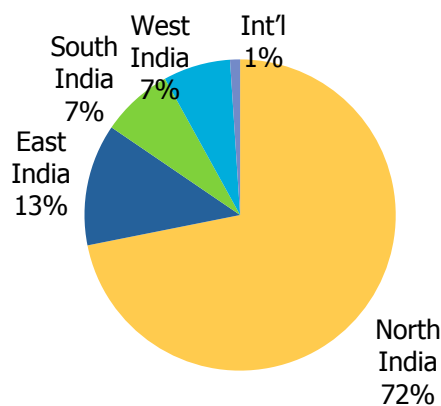
# Robust financial performance

5

## Total Revenue INR (Mn)



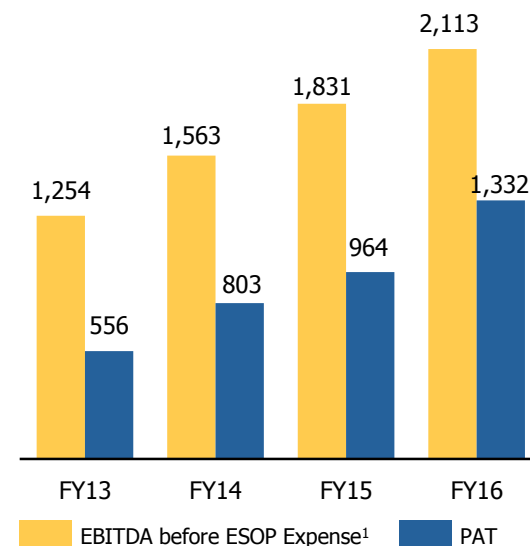
## Revenue by Geography (FY16) (%)



| Geography     | FY13-16 CAGR (%) |
|---------------|------------------|
| North India   | 18.7%            |
| East India    | 29.8%            |
| South India   | 35.0%            |
| West India    | 13.9%            |
| International | 21.5%            |

## EBITDA<sup>1</sup>, PAT and Return on Net Worth (INR mn / %)

|                                               |       |       |       |       |
|-----------------------------------------------|-------|-------|-------|-------|
| EBITDA Margin Before ESOP charge <sup>1</sup> | 27.6% | 27.9% | 27.6% | 26.7% |
| PAT Margin                                    | 12.2% | 14.3% | 14.3% | 16.8% |
| RONW                                          | 34.3% | 34.7% | 33.8% | 31.4% |

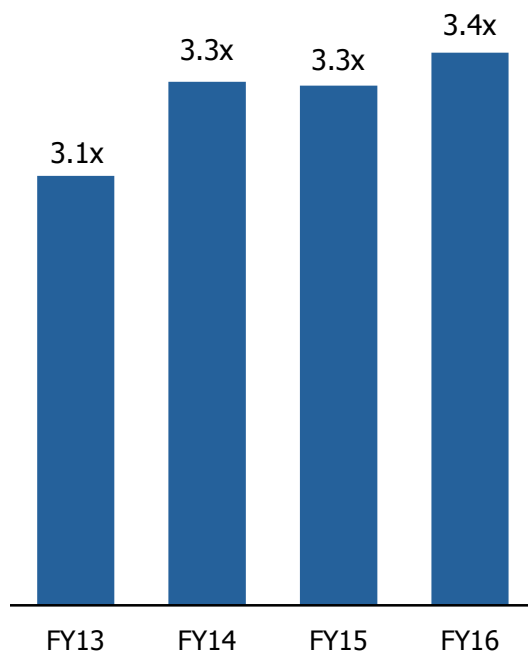


- Growth driven primarily by increasing patient volumes, samples and higher revenue realization per patient
- Increase in operating margin due to economies of scale

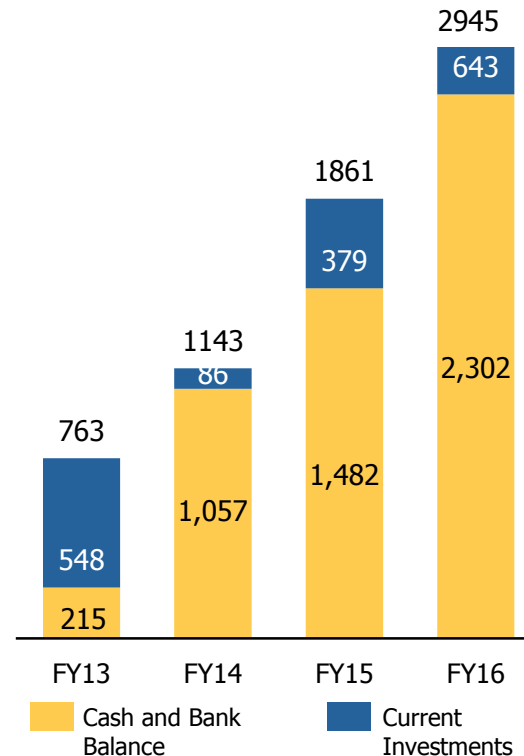
1. During FY14, LPL had reassessed the ESOP scheme as cash settled basis as against equity settled basis treated in earlier years' financial statements. As a result, LPL accounted for additional compensation cost of INR 6 mn in FY12, INR 250 mn in FY13, INR 155 mn in FY14, INR 242 mn in FY15 and INR -35 mn in FY16.

**Fixed Asset Turnover<sup>1</sup>**

(Times)

**Cash and Cash Equivalents**

(INR mn)



- Self funded growth on account of strong cash flow generation
- Attractive fixed asset turnover ratio given asset-light model
- Current net cash position and internal accruals expected to fund next phase of growth

1. Fixed Asset Turnover = Total Revenue / Gross Fixed Assets

## Key Q1 FY17 Highlights

- Aiming for sustainable robust growth backed by healthy fundamentals
- Strategy in action; network expansion driving incremental performance
- During Q1 FY17 LPL reported:
  - Revenues grew 17.7% at Rs. 2,228.4 mn from Rs. 1,893.1 mn
  - EBITDA stood increased 22.7% to Rs. 604.0 mn from Rs. 492.1 mn
    - Normalised EBITDA increased by 17.3%
  - PBT was higher by 28.0% at Rs. 599.3 mn from Rs. 468.3 mn
  - PAT showed gains of 29.7% from Rs. 401.7 mn to Rs. 309.8 mn
- Cash and Liquid Investments at Rs. 3,290 mn as at June 30, 2016 from Rs. 2,940 mn as at March 31, 2016
- Performance supports accretion to cash position; balance sheet strengthened
  - Asset light model maintained with strategic focus on returns
  - Sustains zero debt at net level with growth being supported through earnings from operations
- Long-term initiatives include commissioning of regional reference laboratories at Kolkata and Lucknow
  - Work on both projects progressing as per internal timelines

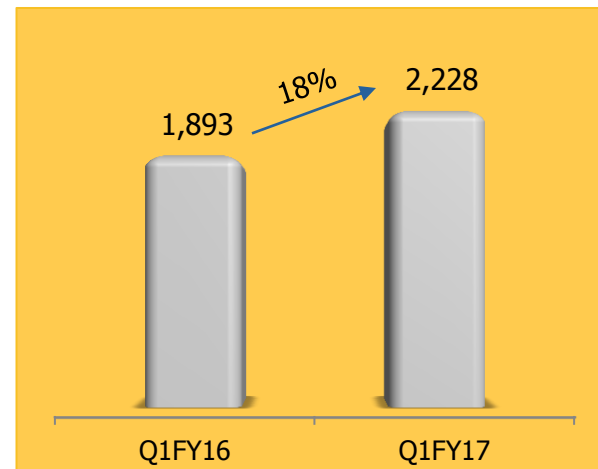
## Q1 FY17 Financial Performance

| Particulars (Rs. mn) | Q1 FY17      | Q1 FY16      | Growth %       |
|----------------------|--------------|--------------|----------------|
| Revenues             | 2,228.4      | 1,893.1      | 17.7%          |
| Total Expenditure    | 1,624.3      | 1,378.5      | 17.8%          |
| ESOP                 | -            | 22.5         | -              |
| EBITDA               | 604.0        | 492.1        | 22.7%          |
| <i>Margins</i>       | <i>27.1%</i> | <i>26.0%</i> | <i>110 bps</i> |
| PBT                  | 599.3        | 468.3        | 28.0%          |
| <i>Margins</i>       | <i>26.9%</i> | <i>24.7%</i> | <i>220 bps</i> |
| PAT                  | 401.7        | 309.8        | 29.7%          |
| <i>Margins</i>       | <i>18.0%</i> | <i>16.4%</i> | <i>160 bps</i> |
| EPS (Diluted)        | 4.8          | 3.7          | 28.5%          |

## Q1 FY17 Financial Trends

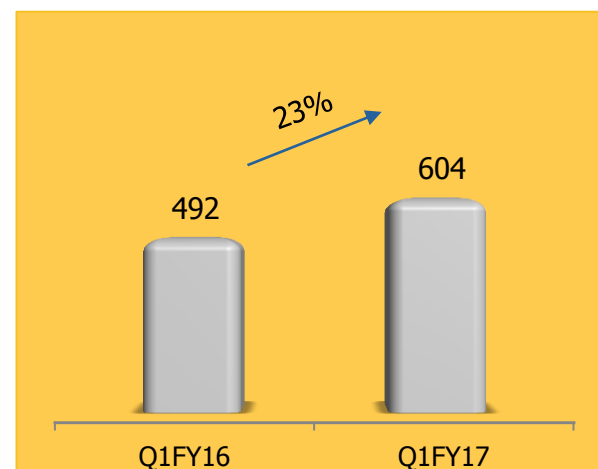
### Revenues

- Q1 FY17 revenues improved 17.7% YoY on the back of 15% increment in volumes and improvement in realisations
  - Realisation per patient has enhanced to Rs. 678, up 2.4% from Rs. 662 in Q1 FY16
- Volume growth of 15% driven by;
  - Increase in patient count from all territories
  - Efforts to grow presence into emerging regions



### EBITDA

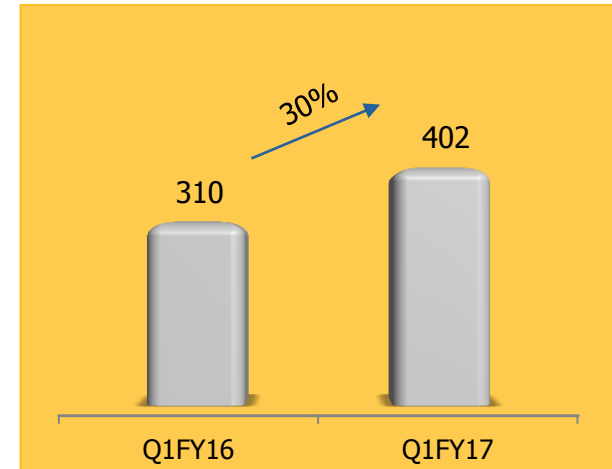
- EBITDA showed 22.7% gains during Q1 FY17 with EBITDA Margins at 27.1% for Q1 FY17
  - Normalised EBITDA growth 17.3% after excluding impact of ESOP charge in Q1FY16
- Factors impacting EBITDA during the period include;
  - Growth in topline on the back of healthy volumes delivered and realisation improvement
  - Cost saving initiatives undertaken
  - Impact from wage increases effected for the year
  - Higher costs of consumption due to higher volume of lower margin corporate business



## Q1 FY17 Financial Trends

### PAT

- PBT growth during Q1 FY17 was at 28.0%
  - Margins stood at 26.9% in the period
- PAT showed 29.7% increase in Q1 FY17
  - Results reflect strategic progress realised against opportunity presented by the healthcare sector



# LPL Strategy for future growth

1

## Strengthen Existing Operations

Boosting quality & reliability standards

Improving turnaround times for testing

Grow basic radiology practice

Online initiatives and data analytics

Investment in branding

2

## Expansion in Offering

Improve breadth of diagnostic testing

Cutting edge technology

Preventive healthcare screening

Chronic & Lifestyle disease mgmt. services

Expand reach in corporate segment

3

## Expand management of hospital based and clinical laboratories

Tap incremental contracts for in sourcing test of hospitals and other clinical laboratories

Tap polyclinics

4

## Geographic expansion

Focus city approach

Set up more clinical laboratories

Set up Regional Reference Laboratories at Lucknow and Kolkata

Consider alliances and acquisitions

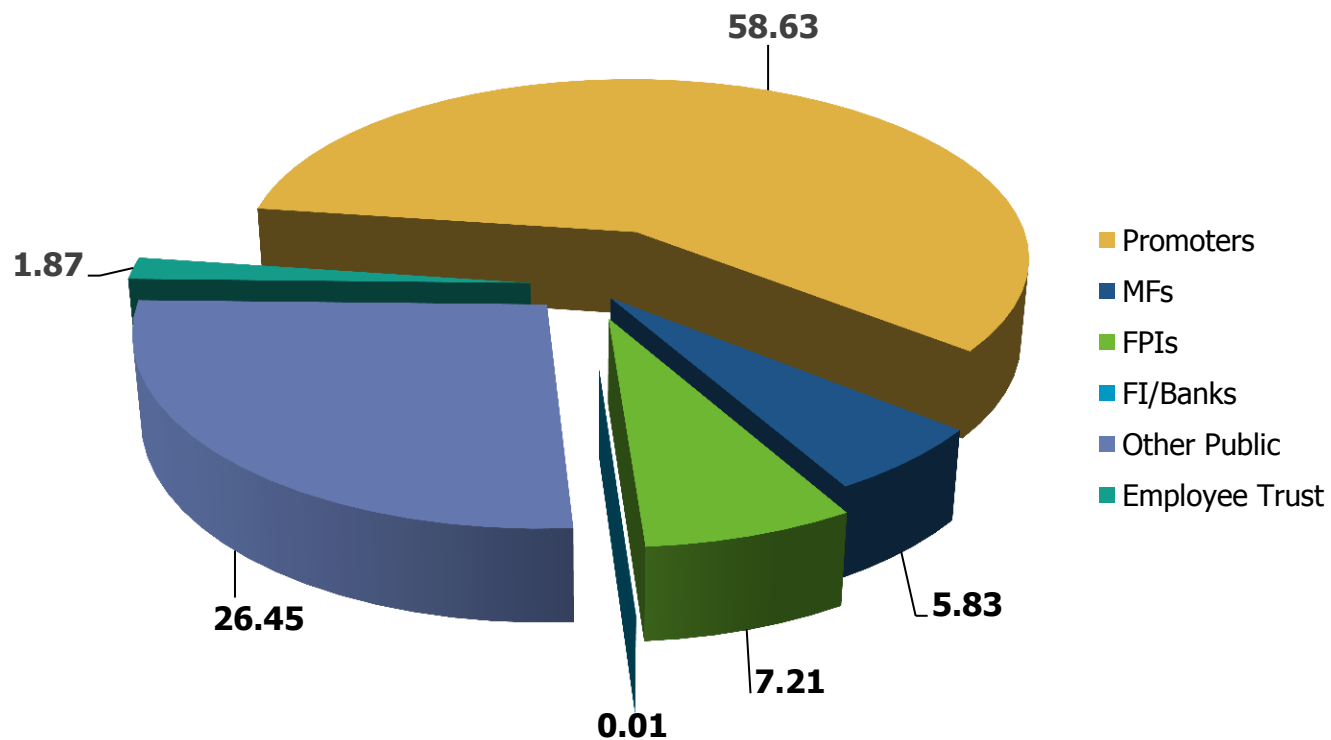
## Annexures

- **IPO transaction**
- **Present Shareholding**

# IPO transaction

|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer</b>                                            | <ul style="list-style-type: none"> <li>Dr. Lal PathLabs Limited ("LPL" or "the Company")</li> </ul>                                                                                                                                                                                                                                                                                                                                                       |
| <b>Transaction Type</b>                                  | <ul style="list-style-type: none"> <li>Initial public offering of up to 11,600,000 shares (Face Value Rs.10 each)</li> </ul>                                                                                                                                                                                                                                                                                                                              |
| <b>Issue Open and Close Dates</b>                        | <ul style="list-style-type: none"> <li>December 8, 2015 – December 10, 2015</li> </ul>                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Type of Offering</b>                                  | <ul style="list-style-type: none"> <li>Offer for Sale by existing shareholders</li> </ul>                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Total Offer Size</b>                                  | <ul style="list-style-type: none"> <li>INR 6,203 – 6,319 million (implied equity valuation of INR 44.63 – 45.45 bn)</li> </ul>                                                                                                                                                                                                                                                                                                                            |
| <b>Price Band</b>                                        | <ul style="list-style-type: none"> <li>INR 540 – 550 per share. Issued at INR 550 per share</li> </ul>                                                                                                                                                                                                                                                                                                                                                    |
| <b>Retail Discount</b>                                   | <ul style="list-style-type: none"> <li>INR 15</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Total Offer Size as % of Post Issue Capital</b>       | <ul style="list-style-type: none"> <li>~14%</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Percentage of Offer Size Available for Allocation</b> | <ul style="list-style-type: none"> <li>QIB Tranche: 50% of the Offer Size (5,800,000 shares)             <ul style="list-style-type: none"> <li>QIB Anchor Investors: Can be allocated up to 60% of the QIB Tranche (3,480,000 shares)</li> </ul> </li> <li>Non-Institutional Investor Tranche: Minimum 15% of the Offer Size (1,740,000 shares)</li> <li>Retail Individual Investor Tranche: Minimum 35% of the Offer Size (4,060,000 shares)</li> </ul> |
| <b>Distribution</b>                                      | <ul style="list-style-type: none"> <li>Reg S and Rule 144A</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Use of Proceeds</b>                                   | <ul style="list-style-type: none"> <li>Not applicable</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                          |

## Shareholding as on June 30, 2016



## Contact us

### About Dr Lal PathLabs Limited (LPL)

Dr Lal PathLabs Limited is one of India's leading consumer healthcare brand in diagnostic services.

It has an integrated nationwide network, where patients and healthcare providers are offered a broad range of diagnostic and related healthcare tests and services for use in: core testing, patient diagnosis and the prevention, monitoring and treatment of disease and other health conditions. The services of LPL are aimed at individual patients, hospitals and other healthcare providers and corporates. The catalogue of services includes 1,110 test panels, 1,934 pathology tests and 1,561 radiology and cardiology tests.

As on March 31, 2016 LPL's has 172 clinical labs (including National Reference Lab at Delhi), 1,559 Patient Service Centers (PSCs) and 4,967 Pick-up Points (PUPs). In FY15 and FY16, LPL collected and processed approximately 21.7 million samples and 26.3 million samples from approximately 9.9 million and 12 million patients, respectively. Additional information on Dr Lal PathLabs Limited:

Corporate Identification No: L74899DL1995PLC065388

Website: <https://www.lalpathlabs.com/>

### For further information please contact:

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E-mail: [dilip.bidani@lalpathlabs.com](mailto:dilip.bidani@lalpathlabs.com)

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**CDR, India**

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[urvashi@cdr-india.com](mailto:urvashi@cdr-india.com)