

Thyrocare
Technologies
Limited

Q2-FY18
Presentation

Thyrocare®

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Transition to IndAS (Indian Accounting Standards)

[Rs. in million]	Six months ended 30 September 2016		Quarter ended 30 September 2016	
	Consolidated	Standalone	Consolidated	Standalone
Net profit (after tax) under Indian GAAP	366.35	376.39	202.32	204.02
Add/ (less) : Adjustment for GAAP differences				
Net gain arising on fair value accounting of financial assets/ liabilities (mutual fund, security deposit, etc.)	(9.02)	3.43	(12.36)	(0.18)
Accounting of employees stock options as per Black Scholes valuation model	0.66	0.66	0.09	0.09
Net actuarial gain on employee benefit plans reclassified to Other Comprehensive Income (OCI)	(0.14)	(0.14)	(0.10)	(0.10)
Others				
Adjustment on account of prior period transactions	(1.47)	0.34	(1.43)	(0.10)
Deferment of one time association fees	(0.58)	(0.56)	(0.22)	(0.23)
Recognition of contribution towards advertisement	(165.23)	(165.23)	(165.23)	(165.23)
Deferred tax on the above adjustments	(8.08)	(8.08)	(11.36)	(11.36)
Net profit before OCI/ reserve as per Ind AS	182.49	206.81	11.71	26.91
% change in the net profit on transition to IndAS	-50%	-45%	-94%	-87%

Key IndAS Adjustments:

- Re-imbursalment of advertisement expenses by shareholders – Non reciprocal contributions received from the shareholders are considered as capital contribution and the expenses incurred thereof considering the nature and size are recognized as exceptional expenses.
- Sale of product with sale of services under linked transaction are recognized as single transaction therefore clubbed together. The incentive paid to service provider is adjusted against revenue. The fees collected from service provider at inception is amortized over a period of association.
- As an accounting policy choice adopted, the carrying value of property plant and equipment and the investment in subsidiaries is deemed as the fair value on IndAS transition.
- The trademarks assigned to the Company and Subsidiary are recognized at fair value on the basis of valuation certificate. The value of goodwill is tested for impairment.
- The consideration paid to the manufacturers/ vendors under contractual arrangement for purchase of reagents is bifurcated into lease rental and reagent purchase cost on the estimates basis on the terms of placement of these analyzers.
- The accounts of ESOP trust are consolidated with the company as the controls are exercised on the related activities by the entity.
- The ESOP liabilities have been determined on fair value of options under the Black and Scholes model. The actuarial gain/ loss on employee benefit valuations adjusted through 'OCI'.
- Fair valuation of financial instruments such as interest-free security deposits, investments in mutual funds, long-term advances, etc.
- Deferred tax on GAAP adjustments.

Beginning 1 April 2017, the Company has for the first time adopted Indian Accounting Standards (Ind AS) with a transition date of 1 April 2016. Accordingly, the unaudited standalone financial results have been prepared in compliance with IndAS as notified by the Ministry of Corporate Affairs and prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting pronouncements generally accepted in India

Consolidated Financials

Thyrocare Technologies Limited [Consolidated]

P&L Statement (INR mn, except per share data)

Particulars	Year to Date		YoY Growth	3 months ended		YoY Growth
	30 Sep 17	30 Sep 16		30 Sep 17	30 Sep 16	
Revenue from operations	1,757.92	1,468.93	20%	880.36	781.48	13%
Cost of Materials consumed/ sales	482.28	395.64	22%	259.02	212.91	22%
Gross margin	1,275.64	1,073.29	19%	621.34	568.57	9%
Operating expenses :						
Employee benefits expense	145.79	147.19	-1%	71.97	75.58	-5%
Finance cost	1.82	0.82		-	-	
Depreciation and amortisation expense	93.56	84.57	11%	49.37	43.25	14%
Other expenses	408.53	353.12	16%	193.25	189.48	2%
Total operating expenses	649.70	585.70	11%	314.59	308.31	2%
Operating profit	625.94	487.59	28%	306.75	260.27	18%
Other income, net	84.40	61.73	37%	36.76	30.97	19%
Exceptional items	(21.93)	(165.23)		(1.44)	(165.23)	
Profit before taxes	688.41	384.09		342.07	126.00	
Income tax and deferred tax	(221.64)	(201.60)		(95.49)	(114.30)	
Net profit	466.77	182.49		246.58	11.71	
Earnings per equity share						
Basic	8.69	3.40		4.59	0.22	
Diluted	8.67	3.40		4.58	0.22	

Thyrocare Technologies Limited [Consolidated]

Balance Sheet (INR mn)

Particulars	30 Sep 17	30 Sep 16
Cash and cash equivalents	87.92	107.80
Current investments	1,277.35	1,086.76
Trade receivables	76.09	83.89
Property, plant and equipments	1,536.75	1,483.50
Non-current investments	-	-
Other assets	1,629.03	1,637.50
Total assets	4,607.14	4,399.45
Total liabilities	348.85	383.41
Total equity	4,258.29	4,016.04
Total liabilities and equity	4,607.14	4,399.45

Thyrocare Standalone

Standalone Financials

Thyrocare Technologies Limited

Standalone P&L (INR mn, except for per share data)

Particulars	Year to Date		YoY Growth	3 months ended		YoY Growth
	30 Sep 17	30 Sep 16		30 Sep 17	30 Sep 16	
Revenue from operations	1,639.26	1,458.09	19%*	817.87	775.43	11%*
Cost of Materials consumed/ sales	461.46	379.30	22%	249.10	204.61	22%
Gross margin	1,177.80	1,078.79	18%*	568.76	570.82	7%*
Operating expenses :						
Employee benefits expense	133.47	139.06	-4%	65.65	71.29	-8%
Finance cost	0.88	0.82	8%	-	-	
Depreciation and amortisation expense	56.70	56.24	1%	29.28	28.99	1%
Other expenses	347.08	368.96	15%*	164.34	195.65	2%*
Total operating expenses	538.13	565.08	8%*	259.26	295.93	0%*
Operating profit	639.67	513.71	27%*	309.50	274.89	15%*
Other income, net	79.74	59.96	33%	31.45	31.58	0%
Exceptional items	(21.93)	(165.23)		(1.44)	(165.23)	
Profit before taxes	697.48	408.44		339.51	141.24	
Income tax and deferred tax	(231.25)	(201.63)	15%	(105.09)	(114.33)	-8%
Net profit	466.23	206.81		234.42	26.91	
Other comprehensive income (net of tax)	1.00	0.14		0.14	0.10	
Earnings per equity share						
Basic	8.68	3.85		4.37	0.50	
Diluted	8.66	3.85		4.36	0.50	

*Normalized for the adjustment of revenue/ cost of imaging business in the comparable previous period.

Thyrocare Technologies Limited

Balance sheet data (INR mn)

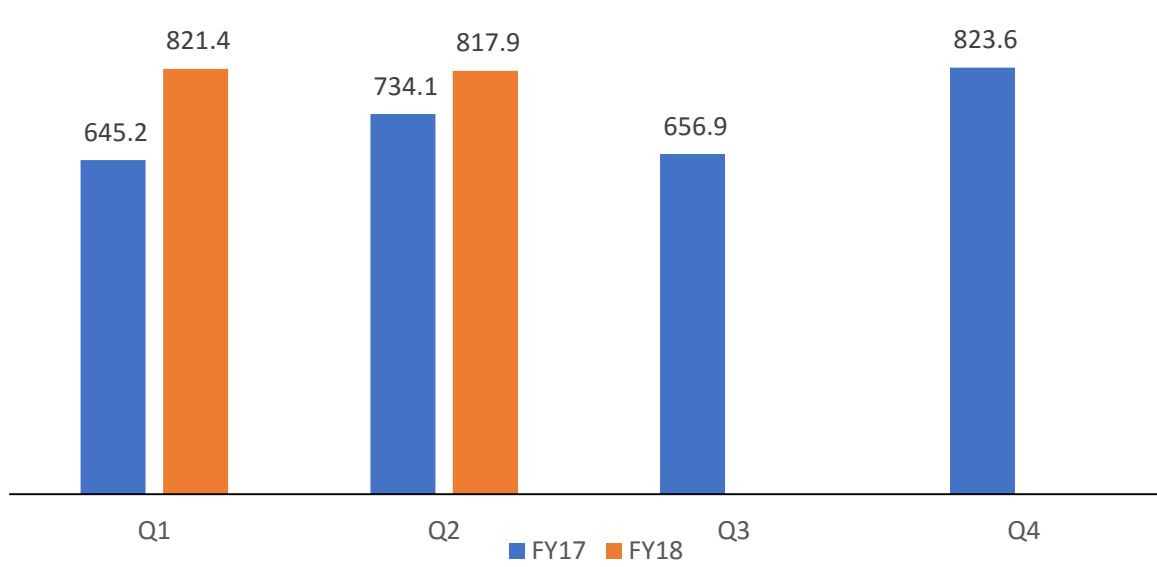
Particulars	30 Sep 17	30 Sep 16
Cash and cash equivalents	80.69	69.47
Current investments	1,277.35	973.15
Trade receivables	72.36	81.18
Property, plant and equipments	893.83	887.11
Non-current investments	1,946.74	1,946.74
Other assets	408.85	502.44
Total assets	4,679.82	4,460.09
Total liabilities	302.72	336.17
Total equity	4,377.10	4,123.92
Total liabilities and equity	4,679.82	4,460.09

YTD Performance Highlights - Thyrocare

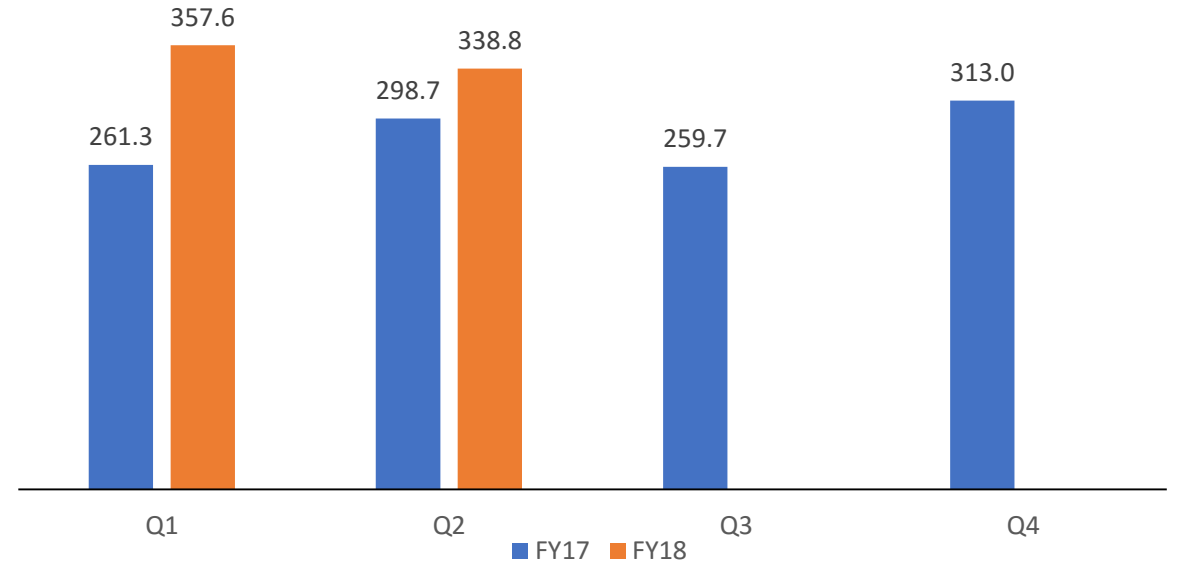
- Six months and Quarterly standalone net profit was INR 466.23 million and INR 234.42 million. The normalized six months and quarterly net profit for the current period after adjusting for the reimbursement towards advertisement from the selling shareholder was INR 488.16 million and INR 235.86 million respectively up 35% and 26%, respectively to normalized net profit for the previous period for the reimbursement towards advertisement from the shareholder and adjustment of revenue/ cost of imaging business in the comparable previous period.
- Six months and Quarterly standalone EBITDA of INR 696.37 million and INR 338.78 million, up 24% and 13%, respectively (Normalized for the adjustment of revenue/ cost of imaging business in the comparable previous period).
- Six months and Quarterly standalone revenue from operations of INR 1,639.26 million and INR 817.87 million, up 19% and 11%, respectively (Normalized for the adjustment of revenue of imaging business in the comparable previous period).
- Revenue from preventive care segment has increased for six months by more than 30% and constitutes about 54% of the total revenue from diagnostic services. The aggressive growth in preventive care segment evidenced in previous quarter/(s) has temporarily slowed down due to seasonal variations, early start of festive seasons, extended rain in western region, disturbance due to heavy rains in Mumbai and other parts of Maharashtra throughout and higher base of the previous comparable period. Revenue per sample for preventive care segment has improved in B2C business. The regional camps conducted in the previous year period on varied blocks of dates has lead to variations in regional revenue numbers in the comparable periods.
- Revenue from sickness segment has increased by more than 10% in part of this financial year compared to previous financial year. The growth in sickness segment is inline with industry and the absolute numbers of the previous few quarter/(s) were discounted on account of JIO credits offered to enhance per sample revenue out of total revenue and to garner more volumes in preventive care segment.
- The gross margins for the six months are corrected for the impact of GST on transition, although many vendors have agreed to abide by anti profiteering measures after due assessment of GST on their businesses in the coming quarters. The current period COGS is increased on account of prior period adjustment of volume discounts agreed in interim period, marginal impact of GST, reclassification changes on transition to IndAS and changes in revenue mix in the current period compared to relevant previous period. After IndAS transition, on clubbing of the revenue from sale of consumables with revenue from diagnostic services and corresponding expenses/ cost thereof being clubbed under COGS, with aggressive dispatch of consumables/ promotional material, the gross margin tend to vary positive/ negative marginally at interim quarterly periods.
- The employee benefit expenses as percentage total revenue has decreased on account of the ESOP2014. The same was constituting 1% of the outstanding paid up capital then and completely deferred out till 31 March 2017. There is no material variations in the other operating expenses other than one time spending in the respective accounting period, if any.

Key Financial Trends - Thyrocare

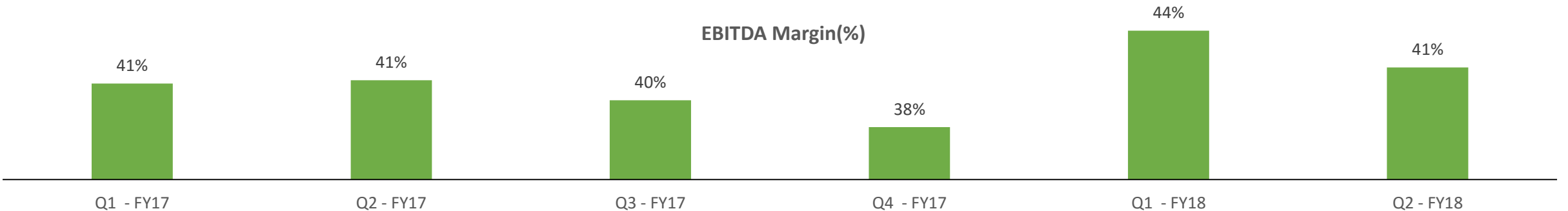
Revenue (INR mn)



EBITDA (INR mn)



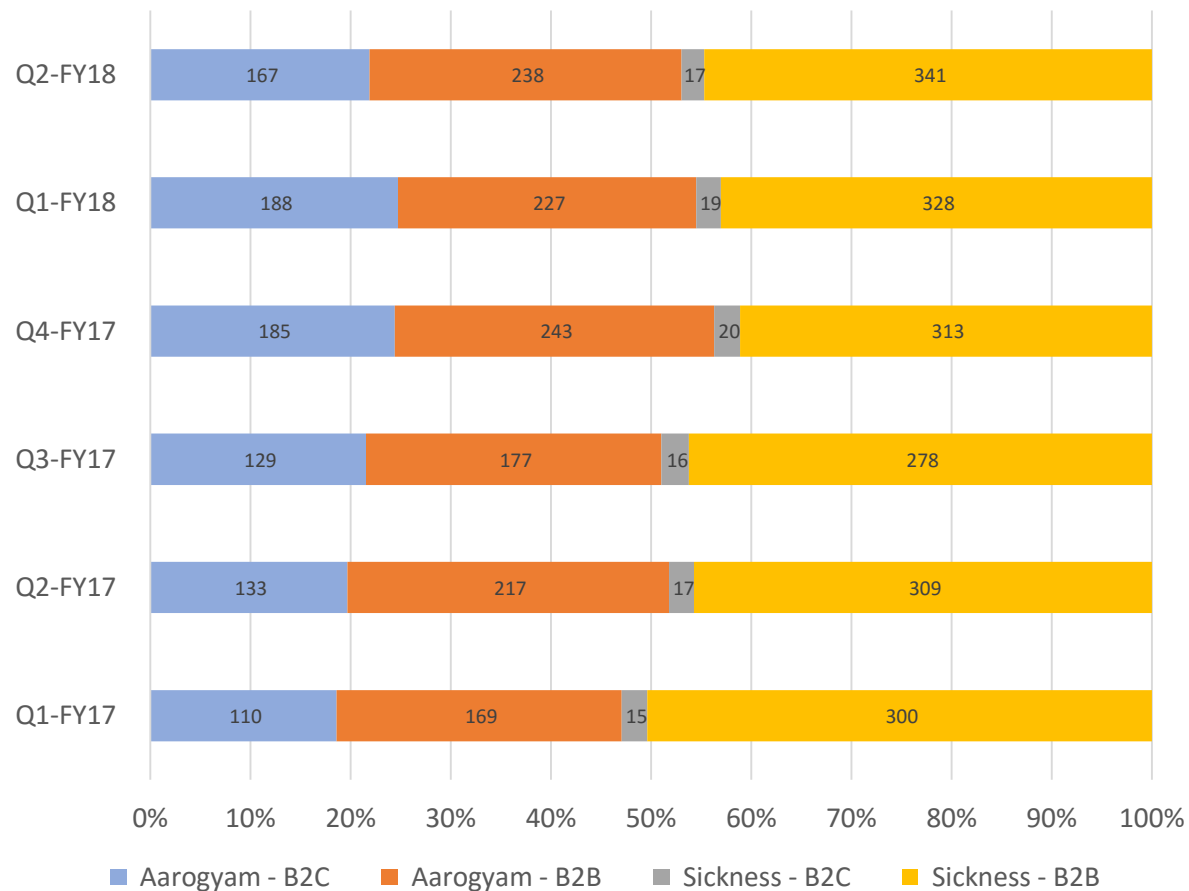
EBITDA Margin(%)



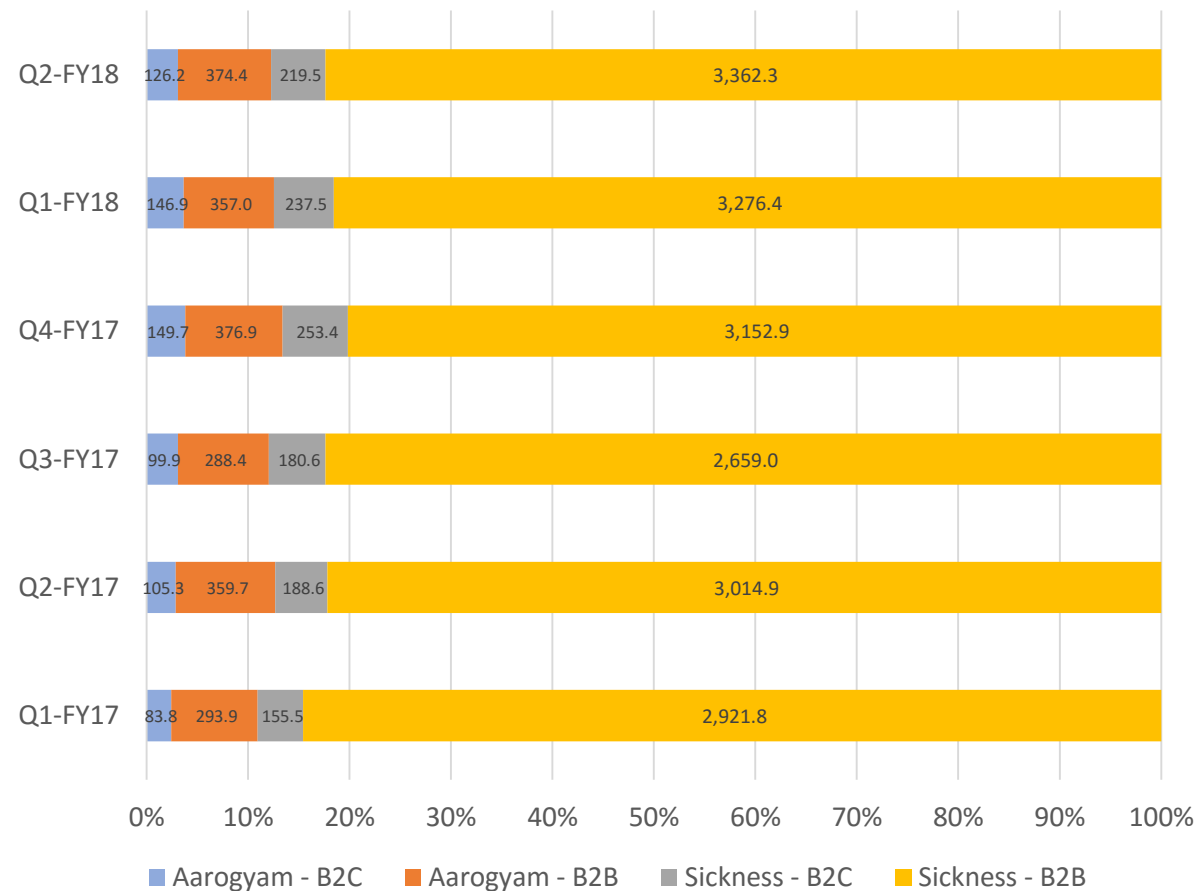
Previous period figures are normalized for the adjustment of revenue/ cost of imaging business.

Key Operating Metrics – Business Lines

Revenue Breakup (INR mn)

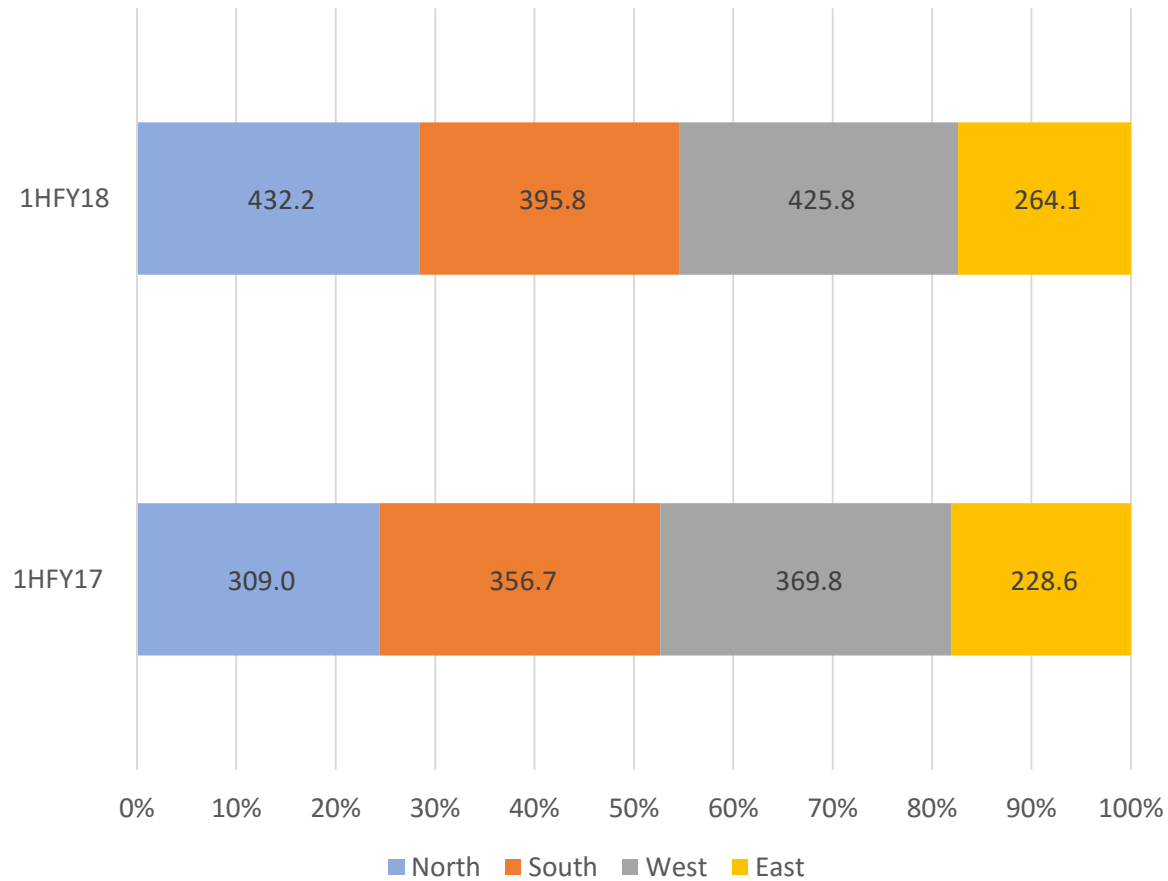


Volume Breakup ('000 Samples)

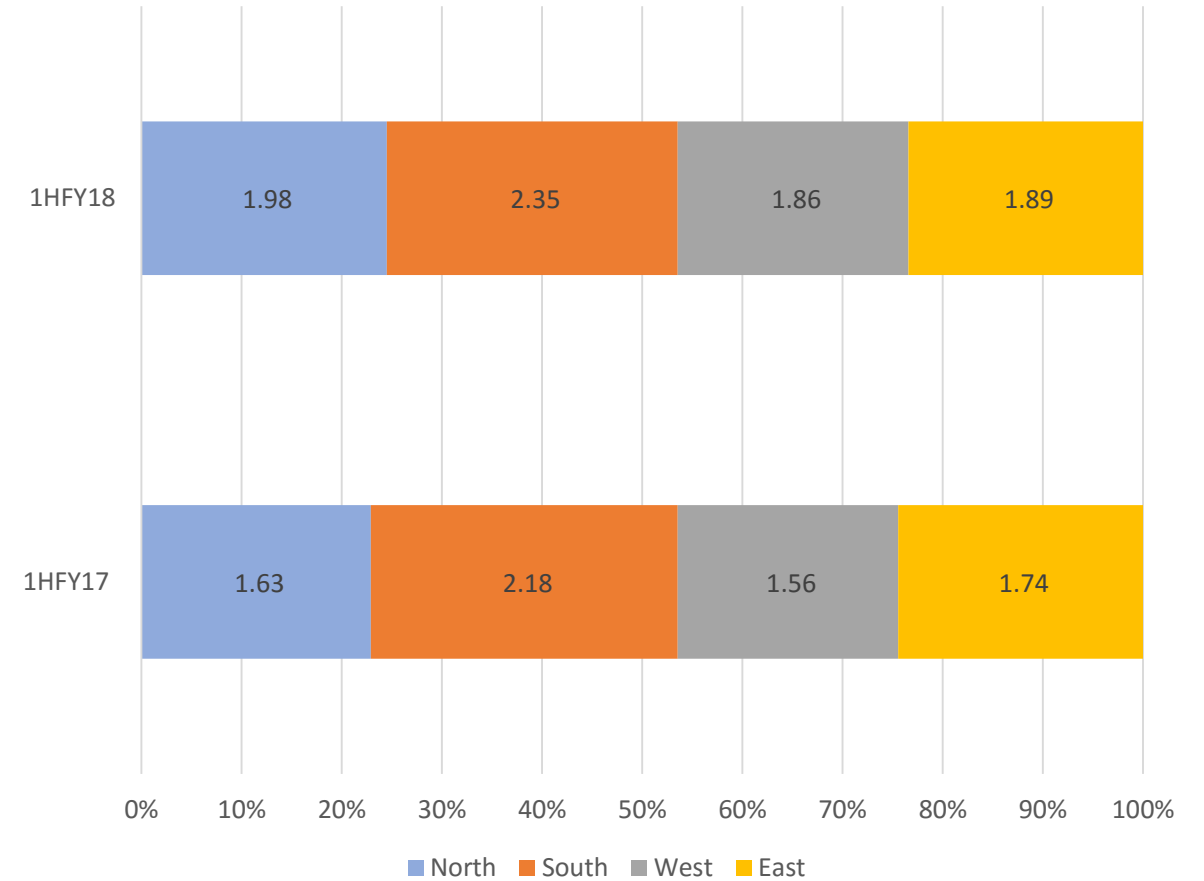


Key Operating Metrics – Regional Breakup

Value Breakup (INR mn)



Volume Breakup (mn Samples)



Operating Data

Thyrocare Technologies Limited

(Rs. in million, except per share data)

Particulars	Year to Date		Year-on-Year Growth (%)	3 months ended		Year-on-Year Growth (%)
	September 30, 2017	September 30, 2016		September 30, 2017	September 30, 2016	
B2B revenue (in million)	1,133.68	995.78	14%	579.26	526.90	10%
B2C revenue (in million)	391.42	275.85	42%	184.38	150.13	23%
B2B revenue/ total revenue (%)	69.2%	72.2%	-	70.8%	71.8%	-
B2C revenue/ total revenue (%)	23.9%	20.0%	19%	22.5%	20.5%	10%
Preventivecare revenue (in million)	819.98	630.34	30%	404.98	350.56	16%
Preventivecare revenue/ Revenue from operations (%)	50.0%	45.7%	-	49.5%	47.8%	-
Preventivecare revenue from B2B segment (%)	41.0%	38.8%	-	41.1%	41.3%	-
Preventivecare revenue from B2C segment (%)	90.8%	88.3%	-	90.7%	88.7%	-
Revenue - East/ revenue (%)	17.3%	18.0%	-	17.3%	17.3%	-
Revenue - West/ revenue (%)	27.9%	29.1%	-	26.9%	29.5%	-
Revenue - South/ revenue (%)	26.0%	28.0%	-	25.8%	29.8%	-
Revenue - North/ revenue (%)	28.3%	24.3%	-	29.6%	22.8%	-
Revenue - others/ revenue (%)	0.5%	0.6%	-	0.4%	0.5%	-
Gross margins/ total revenue (%)	71.8%	72.5%	-	69.5%	72.1%	-
Employee benefits expense/ total revenue (%)	8.1%	10.1%	-	8.0%	9.7%	-
Other expenses/ total revenue (%)	21.2%	21.8%	-	20.1%	21.7%	-
EBITDA margins/ total revenue (%)	42.5%	40.6%	5%	41.4%	40.7%	2%
Profit after tax / total revenue (%)	28.4%	14.2%	-	28.7%	3.5%	-
Effective tax rate - Tax/ PBT	33.2%		-	31.0%		-
Current ratio *	8.8	6.6	35%	8.8	6.6	35%
Return on capital employed (ROCE) §	64.6%	49.1%	32%	30.3%	26.3%	15%
Price/ earnings, end of the reporting period §	79.53	NA	-	158.19	NA	-
Market capitalisation/ total revenue, end of the reporting period §	22.58	22.48	-	45.26	42.26	-

previous period revenue, expenses and profits adjusted for internal arrangements

* represents number of times

RoCE = Profit before exceptional items and tax / (Tangible assets + Capital work-in-progress + Inventories + Trade receivables + Short term loans and advances + Other current assets – Current liabilities)

§ earning or total revenue considered for the respective period only

Nuclear Standalone

Standalone Financials - Nueclear

Nueclear Healthcare Limited

Standalone P&L (INR mn)

Particulars	Year to Date		# YoY Growth	3 months ended		# YoY Growth
	30 Sep 17	#30 Sep 16		30 Sep 17	#30 Sep 16	
Revenue from operations	118.66	89.51	33%	62.50	47.42	32%
Cost of Materials consumed/ sales	21.82	16.34	34%	9.91	8.10	22%
Gross margins	96.84	73.17	32%	52.58	39.32	34%
Operating expenses :						
Employee benefits expense	12.32	8.13	51%	6.32	4.29	47%
Finance cost	0.29	-		0.29	-	
Depreciation and amortisation expense	36.86	28.33	30%	20.10	14.26	41%
Other expenses	65.17	59.12	10%	30.85	33.05	-7%
Total operating expenses	114.64	95.59	20%	57.56	51.60	12%
Operating loss	(17.79)	(22.42)	-21%	(4.98)	(12.29)	-59%
Other income, net	8.74	14.54		7.55	1.23	
Exceptional items	-	-		-	-	
(Loss) before taxes	(9.05)	(7.88)		2.57	(11.06)	
Income tax and deferred tax	9.61	-		9.61	-	
Net profit	0.56	(7.88)		12.18	(11.06)	
Earnings per equity share						
Basic	0.01	(1.45)		1.10	(1.37)	
Diluted	0.01	(1.45)		1.10	(1.37)	

Nueclear Healthcare Limited

Balance sheet data (INR mn)

Particulars	30 Sep 17	30 Sep 16
	Cash and cash equivalents	7.21
Current investments	-	113.60
Trade receivables	3.73	2.71
Property, plant and equipments	643.07	596.39
Non-current investments	-	-
Other assets	299.33	175.63
Total assets	953.34	925.65
Total liabilities	177.30	138.43
Total equity	776.05	787.23
Total liabilities and equity	953.34	925.65

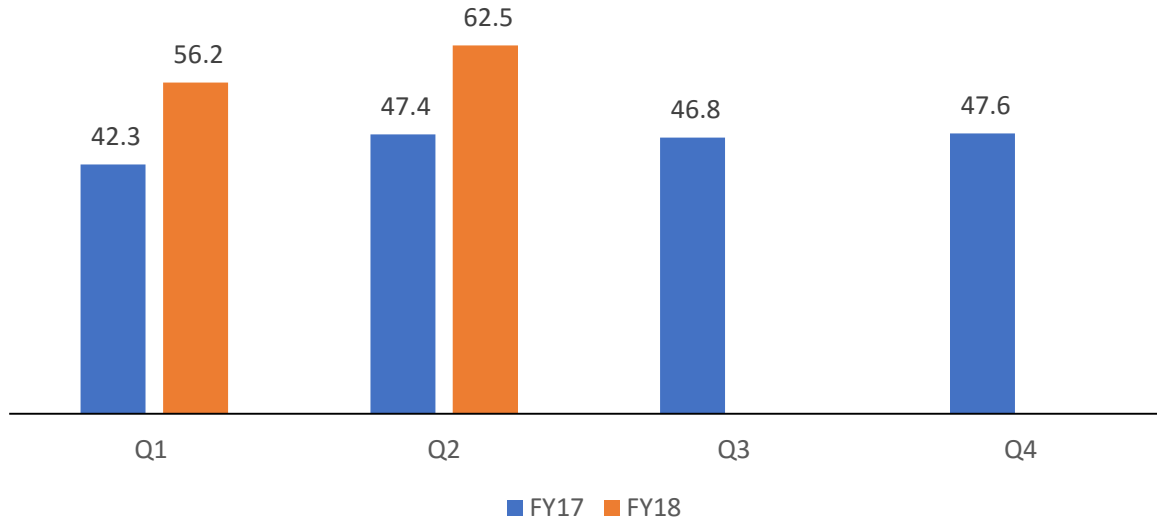
Previous period figures are normalized for the adjustment of revenue/ cost of imaging business.

YTD Performance Highlights - Nueclear

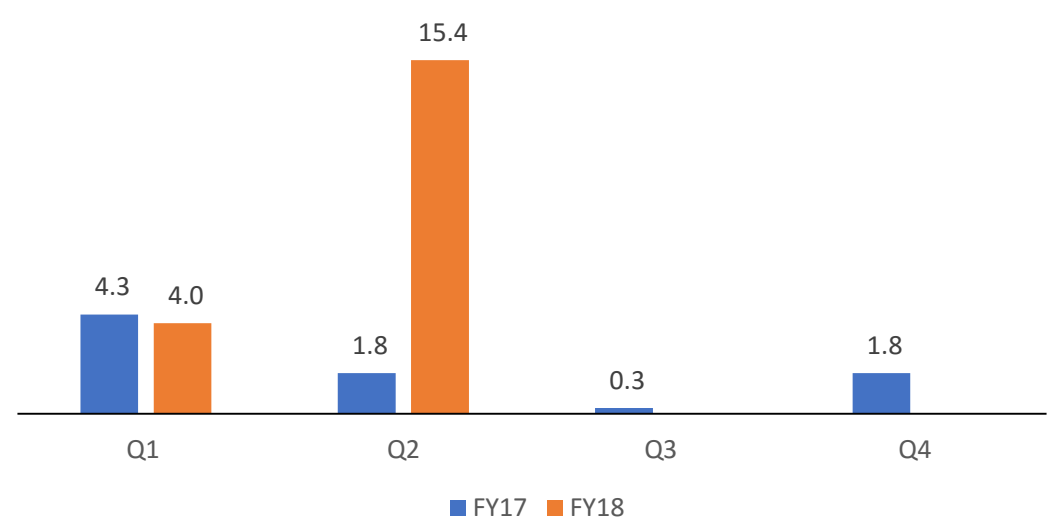
- Six months and Quarterly standalone EBITDA of INR 19.36 million and INR 15.41 million.
- Six months and Quarterly standalone revenue from operations of INR 118.66 million and INR 62.50 million, up 32% (Normalized for the adjustment of revenue/ cost of imaging business in the comparable previous period).
- The scale-up of revenues at the new centers has been much faster – especially given the local marketing staff deployed at these locations.
- The operations at Delhi PET were partly affected during the period due to non availability of FDG due to transportation hurdles during rains and cancellations due to technical reasons.
- FDG supply was streamlined towards later part of the quarter after separate purchase arrangements were entered into with local manufacturer.
- The revenues at Mumbai PET are subject to price corrections by the other operators in Navi Mumbai and Mumbai region.
- Within a month of operations after commencement at Raipur PET, the volume has increased and likely to surpass the Vadodra PET.
- In the first six months of operations, the total reported scan has already crossed 10000 for Nueclear Healthcare Limited.
- Gross margins have improved due to newer centers being operated under PPS. The operational cost towards rental charges at Delhi PET are substantially reduced with amendment of the agreed lease terms.
- NHL is now tracking at an EBITDA margin of ~24%.
- PET/CTs have been ordered for 3 new centers, which are expected to start operations in Q4-FY18, subject to AERB approvals.

Key Financial Trends - Nueclear

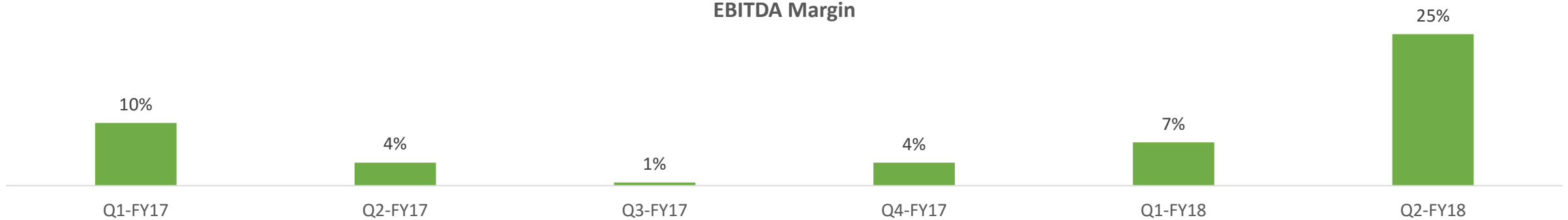
Revenue (INR mn)



EBITDA (INR mn)



EBITDA Margin



Center Level and Operating Metrics

Nuclear Healthcare Limited

(Rs. in million, except number of scans)

Particulars	Year to Date		Year-on-Year Growth (%)	3 months ended		Year-on-Year Growth (%)
	September 30, 2017	September 30, 2016		September 30, 2017	September 30, 2016	
Revenue PETCT wise	110.91	79.75	39%	57.85	42.27	37%
Delhi	35.67	35.27	1%	17.94	18.60	-4%
Mumbai	36.50	33.25	10%	18.32	17.37	5%
Hyderabad	14.07	10.35	36%	7.29	5.42	35%
Surat	15.16	0.88	0%	8.21	0.88	-
Vadodra	6.30	-	-	2.21	-	-
Raipur	3.22	-	-	3.18	-	-
Number of scans PETCT wise	11455	9,187	25%	5,751	4,825	19%
Delhi	3,932	4,406	-11%	1,842	2,305	-20%
Mumbai	3,805	3,622	5%	1,838	1,891	-3%
Hyderabad	1,464	1,110	32%	739	580	27%
Surat	1,291	49	-	692	49	-
Vadodra	762	-	-	441	-	-
Raipur	201	-	-	199	-	-
Gross margins/ total revenue (%)	81.6%	81.7%	-	62.9%	0.7%	-
Employee benefits expense/ total revenue (%)	10.4%	9.1%	-	10.1%	9.1%	-
Other expenses/ total revenue (%)	54.9%	66.1%	-	49.4%	69.7%	-
EBITDA margins/ total revenue (%)	16.3%	6.6%	-	24.7%	4.2%	-
Current ratio *	2.1	1.5	-	2.1	1.5	-

Thank You

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