"Aster DM Healthcare
Q2 FY2021 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY21 Conference Call of Aster DM hosted by Spark Capital Advisor India Private 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 an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Harith. Thank you and over to you Sir!

Harith: Good morning everyone. On behalf of Spark Capital, I would like to welcome you all to this call to discuss Aster DM Healthcare's Q2 FY21 results. We have with us today from the management team of Aster DM Healthcare, Dr. Azad Moopen, Chairman and Managing Director, Ms. Alisha Moopen, Deputy Managing Director, Mr. Sreenath Reddy, Group Chief Financial Officer, Dr. Harish Pillai, CEO Aster India. I will now hand the call over to Dr. Moopen for his opening remarks.

Azad Moopen: The greatest pandemic mankind has ever witnessed in our lifetime is still continuing across the world. Most countries have lifted their lockdowns restrictions and people are adjusting to the new normal despite the challenges. In GCC where we have significant operations, there is a second wave reported in some of the countries with lesser severity and are adopting ways to avoid lockdowns and to allow life as normal as possible. Our businesses have come back to normal in the GCC; however, India operations are still lagging behind even though the new cases in India have dropped in the last month. As we go through this journey some of the key learnings that have taken a permanent base in our strategy formulation are taking care of the frontline soldiers, reducing mortality and morbidity, sustainability of the revenue stream, focus on cost control and maintaining robust liquidity in the system.

I would also like to share here that cost optimization projects, which we have initiated in the past two fiscals with the intention to drive in more cost efficiencies at the level of manpower, material and other direct expenses have helped us to become more robust. After significant impact in the month of April and May, our business had witnessed a gradual recovery since June in the GCC, which then continued in the second quarter. During the second quarter we posted revenue of Rs.2268 Crores, which is an increase of 29% when compared to previous quarter and an increase of 9% compared with the same period last financial year. I believe that the innate strength in our diversified business model has helped us maintain the business amid the pandemic situation.

The EBITDA in Q2 was Rs.271 Crores a significant increase of 90% when compared to previous quarter and an increase of 11% compared with the same period last financial year. The profit after tax of Q2 was Rs.33 Crores, also a significant increase from a loss of Rs.83 Crores when compared to previous quarter and an increase from a profit of Rs.3 Crores compared with the same period last financial year. One point that I would like to highlight here is the seasonality nature of our business in the GCC region. Seasonality variations have consistently been visible over several years where in the summer months business tends to be muted due to vast exodus of residents on vacation, but this year was an exception due to present pandemic situation and restriction on travel. The reduced outward movement of the expats had somewhat helped us to maintain the business this year during this first six months of the financial year. Another positive point is the pent-up demand due to restrictions on elective surgeries and limited footfall during the first quarter, which is coming back, which has helped us to achieve significant revenue growth during the second quarter.

Our group CFO Sreenath Reddy will take you through the details of the financial performance for the Q2 and H1 of the financial year. As we are slowly progressing towards normalcy the funds for the capex, which we had initially kept on hold is now being cautiously released for completion of existing projects in order to aid future growth. Projects which are in advanced stages of completion such as the Aster Hospital in Sharjah, first phase of the Whitefield Hospital in Bangalore and expansion plans of Kolhapur are on priority list to complete at the earliest. We are also continuously servicing our existing debt while maintaining liquidity. Some of our new initiatives such as Aster labs in India, telehealth and Aster home have been seeing increasing business volumes month by month. Aster labs, a NABL-accredited lab with ICMR approval to conduct rapid PCR testing for COVID-19 has so far conducted more than 26,500 COVID tests including government and private hospital samples. Along with molecular biology testing, our lab infrastructure is also equipped to conduct testing in other areas such as biochemistry, histopathology, microbiology, hematology, etc. With the help of tele and digital communications we have managed to scale up our telehealth services to deliver and facilitate health and health-related services. We have received the FICCI Healthcare Excellence Award for the year 2020 in the category of excellence in telemedicine and digital health for various telemedicine initiatives during the COVID times. Another important area where we are focusing to provide service and additional revenue stream is the Aster@home, the home care division, it is already very active in Kerala and in Bengaluru. We have been actively involved in various activities for testing, containing and treatment of COVID patient across geographies we operate helping large number of patients who did not have access to quality healthcare. We were also able to provide expert medical care to the victims of the Air India Express flight accident on August 7, 2020 at Calicut Airport through our Aster MIMS Hospital at Calicut, which handles the largest number of patients. I will now request the group CFO to walk you through the financial numbers. Thank you. Over to you Sreenath!

Sreenath Reddy: Thank you doctor. Good morning everyone. The pandemic has continued to create new waves in many countries with record number of cases around the world, but people are resilient enough as we have now adjusted to the new normal. As doctor mentioned we are witnessing positive trend in our numbers from the month of June onwards, which can be seen in our Q2 numbers.

Now let me share the financial numbers for Q2 FY21. We have registered revenue from operations of Rs.2268 Crores, which is 9% growth on year-on-year basis and corresponding constant currency growth is 4%. In Q2 FY21 we have reported EBITDA of Rs.271 Crores, which is 11% increase on year-on-year basis and corresponding constant currency growth was 6%. EBITDA margin in Q2 FY21 was 12% as against 11.7% in Q2 FY20, a reduction of around 30 basis points. PAT which is post NCI increased to Rs.33 Crores as compared to Rs.3 Crores in Q2 FY20.

Coming to six months performance, revenue from operations for FY21 H1 decreased by 2% to Rs.4,028 Crores from Rs.4,115 Crores, EBITDA excluding other income decreased by 12% from Rs.469 Crores in FY20 H1 to Rs.414 Crores in FY21 H1. PAT decreased from Rs.6 Crores to a loss of Rs.50 Crores in FY21 H1. The constant currency reduction for revenue and EBITDA stood at 7% and 17% respectively. Regarding the segmental performance, the revenue in GCC hospitals increased by 20% on year-on-year basis to Rs.857 Crores in Q2 FY21. EBITDA increased by 23% on year-on-year to Rs.127 Crores in Q2 FY21. The EBITDA margin increased from 14.5% in Q2 FY20 to 14.8% in Q2 FY21. Revenue in GCC clinics is at Rs.538 Crores in Q2 FY21 compared to Rs.459 Crores in Q2 FY20. EBITDA was at Rs.66 Crores in Q2 FY21 compared to Rs.66 Crores in Q2 FY20. The EBITDA margin dropped to 12.3% compared to 14.4% in the previous financial year. For pharmacies in GCC, revenue is at Rs.537 Crores in Q2 FY21 compared to Rs.544 Crores in Q2 FY20. EBITDA has increased from Rs.58 Crores in Q2 FY20 to Rs.64 Crores in Q2 FY21 and the EBITDA margin is at 11.8% in Q2 FY21 compared to 10.7% in Q2 FY20.

Coming to the balance sheet, the group's net debt stands at Rs.2476 Crores as at September 30, 2020 compared to Rs.2783 Crores as at March 31, 2020, which is a reduction of Rs.307 Crores. The breakup of net debt for India stands at Rs.353 Crores compared to Rs.358 Crores as at March 31, 2020 and the GCC net debt stands at USD 288 million compared to USD 324 million as at March 31, 2020. Our focus shall continue on reduction of debt and cost optimization. On that note I conclude my opening remarks, we would be happy to give you our perspective on any questions that you may have. I will request the operator on this call to open the Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Shyam Srinivasan from Goldman Sachs. Please go ahead.

Shyam Srinivasan: Thank you for taking my question. The first one is on the second quarter performance at the GCC hospitals I am looking at the constant currency growth of about 14% so pretty good kind of a run rate so I just wanted to understand how much of it is contribution from COVID-related revenues that is one and the second question on that one is what is the outlook for the second half of the year?

Alisha Moopen: Actually in the second quarter in GCC we did not have a lot of COVID-related income at least in IP, it was only in clinics we have the PCR testing income that came so it was actually a lot of pent-up surgeries, which were delayed for the second quarter that came in. Like Chairman mentioned earlier usually there is seasonality and people go away during summer so GCC see the dip, but because we did not really have a lot of people traveling out there is a little bit of element of the population being higher as well. In terms of the remaining part of the year we are hoping and hopeful that we will have a consistent performance compared to last year I guess that depends on how the COVID also plays out, so far we are not seeing any indications of lockdowns even as numbers slowly arising it seems to be fairly within control so we hope we will at least be able to remain at last year's levels for the remaining part of the year. Does that clarify Shyam?

Shyam Srinivasan: Thank you so much Alisha. Second question is on the GCC pharmacies we have seen a decline in revenue and EBITDA has been kind of held flattish so I am just trying to understand what is happening here, are we still seeing hesitancy to come into the pharmacies, what is driving the second quarter weakness?

Alisha Moopen: To some extent there has been a footfall drop that we are seeing in the retail side so a little bit on the clinic and a little bit that flowed through to the pharmacy as well, so naturally there has been some population decrease that has happened since COVID so we are hoping that, that gets restored over the next few months so it has been almost an impact of that in the second quarter that we have been watching, but again we expect that to get restored over the next few months and going back to pre-COVID levels hopefully the year will close like that, but it has not been specifically because people are not coming back into pharmacies anymore that behavior has come back.

Shyam Srinivasan: Last question is on the India hospital piece we have seen actually I wanted to know just the thoughts on Kerala business especially we are seeing some kind of a slight increase in the cases there so just want to understand with the occupancy and I was also looking at the slide on occupancy for zero to three years looks like now Indian hospitals now the newer ones have higher occupancy than the more mature ones, so would that be reflective of the Kerala piece so that is the second question?

Harish Pillai: Thank you for that question Shyam so when we look at the pan India trends of COVID, Kerala was the last state to have a surge in COVID numbers and in fact when we looked at the outliers the COVID numbers started increasing in Kerala hospitals. So overall when we looked at it the big challenge was in other parts of India and not in Kerala. The second part of your question when you talk about hospitals is basically Aster MIMS Kannur, which had a very high occupancy because of its geographical locations and there was a pent up demand in that market and that is the reason why it is really an outlier in terms of performance and occupancy levels so that is why when we combine the two hospitals Aster MIMS Kannur and Aster RV in Bangalore the occupancy level is 65% compared to the rest of India hospitals which is at 49%.

Shyam Srinivasan: Thank you Dr. Harish, all the best.

Moderator: Thank you. The next question is from the line of Anmol Ganjoo from JM Financial. Please go ahead.

Anmol Ganjoo: My question is around first the GCC hospitals if I understand Alisha correctly a big contributor of this quarter has been the fact that expats have not gone back and second a lot of pent up demand is spilled over to this and therefore without COVID contribution the performance in GCC hospitals has held up rather well, is there also a third factor like for example your strengthening competitive position given what has been happening with some of the competition, so when we look at the GCC hospital as a revenue driver for the next year should we also outside of these disruptions which should sort themselves out in a couple of quarters, look at some of the structural market share gain drivers, etc., also as we build our numbers?

Alisha Moopen: Thank you for that question, so yes we do believe that with what is happening with some of the competition and even just with COVID I think Aster has sort of gained pretty much market pole position in our key market, which is Dubai right so we do believe there is an attraction both for doctors as well as for patients to the brand, which we are also experiencing, so that would hopefully be something which we will be able to maintain and continue, so I do hope that is also a third factor, which will enable us to kind of maintain that position.

Anmol Ganjoo: My second question is around India hospital so GCC did not have a lot of COVID contribution but if you look at India and you were to kind of look at the COVID case load as a performance contributor would you be able to give any granularity in terms of what happened there to cause such strong sequential growth and how should we look at it from a 2H perspective?

Harish Pillai: When it comes to India hospitals Q1 in fact we did not have any cases and the business impact was primarily because of the lockdown in the geographies where we operate. The surge in COVID numbers started coming in Q2 so when we look at Q2 overall composition of the revenue it is just about 15% and that is primarily it reflects to my comment earlier that from the India vertical piece we have roughly about 56% of our revenue contributed by the Kerala cluster, which had almost negligible impact. The COVID numbers in Kerala started coming only in September so hence when we look at cumulatively at Q2 the COVID revenue composition of the performance of topline of Rs.414.8 Crores in Q2 is about 15%.

Anmol Ganjoo: Right so just to dwell a bit further on that so basically if you look at around Rs.60 Crores out of Rs.415 Crores we are looking at a number close to Rs.355 Crores, which would still be a decline from where we were last year so have not we yet seen a lot of pent up demand drivers like we saw in the GCC hospital surface or that is something which we should see more in Q3?

Harish Pillai: When we look at overall when we compare from year-on-year onwards like Q1 we had a 19% dip in our revenue performance compared to last fiscal but we had brought it down from 19% to just 4% in Q2 so absolutely you are right. There has been a catch up of pent-up demand in across the clusters and the impact has been in Q2 we are very positive about it and the same trend is likely to continue in Q3. We are just keeping our fingers crossed because of the central government announcements that there might be some sort of COVID resurgence around the festivals like next week is Diwali so we are just being cautiously optimistic but that is uncertain.

Anmol Ganjoo: Thank you that is it from my side. Congratulations for a good quarter.

Moderator: Thank you. The next question is from the line of Prakash Aggarwal from Axis Capital. Please go ahead.

Prakash Aggarwal: Thanks for the opportunity and congrats on good numbers. My question is on the clinics business, so clearly in the past and it remains the funnel for the operating growth for hospitals and we have seen after a big dip in Q1 we have seen significant recovery both Q-on-Q and Y-o-Y, you did mention about PPE and all those things but the underlying volume has that also improved the non-COVID piece in the clinic business per se and would the margin jump is also due to PPE?

Alisha Moopen: Thanks Prakash so when it comes to the clinics we are seeing as I mentioned with the pharmacies also a little bit dip on the numbers so what we are trying to do is there are two aspects so one thing as Chairman had mentioned that there is a push for digital and online consults and sort of just changing the business model a bit that we are actively working on, we have been doing in the last sort of six months we have done around 90,000 teleconsultations as well. The other part as being a funnel we have restructured again the clinics, we have attached it back to the hospital because we do believe that there is a lot of synergies in terms of sharing doctors and sharing those costs across that system where we have almost 700-800 doctors just within the Aster hospitals and clinics, which is our largest piece so that is a positive that we are expecting will come in the next few months. In terms of the costs the PPE has created some margin pressure because our costs have gone up by a couple of percentage points. We are offsetting it or more than offsetting it with a focus on manpower because at the end of the day we had over 50% in manpower costs so what we have been doing is being as mindful and as resource optimized the manpower as much as possible and we are seeing those benefits and that is where the margin expansion is coming from.

Prakash Aggarwal: Thanks and second question on the GCC hospitals so we have seen first half 10% growth what I am trying to understand is what would be the like-to-like growth as I understand there was some acquisition last calendar year end and also the currency benefit would have helped so on a like-to-like basis how would the business has performed on the hospital side?

Sreenath Reddy: On like-to-like if you see the only business that has been added during the period, which is not reflective in the last year same period is the Wahat that is the home care so which is contributing per quarter around Rs.34 Crores so that is the one, which is getting added to the hospital business and this has also got fairly good margins so that is on the Wahat part of home care and on the constant currency growth in terms of half year the hospital's revenue growth is 3% and the EBITDA growth is 2%.

Prakash Aggarwal: Okay Sir. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Santosh KP from HSBC Bank. Please go ahead.

Santosh KP: Thanks for taking my question. The question was in the UAE which insurance class was performing better was it the higher end insurance class or the lower end insurance class in the UAE hospitals?

Sreenath Reddy: So, I will take this. So if we look at in the hospitals you will see that jump in ARPOB as well, actually what has happened is that the higher end segment that is Medcare has performed better compared to Aster in Q2 and that is reflective in ARPOB as well.

Azad Moopen: I was just trying to say that as a sector when you look at the lower end of the market where we have the Aster clinics and all, the people have moved out more whereas the higher end of the market, which is in Medcare and Aster is a mid segment in those areas the movement have seen less especially in Medcare so there are two things one is the insurance as well as the people's presence in the country. Two aspects are there so naturally when there are more people here who are from the upper bracket there will be more of those insurance coming into the future, so it is more connected with the people who are here rather than specifically the insurance.

Alisha Moopen: Just to add to that Santosh I think one of the trends we are predicting is that earlier when Dubai implemented the mandatory insurance a lot of the companies would get the lower end of insurance policies just because they were maintaining costs, but now since COVID, I think a lot more attention by employers and employees on the policy that they have is also there so we are hoping there will be some correction in terms of the policies in the middle segment and the lower segment, which will also kind of increase the health premium in the market.

Santosh KP: Thank you. This is very helpful. Second question is regarding your clinics so what I see is that we had very strong revenue growth in Q2 but the patient count has actually dropped so does that mean that you were earlier planning a strategy through which you wanted to improve the mix of patients in your clinics so is that working right now, is that the driver for this change?

Sreenath Reddy: There is a drop in the footfalls in clinics, but however what has helped us is the PCR tests, which have contributed to the revenue increase, but however there is a drop in the EBITDA and that is because the costs have gone up mainly in terms of PPE kits and sanitization and other costs so that is the reason, so I think there are a lot of initiatives being taken on the clinic side, which should get reflected in Q3 where we are trying to control some of these costs. Alisha would like to add to that.

Alisha Moopen: I think as I mentioned the biggest cost for us is the manpower so whilst we will see some pressure on normal revenue for sometime till the population recovery happens we will be able to hopefully offset it with COVID revenue, which is good because it has fairly high margin and on top of it as we are controlling the manpower cost I believe our margins should recover nicely for the third quarter and for Q4 as well.

Santosh KP: Thank you. That is all from my side.

Moderator: Thank you. The next question is from the line of Sharan T from Alegro Capital Advisors. Please go ahead.

Sharan T: Thank you so much for the opportunity. Most of my questions have been answered. I just had one question with relation to sort of your medium to long term expansion plans that you could possibly have into other geographies, is there anything that we are looking into working on at the moment?

Azad Moopen: We are looking at opportunities in other markets but because of the COVID pandemic it has been slightly doused, but still we are looking at opportunities in other markets other than GCC and India, but there is nothing concrete, which we can announce now, but we are exploring the opportunities because we would like to have look at other areas where there is potential.

Sharan T: Could you by any chance allude to which markets you are possibly looking at, the reason I am asking is because there was an article that had come out talking about Aster being in talks to open up a hospital in the Cayman Islands so I wanted to know whether that was something that was in the books and why specifically you were possibly looking at the Cayman Islands?

Azad Moopen: So, we are just like what I said we are looking at not only Cayman but other markets also, but as soon as there is something concrete, we will be announcing that.

Sharan T: Okay fine. Thank you so much.

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

Harith: My first question is on the GCC clinics business and you mentioned that RT-PCR testing has contributed to the revenues in this quarter, so how are the RT-PCR volumes trending in

October and November, has there been a decline from the second quarter levels is my first question and if you could quantify how much is the contribution from RT-PCR testing in the clinics segment revenue that would be helpful?

Sreenath Reddy: So that we will separately give you offline Harith around that, but however the numbers continue the PCR testing still continues as we are aware that the number of cases are also going up and also with travelling now being eased out so therefore the testing is also increasing, where people need to do the testing to travel, but having said that there is also competition many of them have come up with the PCR testing, in terms of PCR testing for the quarter that we can give you separately offline.

Alisha Moopen: Just to add to that I think what has also happened is that a lot more people are testing if they are going places they want to test even outside of travel just the exact culture of more testing, which is happening, but we will share the information in terms of the ratio of PCR revenue and stuff offline.

Harith: My second question is on the pharmacy segment we talked about some nonperforming stores being closed down during the quarter so is there more rationalization of the network that is going to happen or are we done with this current round?

Azad Moopen: We have been looking at the ways in which we can improve our efficiency, which has come through various ways and one of that is the closing down of the pharmacies, which were not doing well, but as it stands now it is done and I think we have now most of our pharmacies which are going into a profitable state and there is not anything in pipeline to be closed down, so it is done for the present and we do not actually go forward we would not be able to say, but as it stands there is no closures, nothing happening in the near future.

Harith: Thank you. That is all from my side.

Moderator: Thank you. The next question is from the line of Agraj Shah from Tata AIA Life Insurance Company. Please go ahead.

Agraj Shah: Congratulations on a good set of numbers so my first question is on the other expenses it has gone up 30% year-on-year so what is the reason for that?

Sreenath Reddy: So these other expenses on the lab expenses there are significant expenses on the lab side that is one and two also is that in the normal course of business we take certain provisions so the provisions what we have taken in the current quarter has gone up so that explains for the other expenses increase.

Agraj Shah: The lab related expense in the other expenses will it be one-off, or it is recurring in nature going forward?

Sreenath Reddy: So the thing is that we also got the sanitization and other expenses right to this housekeeping expenses, which has gone up significantly more so that is what I meant, so the sanitization expenses also have gone up in addition to lab expenses, which is sitting in the other expenses, so that will continue I think could continue, but we are trying to see as to how we reduce the cost in Q3 and Q4 so slowly it should drop, but having said that this expenses could continue, but in terms of the provisions and other things that is something that is in the normal course that will get reduced so therefore you will not see that kind of an increase going forward in Q3 and Q4.

Agraj Shah: My second question is on this expansion plans that you are talking about so would you have a preference going for the inorganic growth or you will be looking for Greenfield expansion for the geographies?

Azad Moopen: We have actually shown some of these projects, which we have taken, which I mentioned in my initial speech also so these are all the ones which were in pipeline which we had put on hold, some of those we have now started because it was already towards the end of construction we have put it on hold now we have restarted the construction and it is likely to be get inaugurated, but these are all organic. Inorganic presently we are not looking, not that we would not be looking at but at present there is nothing in pipeline, which we are looking at immediately to go into an inorganic expansion.

Agraj Shah: Because assets are now available, so would not inorganic means more sense given that it is part of cash flow generating?

Azad Moopen: This is something which we definitely have in mind but we do not want to increase our debt position, we have reduced our debt position, we do not want to have more debt and go into a situation where there is more of debt so we are looking at opportunities and if there is any opportunity which comes in where there is not too much of a capex requirement we will definitely look at that. Answering your question yes there are opportunities it is a good time to buy and at the same time we do not want to go too much into that and getting restrain on our liquidity.

Agraj Shah: Okay thanks a lot that is it from my side.

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

Harith: I just wanted to understand how the home care business is performing, has there been a positive trend in that business in the current environment if there is a greater demand for home care in this situation and just trying to understand if the revenue trends have changed materially from the time of our acquisition last year?

Azad Moopen: Sreenath would like to talk about Wahat and then after the organic growth of the business in India Dr. Harish can say.

Sreenath Reddy: In the GCC as you are aware we have entered into home care business so which is Wahat so that has been doing fairly well so we are looking at expanding the home care business so that is there on our radar and because that is something which we deem as attractive and going forward, preference to be treated at home will also be higher so therefore that is something which we are looking at and we will continue exploring those opportunities in the GCC.

Harish Pillai: In India we are currently present in eight locations. We have found the substantial update for home care from Q1 onwards and this is also growing because of our ecosystem what we are building there is a push for a digital interface and the primary focus is continuum of care post discharge of our patients so we are pretty bullish about home care. In terms of if you look at geographical spread right now the Kerala market especially North Kerala there is a big upsurge in home care demand low clusters also picking up and others are also showing a positive trend so overall this year has been quite good for homecare in India.

Alisha Moopen: Just to add to that so even in GCC other than Wahat acquisition we have seen our existing business also do sort of being able to push actively the home care so we are seeing that organic growth which is great because we anyways have our captive audience and our patients and the brands so we have been seeing like Sreenath mentioned there is a preference for homecare, there is a preference for even just blood testing at home for nursing at home so those are lines which are getting added on to the existing businesses as well. The one issue we are facing right now is there is a shortage of nurses in the market because a lot of nurses come from Philippines and those borders are closed so we do believe that if we are able to kind of expand the nursing care numbers and we should be able to kind of fast-track that home care business here as well nicely.

Harith: Okay thanks for that and the last question from my side is on the India hospitals business as you had mentioned there has been an uptick in the number of cases in Kerala, which is your largest market so when we think of the third quarter will there be an impact and then how should we think of the India hospital segment in the third quarter based on the trends that we are seeing in October and so far in November?

Harish Pillai: Harith, the good aspect is that the hospitals what we have our entire network of hospitals are NABH accredited and we have large capacity sitting in Kerala, the way these hospitals have been designed there is strict zonalization, which has already taken place so we are comfortably able to manage both COVID and non-COVID patient volumes and like I mentioned before there has been a quarter-to-quarter growth in the non-COVID numbers which is still sustaining itself so we do not find that any sort of a challenge, if at all we will find that the numbers hopefully should be better.

Harith: Okay thank you.

Azad Moopen: Harith answering your earlier question I just wanted to add on so we have now this benefit of having this home care along with the laboratory service which we have started and we are now in the process of rolling over in the geographies where we operate and along with that this really helps. Tying these up together both in India as well as GCC we hope that we can create an ecosystem where we can provide people omni channel and also through that as a funnel attract patients into the hospital so that is the whole idea of starting this home care as well as lab and along with telehealth and tying those up with the hospitals will be the best thing, which out patients can have as well as for us also that will create a differentiator when compared to many other standalone players who run labs or who do just home care or who do just telehealth so we think that we could go into a stage where there could be an omni channel situation where these can put together and create an ecosystem.

Harith: Got it. Thank you, doctor.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Harith for closing comments.

Harith: Thank you all for joining this call. I thank the Aster DM Healthcare Management for the opportunity to host them. Have a good day.

Moderator: Thank you. On behalf of Spark Capital Advisors that concludes this conference. Thank you for joining us and you may now disconnect your lines.