**Ref: MHL/Sec&Legal/2020-21/131** **Date: August 24, 2020**

To,

**Head, Listing Compliance Department**
**BSE Limited**
Phiroze Jeejeebhoy Towers Dalal Street,
Mumbai - 400 001.

**Scrip Code: 542650**

**Head Listing Compliance Department**
**National Stock Exchange of India Limited**
Exchange Plaza, Plot No. C/1. G Block,
Bandra -Kurla Complex, Bandra (East),
Mumbai- 400051

**Scrip Symbol: METROPOLIS**

**Sub: Transcripts of Earning Call for Q1FY2021**

Dear Sir/Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith transcripts of the Earning Call held on Wednesday, August 12, 2020 at 9.00 a.m. (IST) wherein the management of the Company discussed the Financial and Operational Performance of Q1FY21.

This is for your information and records.

Yours Faithfully

For **Metropolis Healthcare Limited**

Poonam Laxmandas Tanwani

Digitally signed by Poonam Laxmandas Tanwani
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Date: 2020.08.24 19:01:25 +05'30'

Poonam Tanwani
**Company Secretary & Compliance Officer**
Membership No. A19182

Encl: a/a

# “Metropolis Healthcare Limited
# Q1 FY2021 Earnings Conference Call”

## August 12, 2020

**ANALYST:** **MR. HARITH AHMED– SPARK CAPITAL LIMITED**

**MANAGEMENT:** **MS. AMEERA SHAH - MANAGING DIRECTOR - METROPOLIS HEALTHCARE LIMITED**
**MR. RAKESH AGARWAL - CHIEF FINANCIAL OFFICER, METROPOLIS HEALTHCARE LIMITED**
**MR. VIJENDER SINGH - CHIEF EXECUTIVE OFFICER - METROPOLIS HEALTHCARE LIMITED**

**Moderator**: Ladies and gentlemen, good day and welcome to the Q1 FY2021 Metropolis Healthcare Conference Call hosted by Spark Capital Advisors Private Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Harith Ahmed. Thank you and over to you Sir.

**Harith Ahmed**: Good morning everyone, this is Harith from Spark Capital. On behalf of Spark Capital, I would like to welcome you all for the call today. I thank Metropolis Management for the opportunity to host this call. From metropolis, we have with us Ms. Ameera Shah – Managing Director, Mr. Vijender Singh – Chief Executive Officer, Mr. Rakesh Agarwal – Chief Financial Offer. Over to you Ameera, Madam!

**Ameera Shah**: Thank you everyone and good morning to all. Thank you for joining us for the Q1 FY2021 Earnings Call, and I hope you and everyone around are safe and in good health. I am joined today by Vijender Singh, CEO, and Rakesh Agarwal – CFO and SGA – our IR Advisors.

The presentation and the press release has been issued to the stock exchanges and uploaded on our company website. I hope everyone has had the opportunity to go through the same.

Let me first start by giving you a strategic view of where Metropolis is. We continue to focus on reaching normalized levels of revenue, happy to share with you that June 2020 compared to June 2019 is a normalized revenue month, in spite of multiple challenges, in terms of continued lockdown restrictions especially in our focused cities.

Our efforts are geared up to increase our non-COVID business, which has seen a month-on-month improvement in revenues from April to June. The strong momentum continued in July, which has witnessed a mid double-digit growth over June 2020.

Our cost Control initiatives and increased levels of testing in June 2020 has led to operating leverages benefits. We have thus been able to achieve near normalized level of EBITDA margin in June 2020. In spite of contribution from COVID-19 test, which is, margin diluted in nature.

We have increased our home testing services across focus cities and are witnessing a healthy uptake. Happy to share that home visit sale grew by 2X as compared to previous highest and July 2020 home testing revenues were the highest so far in the calendar year 2020.

Our digital strategy is an important piece in our journey of upscaling revenues, we were gone live with the number of digital initiatives and results so far have been encouraging more so asit further strengthens the brand equity and recall of Metropolis.

We are a zero debt company with cash and cash equivalent. We have been successful in improving our working capital cycle even during these challenging times, this therefore exhibits that we can navigate even longer than expected in an economic slowdown and the business fundamentals remain on strong foothold.

Let me give you a quick update on our business. We started Q1 FY2021 with a twin approach of scaling up COVID testing as well as focusing to return to normalcy with increased levels of non-COVID testing.

While lockdown affected revenues in the month of April 2020, we saw revenue degrowth of 63% on YoY basis with increased testing the pace of degrowth reduced to 27% in May 2020 on YoY basis.

With scaling up non-covered business to about 70% levels in June 2020 which was the highest revenue month for the quarter, we were able to achieve last year June sales in current June, which means we return to normal.

Let me now share with you what we have done in Q1 FY 2021 to strengthen the business on sustainable basis. Number one we have focused on the home service opportunity. We clearly believe that home service as a method of sample collection is set to rise to further penetrate in the segment and capture the mind share of Metropolis with customers.

We have strengthened the standardization and safety procedures for home testing to give increased level of comfort to customers. Each home visit has a stringent guideline and SOP with regards to PPE kits, safety equipment, material disposal, collection and logistics equipments. Second, we have rolled out our national apprenticeship programs scheme to encourage Phlebotomists to help us scale this piece of business.

Three in small towns and cities we have tied up with agencies in a variable cost models, so to scale the services on a capital light way and overall our focus in home testing is to acquire a larger pie of the market while driving productivity enhancement at per unit and agent levels basis.

Second what we had done is we had ramped up our digital and e-commerce initiatives. Our digital strategy revolves on the premise of building a better brand perception, increase customer leads and create an unmatched customer experience from the journey of pre-test to after sales-service.

Let me spend a little time on what we have done here. Increased communication effort to rigorous campaigns to assure customers on safety and hygiene of Metropolis centers and home testing services.

Second we have put a fairly integrated website and app for online booking, multiple payment modes, digital reports, report storage as well as enabling doctor engagement through digital medium.

Third, we introduced a 'symptom checker' on the website and app as part of our initiatives to educate customers.

Fourth, we have done extensive communication efforts through social media platform to reach out to our target audience to make them aware of our presence for testing.

Fifth through our digital engagement efforts, we have substantially increased our brand equity, in the mind of customers, as a trusted and reliable healthcare service provider and the early results of our strategy has been very encouraging where our call centers volumes have increased by 2X due to digital reach. Our Daily Conversion is 1000 leads per day and there is a 2X jump in website traffic as well.

Overall, we are happy to share that we have reached 20 million audiences through the digital campaign during lockdown. While customer focus is key at Metropolis, other important stakeholder are also an important part of our ecosystem, we have spent considerable time during COVID to rope in and introduced the doctors to our service network, new hospitals and labs and also walk ins. All this will enable us to create deeper inroads in the end market.

Our efforts in testing during COVID-19 has got a tremendous engagement opportunities with government and decision makers allowing us to play a meaningful roles in the Indian diagnostics journey ahead.

We have been continuously working with our vendor network, for various renegotiations and better trade terms. As and when volumes come back to normalcy the operating leverage may play sooner than later. We have put in extra efforts in terms of improving collection efficiency on cost management, which has resulted in improving our DSO days and working capital. Further we have also ensured some part of fixed cost savings, we realized in Q1 FY2021 become more sustainable over a longer period of time.

To focus our energies and time on M&A, we look for potential targets which can help us increase our foothold in end market and leverage our brand equity to gain faster traction and also increase employee engagement efforts through digital traning model thereby creating new benchmark of performance.. With further opening of doctors clinics increased schedules witnessed for critical surgeries, we are witnessing an increase in non-COVID testing in July 2020 and August as well.

Having said that the journey to normalized revenues in June 2020 had its own set of unique challenges especially for us given our positioning in market. As you know we are a player that has highest revenue contribution from West and South India.

During Q1 FY2021 this part of India was the hardest it in terms of COVID outbreak, which resulted in strict implementation of lockdown, which was still not eased out completely as compared to other part of the country. This severely affected our business especially in focus cities such as Mumbai, Chennai, Bengaluru and Pune.

Second Metropolis is build on the ethos of a large test menu especially specialized one, however on account of COVID-19 many specialized hospitals were converted to COVID-19 hospitals leading to a reduced flow of samples from hospitals, clinics and OPD centers. Furthermore, specialist doctors have been engaged by municipal corporation in care of COVID patient on a mandatory basis therefore leaving non-COVID patients without as many doctors.

Ours is the prescription based business with higher share of acute care, this piece of business has fallen more than chronic care business, where the prescription is not needed by the patient and

Local clinics and doctor operations were significantly reduced, and we have witnessed a drop in doctor bleeding point as a part of our B2C by 50% to 60% this is one of the channels in B2C.

Furthermore COVID-19 resulted in only 25% to 30% doctors, offering consultancy on a full time basis while the rest have engaged only on critical and emergency medical cases, A small but important part of our business is B2G samples which is business to government, due to all India lockdown air travel restrictions across states during April and May the sample flow was negligible from our B2G business of NACO thus impacting us. These challenges are further evidence of the fact, that overall pharma markets has seen deep cuts during the quarter, while chronic grow 8% on month-on-month in June for the pharma market, there has been sharp decline observed in the acute segment, both segments however continue to gain in July.

Our own revenue showed a sharper dip in June 20 to the tune of 32% and 29% respectively compared to North and East India which dropped by 22% and 12% respectively,

The pace of resumption of economic activities and other consumer necessities has seen a faster recovery in North and East India as compared to different parts of the country and this has certainly affected the Q1 revenue.

Having said that I am happy to share that we have recovered handsomely in June 2020 wherein we witnessed a healthy mid double-digit growth over June 2020 and this positive momentum continues with the governments restrictions easing off. As part of our employee reward program the board of directors approved the grant of 206700 restrictive stock units pursuant to the Metropolis restrictive stock unit plan 2020 to the eligible employees of the company. This is a new RSU plan initiative by the company and as always it linked to KPIs and milestones being achieved. This scheme is applicable from June 2020.

Let me conclude by, we are hopeful on improving efficiency and strengthening business processes, cost structure management and increasing non-COVID tests. We will not only be able to return to pre-COVID revenue but also substantially improve the productivity and enhance margins from June 2020 level. That is all from my side, I would now like to hand over to Vijender Singh, CEO to take you through some of the operational parameters.

**Vijender Singh**: Good morning everyone and thank you Ameera. Let me give you a perspective on our operational parameters. For Q1 FY2021 we reported patient visits of 1.37 million and conducted 2.65 million tests. Revenue per test increased on account of high value COVID-19 test, on a like-to-like basis non-COVID revenue per patient and revenue per test stands at Rs.820 and Rs.405 respectively.

We have witnessed a very marginal drop in revenue per patient and revenue per test metrics this also on account of lower contribution of specialized test for Q1 and FY2021. Primarily due to low immunity patients suffering from cancer, kidney failure, neurological disorder, and other chronic diseases avoided engagement with healthcare services currently because of the fear of catching COVID-19 infection.

Fear to step into the hospitals still exists and people are deferring the procedures. With semi-emergency and elective surgeries marginally rising in July and August still the numbers are 25% to 30% of the original volumes as compared to last year.

As per various news articles and media reports, few major hospitals in Mumbai and other metro cities have seen a patient admission drop of 75% to 85% as compared to non-COVID-19 levels. This has led to decrease in test volumes and patients in Q1 FY2021 especially for specialized and semi specialized tests.

With easing of restrictions and economic activities coming back to normalcy we expect that these metrics to come back to normal levels in Q3 FY2021. As guided in previous quarter we had announced a onetime rationalization exercise, to this effect we rationalize the bottom pyramid of network, which was counterproductive in our overall scheme of things. This onetime excise expected to end in September 2020.

Rationalization will lead to better productivity and efficiency as well as improvement in management bandwidth. Revenue contribution from closure of these centers were extremely low.

Our revenue profile amongst focused, seeding and others cities stood as follows: Focus cities, which is five cities, contribution has moved from 58% in Q1 FY2020 to 63% in Q1 FY2021 on back of increased contribution in COVID testing in urban cities.

Seeding cities, which are eight cities has moved from 22% in Q1 FY2020 to 19% in Q1 FY2021 while other cities contribution has moved from 20% in Q1 FY2020 to 18% in Q1 FY2021. Our B2C revenues in focus cities in Q1 FY2021 for non-COVID business were stable at 55%.

Let me now give you highlights of test mix on volume and value basis. Including COVID-19 tests which are part of specialized tests the volume and value mix for specialized test has seen an improvement. Volume and value mix of non-COVID specialized test has witnessed a drop on account of conversion of hospitals to COVID hospitals, postponement of surgeries and unwillingness of low immune patients to visit the hospitals.

During the quarter, five new tests have been validated and added to the test menu despite the challenging times. Of these four tests were added in chemistry and one test was added in a specialized category of molecular biology.

I am glad to share that we have been working very diligently on our supplier agreements and after having rolled out new agreement with Roche diagnostics for improvement in routine test pricing and standardization across units where you will see visible benefits in quarters to come.

At metropolis our efforts are geared towards increasing the non-covid revenue while enhancing the customer's experience and making Metropolis the customer's preferred choice for testing.

All this while still maintaining a keen eye on cost optimization measures that can be done across all functional areas in our business.

So that is all from my side I will ask Rakesh to take you through the financials.

**Rakesh Agarwal**: Thank you Vijender. Good morning to everyone on the call. Let me give you a snapshot of our financial performance for the quarter. Happy to share that, we have been able to surpass our own expectations that we laid down during the last call.

We had expected June to be at 75% of normalized revenue; however, improving market dynamics led to 100% normalized revenue for June 2020 vis-à-vis June 2019.

On the revenue front, we have been able to scale up revenue from 25.4 Crores in April 2020 to Rs.68.1 Crores in June 2020 which is equal to last year June 2019. The EBITDA losses of 10.6 Crores in April 2020 has been reversed to a positive EBITDA 17.2 Crores in June 2020.

Our margin moved to 11.2% in May and to a more normalized level of 25.2% in June 2020. This is despite COVID-19 test, which are margin dilutive in nature.

As guided in our earning calls in May 2020, we have been able to post higher than expected revenue in June along with higher margin on back of

Cost rationalization program where we were able to reduce fixed cost by 9% semi variable cost by 12% and variable cost by 21% and overall cost by 16%.

Some of the fixed cost has been reinvested in strengthening our digital initiatives, increasing testing facilities and augmenting IT infrastructure. Therefore 25% to 50% saving in fixed and semi variable costs may be retained in coming quarters also.

On account of COVID-19 testing during lockdown, related expense and higher consumables for COVID-19 testing, our variable cost increase for June 2020 by 5% on Y-on-Y basis.

Despite higher B2B revenue in Q1 financial year 2021, we have continued to focus on collection efficiency and improved our debtors days and overall working capital days.

Cash and cash equivalent as on June 2020 stood at Rs.235 Crores as compared to 223 Crores in Q4. OFC to EBITDA stood at 135%.

For Q1 financial year 2021 our revenue stood at 143 Crores with EBITDA of 12.1 Crores and a margin of 8.5%. Our EBITDA before CSR and ESOP cost stood at Rs.13 Crores with margin of 9.1% as compared to Rs.55.6 Crores for Q1 financial year 2020. Our PAT stood at Rs.2.9 Crores with a margin of 2%.

As lower revenues has significantly dented our margin profiles, we strongly believe an uptake in revenue will bring our historical margins back.

That is it from my site. We now leave the floor open for Q&A. Thank you.

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

**Chandramouli**: Good morning. Thanks for taking my questions. So, the first question is on the regional dynamics, which you touched upon a little bit in the opening remarks as well. The data seems to show that West and South India saw close to 30% plus impact in the June quarter and North and East were less impacted and a lot of that is not in our control. So, could you maybe touch upon, what sort of trends you are seeing in your key geographies in July and August, that would be really helpful to understand the forward path?

**Ameera Shah**: As we know health is a state subject and therefore while the initial national lockdown was recommended by the PM, as we know each state has made their own decisions around what kind of lockdown they will implement what we have landed up seeing is that cities like Bombay, Chennai and now Bengaluru in south India and of course many other cities including Pune and Nagpur and for all Maharashtra have seen quite a strict lockdown from March because COVID started here in March itself, and therefore we have seen a prolonged COVID crisis from March on an ongoing basis, it continues in August as well. Compared to this in some other states especially in North and East, cities like Delhi for example have never really been fully shut down like the way Bombay has been for the past few months, and on top of that the crisis have started more around June

So while this is what happens in Q1, I think what we are seeing in Q2 is July and August, we continue to see an improvement in the non-COVID revenue compared to Q1, and we also have to remember that our business is made up of lots of different pieces, so, I can give you a little bit of understanding of the separation.

So we, as we know we have a B2G, which is also a non-COVID part and the B2G, which is mostly the NACO and the MCGM contract. As mentioned, it did not come up to the full revenue potentials as they normally do because of the lack of air traffic, we are hopeful that the revenues, which have been lost in Q1 will be tried to make up in the balance of the year.

Keeping that aside, if we look at the non-COVID business, which is separate from B2G, we are seeing definitely an uptick in July and August compared to Q1, and we are hopeful that there will be some resumption to normalcy hopefully seeing that to come.

**Chandramouli**: My last question is on the broader market environment, on the previous call you mentioned that smaller standalone labs and smaller chains maybe seeing the brunt of COVID led volume pressure and may be looking forward to more industry consolidation. So, could you maybe touch upon these dynamic and what sort of conversations you are having on this dynamic that would be helpful? Thanks.

**Ameera Shah**: Sure and so while we have seen, I mean, a lot of the small labs are actually in the major cities of Bombay, Chennai and Pune, etc., continue to be closed, and therefore they have not even opened yet because the lockdown is still in force. What you have seen from mid-sized labs or which were the ones, which were usually one, two or three in their market. We have seen an interest of labs to get consolidated or labs which have been functioning for the last five, seven, eight years and not been making money are definitely seen to have the part of some M&A. So, there are a lot of reach outs coming, obviously at this point there is nothing to announce, but there is a lot of discussions that these guys are initiating on for wanting to be acquired or wanting to merge with the larger players.

**Chandramouli**: Got it that is helpful. Thank you very much and all the best.

**Moderator**: Thank you. The next question is from the line of Bharat Shah from Ask Investment Manager. Please go ahead.

**Bharat Shah**: I appreciate, in very, very, difficult and trying circumstances for the business to have done what it is done, and given the kind of resilience Metropolis' distrait to deal with the situation. But I have concerns on operational and financial slippages. So last year we suffered a financial loss on account of IL&FS exposure, we can say that a lot of other entities have suffered, but point is Metropolis did suffer for whatever it is, and we also witnessed operational losses in terms of non-recovery of hospital dues, I mean this kind of losses can damage the business performance, therefore tightening of these other areas is very vital and I would hesitate to describe this as exceptional losses, the way company is described because these are part of the business and all of these apart from the business have to be handled tightly.

**Ameera Shah**: Thank you for your comments Bharat, and I do not disagree with you, that there are, ideally, if we could have avoided IL&FS we would have been very happy too, I do not think as a company, we are obviously in favor of losing our hard earned money based on our AAA graded investment. Unfortunately that was something that happened to the best of the best in the country, and as a treasury management, we have outsourced our treasury management to the most reputable firm, based on grading of papers we made an investment and honestly I think we will continue to outsource our treasury because we are not a financial services company, and therefore it is not wise for us to start taking those decisions internally, and what we can do differently is to change the treasury management company, if we can, and I think that we will have to leave it to the experts to make that call as far as treasury management.

As far as the hospitals write off, I do not disagree with you, it was a hit through the organization. The reason the auditors chose to put it as an exceptional item was because this is not receivables of one year, it was receivables of the last five years put together, and as we know, we have made that decision more as a prudent organization not because we have written-off anything, but we have only provided for us considering that we are in arbitration and the arbitrations will continue for longer because of COVID of which we were expecting to finish actually by Q4 FY2020. and since that did not happen we decided to just provide for it as prudency, and we are still hopeful that the arbitration will go in our favor and we may be able to write back this, but obviously that is not completely in our control and therefore all we can do is to a lot our investors and stakeholders in a conservative manner upfront and b) on the cautious side, which is what we try to do. I hope that is appreciated.

**Bharat Shah**: The second one is given the fact that, the toughest part of challenge in dealing with COVID related disruption in all probability, probably is behind Metropolis. Do we think in a couple of quarters or so at a firm level in entirety both our business as well as margins would exceed the normal business last year.

**Ameera Shah**: Yes, I think a lot of it depends on which quarter things come back to normalcy, which depends on the state government's decisions. For example at this point of time, while the time, the lockdown period says to be August 31st. So, there was a notification, which came out yesterday saying passenger railways are deferred for unlimited timeline in the future.

I think a lot of it will depend on when normalcy comes back in the situation. Ours as you know is a business of volume and operating leverage, if the revenue shows a difference of

10% or 20% more, you see the profit margins soon. So I think, it is for us, it is only about that, I think our cost management has been exceptional, we have done a really good job at keeping, you know the shift very, very steady in very turbulent times, and now it is just a matter of revenue picking up, we have already come back to 100% of normalcy.

I think in Q2, if we move into the positive zone, which we are very hopeful and certain that we will in a positive growth, I am absolutely sure that that will definitely impact our margins in a very significant way. Is it going to go beyond last year's margins? For sure in some quarters it will, because as you know even in last year where things were normal every quarter by quarter the margin profile is different. In quarters where the volumes are higher, we see a much better margin and quarters where volumes are lower like Q3 traditionally is a festival quarter for us and we usually see lower margins. The same way this year, we will see a different margin profile every quarter. If Q2 volumes pick up and continue, as we are hopeful that they will, I do believe that Q2 should be a good margin profile.

**Bharat Shah**: No, I think in a very difficult environment, this has been commendable in terms of the way business is dealt with it, and in a way silver line is that there are structural tailwinds because of sudden event like COVID, even though there is a near-term disruption it has caused on a long term probably puts business on a better kill, and better positioning, in terms of general health consciousness testing and what I view. Thank you Ameera.

**Moderator**: Thank you. The next question is from the line of Sudarshan Padmanabhan from Sundaram Mutual Fund. Please go ahead.

**Sudarshan P**: Madam, my question is, you know, I think a really commendable job especially in the June month when I you know look at the numbers of COVID which is almost 70% to what it was, but if I look at the COVID, I mean, a couple of things here. One is, we saw that the BMC has relaxed, the need for prescriptions being there for COVID patients. So, I mean, logically the assumption would be that, if anybody can test the volumes will increase. So number one, number two is on the pricing side because of the volumes increase, do we see that the prices have come down and also you know the PPE kits and the associated cost coming down, and number three on the rapid test because now several states have also said you know given a go ahead for rapid tests. So are we there what is the kind of future that we are looking at and in the context of, if I just look at the Rs.2000 to Rs.2500 a test, I mean, back calculating typically we are running at around 300 to 400 tests a day. So, can we expect this number to be substantially higher primarily say July, August and September?

**Ameera Shah**: Thank you. Let me address those questions one-by-one. Number one your question about BMC opening up testing, I think if the opening up of testing had been done in April, I think you are right, we would have seen the volumes completely fly. The reason it has not, is because I think somewhere the panic has come down, people have started resuming, not being constantly worried about COVID and we have very surprisingly, we also expected that in a city like Bombay, we would see a great number of prescriptions but that has not happened and I think we believe it is because and it has not happened for anybody in the industry and we believe that is because the panic is actually subsiding and not increasing. The testing continues for COVID, but not at all at a crazy hectic pace, that we have originally thought that there was pretesting.

On the antigen, what a lot of states have done is actually that one of the reasons why PcR testing also is not interesting, is because the antigen test has been promoted. Frankly as a medical services company, which put science before everything. Whole industry has their own concerns around the accuracy of the antigen results and therefore you will find that most scientific players are actually not promoting the antigen test at all, because in comparison then ICMR has also said this there is a very, very, large number of false negatives that come out of the antigen test account. That puts obviously companies like us at risk because you give a negative result and if it is a false negative, you do not want to put that on your letterhead in your part.

So I think people are being very conservative labs are being conservative are doing antigen testing and that is also reducing the PCR testing, I would not say reducing but stagnating the PCR testing because state governments are pushing a lot of consumers towards antigen testing. That is the second piece. I think the COVID test in Q1 could have been significantly higher as well, but in Q2 we will continue to see a good momentum for COVID testing that does not come only out of Bombay that comes across India. We are doing thousands and thousands of these tests per day, not hundreds, and we are getting business not only from Bombay, but from big markets in Delhi, in Chennai from state governments all across the country and we have also rolled out smaller PCR machines across the country in smaller towns to be able to take up the demand in these small cities which we have done in Q4.

Just one comment on the anti-body testing that is also an opportunity with corporate, that we believe will show some indication in Q2 and ongoing.

**Sudarshan P**: Madam on the pricing and cost for these tests

**Ameera Shah**: Yes, so as what we have seen the government do and the state governments do, is that every time there will be a slight reduction in cost, they do come in, and bring the cap of the prices lower. So, we have seen multiple revisions in every state bringing the price down, I think despite the fact that the prices have been coming down. We have been managing our cost very well on the back end, and therefore we feel that we have been able to still make these tests viable for Metropolis and be able to add to the contribution margin of the overall company and not let them be adding to losses to the company, but they are definitely adding to the overall margin in general. We expect that this process of continuing to cap prices will continue by different states and we will have to continue working at the back end to keep reducing our costs as a volume will increase.

**Sudarshan P**: My second question is on the pledge. Recently you know you have raised some money to reduce the pledge. If you can throw some color with respect to, I believe that this is primarily at the point where you had gotten your partner stake and that is when the pledge was created. So, I mean, if you can give the sequence I believe, I mean, some amount of purge during the IPO, so post IPO, how much was the loan amount that was remaining, and how much we have purged and whether we should be in a position to unwind the entire amount say in the next couple of months or quarters or so?

**Ameera Shah**: I will give you the sequence events and I will be able to share some details with you that I have shared in the past. In 2016 I purchased the stake holding of Warburg Pincus, they owned around 27% in Metropolis at the time. I took a loan from a structured finance company, and I bought out Warburg Pincus stake I then proceeded to continue to pay interest on that money that I had raised till 2019. In 2019, April when Metropolis went public, I chose to sell a significant stake of mine, and to be able to get the capital, to be able to pay off more than half of the debt, which I completed in April 2019. I then went on in June 2020 as per my commitments to all investors and stakeholders to bring down the debt very significantly, I went on to pay off a majority of the debt. Currently, I have left about only 2%, 2.5% of my shares pledged, which as you would appreciate is a very, very, insignificant amount. So, therefore the loan amount as you can imagine is much, much smaller because that is the collateral cover-to-cover for it. At this point of time, I do not feel that there is a risk for any worry that I need to pay off whatever small stub of loan that there is, and the pledge is not high at all, it is very, very small, it is approx. 3.5% and therefore I feel quite comfortable where I am. As and when I feel that, that is something that I want to let go of, I will do that, which may not be necessarily in the coming this year.

**Sudarshan P**: Thanks a lot Madam. I will join back the queue.

**Moderator**: Thank you. The next question is from the line of Susmit Patodia from Motilal Oswal Asset Management. Please go ahead.

**Susmit Patodia**: Good morning Team. I continue to be amazed at your disclosure levels. Thank you very much. My first question is on, you have outlined about three or four tech initiatives from Oracle next week to payments to, are they talking to each other is my first question. If you could just give us a little more detail about these tech initiatives that you have done, that will help us?

**Ameera Shah**: I am sorry, sorry could you repeat the question can you give us more details about what initiative?

**Susmit Patodia**: The tech initiative, that you have outlined in your presentation.

**Ameera Shah**: The technology initiatives.

**Susmit Patodia**: Yes, about four initiatives, I think Inventory, Oracle NetSuite, home visit and payments. So, are they talking to each other, what exactly and how are you integrating them?

**Ameera Shah**: So, I will just make a couple of comments on it, and Rakesh will probably know more and he can jump in. Absolutely they are all talking to each other, the idea is to make everything cloud-based. So that it is all integrated, the Oracle NetSuite is now live and the Corporate Portal is live, Home Visit App is live, these are all things which are in work in progress in the last three to six months. There are three more initiatives that are still in process, one of them is what we call as it is an Inventory Management Suite, which will go live actually this month. Based on which, we will be able to have even better visibility of consumption and tracking per test, which will allow us the information and the BI required to be able to take more stringent initiatives on managing our material costs bigger, which is the biggest cost on the P&L and we will be able to manage that better, we believe. We also have a couple more portals coming up and yes everything will quickly travel in an integrated fashion. Rakesh, Vijender, if you want to add anything.

**Rakesh Agarwal**: Basically, as Ameera said that all the integration whatever we have done is talking to each other, and obviously making our life very easy and control very efficientl. So that is the whole purpose of ensuring that this all the systems are up and running. Just to give a flavor, Oracle network is a financial system, till now we had an old financial system which was not very user friendly. So now we have changed this to oracle netsuite which will really give us lot of operational benefits. This Oracle NetSuite is integrated with RNI, which is also live now, which is our billing platform. So earlier we were having a old version of billing platform And Now we have changed it to RNI, which is much, newer version of how can we handle our billing system.

**Ameera Shah**: RNI is a registration and invoicing system.

**Rakesh Agarwal**: Yes, registration and invoicing. So, this is now talking to Oracle. The RNI is also talking to our home visit site. The home visits site I think are now up and running, which basically starts from call receiving to scheduled delivery with its inherent status and all the reporting so that everything is in the flow and this is again talking to RNI as well as NetSuite and also stockone have gone live with the first phase, which basically is the inventory management. So now the full inventory will be system driven, the consumption, the monitoring, the ordering, everything will be a system driven. So all this taken together will actually give us a lot of leverage and a lot of visibility on the whole operation, which will definitely convert into making our operation more efficient and leveraging the whole piece. Thank you.

**Ameera Shah**: As we had mentioned for the last two, three quarters, that technology is going to be very much a backbone of making ease of business, getting the visibility and therefore the efficiency. Just to give you an example as the kind of efficiency we are talking about, if you take something as simple as a call center, where you have these housed in multiple locations all across the country. Some of it internal, some of it external, in terms of outsourced players, often what you find is when call volumes increase or decrease you are not able to optimize all the different people sitting at different location, and therefore if you have the enough the right technology to be able to consolidate all of them together in one location, you are able to optimize those people and their hours in a much better way. This is just a very simple example of the kind of efficiencies that we believe, the technology will drive, and this now will push across many areas including inventory, people, financial control, cash management, etc., and therefore we believe that there will be a lot of potential areas, that now we have the information, we can actually act.

**Susmit Patodia**: Thank you. My next question is on the cutting the tail of these service centers, as you have outlined that by September you should be done. When do you think, the company gets back on the growth path on addition of service centers and if you could give us some flavor from a three, five year perspective? That will be helpful.

**Ameera Shah**: So Vijender you want to take that.

**Vijender Singh**: Yes, we have been talking about this particular subject on rationalization of network since Q4 of last year, and that was basically our plan, and it was not just a plan that COVID is going to come and hence we have taken the stance, this is pre-COVID because ultimately, we have to really go back and bring hygiene and that is what we thought that, we need to rationalize. So in Q1 of this year we have rationalized almost about 140 centers and looks like that in Q2 also the number would be similar to the same and Q3 would be the time where probably we will come back with a new plan and we will take a sort of the next level of expansion in an aggressive way and next four to five years definitely there is going to be exact or even more than that in terms of our expansion that is what our targeted.

**Susmit Patodia**: Sorry sir, how much did you say?

**Vijender Singh**: In next five years.

**Susmit Patodia**: Last question from me, Ameera are you changing the franchising terms, is there any change that is going to happen from October, is that, put your referencing to?

**Ameera Shah**: No, currently we have not envisaged changing any financial terms, while we expand the network, yes it may happen under a different model, but that is in finalized at this point in time.

**Susmit Patodia**: Thank you very much and best of luck, thank you.

**Moderator**: Thank you. The next question is from the line of Jeetu Panjabi from EM Capital Advisors. Please go ahead.

**Jeetu Panjabi**: Ameera thanks for a very good presentation and discussion. Two questions one when you are looking out of the other side of COVID say 2021 onwards, are there very significant structural changes you expect in the business either in distribution or in processing or any part of the chain that you expect will be completely different and thus you prepare for that today and gain a competitive advantage to that?

**Ameera Shah**: Yes, I do expect that there will be a change in the way consumers deal with us, which is there was a traditional way because they walked into centers, they walked into doctor's offices and they engaged with us in a very physical way. While I do believe, that will continue, I think there will be a percentage of customers who will now say I would prefer to get a home service and the same way that will be a percentage of customers, who will want to go for teleconsultation, but it is still early to determine what percentage is going to be and therefore it is difficult for me to ascertain whether it is going to be a structural shift or just an incremental transition. The reason I say it early is because when we go to doctors today in Bombay for example and ask them the question, that look post August 31 are you going to practice normally? They themselves do not know yet and I think people are still figuring it out as they go ahead as to how they are going to behave, how they are going to change their clinics, are they going to continue to see as many patients, are they going to do half teleconsultation, half physical. So, I think a lot of it depends at the end of the day on the behavior of doctors because our business is dependent on them. My sense tells me that we will see an incremental shift in the short to medium-term and potentially a more structured shift in the medium to long term, healthcare is not an industry which transitions very quickly and even with the crisis like COVID, people tend to go back to certain habits. So that is my sense.

**Jeetu Panjabi**: The second question is, was there a bit of a backlog in the demand or the demand for services that came out in July, and what you are seeing now as well, is it kind of saying people deferred testing and then came in all enough all of a sudden. So, you think this is back to normal for good?

**Ameera Shah**: Again very difficult to distinguish but I can tell you what we are sure of. What we are sure of is that in most of the first quarter in April, May, June like Vijender mentioned in his speech, consumers or patients who had some immune compromised mobility, either they were heart patients or cancer patients or neurological issues or kidney failure whatever, they were being very, very, very careful, and they continue to be very careful because they are very worried about catching infection. So, let us say, if a cancer patient was regularly doing a test every month a cancer patient chose not to do tests every month because they were worried about coming in contact with any healthcare services. Considering that healthcare services have been exposed to COVID infections on patients. So for example now whether those tests of those three months will be done very fast or later, I do not know, depends on what the top most treatment protocol will be for that patient and the diagnostic protocol, my sense is that some of that demand of the first quarter would be lost forever, and some of that demand would have been deferred to Q2 and Q3 and I say Q3 also because Q2 continues to be under lockdown, and therefore we are not going to get that sudden surge what we have seen in July is not a sudden surge of business, we believe it is a more normalized assessment business. If a surge is going to come, that will come in September onwards.

**Jeetu Panjabi**: Thank you so much madam, all the best.

**Moderator**: Thank you. The next question is from the line of Bhaumik Bhatia from Aditya Birla Sun Life Insurance. Please go ahead.

**Bhaumik Bhatia**: Congrats on a good set of numbers in these challenging times. first question was regarding, just a confirmation, you mentioned that the promoter pledge overall is down to 2.5% of equity right, which used to be about 17%, 18%, as of June. Did I get it right?

**Ameera Shah**: That is right. As of June it was at about 18% to 19%, which is now down to 2.5%.

**Bhaumik Bhatia**: Secondly on the cost front. So, you mentioned in the presentation and you actually said in the opening remarks also that there is a significant cost reduction that has happened on fixed, semi variable and variable fronts. So maybe, if you could highlight a little more in terms of, you know, you also mentioned that 25% to 50% of fixed and semi-variable cost is sort of sustainable going forward. So, if you could put some numbers and as things normalize, what percentage of the overall costs are you actually looking at in terms of sustained reduction, and what that does to the margin profile going forward?

**Ameera Shah**: Rakesh you want to take that.

**Rakesh Agarwal**: What we have said in our earlier earnings call also, that we are looking at all the cost saving measures and obviously there is a two, three parts to it, one is that because of the sales coming down so there were some costs which actually reduced by itself, then we did some intervention and because of that, some costs came down, and also because we were very minutely looking at each and every costs, we see some opportunity here and there where we could have reduced. So, these are the three components of cost reduction, which we took, when we started it in March, , and now out of these three components, first component is basically because of the sales going down. Now as we go to normalization, this cost will anyway increase because of sales going up. So, as the utilization will go up, we will see the cost increase. In The second part, we went ahead, and gave a lot of focus for cost like going to the landlord and cutting down rent cost, and so on. So now those costs will start coming back because of this normalization of business. So that is number two, and number three where I said that we have seen some small opportunities here and there, and we did certain activities because of which the cost came down. So that was a permanent thing, which we did and that will also help us in future as well. what we are looking now is that whatever we did in quarter one at least 30% to 40% of that we will see can continue as we go along. So that will be efficiency which will be building in the system permanently, and you are right that some part of this efficiency will result into our margin being a bit higher. that is something which we are looking at as of now, and you will see in the comingresults also.

**Vijender Singh:** Also, I want to add here is during covid days there were exceptional costs which were related to our staff especially on the transportation side. Now since there is an improvement on the normalcy and transporters in public transport, so that cost also will get reduced. Second is on, on certain business models also we are working on a hybrid model where that model would be cost efficient and in long run it is going to pay us back in terms of savings

**Bhaumik Bhatia**: But is it possible to sort of quantify it on an overall percentage of revenue and percentage of cost, because we do not know we do not really know what base we are talking of right, when you say that, the fixed costs are down by 9% or semi variable by 12%. So, it is very difficult to actually make meaning out of this. So, is it possible to sort of quantify it?

**Ameera Shah**: Maybe we can come back to you on this, we can run some internal numbers and come back.

**Bhaumik Bhatia**: Sure, and secondly when you say variable costs are down by 21% and then in the month of June they are up by 5%. So, is this better negotiation with the vendors that is bringing this down or how should one read on the variable front?

**Rakesh Agarwal**: Variable cost obviously goes down with the revenue going down. So, as you see, if you look at our June revenue, our June revenue was at par with what we had done in last June 2019. So ideally the cost should not have gone up more.

**Bhaumik Bhatia**: Understood. So you are talking more on an absolute basis. Understood, got it. All right, thank you so much and all the best.

**Moderator**: Thank you. The next question is from the line of Nikhil Mathur from Ambit Capital. Please go ahead.

**Nikhil Mathur**: My question is on the COVID testing. Now, if I understand correctly, as Covid-testing is more operating expense heavy versus the non-COVID business? So this takes me to the question, that if says, over the next 12 to 18 months, if the COVID tests are here to stay, the only way that the margins can be improved is by improving the gross margin, and if the government keeps cutting down the ceiling price. Is there a way for you to improve gross margins maybe to better supply procurement terms with your vendors like it is done in the non-COVID business?

**Ameera Shah**: That is right. So as you would see in our speech as well as the presentation, we talked a lot about renegotiations with vendors. We also have to remember that the covid revenue is now classified with three different varieties of steps. In the first quarter it was primarily PCR, but now going forward, it will be PCR antibody and antigen and therefore the gross margins on each of those COVID products will also be different, but overall as a as a strategy we are negotiating with vendors. There are operational practices which we can do, which can manage our costs better as well, and this is where our expertise of how to manage volumes and how to get economies of scale comes through those ways of actually managing the business. So yes, we do believe that even if prices do become lower in Q2 and Q3, we believe that we will be able to work on the back end to be able to protect the margin and hopefully improve the margin as we go. As we have said in June we have already reached about 25% 26% EBITDA overall as a company and that is a combination of COVID and non-COVID revenue clearly that indicates that the non-COVID EBITDA margin is much higher and the COVID EBITDA margin is lower which is why it is giving you a blended of 25% 26% which basically means for the non-COVID business and it is very difficult to separate because you are using the same infrastructure but overall clearly that it is adding to the margins.

**Nikhil Mathur**: My second question is on the service collection network. Now it has it has come down and it was mentioned in some of the comments that it was a pre-COVID strategy. So what I am trying to understand here is, are those cost benefits. So I am assuming that at an EBITDA level certain losses are being incurred in these service centers and hence they have to be rationalized. So are there any cost savings, which have already been realized, in this particular quarter or it is going to be more of effect that will happen in 2Q or in second half of FY2021?

**Ameera Shah**: I will just comment on it and Vijender can then take the question. Look as you know our collection center network is asset light, which means it is mostly done by third-party, and we ourselves only run about 250-odd collection centers. Out of the rationalization, we rationalize some of our own collection centers, I think about 10 or 15 if I am not mistaken of our own collection centers we rationalize and then we rationalize the rest for our franchises. Now with the franchisee while we do not make any capital investment and we do pay the rent and do it by hire manpower and day-to-day electricity we do bear the cost of logistics of branding or sales of a courier of consumables. So, when there is a franchise, who is doing less than optimum revenue, your sales guys, your marketing, your courier, all of those costs are still being allocated towards that franchisee, even if the revenue points are very low. So the point was very simple that let us go to the bottom of the pyramid and let is take out the guys who over a period of time have not been able to build the size of the business and let us use that manpower and that time of management towards new franchises who have a potential to grow fast. Vijender anything you want to add to that?

**Vijender Singh**: Yes. So, if I answer this in two ways, one is tangible benefits and another is intangible benefit. So when as Ameera mentioned that we have sort of rationalized about 11 company owned centers. So, there you get a direct tangible benefits and this quarter itself we are going to see the benefit coming to us. On the other side, I think it is more to do with intangible ones and benefits which ultimately helps us in maintaining our sort of hygiene in the market and also cleaning up bad centers and giving matches to the fraternity that Metropolis history believes in quality and certain SOPs to be followed. So that is what the whole objective was, but definitely there was savings in terms of supply of consumables, logistic, but that is not too significant to be quoted.

**Nikhil Mathur**: I am just circling back to my first question. Can you help us understand the supply situation of the RT-PCR testing kits now, I mean, globally the number of cases are still going up. So is the supplies get some sort of an issue for you to realize better procurement terms?

**Ameera Shah**: Not at all actually. I think the supply issues have been reasonably sorted since April, early May. I do not think we have had any supply chain issues in terms of disruptions or in terms of costing. I think that a good number of new vendors, which have come into, and which had approved ICMR to be able to create some competitive tension. We were very cognizant of the fact that in March itself and COVID broke out, and there were some companies which were going and making large capital investments in setting up capacity for COVID we realized very early that this was going to be a phase, it is not going to be an ongoing business and therefore we said okay we are not going to spend crazy amounts of capex for a three-month or a six-month opportunity or a nine-month opportunity and we were quite prudent about what capex we spent. I think we disclosed this in the last earnings call as well that I think we are invested some on a 1 Crores or 2 Crores of amount which not in a significant at all and therefore whatever capacity we have set up we have actually set up in a way where we have not invested too much money, because we knew that this would be a six to nine months and the ROCE on that capital will be poor therefore, and I think managing to build the capacity we have without incurring that capital investment I think is a good job done by the team and there is enough options available to be able to create that comparison.

**Nikhil Mathur**: Sure. Thanks a lot.

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

**Neha Manpuria**: Thank you for taking my questions. Ameera, we have seen some rationalization of collection centers, as we see the home volume pick up. At what point do we require the change in the existing cost structure and therefore more rationalization of the collection centers to have an optimum mix and a profitable home healthcare business?

**Ameera Shah**: We already have a profitable home healthcare business. I think, if we would see theoretically, if we would see out of our B2C business which is about overall about 45% of the total revenue and about 55-56% of the focus city business. If we were to see 30%, 40% move to home services, I think we could possibly see a better margin profile from a home services perspective, but then obviously we will have to take a call and say look if 30%, 40% of the business moves to home services, how many centers need to be rationalized to keep them productive. So, I think that reality is not clear yet, and honestly I do not believe it is going to be a transfer of business, in our own pie. I believe that the pie is going to get bigger because of the structural changes and more business is going to come to the organized players like Metropolis. So it is not going to be our brick and mortar moving to home services, but it is going to be an unorganized players brick and mortar moving to home services of branded services, is my estimation of what is going to change, and obviously that is not going to happen 100%, but I believe at least a significant percentage of that hopefully we will convert to the organized

**Neha Manpuria**: And currently the home healthcare would still be a very small part of your volumes right despite them doubling you know in the quarter.

**Ameera Shah**: That is not a very small part, they are becoming more important, but we are hoping to obviously make this a more critical part of our revenue going forward.

**Neha Manpuria**: When you say the home healthcare is still profitable for us, is it because of the point that you have mentioned, that the cost base for this is semi-variable instead of fix?

**Ameera Shah**: That is right our home service module has always been semi-variable much before covid days that is the model that we followed. But I think fundamentally because especially in certain cities you are not paying for the rent, which tends to be expensive of a center you are not paying for a full-time staff sitting there regardless of the productivity. See, if you have a center where you have 50 patients walking in every day a center physical brick and mortar center will be hugely profitable, but if you have a center where you have five to ten patients walking in every day, you will find a home service technician to be far more productive. So really it is a revenue game and it is a productivity game which is why I was saying that I do not believe in considering the organized sector in such a small part still only 10%, 15% of the whole industry, I do not believe it is going to be a shifting of business between in our own pie. So hopefully I think the situation we would like to see is obviously that there is much more walking into the brick and mortar as well as a movement to home services.

**Neha Manpuria**: My second question is on the specialized test portfolio. Now I understand that this quarter the revenue mix seems high because that volume is more emergency and must have stayed on even though the routine tests fell off, but as if you look at occupancies in hospitals they still are not normalized or nowhere close to normalized. So, overtime do you see the specialized test lagging routine especially as we recover?

**Ameera Shah**: Not really look I think it is just a matter of months. I think, if you look at it from a very short time basis or quarter yes you may see it continuing to lag if the lockdown continues till it is obviously continuing to August and but it continues into September as well. You will see that lag, but otherwise, I mean, if you look at it more from a six month to one-year basis from now, I do not believe the specialized testing lag effect.

**Neha Manpuria**: Understood, thank you so much.

**Moderator**: Thank you. The next question is from the line of Anubhav Aggarwal from Credit Suisse. Please go ahead.

**Anubhav Aggarwal**: Thank you. Good morning team. One question is on structural trend of gaining share from this smaller lab or mid-sized labs, I am just trying to understand that how aggressive we are in let us say communicating to the customer, of let us say one is a normal preference of the customer changing over a period of time versus we accelerating that shift. So, what are we doing there because I remember we have reduced our sales and promotion or which are the other ways we can make it accelerate that shift?

**Ameera Shah**: We have moved our sales and promotion from traditional below-the-line activities. Right, so what are the kind of activities we did before COVID. We did a lot of camps for example below the lines where at each of our collection centers every week we would do a camp which would allow patients to come and experience our services that was a big part of our revenue. We would do a certain amount of radio, we would do certain amounts of promotional flyers, there was a lot of some amount of promotional marketing in terms of e-mailers and mailer campaigns etc., we were doing. What we have done post-COVID is moved a lot of those costs while we have spent similar amounts of money or slightly less, we have moved those costs more into digital applications because everybody is sitting at home, therefore a lot of the other options do not become sensible at this point in time, digital spend makes much more sense. So we started moving it and yes there is a very clear communication to consumers, talking about the hygiene, quality, safety protocols of Metropolis there is a conversation around COVID, there is a conversation around non-COVID because that is the core of the business. So, there is very much some amount of push, but of course the amount of media and amount of PR, that diagnostic testing and good quality diagnostic testing is anyway getting, we believe it is not just a push, but also approach.

**Anubhav Aggarwal**: I appreciate what change is here, but I am still asking that, is it like do you think you were doing enough to accelerate that shift, I mean, still a lot of things have gone to customer let us say when I shift around a lot of people do not even know what is NABL testing or what is CAP accreditation means to the normal people really understand that, so we are just trying to understand that are we doing enough, do you think that?

**Ameera Shah**: No, I do not think the industry is doing enough. I do not think any player is spending a disproportionate amount of their revenue or cost on sales and promotion for differentiating a good quality labs from bad quality, if we were to do that, it would definitely mean that we would disrupt the P&L for a significant number of quarters, and honestly we do not know for sure whether at least pre-COVID we did not know that even after spending that money whether that shift would happen because you have to understand this is not the consumer making the decision alone, this is a joint decision between the consumer and a doctor, and usually the consumer's opinion is 30%, 40% and the doctor's opinion is 60% about where you go to test them. So, in pre-COVID situation, if the doctor was going to say no go to this local lab for whatever reasons and the patient will say no, but I have heard about X, Y, Z, lab it will still not work. In a post-COVID environment we still do not know the consumer and doctors strength of wealth, consumer voice we believe will be enhanced and stronger, but we have to still determine how much money is worth spending in this time towards consumers because also we have to realize that if they are deferring their healthcare requirements, spending money today for a healthcare need, which will be three months later is again not a wise way to allocate properly. It makes more sense to spend that money when actually there is a healthcare need. So, I think we will wait and watch for the next month or so and then make so probably bolder call.

**Moderator**: Thank you. The last question is from the line of Keshav Lahoti from Angel Broking. Please go ahead.

**Keshav Lahoti**: Thanks for the opportunity. As you can see that non-COVID business is rising month-on-month, it was almost 70% in June what would be that number for July month?

**Ameera Shah**: I cannot give you a specific number yet because they are still crunching the numbers, but I can tell you that from what percent we have seen it is significantly more. Again, you have to, if you are separating out the NACO-B2G government business and you are looking at money domestically I would think there is a big shift up.

**Keshav Lahoti**: One last question from my side. As you can see that COVID testing is rising in India, is my sense correct the rise is happening, but it is more government is gaining the market share more of the test is happening on the government side and probably you might be also getting some business of COVID from government in the Q1 and probably government might reduce outsourcing it through players like you and said they might do it internally as they are also creating their infrastructure?

**Ameera Shah**: Sorry, I could not hear your question fully, but I think your question was about government testing. While in Q1, we did see the government had much lower capacity, therefore state governments were outsourcing more of COVID business to private players. In Q2 they have each built some more capacities and therefore then the ratio of the amount of government testing to private testing has increased from what it was in Q1, but of course the market has also expanded like we said clear testing in Bombay etc. So, we are not seeing a huge increase in COIVID numbers, but we are not even seeing a dip, I would say there is a gradual increase.

**Keshav Lahoti**: Thank you.

**Ameera Shah**: I am talking about COVID PCR because antibody is separate.

**Keshav Lahoti**: Well, I got it.

**Moderator**: Thank you. I would now like to hand the conference over to Ms. Ameera Shah for closing comments.

**Ameera Shah**: Thank you everybody for joining us today on this earnings call. We continue to remain excited about the business and of course with the COVID crisis as Bharat Bhai mentioned as well we see a big structure change going forward in the industry and we believe we are poised to take advantage of this, some of these things obviously are not going to work out quarter-to-quarter, but more from a medium to longer-term basis, but even quarter-to-quarter we are very excited by the cost management we have managed to do and we will continue to do, the technology implementation that we have done, which we believe will bring visibility, analytics and therefore efficiencies for us to act on into the system and we are also excited about the fact that our revenues have come back to normalcy, and we believe Q2 will give us a much better uptick compared to Q1 as the July and August momentum is demonstrating to us, and therefore we are just looking forward, I think to this next quarter and to the rest of the year, which we believe will be quite important. Thank you so much.

**Moderator**: Thank you. On behalf of Spark Capital that concludes today's conference call. Thank you for joining us. You may now disconnect your lines.