



“Fortis Healthcare Ltd Q1 FY19 Post Results
Conference Call”

August 14, 2018



MANAGEMENT: MR. RAVI RAJAGOPAL - CHAIRMAN OF THE BOARD OF DIRECTORS, FORTIS HEALTHCARE LIMITED
MR. BHAVDEEP SINGH - CHIEF EXECUTIVE OFFICER, FORTIS HEALTHCARE LIMITED
MR. GAGANDEEP BEDI - CHIEF FINANCIAL OFFICER, FORTIS HEALTHCARE LIMITED
MR. ARINDAM HALDAR – CEO, SRL
MR. SRIVATSAN – PRESIDENT (COMMERCIAL)
MR. SAURABH CHADHA – CHIEF FINANCIAL OFFICER, SRL.
MR. ANURAG KALRA – SENIOR VICE PRESIDENT- INVESTOR RELATIONS, FORTIS HEALTHCARE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY19 Post-Results 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 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. Anurag Kalra – Senior Vice President Investor Relations at Fortis Healthcare Limited. Thank you and over to you sir.

Anurag Kalra: Thank you Rio. A very good evening and good morning ladies and gentlemen and a welcome to Fortis Healthcare's Quarter 1 FY19 Earnings Call. We have on the call today Mr. Bhavdeep Singh – our Chief Executive Officer. Joining him is Gagandeep Bedi – our Chief Financial Officer. From the SRL side we have Mr. Arindam Haldar – the CEO of SRL, Mr. Srivatsan – President (Commercials) and Mr. Saurabh Chadha – the CFO of SRL. We will start the call with some opening comments by Bhavdeep Singh following which Arindam will make some remarks on the diagnostic business and its performance in the quarter. I shall then take you through a financial presentation, post which we will open the floor for question and answers. Over to Mr. Bhavdeep Singh.

Bhavdeep Singh: Thank you very much Anurag and thank you all for joining the call. I apologize that we are a few minutes late and just a little bit of last minute stuff we had to take care off, but we appreciate all of you being able to join the call, thank you. So, I think first and foremost is obviously the outcome of the EGM that was held on August 13 that you are all familiar we have been working on for quite some time. So, I am pleased to share that approximately 75% of the votes were cast and over 99% voted in favor of all three resolutions.

Now that is significant. It is significant on multiple fronts because from a company perspective, from an organization perspective to be very honest this has been a very-very long journey for us. This started almost 2 years ago. It started with what seemed like a relatively simple diligent exercise that has become a full-blown massive initiative around talking to multiple potential investors, multiple potential people who are interested in the company from so many different angles. I can tell you that over a spread of time a lot of people have worked very-very hard within the organization to make sure that we could meet all the requirements from a diligent perspective but also at the same time continue to do their job. We are as an organization, well I am not a doctor, we are as an organization our business is steering light and healing people. Quite honestly, I think that takes everything up to us at a slightly different level. So, with all of that said, we are very pleased.

Again, as I just mentioned it has been a long journey. I can tell you that at this stage while we are not quite at the finish line yet, we certainly believe that today is an important milestone to know that we have some clarity, some clear direction going forward. We had a call with our leadership team about an hour back and I can tell you that the organization is extremely excited,

extremely positive. And I think that potential partnership and collaboration and working together with IHH and Fortis I think is potentially a very-very powerful coming together and I think it goes well for our organization certainly. I certainly believe that we all will get a tremendous amount of value from IHH. I certainly believe that hopefully we will be able to add a little value to IHH as well. But I think as important as anything else, I think this is good for India. I think a strong Fortis, I think a collaboration with IHH for Fortis Healthcare I think it is good for India because while this is a financial call, I mean let us not forget that we are in a country where the diseases burden is actually going through the roof. We are in a country where the entire healthcare value proposition is being questioned by people every single day. The notion of what private healthcare does versus what the government might do is a big-big discussion, conversation just about everywhere you go. So, I think we have again a situation where we have a tremendous opportunity to add value to the country on so many different levels and I think we have an opportunity to improve the quality of lives for so many people. So, we are very excited, again not quite at the finish line. We have a little bit more to go. We certainly have to continue pushing. We have to get CCI approvals. And that is going to take a natural course of time, but I do believe again that this is a good positive step and certainly all of our 20,000 plus colleagues share my enthusiasm and my support for where we are right now.

With that I want to just talk a little bit about quarter 1 results. I can tell you now and we discussed this with all of you when we connected last, when we had Q4 results and 2017-18 results. We have had a challenging time. There is no getting away from the fact that by virtue of everything that has happened to the organization, by virtue of (a) the significant volume of activities around diligence, the headwinds that the industry has encountered and faced we are not alone, I think many of our competitors faced it as well but certainly I think that has been quite significant. And the whole issue about our erstwhile promoters and the challenges they had. This is an organization. We have gone through a lot. We have gone through a lot having to deal with all of these things. We have gone through a period of time where every single day we were on the front page of the paper for the wrong reasons. I was taught in my marketing class when I was in school many years ago that there is no such thing as bad publicity. I am not sure if I agree. We have had many challenges on many fronts and again I think by virtue of that we have taken a bit of a hit from a performance perspective because all of these issues that I just referenced led to significant liquidity issues, significant cash issues in terms of being able to fund the operations and it has impacted how we run our business, it has impacted our abilities to pay our vendors properly. We have not been able to run marketing campaigns on medical camps to further share with people what we can do, how we can help them live a healthier life and quite honestly in the industry that is continuing to mature and continuing to build and grow, marketing is important. Being able to spend, whether it is for cancer screening, whether it is for blood drives whatever it might be. Actually, being able to communicate your message is important and to be very honest with you by virtue of the challenges we have had, we have spent hardly any money at all towards any of these things and by virtue of that I think that has been a challenge. I think in addition to that the lifeline of any business like ours is capital and being able to invest in capital and we have had a couple of hospitals that we would like to open up that have been on hold for some time

now. We have not been able to invest in new bed, initiate new medical program, bring in new medical equipment.

Our international business has taken a hit as well. I think by virtue of the fact that we have not been able to fund these things properly. I think as important as anything else, while I think the organization has done a very good job in retaining talent I think that quite honestly, I mean just put yourself in the streets of a doctor or an administrator who does not work for Fortis but you are thinking about working for Fortis. And you put yourself in those shoes and everyday you hear about something or the other that is happening at Fortis. You start questioning what is this organization about. So, I can tell you that there are at least a dozen, dozen and half, two dozen doctors who would love to join, who want to join, who said they will join but I think basically they have all said, listen, let us get some clarity with respect to where the organization is going, get some clarity with what the future looks like and would certainly be happy to come on board. And I can tell you that at any given time in the organization over the course of the year we hire many-many doctors, many-many nurses, people who come in the organization who bring special set of skills, expertise, clinical strengths that either the organization has but has drawn to or organization does not have and I can tell you that by virtue of some of the challenges we have had, it has impacted our ability to bring in clinical talent. And that is the lifeline of our business being able to have doctors whether it is a surgeon, whether is a general physician, whether it is a robotic surgeon, a transplant surgeon, whatever it might be, the lifeline of our business are our doctors and I can tell you that I think the challenges we have had has certainly impacted ourselves.

So, you put on all that together and it has resulted in certainly a challenging quarter. EBITDA has fallen quite substantially and look, it is not something that we planned but certainly with respect to the challenges we have had it is not a big shock either. We are not happy about it. That is the bad news. The bad news is that it has not been a good quarter, but I think the good news, the optimistic news is or the favorable news is that we are coming out of it. We are coming out of it very strongly. We started putting in plans as soon as we had some sense and direction and we are able to start focusing on the business and we are able to start investing some money because we got funding. Funding that came in the month of June and I think that July has turned out to be a good month, certainly compared to the first quarters. Not just good, substantially better than what we saw in the first quarter.

The first half of August looks strong as well and I think that while the quarter numbers are what they are Anurag will go through them in a minute, I think the more important piece for me and for the organization as we look forward is that performance is a covering. We certainly believe that our occupancy which has fallen to 62% in quarter 1 went up to 67% in the month of July and August is trending even higher than that and we certainly believe we will exit the year at north of 70%, which should be close to where we were before. So, I see quarter 1 as over 18 month, 24 months to be one line down in a series of lines that are going up quite honestly. I do not think this is a systematic issue. I do not think that they are in any way, shape or form there is any permanent damage to the business. I think we have a taken a little bit of hit but quite

honestly good organizations come back from this and not only do they come back, but they come back stronger than before. So, that is what I expect from the Fortis organization. I am very-very proud of this organization the way they have held up, the way our people have held up, the way they have continued to take care of our patients and provide the best quality healthcare in the country. With that said, again I think the opportunity is in front of us to continue to grow, continue to move forward and I certainly believe we will go forward. I think the key metric that we look at is beds and how many patients do you have.

We will be and we have been and certainly will be a solid 70% plus occupancy business and grow beyond that as well. So, I look forward to many good things happenings. Today is an important milestone, a little bit more to go before we hit the finish line and certainly a good step and something that feels it is very positive. Arindam will have some opening comments from SRL and then post that we also have Mr. Ravi Rajgopal – our Chairman and we will get a couple of comments from him as well. And then we will ask Anurag to walk through the financials.

Arindam Haldar:

Thank you Bhavdeep and good evening everyone on the call. So, talking about the past quarter for SRL, the diagnostic business one can say that at an overall level it has been a challenging one. As you know past couple of quarters our margin delivery has been quite soft so that is where we work very hard on improving some of the cost structures and that paid good results. We could improve our EBITDA margins by 300 basis points over the trading quarter, saying that our revenue growth remained extremely soft for the quarter.

So, while we have corrected our cost structures, our revenue growth has not really played up. Part of it is to do with some of the closed businesses specially being the UPPPA business that we closed end of March, corrected for the closed businesses our growth rate will be about 4-4.5%, on a reported basis about 2% growth. Our focus at this stage is single mindedly driving samples and revenues as we look forward.

Bhavdeep Singh:

Thank you Arindam. I am just going to ask Mr. Ravi Rajgopal – Chairman, just some opening comments from him as well.

Ravi Rajgopal:

Good evening everyone. I just wanted to say that I think today's news on the shareholder vote has been extremely reassuring. I think it brings the whole process that we ran with the fresh bidding to a very nice closure and it is also reflective of the transparency with which we run the process and I think we achieved the best possible outcome given the circumstances. So, with this we have ended one chapter in the Fortis saga and with the shareholder vote we still have to await some regulatory approvals on both sides but hopefully from tomorrow we start a new chapter and hopefully with a lot more confidence and predictability and certainly with the strengths of IHH. This will mean a lot of good things to come for Fortis. I better hand it back to Bhavdeep.

Bhavdeep Singh:

Thank you very much Ravi. Anurag will walk us through the financials and then we will open up for any questions.

Anurag Kalra:

I shall take you through the financials and brief for quarter 1 FY19. At a consolidated business level, we recorded revenues of Rs. 1042 crores. This is lower by approximately 10% versus Rs. 1157 crores in quarter 1 of FY18. Our operating EBITDA at a consolidated level both the hospitals and diagnostics business combined stood at Rs. 80 crores representing a margin of about 7.7%. This compares to a margin of 14.1% in the corresponding previous quarter. The net profit for the quarter was at a negative Rs. 70.9 crores compared to a positive Rs. 5.5 crores. If you want to break down that business in the hospital diagnostic segment, the hospital business recorded revenues of Rs. 820 crores versus Rs. 939 crores in the corresponding previous quarter.

Again, the margin of the hospital business were impacted significantly because of the ongoing challenges that the company has been facing. The hospital business recorded and EBITDA of Rs. 42 crores representing a margin of 5.1%. This compares to a 13.5% margin in the corresponding previous quarter. The diagnostic business of the company recorded net revenues which is net of intercompany elimination of Rs. 216 crores in the quarter as compared to Re. 212 crores so almost a similar kind of number there. Operating EBITDA was again similar.

Operating EBITDA for the diagnostic business was Rs. 40.5 crores in quarter 1 of FY19 versus Rs. 39.1 crores in quarter 1 of FY18 representing a margin of 18.7% in quarter 1 FY19 versus 18.5% in the corresponding previous quarter. We maintained about Rs. 1522 crores of net debt. This represents healthy net debt to equity ratio of about 0.29 times and this compares to about 0.19 times in the corresponding previous quarter and about 0.26 times in the trailing quarter.

I will take you through the balance sheet now. This is March 31, 2018 versus June 30, 2018. Our shareholders equity as of March 31, 2018 stood at Rs. 5317 crores and on June 30, 2018 this was Rs. 5299 crores clearly impacted by the loss that the business has recorded. Debt was reduced. We made some debt free payments. Our debt as on June 30, 2018 stood at Rs. 1657 crores. So, the total capital employed in the balance sheet was Rs. 6955 crores as of June 30, 2018. This was deployed in net fixed assets including CWIP. We had an amount of Rs. 3128 crores.

Our goodwill stood at Rs. 2049 crores. This was no change compared to the quarter ended March 31. Investments again were similar, Rs. 1346 crores. Our cash and cash equivalents showed a decline. Our cash and cash equivalents as of March 31, 2018 were at Rs. 555 crores. On June 30, 2018 the number is at Rs. 135 crores. This is largely as a result of the redemption of the mutual fund we got, and the redemption proceeds were then correspondingly used to square off debt and hence you see the debt being reduced by almost a similar amount. Our net current assets stood at Rs. 298 crores. With that the total asset base was at Rs. 6955 crores.

That is the brief of the financial presentation and I would now like to open the floor for question-answers. Thank you.

Moderator

Sure, thank you very much. We will now begin the question and answer session. We have the first question from the line of Neha Manpuria from JP Morgan. Please go ahead.

Neha Manpuria: My first question is on the occupancy improvement that you have shown in the second quarter. How much of this would you say is linked to seasonality because usually second quarter does tend to improve versus the previous quarter and if I were to exclude seasonality has the improvement been more gradual and therefore should the trajectory be more gradual improvement versus what you have shown in the PPT?

Bhavdeep Singh: The seasonal component has been almost nil this year. You are right, typically dengue, chikungunya in the last couple of years hits in but quite honestly, we have had minimal, hardly any incidents of dengue at all this year. If you think about it, just think about what we have been reading or not reading in papers, news, media, etc. We have not read anything at all. We are not seeing it. Quite honestly the improvement that you are referencing is not – we started to see improvement in the second half of June as well. So, it did not happen overnight, and it is a function of some initiatives that we have launched, something that we are specifically doing to drive occupancy. And again, as I mentioned earlier we have got some funding that came in which certainly helped because at the root of the challenges we have had liquidity has been a big piece of it. And so (a) very much planned, (b) started in the second half of June and (c) we are not seeing the seasonality component at all, I cannot say at all but hardly any at all. And again, that will be consistent with what any one of us have heard, read or otherwise in any other media outlet.

Neha Manpuria: And my second question is if I look at more 4-5 quarters outlook, what should be the steady state margins that Fortis could achieve assuming occupancies go to the 72-74% levels or higher than 70% levels that we have indicated. What according to you would be a steady state margins based on the inefficiencies or improvement that we can bring about in the business?

Bhavdeep Singh: Neha you have followed us closely, so you are aware of this. We have been in the range of 15-16% prior to the recent challenges we have had. We are back to that number in approximately the same time period that you are referencing. I certainly see that. We have always maintained that long-term this is the high-teens business and I certainly stand by that. I stand by the fact that long-term when you look at the business over the next 2-3 years we are a high-teens business. That is exactly the direction we are headed in. There were a couple of quarters where we approached 17%. I do not see any reason that the business is not going to hit those levels again. So, again, this is a temporary one-off, a one-time blip. We are coming back to where it started, and I think we will continue to see the trajectory going forward as well.

Neha Manpuria: My last question is on SRL. I understand the hospital business has its issue but SRL growth has been struggling for quite sometime now. You know a lot of the initiatives that we have been talking about, you know they have being talked about for quite some time, but that business seems to be struggling on the growth front and in the market where some of the competitors are showing a phenomenal growth. What are we missing in SRL? Can growth come back in that business?

Arindam Haldar: You are absolutely right that our growth has been quite soft as I said in my opening comments as well that while we have been able to arrest some of the softer margin issues and margins have come back, growth is clearly an issue. Typically, if you see that this quarter our reported growth is 2%. One is an impact of some of the close business but saying that even after accounting for – 4.5% which I believe is much lower than what our internal expectation is. We have put in a very strong team and a detailed plan to single mindedly drive revenue. Our July has been far stronger, I would not really say that in the next two or three months suddenly the entire growth will come back but we are very-very confident of some of the growth measures that we are putting in both in terms of improving our franchised collection network as well as our aggression in the market and we do see growth coming back in the same level that we were earlier.

Bhavdeep Singh: So, Neha I just want to add a couple of things to that as well, because I think Arindam is exactly right. What I would add is a couple of things. One of things with SRL is that having and Arindam just talked about a couple of initiatives and the things that we were doing there is we have a cost structure, which is a base cost structure which we believe certainly can support a higher revenue number. So, while what I am going to tell you is very simplistic I think what you will see over the next 3-4 months is we are going to see the topline growth. There are some very specific initiatives that the business is outlining with respect to doctor practices and that is when you look at the diagnostic business that is such a big piece of what you do as working with local doctor practices and it is not like the hospital business where you build it and it will come, you actually need to work with the local doctors and getting hospital practices, getting doctors on board. So, there are 2-3 significant initiatives around getting new doctor practices on board, putting a big foot on getting a broader franchisee network that is something we have been working on as well. I think the other thing that we are also actively exploring and looking at what is the best way to bring synergies between the Fortis and the SRL business and that is something that we have not done in the past. It is something that we believe is an opportunity. SRL is our committed diagnostic partners. We have all of our hospitals, we work together but we believe there are other opportunities for us to work together. And I think there are synergies there that certainly will help the SRL business but I certainly believe will help Fortis as well. So, I will tell you Neha that in 3 to 6 months you are going to start to see some good stuff coming out of SRL and I think that bodes well for the overall FHL organization because you are going to see Fortis recovering and SRL getting strong and I think that is going to result into some very good numbers.

Neha Manpura: Can SRL go back to 15 plus percent revenue growth, not immediately but let us say over the next 2-3 years or even next 2 years?

Bhavdeep Singh: I can tell you. I think double-digit growth is definitely on the cards. We have been running flat, low-single digit for the last 2-3 quarters. Double digit growth is very much in the cards. I do not want to give specific forecast a guidance, but I would tell you that as we get deeper into this year I think you will start to see movement in that direction and to your point the diagnostic business in this country is growing quite substantially. I think there is still a good bit of white space within the four walls of our country and I think there is lots and lots of areas for us to explore. I think

that apart from the doctor practices the other piece where I believe there is an opportunity is additional partnerships with the government. I think there are parts of the country where we can work with the government to set up PPP type of setups where we believe we can expand our patient base quite substantially. So, the answer is yes. I do not think it is overnight but I certainly think high single-digit, low double-digit is coming soon. I think beyond that you have a solid growth score if I sell over the next 3 to 5 years.

Moderator: The next question is from Adi Desai from York Capital. Please go ahead.

Adi Desai: I have a couple of questions on the operations. Obviously, it is good to see green shoots in July in August on operations equivalent and my question was that Apollo reported decently 2 days ago. We managed to effectively have like litigate some of the pricing pressures that we are seeing in effect by introducing more of the front-end price packages, I wanted to understand where we are sort of in terms of thinking about similar kind of initiatives when it comes to procedures like procedure like bundle price. Is it something that we think we are going to do going forward? Is it something that already started to implement at our hospitals just learning on that. That is question one and maybe I can ask second question after that.

Bhavdeep Singh: Yes, we started the whole notion of packaged pricing and it is something that we started looking at 3 or 4 months back. And when you look at packaged pricing there are 2-3 different things about packaged pricing that matter. Number one is you simplify things for the pay and/or the families that are involved with respect to bringing some level of – if this is a procedure or if I going to have a surgery whatever it might a diagnostic that I know that this is what I am going to pay which is having to figure out what A+B+C+D+E equals. I think it is simplicity. I think people appreciate that, so think is something that we started as I mentioned 3 or 4 months ago and we are moving in that same direction as well, I think that is one. I think the other piece of it is that from a hospital perspective and this is not about inflating pricing, it is not about doing anything else on that, but I think there is a simplicity component on the hospital side as well. So, we are doing it. We are certainly moving in that direction and I think the earlier results are that patients appreciate it. Hospitals, I think even for a doctor because when you talk to a patient instead of having to say hey there are 10 components and here what it is might be, you are able to say this is the price and I think it actually gives some credibility to us as well. So, very much in line with that and we are moving in that direction too.

Moderator: The next question is from Shyam Srinivasan from Goldman Sachs. Please go ahead.

Shyam Srinivasan: Just back on the point of pricing again that was raised. ASP growth or ARPOB growth we have actually seen it is been relatively flat and going back to Bhavdeep's point on high-teens growth I thought that happened in an era where we could take ARPOB on high-teens growth on a CAGR basis in the past. So, how would we come back to a double-digit growth. I am not asking high-teens, without us doing better on either complexity or ability to take price increases up and a sub-question is that in this fixed pricing rollout do you foresee that first prices will actually dip down and then start moving up or how should one think about the dynamics? Thank you.

Bhavdeep Singh:

I think the pricing space in our industry is complicated. It is getting more complicated. At the same time we are trying to bring transparency because people are confused. People are confused in terms of what they are getting charged and the value proposition behind it and collectively as an industry, look it is not a coincidence that two large organizations are looking at packaged pricing, we all believe that we have to simplify the method for the patients and for their families and attendants, so that there are not confused people. Having said that, I think that our ARPOB has been stable. Now a couple of things about that. Number 1, our ARPOB is amongst the highest in the industry and we do believe that the ARPOB will continue to grow and that is going to come exactly as you just mentioned from complexity, complex procedures. For example, we have 3 or 4 robots in our system now and the complex and the very specificity of the types of procedures we can do is quite significant, and they are certainly becoming more and more in demand. I will give you an example, we have an orthopedic robot with a company called Smith & Nephew based in the US. Now typically when you have a bilateral surgery now the patient both the knees operated on. Typically for us average 50-year-old patient will get both their knees operated on, it takes a good 3 or 4 days before they can actually go up and down the steps. Now when you have a procedure done by this robot and Dr. Ashok Rajgopal is one of the top orthopedic surgeons in the country uses this in Gurgaon. The patient is actually walking up and downstairs in less than 24 hours. Now that is a very specific benefit that the patient has. The pain level is less. The recovery time is much-much quicker and I think there is value behind things like that and I think those things will help our margin as well. I think the other thing quite honestly, we are in an environment and this is not just a hospital environment, I think it is Indian business environment, but I think our space is no different. I think we all have to become much more efficient. I think we have to do a better job reducing cost. We had till our most recent challenges and quite honestly our revenue, depressed revenue makes it difficult to show what we are doing on cost. I think we have to cut our cost quite substantially. We proactively in the last 2-3 years have cut about 200 points of cost on our system. I think there is another 300-400 points of cost that has to come out. Now that is not a random number, it is not a hypothetical number. I am very clear that our business will have to cut anywhere between the 300-500 points of cost in the next 18 to 24 months and very specific thing that we are doing, something that we have already started doing, something that we will do over the next 2-3 months, some things will be a function of more efficiency, better systems, better processes. Some things will be a function of technology, some things will be a function of collaboration and looking at shared service models in light of that. So, I think we have to look at the cost piece as well. So, I think (a) complexity from a medical perspective, from a clinical perspective, we have some of the very-best doctors in the world. You have heard me say this before Shyam we do more transplants than anybody. We have the best cardiac transplant program in the country, one of the very best in the world. I think what we are doing with fields like bone marrow transplant, what we are doing with renal transplant is significant. What we are doing in the space of cardiac with LVAD and TAH is very-very significant. I think we are absolutely leaders there as well. So, I think there is a lot of good stuff happening. Challenging time, a bit of a blip with respect to what is happening but I think there is a detailed clinical, operational effectiveness cost-saving high talent

plan that I think you will start to see kick in and along the conversation that you have not had in the past, I think you will start to see the results come back quite strongly.

Shyam Srinivasan: Just going back to one of the slides that you earlier used to put in terms of the Op Hospitals and how they have performed, so are we going forward, not going to disclose how we have done on an individual hospital bill?

Bhavdeep Singh: Shyam we can take that offline that is not a problem, we can share that with you.

Shyam Srinivasan: Thank you. And my last question is on SRL, we have seen the realizations improve for SRL and maybe it has come at the cost of volumes but most of the competitors seem to be talking about taking prices down and trying to get to our mid-teens to high-teens kind of growth on a revenue line. Can you just talk about the competitive dynamics? Should we now probably follow what the rest of the guys in the markets have been doing from a pricing standpoint? Thanks.

Arindam Haldar: Our realization for samples have gone up by almost 5% but primary driver of the mix, we have got a far favorable mix rather than price action. Yes, competition has been quite strong and as you know in this space there hardly has been any price increase in the market. So, most of our realization growth has come from better mix delivery.

Moderator: As there are no further questions, I would like to hand conference back to the management for closing comments.

Bhavdeep Singh: Alright thank you very much. So, thank you all for joining the call this evening. We do appreciate it again. I apologize for the delay. Today is an important day for Fortis Healthcare. It has been a long journey. Important milestone today. Little bit longer, we can see the finish line but not quite clear yet, but we certainly believe we will get there soon. So, thank you very much and we will be happy to follow up with any one of you individually or otherwise as you feel appropriate. Thank you very much folks. Thank you for support and have a good night. Bye-bye.

Moderator: Thank you very much. On behalf of Fortis Healthcare Limited that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.