

## "Piramal Diagnostics to focus on large cities"

17 December 2009 | News



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**biotalk** In a tete-a-tete with BioSpectrum, Girish Mehta, president and CEO, Piramal Diagnostics Services, a Piramal Group company, gives a comprehensive picture of the company's achievements, its growth chart and future plans

**Looking back over the past one year, what do you think have been some of the landmark achievements of the company?**

Our growth has been stupendous over the past two years and further consolidated our position last year. We clocked a turnover of Rs 200 crore plus last year and today we have 100 plus centers which include metros, smaller metros and even the remotest of towns. Now that we have covered A class, B class and C class cities, we are actively pursuing franchisee spread, where some of the D class cities will also be covered. The areas we have covered, has tremendous growth potential. In Gujarat, we are in five cities; the recent one being Vapi. Though we are not in the peninsula of Gujarat, we think it is a promising state, with conducive support from the government and some very entrepreneurial people.

In 2003, we had just three scientists and now, in 2009, we have 104 scientists, an increase of 101 in six years time is a sharp increase. We have a strong presence in north, south and west India. In the east, we are strong in Kolkata and Assam. However, there have been few states like Bihar and Jharkhand, where we have deliberately not gone because of the law and order situation. Also it was difficult to find the right kind of people to tie-up with. However, this does not mean that we do not

cover those areas; we have our collection centers over there. Today, we have around 350 collection centers across the country covering remote areas. We also have 300 doctors, highly trained pathologists and radiologists. We constantly rotate our people across the country for better training exposure to better machines systems procedures.

**Since its inception, Piramal Diagnostics has been following a hub and spoke model. Can you throw some light on that?**

Yes, we do follow a hub and spoke model. We have hubs in Mumbai, Delhi, Chennai, Hyderabad and Kolkata. For example, in the west, some of the high testing is done in Mumbai. But, we have established a specific service sections only for receiving the samples, redistributing them, recollecting the reports and sending the reports. Our model is to tie-up with existing centers across the country wherein the financial stake is almost fully-owned by us. Thereafter, we help in the growth of that center and equip it with all our high-end systems and equipments as well as procedures. However, we are very choosy about the tie-ups we enter. On an average, we get two proposals per day for such tie-ups but then, we join hands only with the best of the lot.

Given our kind of model and the geographical expanse of our centers, there comes a lot of complexities, but we have taken it as our goal to consolidate that position and bring about uniformity in systems and procedures across all our centers.

**Given the geographical expanse of your centers in India, is there any difference in pricing between A class and C class cities?**

No. There is minimal difference in the prices which we have to offer. The pricing is not dependent on the city size, the population or the type of people present there. It is dependent on the past legacy of the city in terms of spending power of the people.

**What are the steps Piramal Diagnostics is taking towards quality measures and high-end technological infrastructure?**

We spend a lot of money to maintain quality standards. For example, we have an accreditation by College of American Pathologists. To maintain this accreditation, we spend almost Rs 20-25 lakh-a-year because we constantly send in samples and tests and see whether our quality standards is in line with their norms, where the competition is lesser. Technologically, we have got the entire high-end technological infrastructure both at the radiology and pathology centers. But instruments alone do not make a lab technologically viable. You need to connect them with IT, which we have done with our own IT system, APEX+. It links the diverse set of high-end equipment and makes everything automated. Human intervention is minimal which means the chances of error are also minimal.

With this system in place, electronic transfer of reports and images are made possible. We have invested almost Rs 10 crore into it both for hardware and software, as it needs to be constantly upgraded. Similarly, we have 64 slide CT machine for heart diseases which can tell you what kind of blockages are there in the arteries without an invasive treatment

**Is there any kind of campaign that the company is undertaking?**

We want to create awareness and at present we are working on certain mechanisms. We are also an active part of a campaign which is initiated by our own group. But to create this kind of awareness across the country, huge amount of resources are needed, and these needs have to be addressed. The team at Piramal is working on this.

**What have been some of the challenges for the company?**

From the very beginning, we are following the acquiring and integrating model. Bringing the best people on board and telling them that they have a future with us was a challenge. Once that was addressed then to integrate them to our culture was a challenge, which we have been overcoming on a continuous cycle. From a diverse set of acquisitions, today we have a unified piece, which is not only growing in scale but also in size.

**Can you enumerate some of the diagnostic trends in India?**

The growth of diagnostic market has been secular and in the next eight to 10 years, the growth will be anywhere between 10 to 12 percent. The fundamental reason being that the population is growing at a rate of over 10 million per year. The second reason is that the affordability for medical diagnostics and medical services is growing. Despite the slowdown, the Indian economy is not doing very badly, instead of the 9 percent growth, we are growing at 6 percent while other countries are growing at two percent. Also, the rural economy has been doing well with the various government schemes, and agriculture is flourishing. Due to these factors, people have cash in hand and hence, the medical tests which should have been done

earlier, are happening now. The third thing is that the legal and statutory scenario in medical diagnostics is improving. Use of diagnostics as a treatment is a trend among new doctors. Like in the west, 70 percent of all treatments are done through diagnostic testing. Health insurance is growing in the last few years.

**What are your future plans?**

We have lots of targets this year for acquisitions as well as growth and if everything goes well, there should not be any reason why we would not cross a turnover of Rs 250 crore. During the downturn, there was no slowdown of investment. But we realized that we have grown very fast and that our systems have been left behind. It is important because as a geographically diverse company, we need to have our systems in place and we are in the business of serving people. We need to improve ourselves to keep in line with what the market expects from us. Between 2005 and 2008, we were acquiring two centers a month. We are starting a second franchisee center in Raipur and then in Meerut. Focus is now on the larger cities.

*Nayantara Som, Mumbai*