

November 2019

Week 44

Day 306 • 059

Date 02 • 11 • 2019

30/MAR/20

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Saturday

Dr. Lal PathLabs
Business update Call

- We are essential service business
- One of the early lab that approved for COVID-19 test
- COVID-19 test approved @ NRL Delhi (Rohini)
Test Cost Rs. 4500/-
- 90% of infrastructures are open during lockdown have special passes and DLab's team have been allowed to move freely.
- Close to 50% of our cost is fixed in nature & 50% is variable cost.
- Any impact on topline may see pressure on profit
- Rental is big part of cost and we are under re-negotiation with landlords.
- For COVID testing these kind of equipment and facilities are very unique and every one can't invest.
- COVID test is not covered under CSR for us due to ① our CSR budget is very low ② We are looking to make money out of it.

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- COVID test procedure:

- It is 100 well kit, in which you have 98 samples and 2 samples are put as +ve control and -ve control which are not patient sample.
- So theoretically you can do 98 test in one run. If you don't ~~and~~ then you can break that into a two cycles.
- For example if you won't utilise this kit twice then you will have to put up 4 controls, 2 +ve and 2 -ves at different times, and therefore the no. of ~~test~~ sample testing goes slightly less.
- One Abott 5min rapid testing: It is not for us to adopt. It first has to be recognised as a testing strategy by the Govt. (ICMR).
- The correct test is RT-PCR which is being done by now.
- On PPE equipment: you need one PPE per patient, you can't re-use it. The person who is being diagnosed +ve or suspected to be COVID also require PPE kit.
- Non-COVID collection also will require lot of

PPE kits.

- When the sample reached lab, the person who is opening the box also has to be protected.
 - Currently there are no Indian Mfg for PPE all PPEs are imported and coming from china due to cost factor.
 - COVID test Cost Rs. 4500/- . The kit cost is only fraction of the total cost, very large part of cost is actually there for collection and transportation because there is PPE kit involved.
- We believe post lockdown things will stabilize as we are in essential business. There are healthcare issues generally in population. it is not that these issue will disappear.
 - Due to COVID lockdown lot of labs (un-organised) are under some kind of stress, most smaller labs are shut. I think many of these labs should become a front end partner for converting into collection centre.
 - The kind of fall everybody has, if operationally some companies are not able to actually

come out of this, this will create stress and could trigger a consolidation move as well, is what I see.

- The scale of economy are good for everybody. I think it is most beneficial for the patient b'coz if you pick up the sort of history of pathology patient in the last 10-15 years the price of test actually have been going only southwards, declining mostly if you adjust it for inflation. And that is happened b'coz of this hub and spoke model.
- There are lot of advanced technologies that are available and also machines which have very high throughput and automation that can come into the scale, that will be good to the country and of course to the shareholders.
- Outlook post current disruption: I have been in this space for 15 years, every time when the business dips, I have noticed that after we are out of that sort of null period, there is pent-up demand which suddenly comes.
- I think in this time people want to get tested from good quality lab.

- So, my sense is sooner or later if lockdown gets lifted, we should start seeing the curve moving upward as well.
- I think people will go for more pre-emptive test, more wellness kind of tests b'coz it is very clear that this sudden shock to all of us will definitely bring health as a number one priority b'coz health is the most important wealth.
- I think the general knowledge in the system has gone up and people will definitely start taking care of their health.
- I think there are new things which will emerge: Tele-Medicine. People are already talking about tele-medicine for hospitals and senior doctors and recently some articles from China has come where tele-medicine is just becoming a way of life there, and some people are saying now how do I actually get healthcare remotely.