



“Fortis Healthcare Limited
Investor Conference Call”

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Moderator: Good day, ladies and gentlemen. And welcome to the Investor Conference Call of Fortis Healthcare Limited. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anurag Kalra – Senior Vice President, Investor Relations at Fortis Healthcare Limited. Thank you and over to you, sir.

Anurag Kalra: Thank you, Margret. A very good morning and good afternoon, ladies and gentlemen. And thank you for taking the time to be with us on this call. This call is primarily to discuss the current situation around COVID-19. And the call today is chaired by Dr. Ashutosh Raghuvanshi, our Managing Director and CEO. With him we have Mr. Vivek Goyal, our Chief Financial Officer. We have from SRL, Mr. Arindam Halder, the CEO of SRL; and Mr. Mangesh Shirodkar, the Chief Financial Officer of SRL.

I think there is a lot out there already in public domain regarding COVID-19 and what's been going on in the current situation. With that, now, we would directly open the floor for question and answers so that all participants get a chance to put their questions forward. Margaret, please begin with the Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rahul Veera from Abakkus Asset Managers. Please go ahead.

Rahul Veera: Sir, just a quick question. Have you found any of our patients in any of our facilities till now that we will have to close down the operation completely?

Ashutosh Raghuvanshi: No, we are treating patients. As a matter of fact, at the current moment, we have 13 patients in various facilities. These are in completely isolated areas of the hospitals. Just to put on record, one of the first few patients which was identified, an Italian, part of an Italian tourist group in Jaipur, was treated in our hospital where right in the beginning it was suspected and the protocols we had put in place from January onwards. And hence, the patient was completely isolated. However, we had to quarantine about 38 of our staff members who have already finished the 14 day quarantine period and all of them have tested negative. So we do not foresee a situation where kind of a lockdown of a facility will have to be undertaken, because separate areas have been marked. And we have very strict protocols right from the entry point in all our hospitals, so that any patient who's even a suspect is kept in proper isolation and all precautions while dealing and treating the patient are taken, till the time the reports are available. So we feel that we are in a quite prepared position to handle such patients in our hospitals.

Moderator: Thank you. The next question is from the line of Shyam Srinivasan from Goldman Sachs. Please go ahead.

Shyam Srinivasan: First question is on the impact of the lockdown on either outpatient visits, inpatient admissions, if you can share us on what's happening to elective procedures? Just in terms of volume numbers, what has been the impact? I know it's very short, maybe one week only, and do you foresee this going into April, May? Thanks.

Ashutosh Raghuvanshi: Yes, Shyam. There, definitely, as you said that there is going to be impact on all the segments of the lockdown. So, IPD admissions are already down by 35% to 40%, OPD attendance in the early days are down by 60% to 80%. I might add here that in case of OPD, certain services like dialysis, radiation treatment and chemotherapy patients will continue to be served in clearly demarcated identified areas with all the precautions. So that part will probably go on as the lockdown proceeds as well. So we expect that about 15% to 20% of that business would continue to happen, the care will be provided.

As far as the elective work is concerned, that is likely to see a very significant impact. There will be hardly any elective surgeries happening. Only emergency services will be fully operational. We have made provisions to make sure that all the support staff as well as clinicians are available to provide 24x7 emergency services. Typically about 30% admissions happen through emergencies in some of the hospitals, this number may vary from hospital to hospital. But at a blended basis, you can say, 30% of work comes through emergency. So we will continue to serve those people who require care for other procedures. As far as the elective work is concerned, we will have to see the impact as we go down further in the lockdown. At the moment we see about 40% sort of a fall in those numbers.

Shyam Srinivasan: Doctor, so elective procedures are what, 40% to 50% of our total procedures or higher or lower? Sorry.

Ashutosh Raghuvanshi: In normal circumstances, about 70% procedures are elective. However, the 30% procedures are likely to be emergency procedures. That's a normal distribution. But even elective procedures vary in severity. So not all elective procedures will go away. The completely elective procedures which are avoidable and can be deferred are only going to be deferred. So our estimate currently is that about 50% of that work of total procedure work will come down because of this.

Shyam Srinivasan: Thank you. And my second question, I will get back into the queue. Doctor, there has been a criticism that the number of tests that India has done totally is low and that's why we don't know whether there is a Stage 3 kind of outbreak here. But the other way to look at it probably would be to see on a system wide basis if the number of pneumonia or influenza cases are kind of inching up through the emergency part. Is there any evidence to suggest that even in your own network?

Ashutosh Raghuvanshi: Yes. So within our network, we have not seen a surge of respiratory cases at the moment. We are seeing respiratory cases, this is a typical time of the year when you see H1N1 cases also increase. So the number of pneumonia and other respiratory complication cases is there. But we are not seeing any surge so far.

Moderator: Thank you. The next question is from the line of Neha Manpuria from JP Morgan. Please go ahead.

Neha Manpuria: Sir, what occupancies in the hospital be in the 40%, 45% level? And at what point do we start burning cash if occupancies go below a certain level, what level would that be?

Ashutosh Raghuvanshi: So as far as occupancy is concerned, Neha, we are currently at about 43%, 45% of occupancy. The occupancy in the first few days was about 50% which has gradually dropped and it is currently hovering around 43%. And this is coming down from approximately 70% in the month of February. So, there is a very, very significant drop. I would defer the second part of your question to my colleague, Vivek, our CFO. Vivek, if you could answer the cash burn question, please. I am not sure Mr. Goyal is online. So, I would attempt to answer that. We have not done a real estimation of that number so far. We believe that at least still about 40% or up to 35% we may be quite all right, we might be neutral. Below 35 we expect that there should be a cash burn.

Neha Manpuria: Vivek, you were saying something?

Vivek Goyal: Yes. So I was saying around 60% occupancy level, we are at no cash loss situation. So, because it is coming down below 60%, so there will be some cash burn. And it is different for different hospital, of course.

Neha Manpuria: So below 60% there would be cash burn, you are saying?

Vivek Goyal: Yes.

Neha Manpuria: And my second question is, given there will be some EBITDA impact. I know we talked about cost saving initiatives that we had undertaken even in the last year in the last fiscal. But do you think there is some additional cost containment efforts that we will need to take in order to offset the EBITDA impact?

Vivek Goyal: We already were taking some cost cutting initiatives which we have discussed in the earlier call also, which include contract and the manpower rotation and the reduction in the corporate expenses and things like that. But because of the COVID-19 also we will be taking some more measures, but we have not yet finalized those measures. And of course, we will ensure that the quality and the safety of the patient will be the topmost priority. But there will be some more cost cutting initiatives which company will have to take to come out from the situation. We will come up with more detail maybe as the situation normalizes.

Moderator: Thank you. Next question is from the line of Adi Desai from York Capital. Please go ahead.

Adi Desai: I guess just wanted to understand, which of our hospitals and testing centers, how are we kind of coordinating and working with the government to help out in this process? Do we need to kind of give some beds at subsidized rates or give testing facilities at subsidized rates? And does

the government kind of compensate for that? Like, what's sort of the social kind of help obligations that we have to do over there?

Ashutosh Raghuvanshi: Yes, Adi. We have earmarked and prepared certain beds in all our facilities. Currently we have earmarked about 262 beds, with half of them having ventilator facility across our network, which has been shared with the Health Ministry and NITI Aayog and the local authorities. So we are keeping these beds available. As the surge happens, we will probably have to earmark more patients. As you might be aware that not all patients require critical care. So we will be able to create additional capacity as and when required. Currently the government has not asked any specific except in certain areas, like in Mumbai there is a certain ask of keeping about 25% of the beds available. So in two categories, the critical care beds and the normal beds where patient just requires isolation. So we are preparing those beds and we have the ability to create those beds.

Other than that, we are closely monitoring and closely communicating with the local authorities in different jurisdictions in order to support their effort. And as I said earlier, some of the hospitals are treating some patients and these were patients who were in government facilities and wanted to move to a private facility. And hence, it was requested by the authorities to take these patients up. So currently, we are treating about 13 patients in our facilities and about five patients have already been discharged as treated. We were unfortunate to lose one patient as well. So, other than that, on various other forums, industry bodies, etc., are coordinating amongst themselves and with the authorities. So, we are participating in all those things. Certain other instructions were given by government, like for example, non-essential elective surgeries to be postponed. And they are also providing support in terms of giving us some PPE, protective equipment for healthcare personnel as well.

As far as testing is concerned, I would request Arindham to take that part. But as an enterprise we are fairly well poised to help the authorities and step up to provide larger capacities across the network. And we are also exploring options of activating other non-healthcare kind of facility and some of the hospitals which were in a ready situation to commission which were not part of our network. So we are collaborating with certain other groups and companies. As and when we are able to get that done, we will be able to inform you about that. But we are closely working with the authorities to see how we can activate more beds. The idea is, if we can have more COVID specific hospitals, because if you cluster the other patients with the COVID positive patients, it becomes a significant risk to the other patients. So we are trying to propose to the government that if we can have more COVID designated hospitals, and we can support that process by providing manpower, etc. In some of our facilities are providing manpower to the government hospitals, including some equipment, in order to be able to support those facilities and upgrade those facilities. Like in ES Bhai Hospital in Faridabad, Gurgaon as well as Noida, we are providing equipment as well as manpower. Arindham, if you could add about the diagnostic tests, please.

Arindam Haldar: Sure, I will. So just taking a leaf out of what Dr. Raghuvanshi was saying. This moment of crisis has one positive outcome, all the major industry players as well as the government bodies have come even more closer. So we have been working very closely with each other, all the large chains, as well as with ICMR and the various other government and industry bodies. Specifically, closer home, ICMR has officially approved, as you know, select private labs in India on 21st of March to conduct some tests. So, two of our reference labs, one in Mumbai and one in Gurgaon are both part of that list. So these are NABL and CAP accredited labs. And we have initiated testing at both these locations. And we are internally prepared, our teams are ready, the training is done, there are some constraints around the availability of kits and productive gears. That apart, we are completely geared up to support the government's initiative in this manner.

Adi Desai: Got it. And I am sorry, just a follow-up questions, Dr. Raghuvanshi. Sorry about the dog in the background. On the 250 beds that you mentioned that we can make it available for COVID related procedures, how do we get a sort of compensation back from the government or is it subsidized? Like, how, how does that work in a way? I mean, again, our occupancy is low, so it's not the biggest opportunity cost. But just want to understand what the framework is for that?

Ashutosh Raghuvanshi: Yes. So government is essentially asking for FICCI to come up with a costing mechanism. So FICCI has done a study along with five other hospitals other than Fortis. So, Fortis, DM, Columbia Asia, Medica and few other hospitals together have done a study to see what kind of costing could be there. And they have submitted those documents today to the authorities. And we will wait to hear from them if they want to come up with a reimbursement mechanism. So far, the patients which are being treated are private patients who are paying for their care. So we expect that there will be two categories of patients which are the ones who are coming for private care will be paying, either it will be reimbursed from the government or they would be paying directly. At the moment, patients are paying directly. Government hasn't fixed any tariffs. In Mumbai, however, there is an instruction from the Municipal Commissioner that Rs. 4,000 or 50% of the normal cost is what should be charged. So that kind of instruction is likely to come in other places as well. But patients will have to be paying themselves. And the ones who are not paying will be treated in public facilities.

Moderator: Thank you. The next question is from the line of Vishal Biraia from Aviva Insurance. Please go ahead.

Vishal Biraia: Sir, what is the current testing capacity at Fortis as a whole?

Arindam Haldar: I can take that question. Just to repeat, two of our reference labs are currently approved as part of the ICMRs list where this test can happen. So we have sufficient RT PCR machines and personnel on which this test that's done. So immediately, we should be able to do about thousand tests a day and that is scalable to at least two to three times of that within a short period. So, this is from the two labs. We also have a couple of other labs across the country where RT PCR

machines says there and we are under discussion with ICMR if possible to include those labs as well in the list, if that happens that can take up the capacity further up.

Vishal Biraia: Okay. So, are you looking to expand substantially higher, maybe, are you looking to like spend more to ramp this up to say 10,000, 8,000 odd? Is that a case that is required, because some of your peers are talking about massive testing capacity, so there's any perspicacity on this?

Arindam Haldar: Okay. So, obviously, as you know, the Government of India is deeply involved, all the scientists of ICMR are and we are working with them in this manner. So, currently the confirmatory test that is there is a PCR assay, it's not a blood test or antibody based test, it's RNA vitals detection, it's a confirmatory test. So on that we have more than 100 government labs already approved. And almost every other day more and more private labs are being added to the list. As on last night I think 35 labs were there on that list. And just to give you a perspective of the capacity, if one sees the government till now would have done about 25,000 26,000 odd tests till now. As of now, my rough understanding of the labs which have been approved, their existing capacity will itself be about more than 20,000, 25,000 tests a day. So that's current level of capacity across the industry from the approved labs alone. And more and more labs are getting added. If required, we can always expand capacity. As of now I don't really see we need to expand capacity of our RT PCR platform. However, there are lots of discussion which are going on with the experts to see that whether they should open up for serological tests or they should open up other platforms beyond RT PCR. So those are discussions are currently on. We do have facilities of those as well. So in case government expands the testing protocols to other platforms, it will be possible for us to do tests there as well.

Vishal Biraia: Okay. For the country as a whole, serological tests at this stage it would be much more beneficial, right?

Arindam Haldar: So I would leave that to our experts. There are enough views on both sides. It will be very difficult for one to say that serological tests are inefficient. Yes, serological test is beneficial purely from the angle if it's a blood test and it's much easier and a lot more labs can do it. But at a very layman's perspective to understand, a blood test can only happen when the impact of the virus is there in your bloodstream and antibodies can be detected. So typically that will be at a slightly later stage than the early confirmatory tests which RNA based tests can give. So there are views and counter views on it, which the experts are debating.

Vishal Biraia: Okay. Just a question on the hospital side, on the legal stuff that was going on. So, any recent update, is there any other change on the legal side for Fortis?

Ashutosh Raghuvanshi: No, there is no change on that. As the court is not sitting on a regular basis and they are not doing as many hearings as normally done. So we expect fresh dates to be given. There has been no change in the status so far.

Moderator: Thank you. The next question is from the line of Prashant Nair from Citigroup. Please go ahead.

Prashant Nair: So, my primary question was on whether there has been any specific ask from the government on testing or hospitals which you have answered. I just have one additional question. With respect to testing capacity, you mentioned 20,000 to 25,000 tests per day as the capacity nationwide. Is this just from the private labs that are approved or including all the government labs as well?

Arindam Haldar: No. So what I said is, our capacity is currently about 1,000 a day, which is expandable. The industry capacity is a very rough estimate based on some of the leading chains that I personally know of and their capacity, that's not necessarily a confirmed number for all India, and definitely does not include the capacity of the 100 plus government labs.

Prashant Nair: Alright. And secondly, in order to raise the capacity for testing, what is the primary constraint now? Is it testing kits or would it be anything else like machines, etc.?

Arindam Haldar: So currently as you know there are three levels, you need to collect the samples. And while collecting the samples you need to be conscious about the health and wellbeing of the health workers who are going. So there are personal protection gears which are needed, a suit, N95 mask and goggles, those are in terrible short supply across all hospitals and labs. So that's one level of constraint. Then, of course, there are constraints on the testing kits and DNA extraction kits. So those are getting sort of figured out. Hopefully things can be a little better over the weeks as we speak. But currently the constraints are not necessarily on the machine, but more so on kits and the extend the protective gears.

Prashant Nair: And finally, last question from my side. The kits and protective gears, I mean, particularly the kits, are they still primarily being imported or do we have any Indian kits also now approved for use?

Arindam Haldar: So, the answer of that is yes. So initial approval from ICMR was only for US FDA approved and European certified kits. After that, they have also put in a fast track approval mechanism, and they are approving more than more other kits, commercial kit manufacturers. One of them is a Indian manufacturer who has just started manufacturing in Pune, basis the approval.

Moderator: Thank you. The next question is from the line of Kunal Shah from Carnelian Capital. Please go ahead.

Kunal Shah: I had one specific question pertaining to medical tourism. So, now since there is a complete lockdown for people coming from abroad, so what proportion of our revenues will be on account of medical tourism? And if you could help further elaborate on that? Thank you.

Ashutosh Raghuvanshi: Yes. So we typically had about 10% of our revenue comes from international patients. Currently we see about 80% to 90% drop in the footfalls of international patients. This is expected to go down further and become zero in the short-term. And I think this is one segment which will take

some time to recover as the situation evolves around the world. But this is definitely a segment which we can expect to go down completely.

Kunal Shah: Okay. And just one more question, I mean, the CFO did elaborate on the occupancy levels that we need to have till the time we go into the cash loss situation. So, just wanting to understand that now we are already 30% to 40% kind of occupancy levels, if I have heard correctly. So, how do we plan if this continues, say, for next two, three months or whatever, I mean, what kind of strategy Fortis has in place for this kind of a situation?

Vivek Goyal: Okay, I can answer this question. So, we are working on the cash flow situation. So there are certain liquidity which is lying in some of the group companies. And secondly, we are asking additional line from the bank which should be available in next, we are comfortable for one month, first of all. So, one month we have sufficient liquidity, there is no problem as such. And there is a plan to meet the additional liquidity requirement for the month of May also through pulling the liquidity sitting in different group companies. And then we are seeking a line from the bank which should be in place by next two to three weeks' time.

Kunal Shah: Sorry, I got the liquidity part, I missed the first part. And also if you could elaborate the cash debt level situation as on date? And the approximate number of the fixed cost on a per month basis put across together for the Fortis as a whole?

Vivek Goyal: Yes. The situation is evolving every day. So we have assumed like 50% revenue if we are able to achieve whatever normal revenue we might be getting, we are getting only 50% of that. Based on that, till June we will be having a cash shortfall of around Rs. 200 crores. And that cash shortfall we will be meeting partly through the internal liquidity which is almost 50% and 50% we may be looking for additional debt, temporarily additional debt. Because once we also feel that this revenue shortfall we will be taking as the coming quarter situation becomes normal, because patients will still be quitting treatment and a substantial part of that revenue we will be getting for the forthcoming quarter. So this liquidity whatever money we are borrowing, say, Rs. 100 crores, it will be for the short-term nature. And we are deferring all the non-essential cash outflow, like marketing, sales, even CAPEX, wherever is required we are postponing for that for the time being.

Moderator: Thank you. Next question is from the line of Rishabh Parekh from Sunidhi Securities. Please go ahead.

Rishabh Parekh: So Dr. Raghuvansi, just one thing, you mentioned a 50% drop in procedure, this is a blended average of elective, OPD of emergency, etc., right?

Vivek Goyal: Yes. 50%.

Rishabh Parekh: And secondly, also, the CFO mentioned that post occupancy coming down below 60% there would be some cash burn, and you had mentioned 35%, so just wanted to reconfirm the number.

- Ashutosh Raghuvanshi:** Yes. So 35% is the number which we expect and the cash burn at 60% as our CFO said.
- Rishabh Parekh:** Right. And also just add one more question on, you mentioned in Bombay government has asked you to keep 25% of capacity on reserve or standby. Is there a compensation that we will eventually pay for you not to see that, to keep that capacity empty? Or that is too premature right now?
- Ashutosh Raghuvanshi:** I think that discussion is premature, because anyway that capacity is available, because as we said that the occupancy levels are likely to be around 35%. So, that is not a question. And right now, the patients who come for private facilities such as ours or any other will be paying patients in the sense that they will pay. How much that amount is going to be, government can put restrictions on that. So far they haven't put any. So that we expect some kind of reimbursement to happen for those patients.
- Moderator:** Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.
- Sarvesh Gupta:** Sir, are there any plans to designate some hospitals, given that we are already going to operate at 30%, 40% utilization? Why not convert some of our hospitals into COVID-19 specific hospitals in some cities? Is there any plan to do that as you were mentioning earlier? And second is, at this price of Rs. 4,500 testing, is it a loss making proposition for us at this price?
- Ashutosh Raghuvanshi:** So, before we go to the test part of it, it is a good idea to have COVID specific hospitals. However, just because of the epidemic, it doesn't mean that all other patients don't have to be taken care of. A lot of our hospitals have oncology patients as I said that they come for dialysis, they come for chemotherapy, they come for radiation oncology. So, those patients will have to be treated even during this lockdown phase. And these patients all have immunosuppression. So, they are more prone to develop an infection. So mixing patients may not be a good idea. However, if the surge of the disease is so high that the hospitals are overwhelmed, in that case, it may make sense to designate some of our private hospitals also as COVID hospitals. So we will be open to that, we will see as the situation evolves. But our continuous focus is on to be able to serve as many patients as possible. Whether we have COVID disease or other disease. So all the other chronic illness patients need to be supported through this phase as well. As the public systems get overwhelmed with the disease outbreak, it will become more and more important for the private sector to be able to provide services to the patients who are undergoing chronic treatments. So our feeling is that we will be watching the situation as it evolves. And if necessary, to designate one complete facility we will consider that. In the meanwhile, we are looking at alternative options of creating some facilities rapidly into a hospital where patients who just need simple isolation and not critical care we can support such services like that. This could be a public hospital, this could be a medical college, hospital, etc. So we will collaborate with others hospitals to provide that kind of facility. But within our hospitals, at the moment we don't think it is going to be necessary to designate a hospital completely as a COVID hospital. Arindham, if you could answer about the test price.

Arindam Haldar: Sure. So as you know, we are conducting this confirmatory test at a government defined price of Rs. 4,500. And at that price, as a company, we will be covering all our costs, both on during the test as well as sample collection and won't be incurring any loss on the same.

Sarvesh Gupta: But is it profitable at this price or is it just cost recovery?

Arindam Haldar: So, the idea, obviously, this is a cost controlled product. So does it make a whole lot of profit? Obviously not, and that was never the intent, but it doesn't make a loss. It covers up for the cost.

Moderator: Thank you. Next question is from the line of Saion Mukherjee from Nomura. Please go ahead.

Saion Mukherjee: Arindham, just on SRL volumes, how is that impacted because of the lockdown?

Arindam Haldar: Sire. Obviously, business has been on a sharp decline, from 28th March onwards. And with the recent lockdown, we are seeing that further being affected and will probably continue. And this is on both sides, both B2C and B2B, because you heard Dr. Raghuvanshi talking about the non-emergency procedures in a hospital being roughly 70%. And if that, obviously, goes down, that has an impact on the prescriptions coming to the lab. As well as thanks to the lockdown and logistics issues, we are not being able to move our samples for specialized tests from across the country to our reference lab and our walking and home collection has dwindled. And the typical corporate health checkups that happens, which are more preventive in the month of March, that has all but sort of vanished. So all together, very early days to assess. And we do believe this is a short term impact. In the last six, seven days, we have seen the overall revenue going down by anywhere between 70% to 80%. So that's the kind of dip that we are seeing in the last six, seven days. We are still monitoring the situation on a daily basis. And so the long-term story as we all know, that's an impact we don't see because of the COVID. The overall structure of the industry or the growth story gets impacted. But yes, we will I guess need to sustain a short to medium term hit in between.

Saion Mukherjee: Thank you. My second question on the hospital side. Sir, you mentioned 10% of revenues from medical tourism, foreign patients which will obviously fall. But I am just also wondering, what proportion of your revenues or volumes are from patients who have to move long distances within India? Because of course, that is going to get impacted and even after the lockdown is taken off, the issue is that people may not be travelling that frequently. So there can be a lingering effect of this. So can you share that what fraction of business is that for you?

Ashutosh Raghuvanshi: So upcountry business for most of our units is not that high. Majority of our hospitals are serving the local communities. But as we know that in India, in the secondary markets, the availability of care is not there for these kind of tertiary procedures. So our belief is, as Vivek was saying earlier also, as the situation starts normalizing, we would probably see a pent up demand of these kinds of cases happening. You are right that people will still have a hesitation and there would probably be a gradual curve of recovery where patients start seeking these treatments. But there would be a pent up demand, because these procedures are required. And the reason why they

come to our larger facilities at the moment from far off is because of unavailability of these services in their primary area of residence. So we expect that not to be the case and people will be coming eventually for surgeries. And as a percentage, though I do not have the exact number as to how many patients come from upcountry market. But I would say that in our case it is a smaller percentage, majority of our patients come from within the metropolitan areas which we serve.

Saion Mukherjee: Okay. And sir, if I can ask one last question, you know, you mentioned about cash flow. So there was a statement mentioned, Rs. 200 crores cash shortfall. May I know like at what timeframe you are looking at? And also if you can throw some light on your cost structure, particularly on the hospital business, so let's say if you have 15% margin, 85% cost, how much is fixed and how much is variable? And what can you do in terms of bringing down some of the fixed cost? Do you have an assessment in mind at this point?

Ashutosh Raghuvanshi: Yes. So we have started working on that. We will have to do something about it as we go further. We are in active discussions internally, so I would not be able to put an exact number on it, but we are working on that. For the next three months we will have to adjust some of the fixed cost as well. Variable costs automatically will get adjusted, but the fixed cost have to be adjusted as well. So we are in active discussions. But as a proactive measure, the senior executives have decided to take a cut on their salaries which would start immediately. And then post that, we are also in active discussion with the physicians as to how we can make the arrangements more sustainable for both sides. We also need to be mindful that clinicians who are on the front line of this battle, we as an organization need to support them as well. However, we will have to rationalize the payout. So we are in the process of discussion, we will be able to give a little more color to this over the next two or three weeks.

Saion Mukherjee: And sir, the cash flow, if you can, this Rs. 200 crores which was mentioned, what is the timeframe that you are looking at, the shortfall in cash flow?

Vivek Goyal: This is for up to June we have calculated. We have assumed that the average revenue fall of 50% up to June.

Moderator: Thank you. The next question is from the line of Rushabh Sharedalal from Praveen Ratilal Share and Stockbrokers. Please go ahead. Yes.

Rushabh Sharedalal: Some of my questions have been answered, I just have one more question. When do you expect that the open offer shall open? And what is the status of it?

Ashutosh Raghuvanshi: This is still sub-judice as you know. We were supposed to have the hearing on 16th of this month, which did not happen. And we haven't got the fresh date. We expect that because of the backlog getting generated in the Supreme Court, this is likely to be delayed by at least couple of months. So we don't expect this to be going forward for the next two months. But we have no idea about

this. And we cannot really take a guess on this. If the court is continuing to hear cases in a virtual mode. So in case this comes up earlier, we would have the resolution earlier.

Rushabh Sharedalal: Okay. And if I may just follow up with that. Why is it that the company does not update the things that are going on in the court on the BSE or the NSE website? I mean, is it not necessary as per the SEBI allowed guidelines that the company must update at the March 16th hearing was cancelled and there may be a delay or something like that?

Ashutosh Raghuvanshi: The March 16th hearing getting delayed has been notified. But we will further send a clarification on that.

Moderator: Thank you. The next question is from the line of Mayank Hyanki from Axis Mutual Fund. Please go ahead.

Mayank Hyanki: I have a question from the COVID testing capacity, as mentioned right now. So in the last few days since we have started to test, can you highlight how many test cases have been flowing to us every day? And secondly, on the pricing side, is the pricing like fixed even if we get supply of the cheaper domestic kits from players like MyLab?

Arindam Haldar: So, I think there are three parts of your question. If you can just repeat the last part, it will help.

Mayank Hyanki: So, the last part is on the pricing part where the price is Rs. 4,500 right now. I am assuming that this price was fixed, keeping in mind the imported kits from Roche or other peers globally. Now, domestic guys like MyLab and all they started manufacturing local kits which are cheaper. So, can the price be downward revised depending on their cost and your volume? Or it remains constant?

Arindam Haldar: So capacity, I think I already spoke about what is our existing capacity and what we can step it up to. So that's number one. So, if I need to repeat, you can let me know so I can do that.

Mayank Hyanki: No, the question was, capacity I understood. I wanted to know that how has been the actual inflow of patients?

Arindam Haldar: So coming to that, as you know, this is a specific case where there are information which we are not allowed to share that how many positives and how many cases have come in as of now. All the cases end of the day are uploaded on the ICMR website via a dedicated password and user ID each of the private labs are giving. And then that gets consolidated at ICMR IV level for them to publish that. So at this stage, it will not be proper for me to be able to say exactly how many cases and how many positives at each of MyLab. So that that's on the second. On the third one, the price has been fixed by the government. It's not necessarily that I have any knowledge that they have done the price primarily based on USA FDA and CEA approved, whether they have done a detailed costing to go there. Rs. 4,500 is the price that is fixed today for swine flu. And it could well be that government took a call of having a similar price control. So I am not very

sure to say that whether Rs. 4,500 was only based on those tests. We have to see on ground how much, because the US FDA kits are still not available in India. Only when they are there and I can compare the MyLabs price on ground, can one say that whether there is a cost saving between MyLabs and the US FDA case. So I won't be able to comment on that, because while yes kits are from outside and they may have import duties, but they are also manufactured at a much more larger and mass scale, and sometimes those efficiencies can also come in. But at this stage I don't have the exact numbers on landed price of both to be able to give you that answer.

Mayank Hyanki: Just some clarification on the first part of capacity. So when you say that you can do 1,000 plus per day, is it just the capacity of the machines or is it you are saying that depending on the number of test kits that you have already secured? So you already have go along with that which are fund based?

Arindam Haldar: No, so 1,000 per day is based on both the machines and the amount of hours I run those machines for. So those same existing machines if I run 24x7 and I stop doing all other tests, because I am not stopping, there are swine flu cases which keeps coming. So there RT PCR machine is used for a few other tests as well, things like HIV, HPV and various other tests. So theoretically, if I stop all those tests, and if I run these machines 24x7, the 1,000 can go up to as I said, 2,000 to 3,000.

Mayank Hyanki: And the test kits currently, do we have like enough in number? And can we directly procure or do we have to through government channels or some other regulated channel?

Arindam Haldar: No, we can directly procure. What we can procure, and the list is as per the guidelines of ICMR. And the kits are in terrible short supply for all of us. And we are hand to mouth practically at a daily level.

Moderator: Thank you. The next question is from the line of Tushar Manodhane from Motilal Oswal. Please go ahead.

Tushar Manodhane: Just on this sample collection constraint for COVID as well as non-COVID in terms of transporting the sample to the required reference lab, as we see in last two, three days there has been a lot of concern. So how is this taken care of? Is there any mechanism which is putting place wherein government allows these kinds of transport to happen?

Arindam Haldar: Can you restate what exactly is the question? Sorry for me to ask.

Tushar Manodhane: So, as you referred to the earlier question that collecting samples is one of the constraints, may it be COVID as well as for the non-COVID samples as well. And in addition, even if you collect the samples, transporting it to the required lab is another hurdle as of now over last two, three days. So, how are we going about to resolve this issue in a way where there is some, is there any clarity from the government side or no?

Arindam Haldar: Yes. So, actually we are constantly engaged with various bodies as well as reaching out to the authorities, whether it's NITI, whether it's through FICCI, whether it's through industry bodies like NatHealth, and through various industry leaders, both on the hospital as well as on the lab side. So, we are putting up sort of a coordinated and joined phase to the authorities to ask for help in this regard. So, there is a constant discussion that is going on. So, we are even talking through some of the senior leaders on our group, we are also reaching out to civil aviation coordination person as well. So, through all of that effort, so currently the effort is on to see how soon can medical supplies and all be smoothened, so that one is the availability of the kit is a issue, but at least once the availability is met proper, we are then not constrained by availability of flights or interstate transport. So, that's the part that we are in parallel sort of trying to address at a local level. So, say for example in Mumbai, Mr. Pardeshi's office, the Mumbai Commissioner's Office has been very, very proactive in giving us support and similarly we are connected at a local and national level to ensure that we try to sort this out to the best extent possible.

Tushar Manodhane: So, effectively another maybe like three, four days, five days to smoothen this process?

Arindam Haldar: I hope so, I mean, it will be difficult for me to commit and confirm for our country which is as diverse and geographically spread and complex. But yes, we are all hoping that things will become, I mean, it will not be normal but it will become easier as we sort of get used to the whole lockdown phase.

Tushar Manodhane: And one maybe two basic, but now the testing, at least of the COVID patients is based on the prescription, if the patient has a prescription in place. But now this with the lockdown, patient-doctor disconnect is to that extent. So how does the patient get the prescription or how do we allow that test to be done?

Arindam Haldar: Sure. So, the testing protocols remain exactly the same, whether it's at government or private. And so, patient can't just call for a test himself or herself, has to go to a qualified physician. The physician has to prescribe a test, has to also give a declaration, there is something Called Form 44 which specifies those criteria, things like whether you have travelled abroad last 14 days, whether you have a few symptoms. So there are a few other criteria's like that. So basis the prescription in the Form 44 is the two things that we collect apart from government issues, issue of ID card. So those are the three sort of mandatory documents for us to be able to conduct the test. And as I told earlier, once the test results are done, the same is uploaded onto the ICMR website and all positive samples are further sent to Pune.

Moderator: Thank you. We will take one last question from the line of Charu Mehta from Dalal & Broacha. Please go ahead.

Charu Mehta: My question pertains to the test, is the RNA the most proficient in giving the results or whether the MAP test is more effective?

- Arindam Haldar:** So, current understanding from the experts and the scientists at ICMR, the most proficient and confirmatory test at this stage is genealogical and it's based on the RNA test. So that's the most confirmed way of getting to know the virus. That's the current understanding. But as I said, the experts are also evaluating alternative platforms as we speak.
- Charu Mehta:** Okay. And what is the cost per kit?
- Arindam Haldar:** So the cost is defined as overhaul Rs. 4,500 is the government defined price. And that about covers the cost of kits and sample collection.
- Charu Mehta:** Okay. That is the cost per patient. So, one kit can process for one patient?
- Arindam Haldar:** Depends on what kit, ma'am, you are asking for. There are different kinds of kits which is there. There are some kits which are used to conduct the test. There are some kits which are protective gears, which are called PPE kits and there are DNA extraction kits. Each one is different in nature. That testing kit has different sizes depending on the scheme. There are kits where each kit can do 100 tests, there are kits where one kit can do 384 tests. As far as the protective gears are concerned, those are one per patient. So if someone is coming to home to collect a sample, the entire protected gear, including the whole hazmat suit and N95 masks and gloves, everything is biomedical vests immediately after one collection. So that gets discarded. In fact, the cost of collection is technically higher than the cost of doing the test.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraints, that was the last question. I know hand the conference over to the management for closing comments.
- Anurag Kalra:** Ladies and gentlemen, thank you very much for being with us today. Gaurav, my colleague, and I are available to take any further questions or clarification you may have. We hope you and your families are safe, are at home. And we will be in touch again with you as the situation evolves. Thank you very much and have a good day.
- Moderator:** Thank you. On behalf of Fortis Healthcare, that concludes the conference call. Thank you for joining us. And you may now disconnect your lines.