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February 12, 2018

The National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051

The Bombay Stock Exchange Ltd
Phiroze Jeejeeboy Towers
Dalal Street,
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 to discuss the Company's unaudited financial results for Quarter/Nine Months ended December 31, 2017, on Friday, February 09, 2018 at 02.30 P.M. local time.

Dr. Velumani A., Ph.D., CEO, Mr. A. Sundararaju, CFO, Mr. Sachin Salvi, GM-Finance and Mr. Vatsal Goyal, Head-Strategy & Corporate Development, represented the Company.

Yours Faithfully,

For **Thyrocare Technologies Limited,**

Ramjee Dorai

Company Secretary and Compliance Officer

THYROCARE TECHNOLOGIES LIMITED

Thyrocare – 09-02-2018

- **Operator**

- Ladies and gentlemen, good day and welcome to Thyrocare Q3 FY'18 earning conference call hosted by Prabhudas Lilladher Pvt. Ltd. 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 on your touch tone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Prateek Jain from Prabhudas Lilladher Pvt. Ltd. Thank you, and over to you, sir.

- **Mr. Prateek Jain – Prabhudas Lilladher Private Limited**

- Hi, good afternoon, everyone. This is Prateek from Prabhudas Lilladher. I thank the Thyrocare management team for giving us the opportunity to host this call. From Thyrocare we have with us today, Dr. A. Velumani, CEO, Mr. A Sundararaju, CFO, Mr. Sachin Salvi, GM Finance and Mr. Vatsal Goyal, Head, Strategy and Corporate Development. I now hand the call to Thyrocare management team for their opening remarks. Over to you, sir.

- **Dr. A Velumani - CEO, Thyrocare**

- Hello, Good afternoon, this is Dr. Velumani. We have got on our hands yet another quarter, yet another happy quarter. And the numbers were on and the numbers were available and the numbers must be in your hand. And as far as the business is concerned in spite of all disruption, in spite of all challenges, in spite of all competitions, we have been doing fairly well. I wouldn't tell that it's going on as I dreamt. We were always looking at 25% CAGR. And may be if we correct it for last 5 years, still we are 25% CAGR. Overall this quarter and last quarter haven't got us as much as I expected. And the reason internally our people assessed is that last year we had better quarters in quarter 2 and quarter 3. And we have spent a lot of money on advertisement in the last year for quarter 2 and quarter 3. This year we have not spent, so, that appears to be the reason why we haven't got good numbers. Overall I am happy with the top line growth. It's year till date roughly around 19%. And we could maintain better operating margins, a better EBITDA. So, if I am asked, Dr. Velumani, why this year your number which is not as good as you always say. I would say that this year, we didn't do that aggressive a promotion because of which we have a better EBITDA, rather than a

better growth. But having said that I have another 45 days in hand. I could dilute some of my EBITDA and could get some more number but that is something which I, we can do it and we should be doing it. So, that is about our business in totality and overall costs have not gone up, so I am quite happy about that. And the EBITDA has improved there.

- As far as radiology business is concerned we have gone on a slow track. Because there appears to be no big market as of today in radiology. We did launch a business with the disruptive pricing so called. But disruptive pricing works only in a market where the volumes are too high. And we did disruption and because of which our competition did not find it easy to go or move ahead. So, they also reduced the rate. Today all of us are operating at a rate which is half of the rate, which was prevailing in 2010. But all of us are doing lesser number of scans. None of us are doing good number of scans which says that as on today oncology market is not big. A shock to everyone. And when we reason out the reason why the radiology market is not big. The numbers of oncologists in the country are limited, number of cancer cases are high and oncologists are only aware of PET CT and oncologists are only consuming the PET CT and the market is getting constrained by the number of oncologists in the practice. So, this has been agreed upon as a reason by the vendors and by the players. And we need to do knowledge creation and an awareness creation for MD general medicine doctors to other specialist doctors which we say will be a matter of time. Because of which we have put on hold the next Cyclotron roll out date. And we will be working on only on Cyclotron for some more time. We might add some more PET CTs because we have FDG access in this Cyclotron and we might do at least 12 to 15 PET CTs by the end of another 12 months. Having said that, looks that we have done better radiology business than the pathology business in terms of growth, very nascent business. The business still has not reached any saturation levels in terms of capacity. So, we expect this business to continue to grow somewhere between 30% and 40% year over year and that would take at least an additional 7-8 years to see a overall profitability compared to that of pathology. So, we would be not commenting to or becoming too positive and too happy about the current growth. It is a very nascent business. So, this is about the opening remarks. And I will talk something more in the concluding remarks, if adequate number of questions don't cover the entire space which we are going to discuss about. Now I allow the questioners, questions to come forward and I will be answering to them.

- **Operator**

- Thank you very much, sir. Ladies and gentlemen, we will now begin with the question and answer session. Anyone who wishes to ask a question may please press star then one on their touch tone telephone. If you wish to remove yourself from the question queue, you may press star and 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. We take the first question from the line of Laxmi Narayanan from Catamaran. Please go ahead.

- **Mr. Lakshmi Narayanan – Catamaran**

- Thanks for taking my question and congrats on a good set of numbers. I have two questions, the first question is that from the total touch points for you, what's your footprint of towns as well as labs that you have actually touched now, and then what's now, you had given some time back that the total labs that are there in the country is 1 lakh thereabouts. If you can just give a colour on the last one year. What kind of footprint expansion you have got by going deep in terms of towns or going deep in terms of number of labs. And how do you plan to enhance this footprint going forward, that is the first question. Second question is that we have this internet based aggregators like Practo, etc. what has been the revenue contribution from them broadly and then what kind of growth you actually expect from them? These are my two questions.

- **Dr. A Velumani - CEO, Thyrocare**

- Right, the question number one is, we all have a challenge whether to go to the market based upon the per-capita income or based upon the population. India is a country where around 70% still are not in towns and cities. So, trying to reach each and every district headquarters at times is not working out because some district have no revenue and they don't have a budget and they don't have true health care need as matured as that of Bangalore, Pune, Mumbai and Delhi. So, we always have been realigning ourselves. In a need we go down to the smaller towns and then we realised smaller towns do not give us revenue and come back and focus on the bigger cities where the competition is more and the customers are more and the laboratories are more. My dream was and is that we must reach to markets where competition is less and availability of services are less. So, if you take any town less than 2 lakhs population, I don't think any operator is present near us. All competition is between populations above 2 lakhs cities. I don't have a specific figure to tell how we have travelled through different markets and different sizes of cities. But I must tell you we were having around 1000 collection centres 12 months back. Today we have around 2000 collection

centres because we have reduced down the entry barriers by telling them you can directly deal with us online, you don't have to pay deposits. But discipline aspects have got some challenges. So if you ask me we are experimenting as to which geographies give us better revenue based upon our investment and we are still not clear, so I wouldn't be able to give you correct numbers for your question number one. Question number 2, these start-ups all have found wellness and preventive care is the growing business, the customer comes back and sickness as a business is not available for these people because sickness gets into the hospital and hospital is managing sickness. So all such start-ups who have come in last three five years have wellness as 90% of their revenue. And for their revenue of wellness we are the wellness people so there is a good number of people who are already giving business to us. And if you want me to give you some numbers there are 10 players actively doing business with us in which one or two players have turnovers more than 5 crores per annum also. Remaining guys have only 20 lakhs, 30 lakhs per annum turnover, bigger the size and bigger is the turnover and all of them are struggling to get more patients and they are with us and we are happy about that.

- **Mr. Lakshmi Narayanan – Catamaran**

- Do you mean to say that 5 crores is the revenue they have with you per year, that's that you mentioned, right.

- **Dr. A Velumani - CEO, Thyrocare**

- That means they have got at least 10 crores revenue from the market.

- **Mr. Lakshmi Narayanan - Catamaran**

- Okay, and how much that accrues to you, 50% of it or?

- **Dr. A Velumani - CEO, Thyrocare**

- 20% goes for execution and 30% goes for them and 50% is with me.

- **Mr. Lakshmi Narayanan - Catamaran**

- Okay, fair enough. That means there is close to around 10 crores to 12 crores per annum is the run rate with these start-ups for you in terms of revenue, am I right.

- **Dr. A Velumani - CEO, Thyrocare**

- It is around 20 crores.

- **Mr. Lakshmi Narayanan – Catamaran**

- Okay, thank you, sir, I will come back in queue.

- **Operator**

- Thank you. Participants if you wish to ask a question, you may please press star and one. We have the next question from the line of Prakash Kapadia from Anived PMS. Please go ahead.

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

- Thanks for taking my question.

- Sir, if I look at you know the standalone business, the diagnostic business, two quarters of lower than expected growth, so is it high base or now you would say the B2B part which is 70-75% revenues which is you know seeing slowdown. So if you could give us some sense on the B2B part in terms of the specific challenges given, you know, some of the comments you mentioned of private equity money, number of players, so do you think consolidation is happening and going forward what is the outlook on B2B part of the business. Are there larger clients now going to increase wallet share, so some sense on B2B part.

- **Dr. A Velumani - CEO, Thyrocare**

- See, the B2B business is very, very dicey business because people go for a brand which offers a lower rate and in diagnostic let me very honestly tell, brands are not ruling, it is the price that is ruling. Around 10% of the consumers are brand conscious, and 90% of the consumers don't know that there is a brand actually in this space. So the pricing is ruling and everybody who comes in is doing a pricing and all of them think that if we price like Thyrocare we can become as tall as Thyrocare, this is how they all get inside. Now what happens whether they continue to grow or they give up after six months, or two years or three years we don't know how deep is their pocket, but they keep burning.

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

- Okay, and that deep pocket is coming on the back of some these start-ups getting funded by private equity money or somewhere this has to get rationalized.

- **Dr. A Velumani - CEO, Thyrocare**

- It won't get rationalized because it is a pyramid of new entrants, some come with 10 lakh budget, some come with 10 crores budget, some even having PE money of 50 crores. So this is a spectrum and this spectrum is not going to end because everybody is going to learn a lesson and then only he will give up. So this is happening across the country in different cities, and that overall is not allowing big players to consolidate at around 30-40% as much as they deserved or dreamt about. Now in spite of such disruptions we are still growing is one happy way of looking at it. And another positive thinking is maybe this they will realize and they will give up. But then I don't think what a man who does today is tomorrow not there, a new comes he thinks that I can also do and they all come in. Those guys who were there five years back are not there today, but today there are more people than what number of people we had five years back, new people, and different people. Now this is not to give a negative picture about the potential tomorrow, this is evolving business, this is an unorganized business, and this is bound to be like that and the growth of the organized sector would happen in spite of that. If there is some government regulations which come, currently I have heard in some of the states they don't allow technicians to run the laboratories which was happening rampantly. So a regulatory control might come, pricing control might come, all of them are likely to impact our numbers whether positive or negative depending upon the player and the case locality. So if you ask me we are also aware that we are in a market where pricing is ruling and everybody has some kind of comfort to price it temporarily to see what impact it has got and that disturbs us. We are more disturbed because we are more B2B, and B2C client is not running away from a brand because it is not cheaper, but B2B clients are so sensitive even 5% saving they will jump to another brand.

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

- But, sir, you, you have always historically mentioned you know the back end processing, the kitchen which you have built to support this endeavour is low cost and that is why we are far better and we have a more sustainable model as compared to others. And we have always maintained we will take on the route to volume growth rather than margin expansion to grow the B2B part of the business which is what we have been doing historically. So from here on as investors how should we look at because this is the larger part of the business, and this business for whatever external factors continues to face challenges then the high growth in the diagnostic business would not come back in a hurry is what I am sensing it.

- **Dr. A Velumani - CEO, Thyrocare**

- Yes, I did expect some faster movement of unorganized to organized, it is not happening. And I think it is going to take a long time for unorganized players to realize it is not their cup of tea. Having said that there is a peculiar pattern seen in diagnostic laboratories, I must explain you what it is.

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

- It will be very helpful.

- **Dr. A Velumani - CEO, Thyrocare**

- Somebody who does upto 100 samples a day is making a lot of profit. Then he gets into B2B disruption thinking that if I increase my volume, my profit will increase. When they cross around 500 samples to 1000 samples their profitability has vanished because without a system you can't scale up, system comes at a cost, without multi-city operation you can't scale up, multi-city operations have their own cost, without accreditation you can't get volume and accreditations and other things have their own associated cost. So when they cross around 1000 to 2000 samples, their profitability has vanished. Then once again profitability comes only when you cross around 7500 to 10,000 samples. So this peculiar pattern no one is seeing from outside, everyone comes inside and then they realize that all business is good when you don't have additional overheads, but all overheads when you execute you don't have an EBITDA to enjoy. So this is the typical unorganized organized, organized balance sheet are wonderful, unorganized balance sheets are wonderful. The unorganized guys if they become aggressive they only burn and they only compete and they only reduce the rate but they never get through to the other side. So this is what is the pattern I am observing. And investors expected even I expected that this unorganized players will not be able to grow but I think that is a country of 1.25 billion size and laboratories around 125,000 laboratories it is going to take its own time.

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

- Okay, understood. And, sir, on the nuclear part of the business you know I wanted to get some perspective, cancer detection is one part for which we are trying to build a business model and make it low cost and ensure efficiency and we have been partly successful in terms of pricing and getting competition pricing down. How do you tackle some of the softer issues from a patient perspective, because detection is one part, the other thing is hospital, family stay, patient care, chemotherapy. Do you have some comments with hospitals, counselling, tie-ups how do move forward.

- **Dr. A Velumani - CEO, Thyrocare**

- Let me tell you when it comes to cancer it is unfortunate, very little is done in diagnostics, and in therapy very, very little is done. When I say so the outcome of therapy is very sad, only 5% to 10% of the cases are treated truly. Remaining 90% are only spending money and not getting treatment. Unfortunate because of the disease, not because of any technology lacking in the country or any infrastructure lacking in the country. Having said that they are undergoing a trauma and there are no one who is talking to the cancer patient. Oncologists are as I said too little in number, there are hardly any NGOs who engage with cancer patient and counsel them. This is a segment of illness which is not truly coordinated well between patient, diagnostics, therapy and all the stakeholders. This is a challenge and the challenge continues.

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

- And, sir, lastly on you know the B2B part, you said you know obviously consolidation will take its own time and effort. So you know some of these laws are state specific and some of these are from the centre, so in India unless and until something is really enforced, it is unlikely some of these things will change. So it has to be state law driven or it has to be central government driven, you know in some of the macro level changes you hinted at in terms of the B2B part of the business.

- **Dr. A Velumani - CEO, Thyrocare**

- To be very honest with you, medical field is the most complicated field because as a country there is hardly anything, the central government has budget or power, the state governments only have to work on. Different state governments have different priority. So it is a very complex medical space in the country. Having said that, everybody is moving positive though it is very slow. Some states have started implementing, some states are just thinking when to start implementing so that will continue. Maybe by 5 years 10 years today industry will come stand where you can't just like that start a laboratory, you need 10 approvals and you have to go and get those 10 approvals. So this is likely to happen and it will take anywhere from 5 years to 10 years. Also government of India has been concerned about MCI and there has been a tussle going on between MCI and government of India, government wants to create a separate council for it and it wants to manage it and there is fluidity as of today who will win and how it will be administered. And also government has recently announced, ambitious insurance scheme, I think 10 crore families, which is likely to impact the industry. Players might get more business and government will spend from their

pocket and since it may come as free for the consumers they may start consuming. So I am very happily surprised about the budget announcement, but you know a lot in government it takes a lot of time to get implemented.

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

- But we are okay to do that at our terms and conditions.

- **Dr. A Velumani - CEO, Thyrocare**

- Yes, yes, I think with all said and done, currently Indian health care market is only spent by the out of pocket expenses of a customer because of which he doesn't undergo any test and he avoids test. Once the government is going to pay or the insurance scheme is going to pay the diagnostics consumption will go up and therapeutic output will improve.

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

- Understood, appreciate your thoughts and all the best.

- **Dr. A Velumani - CEO, Thyrocare**

- Thank you.

- **Operator**

- Thank you. We take the next question from the line of Mr. Rohan Advant from Multi Act. Please go ahead.

- **Mr. Rohan Advant – Multi Act**

- Yeah, thanks for taking my question. Sir, if you look at our segments this quarter, actually sickness has done better than aarogyam, so just wanted your thoughts on that. And second question was our other expenses as a percentage of revenues are lower, and they've come down sequentially in absolute amounts also. So your comments on that, thanks.

- **Dr. A Velumani - CEO, Thyrocare**

- Yeah, the wellness business has not come down as perceived looking at the numbers. Last year same season we were at a peak in our wellness business. We had a budget to spend and we spent a lot. So last year wellness growth was abnormally high and this year we have not spent because of which it looks it has not really grown. But if you take overall, last two years numbers, both of them are

doing pretty similar in terms of growth. So that is about the wellness and sickness. And in terms of you know growth I am, I did something some four years back, we had a better EBITDA and we thought we must reduce the rate and we reduced the rate and the growth again had come back, and if you recall the numbers we were as low as 10% growth at one particular year 2013. So today if we feel that growth is percentage wise going down, we can dilute the EBITDA, but I can promise one thing even if you dilute the EBITDA, the EBITDA will not get diluted. This is the comfort of the business. So when to do it and how to do it we need to see, I want to wait till April first and see this year are we plotting around 23-24, or are we going less than 20, if we go less than 20 we would be diluting our EBITDA for next year.

- **Mr. Rohan Advant – Multi Act**

- But, sir, I mean to your understanding the sensitivity of advertising to aarogyam was higher than what you thought because if there was a very natural structural tailwind of more people wanting to do preventive then the sensitivity of it to advertising would not be as high as what is now shown by the numbers. Is that a right understanding?

- **Dr. A Velumani - CEO, Thyrocare**

- What I have understood in the last ten years, we did spending of some 25 crores some five years back, and last year, year before last we have spent around 40 crores the second time. Both times I have understood advertisement is not the right way to grow the business. So that is something which we should be not doing in future. We must do some digital marketing. I think we should work on B2B marketing which is wonderful. In between we felt B2C marketing makes sense only because all the private equity people who came in gave me expert intelligence. Then we have experimented, that also today we realized that B2C to get is very difficult, very little is coming and a lot of money has to be spent. B2B on the other hand is fairly good and let us work on it.

- **Mr. Rohan Advant – Multi Act**

- Okay, understood. Sir, on the other expenses if you could just share your comments on we having come down.

- **Dr. A Velumani - CEO, Thyrocare**

- Mr. Sachin will talk on it because he has some numbers in hand.

- **Mr. Sachin Salvi – GM, Finance, Thyrocare**

- So there is no much deviation as far as the expenditure is concerned, expenditures are almost in line with the revenue. There are certain service charges and sales incentive which we were paying in earlier financial periods which have reduced a bit because we have opened our own channel of serving the customer in terms of the BTECHs, but otherwise the other expenses are almost in line with the revenue growth.

- **Mr. Rohan Advant – Multi Act**

- Because if I look at your December '16 quarter there were 26% of revenues which are now 21.8%. So it looks they have stayed the same in absolute numbers but our revenues have actually grown.

- **Dr. A Velumani - CEO, Thyrocare**

- I want you to look at year till date numbers because quarter to quarter a lot of variations are there depending upon the time of raising the bill and paying the amount. So what I overall look at is last year we were paying little better incentives for a business which had given better growth. This year we wanted not to give and to see what is happening, and not giving has resulted in lesser revenues that is obvious.

- **Mr. Rohan Advant – Multi Act**

- Okay, understood, thanks for taking my questions and all the best for the coming quarter.

- **Dr. A Velumani - CEO, Thyrocare**

- Thank you.

- **Operator**

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  Thank you. We take the next question from the line of Srinivas Seshadri from Mirabilis. Please go ahead.

- **Mr. Srinivas Seshadri - Mirabilis**

- Sir, good afternoon. So I had one question particularly with respect to the sickness, though overall wellness has not done, overall numbers are supported by the sickness, which has grown by over 30%. Is this more of the usual vector

borne diseases having been kind of concentrated in a particular quarter or is there any other reason for this having grown so fast.

- **Dr. A Velumani - CEO, Thyrocare**

- Yeah, let me clarify this business is a very, very peculiar business. Even people in the business don't understand the business. So, let me tell you it is like you know debt and equity. And in equity also some kind of high risk equity, low risk equity. In laboratory business we don't do what is known as sickness at all. Thyrocare is not having any business of sickness more than 1½-2%. In the wellness business certain things are packaged business, certain things are retail business, or ala-carte business. In the packaged business is what we call as wellness business and the a-la-carte business for the understanding of investors we call it as illness. Because somebody wants one test means he has that problem and he is undergoing that test. Whereas wellness package is some common man who don't have any specific problem or the one who has a specific problem but he wants to do the complete package. So, there is an overlap between our own illness and our own wellness. And in the market place what is known as true illness, sickness is not really what we are doing because we don't do H1N1, we don't do any of that kind of fever related business. So, to answer to your question, sorry, I don't know from who, where it came.

- **Mr. Srinivas Seshadri – Mirabilis**

- Please go on.

- **Dr. A Velumani - CEO, Thyrocare**

- Yeah, to give you a clear picture. The packaged business is what business pushed by the company in the wellness segment. The retail business is the business which are done by the local pathologies depending upon the customer relationship and customer need. So, that we call in, in our balance sheet and in our communication as non wellness. So this is not truly because of the any epidemic. It is not truly because of some breaking of some kind of fever related issues. There were some which used to give better growth for my competition which was one year back or two year back, even this year there are some seasons where some of the PCR test which are needed for diagnosing why this infection is. And that business is not with us. So we don't have that contributing for up and down.

- **Mr. Srinivas Seshadri – Mirabilis**

- Okay, so, what explains this kind of sudden blip in the growth which was not seen?

- **Dr. A Velumani - CEO, Thyrocare**

- No, no as we said very clearly, we did splurge money to see whether this growth once splurged will give us some tailwind for couple of more years. But the tailwind hasn't helped. Because of which it looks that the preventive care profiles are not growing. And the sickness has been, the retail has been growing normally because they are not growing because we are aggressive or we are advertising it. It grows because the customer has to get his tests done and then he comes to the laboratory and the collection centre. So, that is having a steady growth. We have better growth of preventives for last years and this year we don't have that good growth. It is obvious.

Mr. Srinivas Seshadri – Mirabilis

- Got it, got it and just going back to your earlier comments, when the previous caller had asked in your opening comments as well. You said that probably a mass advertising is not a very sustainable way of doing things and talking about more of B2B promotions. So, if you could elaborate on what exactly are the initiatives you are taking to restart this growth over the next year or so? I mean whatever has worked in the past has kind of come to some kind of full stop. So, that would be good.

- **Dr. A Velumani - CEO, Thyrocare**

- Yeah. As far as advertisement is concerned, if we spend 100 rupees we get a revenue of only 30 rupees in that year and the 10 rupees in the next year. So, 40 rupees revenue only comes when we do the advertisement of 100 rupees. So, that is not at all a route. But having said that had I not done it 10 years back, my brand would not be known to anyone. Even B2B operators need to connect with the brand. So, after 10 years more when I came for an IPO, I thought during an IPO let me do another 40 crore rupees and see, what kind of impact today the market has got. That time probably market was not responding because market was too small. Even now it is very clear for a diagnostic laboratory, television and newspaper advertisements are too costly and they don't give revenue. And this is a lesson learnt and for another 5 years we will not be splurging there. Coming to B2B, B2B number of clients coming to us also might be related to that advertisement because laboratory man sees, who is the brand who is the visible to the common man. So, there is kind of some overlap of spending which we have done for B2C, supporting in B2B also and because B2B support might

continue for longer period, B2C growth will be very temporary and it will not continue. So, these are all learning we are doing. It is not that we know a lot and we can use all our intelligence. Every year we do some experiment and find out. Coming back to your question, what is the plan now? Plan now is to work on a better rate for the B2B. As such we are cheapest in the entire world. Yet we are having the best balance sheet or a best EBITDA, why not we dilute some and see growth because the growth makes more thrill not the profit. So, we will plan and do things in such a way, we lose 5% EBITDA and we have at least additional 20, 15, 20% growth. But nothing that I can guarantee, but I can only experiment it.

- **Mr. Srinivas Seshadri – Mirabilis**

- Fair enough. Thank you, sir. I have few more questions but I will come back in the queue.

- **Dr. A Velumani - CEO, Thyrocare**

- Yeah.

- **Male Operator**

- Thank you. Participants who would like to ask questions, please press star and 1. We take the next question from the line of Vikas Kasturi, an individual investor. Please go ahead.

- **Mr. Vikas Kasturi – Individual Investor**

- Hello, sir.

- **Dr. A Velumani - CEO, Thyrocare**

- Hello.

- **Mr. Vikas Kasturi – Individual Investor**

- Sir, I had a question. What is the amount of money that you had invested in nuclear and in waters? From the last call I understand waters you will kind of disposing it out.

- **Dr. A Velumani - CEO, Thyrocare**

- Yes.

- **Mr. Vikas Kasturi – Individual Investor**

- I just wanted to get the amount that you invested in these two businesses, sir.
- **Dr. A Velumani - CEO, Thyrocare**
- In waters, I only invested 2½ crores. 2 ½ crores in the water business.
- **Mr. Vikas Kasturi – Individual Investor**
- Okay.
- **Dr. A Velumani - CEO, Thyrocare**
- And in the nuclear business, we have so far invested around 100 and
- **Mr Sachin Salvi - Thyrocare**
- 85 crores.
- **Dr. A Velumani - CEO, Thyrocare**
- 85 crores we have invested on, in the business of nuclear. Some of the investments have gone into the real estate buying. We have done an 85 crores of investments.
- **Mr. Vikas Kasturi – Individual Investor**
- Okay. Thank you, thank you for that.
- **Dr. A Velumani - CEO, Thyrocare**
- Thank you.
- **Male Operator**
- Thank you. Participants who would like to ask questions, please press star then 1. We take the next question from the line of Srinivas Seshadri from Mirabilis. Please go ahead.
- **Mr. Srinivas Seshadri – Mirabilis**
- Yeah. Thanks for the opportunity again. Doctor, one question is that mostly business scales you mentioned in the past, one, one way to grow is through the reach through various cities and towns, which is what you were earlier alluding to also.

- **Dr. A Velumani - CEO, Thyrocare**

- Yes.

- **Mr. Srinivas Seshadri – Mirabilis**

- Now with this and especially as connectivity is very critical because you need to get those samples in time and tested. So, recently this under this Udan Scheme, a lot of new small airports have got opened up. So, how are you seeing this whole thing before you. Does this open up new markets or are there certain constraints in terms of how you reach these smaller cities based on this?

- **Dr. A Velumani - CEO, Thyrocare**

- Wherever the new airports are coming, we are already present, you know the earlier airports are in 60 cities and now another 20 cities are targeted. So, that is not the truly a market which we are not present, there are all the markets we are already present. Only thing is when a connectivity comes the areas around that cities will start looking at you know, sending the business to, to Bombay or nearest city, where we have our regional processing laboratory. So, if you ask me, more airports, more prosperity and more per capita income and more business. And I recently read that Mumbai airport is 100% utilised. I recently read Bangalore has grown around 20%, 30% in the passenger traffic. So, it is all to do with improvement in our per capita income of Indians and in health care especially the wellness segment has a lot to do with the per capita income and every such scheme announced we feel motivated, it will grow the business, how much we don't know.

- **Mr. Srinivas Seshadri – Mirabilis**

- Okay, and, and is there any local promotion activity when such things happen or is it more general pick up and your clients reaching out to you which happens, just wanted to understand if you take certain initiatives on the back of this.

- **Dr. A Velumani - CEO, Thyrocare**

- We will continue to do digital marketing where metro cities is or what our B2C market is. In the smaller towns we still would to continue to allow our laboratories to enjoy their business. Because it is not easy for you keep on reaching to every customer directly and that is not our business objective and business model either. So, whenever we want to go to a city where population is around 3 to 5 lakhs rupees, currently we may not have business. So, we send an executive there, he will prime the laboratories and make them understand, how simple is it

to open an account with us and start sending business and he will do a handholding for a month or two. And then that cities state procuring and getting bigger and bigger. So, if you ask me these kind of things we have been doing for the last 10 years. Every year we pick up 10 cities and work on them. But that is the game which continues and the number of cities never ends. Smaller becomes bigger and that becomes in our radar an important city. This is a continuous story and this is not just done in papers.

- **Mr. Srinivas Seshadri – Mirabilis**

- Got it, got it. And, doctor, the final question is on the new TB testing initiative you have started. There how was the traction been in terms of reaching out to clients and what kind of, kind of initial cost prospects do you see?

- **Dr. A Velumani - CEO, Thyrocare**

- Yeah. Now you know, with all said and done, wellness has to wait and wellness has to grow along with the per capita income. And the per capita income of the country is not in my hand. It is in the hands of the Prime Minister. We felt that let that business continue, it may grow 15%, 18%, 20%. We need to do something for us to grow. And we found tuberculosis as a disease nobody has focused in the country. And when I did the brand of Aroygam, that time no one was focused on wellness and I am very happy that it is supporting me. So, today we felt that tuberculosis is very big catastrophe and people are not focused on that disease. So, we felt that we must have a brand focus on TB and work focused on TB. So, that we will get the attention of the hospitals and we will get the attention of the medical communities who are dealing with tuberculosis. To give you a little more in my own way talking. In Thyroid no one dies and I have created half a billion dollar brand. In tuberculosis it is very difficult to survive if it is not treated. We can create even 10 times bigger brand than Thyroid business. But it is a matter of time. That has no blend as the testing material. That has sputum as the testing material and that is a very different ball game. One is like cricket and another is like football. But then we have decided to embark on focused TB and work on it with a separate team and we expect by 2030 both the brands, Thyrocare and focused TB will have a same kind of top line.

- **Mr. Srinivas Seshadri – Mirabilis**

- Okay, okay. So, you are very positive from...

- **Dr. A Velumani - CEO, Thyrocare**

- Yeah, yeah. I am positive. It also will take its own time it won't be overnight with sudden result. But according to me in tuberculosis we have a huge unaddressed market and this market is, will get organised if you will put a branded proposition in front of the market.

- **Mr. Srinivas Seshadri – Mirabilis**

- Okay, okay, great. Thanks a lot for answering all these questions.

- **Dr. Vellumani - CEO, Thyrocare**

- Thank you.

- **Mr. Srinivas Seshadri – Mirabilis**

- Yeah.

- **Male Operator**

- Thank you. We take the next question from the line of Amish Kanani from J M Financial. Please go ahead.

- **Mr. Amish Kanani – J M Financial**

- Yeah, hi, sir. Sir, I was wondering whether you know, the news reports of government considering the pricing in the sector. How do you see that movement, one in terms of on the ground, is it gaining ground and two, do you think we are as a player are being very competitively priced, should we be benefiting out of that or should be neutral about it and what are thoughts surrounding that, sir?

- **Dr. A Velumani - CEO, Thyrocare**

- Yeah, number one, it will happen. Number two, how long it takes we don't know. Number three, what and all will be sealed, what and all will be open also, we will not know. Number four, we will be the beneficiary if it comes. And if I have to quote some major profiles of some major tests of mine. Thyroid test we charge 300 rupees from a common man and some people charge as high as 600, 900 and 1200 and I have recently heard, some of the star hospitals charge even 1800. So, obviously when capping comes, I will be seen as below the cap man. So, Vitamin D some people charge 2000 rupees, we charge 400 rupees. So, there is a huge spectrum. For PET CT everybody charges 20,000 to 25,000, we charge 8,000 to 10,000. So, I think in fact if you ask me what single wish you have got, I wish before another quarter comes a lot of regulations have come in,

in terms of pricing and I will not have to keep answering to the question, why there is no growth.

- **Mr. Amish Kanani – J M Financial**

- Okay, okay. And sir, this, this health care insurance market the way it is being discussed and opened up. Sir, the understanding and impression is that it will have more of sickness component and wellness component, which we also have. In that sense, how do you see that market as an opportunity versus you know, a neutral kind of scenario.

- **Dr. A Velumani - CEO, Thyrocare**

- Let us put it this way, there are 4 segments of health care. One is extreme sickness, another is moderate sickness, the next one is apparently healthy and the next one is very, very healthy. 4 segments are there. One which is absolutely sick even now he is spending either to a private or little more or little less. He is anyhow spending because otherwise he will die and the market will get a support, what will get the support is the one who is feeling sick and he is yet not going to the hospital because his cost and his paying balance is not pushing him to spend. That will get enormous booster from the insurance side.

- **Mr. Amish Kanani – J M Financial**

- Yeah, cannot afford and knows he needs the treatment.

- **Dr. A Velumani - CEO, Thyrocare**

- And there is a picture that he will get reimbursed and he will also be keen to get it done even when he is apparently healthy. So, all these segments will get a boost and money coming into it and government spending for a premium for a common man will get, the insurance companies will also be boosted because currently they are struggling to get policies of the common man, he is not truly convinced. However the reason and the delay it will be, it will do a lot good if it is truly implemented.

- **Mr. Amish Kanani – J M Financial**

- Okay. So, you are saying the pot is increasing and anyhow we will get our fair share out of it.

- **Dr. A Velumani - CEO, Thyrocare**

- Yes.

- **Mr. Amish Kanani – J M Financial**

- Oaky. That's all. Thanks a lot and all the best.

- **Dr. A Velumani - CEO, Thyrocare**

- Thank you.

- **Operator**

- Thank you. We take the next question from the line of Shivam Gupta from CVC Investments. Please go ahead.

- **Mr. Shivam Gupta – CVC Investments**

- Hi, thanks for taking my questions. So, the first question I had was on the nuclear piece. Just wanted to know that in the last call we had a milestone you know, we keep adding 40 machines before we take stock of this venture. So, does that milestone need some kind of a revisit?

- **Dr. A Velumani - CEO, Thyrocare**

- Yes. We will be concentrating to get 20 PET CTs till we are convinced that market is there and it needs more capacity. All players are struggling for volumes, that demand is less and the supply is more in this particular industry of PET CT. So, our calculations have, were made thinking that there is a good going for everyone. But I think finally we can't just make the machines to stand and suffer, let us wait and go. So, your question if I have to answer straight, we are delaying our installation of next cyclotron.

- **Mr. Shivam Gupta – CVC Investments**

- Okay. Thank you.

- **Operator**

- Thank you. Participants who would like to ask questions, please press star then 1.

- **Dr. A Velumani - CEO, Thyrocare**

- That's all questions.

- **Operator**
- Yes, sir, we do not have any questions in the queue as of now.
- **Dr. A Velumani - CEO, Thyrocare**
- Right.
- **Operator**
- Participants who would like to ask questions, please press then 1.
- **Dr. A Velumani - CEO, Thyrocare**
- If there are no questions. I will give my summing up of the earning call.
- **Operator**
- Yes, sir, we don't have any questions in the queue now.
- **Dr. A Velumani - CEO, Thyrocare**
- Right. Thank you, gentlemen, for being with us in this day, in this earning call. As we said in the last call and this call, both of them, we are 2 to 3% less then what our growth targets are concerned. And EBITDA has not, I mean, disappointed us. It's a much better shape. I think we have another 45 days in this quarter. We should do some corrections in EBITDA. Let's work on some aggressive plans and produce if possible another 2-3% of growth. And for the year 2018-19, we will be working on what you call us disrupting once again in the B2B market. And find out by any chance if we can once again see 28%, 29% growth. But having said that it looks like everything is an experimentation and whatever we want to do, we can do step by step and learn. And whatever learning we do, we can do the next step. Thank you very much and wish you all a great year ahead.
- **Operator**
- Thank you very much, sir.
- **Dr. A Velumani - CEO, Thyrocare**
- Thank you.
- **Operator**

- Ladies and gentlemen, on behalf of Prabhudas Lilladher Pvt. Ltd. that concludes the conference. Thank you for joining us. And you may now disconnect your lines.