Columbia Business School

International Development Club

Draft report on student project for

Ambulance Access for All and Ziqitsa Healthcare Limited

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I. Background

Ziqitsa Healthcare Limited (ZHL) seeks to provide emergency medical service to all citizens regardless of their ability to pay. The company's goal is '**Maximum reach with maximum profitability'**.

Initial investors in the project include the Acumen Fund. The project focuses on urban areas in India because of the higher prevalence of accidents, cardiac arrests and other problems requiring emergency ambulance care in urban areas. As the initiative expands within Mumbai and Kerala, and contemplates expansion options in four other cities (New Delhi, Chennai, Bangalore and Hyderabad), a number of business models can be considered for expansion. ZHL has also received interest from potential partners to explore joint venture and franchising opportunities.

II. Points to consider

1. Analyzing the city

In deciding whether the franchise model is the most appropriate method for expansion in a particular city, it is important to first understand the city itself. What is the geography of the city and what type of ambulances may be best suited for the terrain? What are the characteristics of the city and its topography? Is it a dense city or does it sprawl? What is the population and demographic profile? If we are concerned about vehicular accidents as a potential source of emergency calls, what are traffic conditions and extent of emergency service requirements? What are the numbers of vehicles on the road?

2. Potential market

ZHL aims to provide an ambulance service for the masses. It is firstly important to examine if there is a need to do so in the new market. What is the ambulance coverage that the city currently enjoys from its existing ambulance providers, and is there a gap in either service provision or quality of service? These are the two strengths in the reputation of 1298, and strengths which ZHL should leverage in entering a new market.

3. Financial implication

Exhibits 2 through 4 provide a snapshot of financial performance data for ZHL and a franchisee for different scenarios of expansion. As we discuss later, there are three reasonable expansion options to consider in detail. For the first option wherein the ambulances are sourced through donations (from hospitals, private parties and governments) to AAA and operated by ZHL, Exhibit 2 shows the financial performance. Note here that we have assumed that major advertising space is not available to generate ad revenues because it will be taken up with the name of the providing government or hospital. For the second option wherein the ambulances are sourced by a franchise partner who also runs the operations, Exhibit 3 shows financial performance. This option may seem reasonable for fast expansion, but the financial results are not promising for a potential franchise partner, even with an 80% share of revenues going to the franchisee.

As a result, ZHL may find it difficult to attract a franchise partner who is willing to invest in the business. The third option we consider is one wherein the ambulances are bought and operated by ZHL. Exhibit 4 shows the financial performance of this option. We have assumed that Acumen Fund provides sufficient funding to cover the cost of the ambulances in return for an equity stake (for purposes of the draft report, we have not yet estimated the amount of equity stake required for investments in ambulances).

4. Revenue generation

While ZHL aims to provide an ambulance service for emergencies, it funds this business through a variety of different initiatives. It may also be important to consider if these initiatives are as forthcoming in the new city, failing which ZHL may need to increase its capital allocation to the proposed expansion, as it may take a longer time for operations in that city to breakeven without other sources of revenue. For example, ZHL derives a major source of its revenues in Mumbai from its service ferrying patients between and from hospitals. Would the target city have need for a similar business? What is the potential size of this business in this city? Another source of revenue which has helped fund ZHL's operations is its advertising revenues with corporate clients. Would the corporate clients in this new city be willing to pay to advertise on ZHL's ambulances? And if ZHL adopts a franchise model, would there still be room for corporate advertisement, and how should the advertising revenues be shared?

5. Competitors

Another aspect of analyzing the city is to examine the current ambulance operators in the city, i.e., ZHL's potential competitors. If there are well-established and entrenched operators already within the city, it may be better to enter a partnership with these operators to take calls to 1298, rather than to compete with them head-on. If there are potential partners, who are well-connected but do not run an ambulance service, it may serve ZHL's interests to partner with them in setting up the service.

On the flip side, if there are no established ambulance services in the city, then the market may be prime for ZHL's services. ZHL may then proceed to consider if it make sense to invest its own capital in building an ambulance fleet, or if there are other means of obtaining ambulances, e.g. donation from the local Red Cross and Red Swastik or from local hospitals.

6. Regulation and Government

Finally, it is important to analyze the local regulations and administration in the target city, to understand if they are favorable towards the provision of such a service. It would be ideal to meet with and gain the support of local officials, who if aware of ZHL's social goal, may provide some means of support through donations of ambulances or facilitate processing of necessary licenses. The other aspect of it is to be prudent, in the event, that there is unfavorable legislation, which would account for the lack of such emergency services in that city.

7. Potential partners

What kind of partners, if any, should ZHL look for? They run the gamut. Current ambulance operators are possible candidates as they have the expertise and experience in running operations of this sort. Candidates could also be medical personnel who have the financial resources to fund the procurement of ambulances and can be trained in management and operations. They could be petrol station owners who have a network of petrol pumps that can be used to park ambulances in strategic locations throughout the city. They could be hospital administrators who can provide the hospital's ambulances, its parking spaces, and a steady flow of patients to the 1298 brand. All of these candidates bring experience in some areas and inexperience in other, equally critical areas that will require a time commitment from ZHL's management team to bridge.

After the franchisee or franchisees have been selected comes the process of drawing up a franchise agreement. This will typically specify the following parameters:

- Franchise period and option to renew
- Area of coverage of the franchise agreement
- Obligations of both parties
- Payment model
- Service level agreement
- Technology Transfer
- Avenues for settlements of disputes
- Legal Recourse

The next aspect to consider would be to consider the scale of entry and timeline for integration with ZHL's existing operations and call center. This would include the time needed to connect the franchisee's ambulance to ZHL's call center and installing a GPS system into each ambulance. There would also be operation aspects such as providing training for medial staff, standardization of the equipment on ambulances and doing test runs. ZHL would also need to plan a marketing campaign to increase awareness of 1298 within the target city.

III. Options considered for Expanding

We analyzed the expansion options from two different angles: the sourcing of ambulances, and the control of daily operations. For expansion purposes, these two activities can be handled separately. Ambulances can be sourced by donations to AAA, or via procurement by ZHL or a franchise partner. Daily operations can be handled by ZHL, or by a franchise partner. The table below summarizes the possible combinations of expansion that result from this method of analysis.

Control of Operations / Ownership of ambulances	**Donated by hospital or government**	**Owned by ZHL**	**Owned by Franchisee**
ZHL runs operations	√	√	**X**
Franchisee runs operations	**X**	**X**	√
ZHL owns only medical staff	**X**	**X**	**X**

We considered nine different options as mentioned above. As the control of operations and sourcing of ambulances are independent decisions we looked at them separately and arrived at three feasible options as given by the three tick marks in the table above. In the rest of this section, we will explain why we narrow the list of nine options down to a feasible set of three options.

1. Self Owned Operations

Self owned operations and ambulances donated by hospitals or governments

We consider this option as *the best option* as the capital required is low and we can control the quality of the entire operations. The main issue we see in implementing this model is the willingness of the hospitals/government to donate ambulances. We recommend here that two high-caliber staff members be specifically hired by ZHL in order to execute the task of sourcing ambulances from the existing hospitals and liaising with local and state governments. This is elaborated in the Operations document

Self owned operations and self sourced ambulances

The next option we recommend is to expand similar to Mumbai where we control the operations and source our ambulances. This would be implementing a tried and tested method and would have the advantage of management expertise. The main issue we see in the implementation is the availability of capital. Given our objective to expand quickly to several cities in next 5 years, it might not be feasible to have this option. One way to implement would be to incorporate separate legal entities in each city and have Acumen fund the ambulances for partial equity.

Self owned operations and franchisee sources ambulances

As it is possible to establish control mechanisms to ensure that a franchisee operates efficiently, it makes more sense to franchise out entirely than to only own the operations. This will free up management time to concentrate on other cities. The only operation that we should continue to maintain control over is the call center. Control mechanisms can include regular audits and surprise checks, additional incentives to doctors from us based on certain established metrics etc.

2. Franchised Operations

Franchised operations and donated ambulances

The main reason for us to consider franchising as an option is due to capital constraints. If we have the capital or resources to source the ambulances, we are better off running the operations ourselves by using the expertise & economies of scale that we already have attained and maximizing our profits. Hence the options of self sourcing or obtaining ambulances by donation and franchising the operations have been discarded. Franchising operations will also require paying a certain percentage of the profits to the franchisee over and above the costs. This can be avoided if we operated the business ourselves. Hence this option has been rejected.

Franchised operations and self-owned ambulances

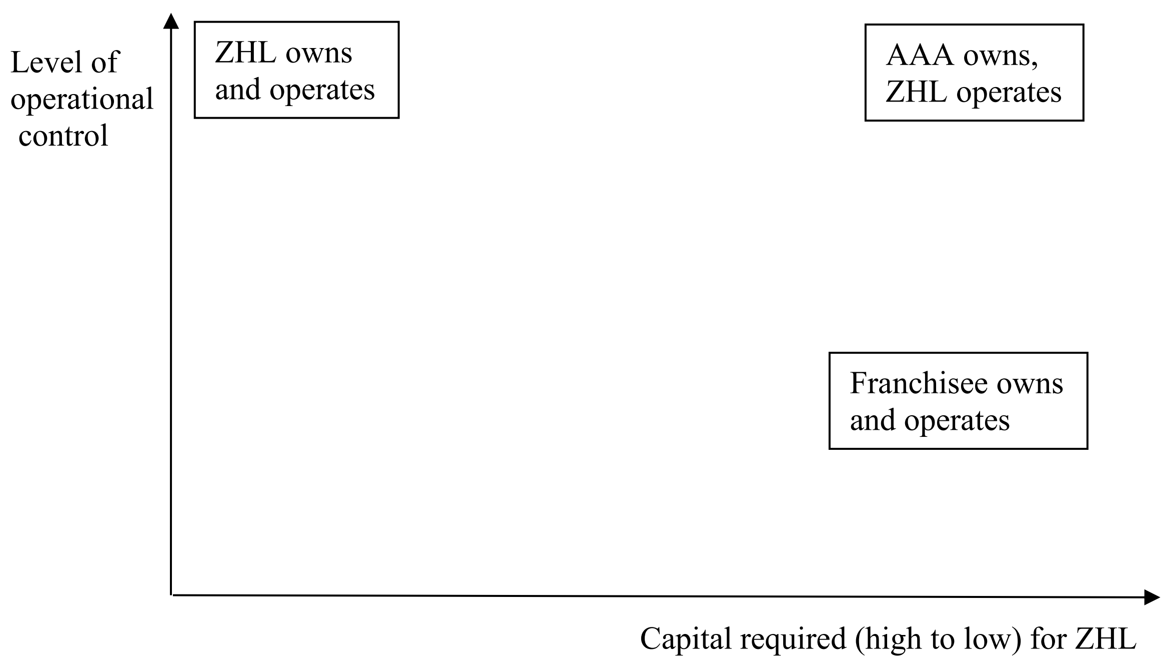
This option has been rejected for the same reason as the former

Franchisee controls operations and finances ambulances

We consider this option the 3rd best option. In this option we recommend 1298 to franchise out the operations and financing of ambulances completely and set up control mechanisms to monitor the operations. This will help expand faster into different cities as well as save valuable management time to focus on strategic functions as opposed to monitoring daily operations in several cities.

ZHL owns medical staff while franchising the rest of operations

We considered the option of maintaining control only over the medical staff and franchising the remaining operations while using any of the methods of sourcing ambulances. This is because the doctor is the most critical person in this entire operation. He is the team-leader on site and is also responsible for protecting the 1298 brand. On further discussion we decided that this option created too many complications. This will involve the driver and helper reporting to the franchisee whereas the doctor reports into 1298. For e.g An issue that may arise is to allocate responsibility for resolving conflicts between driver and doctor. In addition, we would need to hire a medical professional to whom the staff will report as well as additional administrative staff for processing the payroll. We are of the opinion that quality control of the doctor can be maintained even without maintaining direct control. This can be done by setting up strict performance metrics and additional incentives. As a result the entire option of owning medical staff while franchising all the remaining operations has been rejected.



See Exhibit 1 for further details regarding the recommended expansion options.

We believe that control of operations is not so much a part of the core business that franchising would have a serious impact over its quality. By providing additional incentives to the ambulance staff and maintaining control over the call center and customer feedback, we believe that the remaining operations can be sufficiently controlled for quality even if franchised. In addition, we can also choose to have auditors regularly making surprise checks to ensure that the quality is maintained. As such the last option of maintaining control of just the medical staff is cumbersome and has been discarded.

IV. Franchising Option

In this section, we explore issues related to operational risk, quality and finance if we use the franchising route to expansion.

1. Quality of Service

A key risk in outsourcing the delivery of service to a partner or franchisee is that there is a drop in service standards. This will occur in various areas, and certain measures will need to be put in place to guard against this possibility.

Brand risk

The franchisee's ambulance fleet will 1298 plastered over them. Therefore, any service provided by the franchisee will be associated with the 1298 brand, with the consequent risk that 1298 might also suffer a negative impact through its association. Therefore, there needs to be a strong screening process of potential franchisees, the selection of which cannot be determined solely by financial measures.

Staff

The ambulance staff represents one of the two faces of contact the patient has with the 1298 brand, the other being the call center. The importance in hiring the right staff cannot be overemphasized, as it is in hiring capable staff that is enthusiastic about 1298's mission for delivering high quality medical care. Even if the operation in a certain area is outsourced to a franchisee, ZHL must retain decision-making ability in the hiring and firing process. This may either take the form where ZHL hires the doctor and the nurses directly, or ZHL may implement guidelines for the ongoing assessment of the medical's staff's skills. On the flip side, in outsourcing the operations, ZHL is freed from a lot of the administrative duties in managing staff issues, e.g. hiring and payroll functions.

Equipment

Another issue ZHL may face in a franchise business is ensuring that the logistics of the ambulances are in order. This may refer to the quality of medical supplies stocked in the ambulance, to the maintenance of the ambulance. ZHL may wish to consider including franchisee ambulances in its beginning of shifts radio checks to determine operational readiness, as well as field spot checks of the ambulance equipment to ensure that it is adequately supplied for its operations. On the other hand, as in the case of staff matters, in outsourcing this part of the operations to a franchisee, ZHL is freed from having to perform the day-to-day logistics of the operations.

Response Time

Coordinating ZHL's call center with the franchisee's ambulance fleet may create some challenges, especially if the franchisee has different views on the deployment and positioning of the fleet in the new city. This will play a critical issue in the response times and in ensuring quality of service.

2. Finance

ZHL should maintain an internal finance unit, to track and audit the payments made by customers and franchisees, to ensure that referral payments are being made, and debts are being collected. The ZHL-franchisee agreement should also be transparent so that deals made between the franchisee and third parties (for parking spaces, hospital rights, advertising, etc.) are available for review by ZHL.

3. Operations

There should be a internal review team, which performs regular checks of medical staff to ensure that their skills are up to date, and for franchisees to ensure that their medical staff meets 1298's service requirements. In addition, this team may play an important role in monitoring customer's satisfaction, and tracking the group's overall performance measures, e.g. in response times. As mentioned earlier, the screening of potential partners and franchisees is very important in light of the risks mentioned earlier. Not in order of importance, there are certain aspects of potential partners in which to consider.

<u>Current Network</u>

ZHL should consider the franchisee's current operations. If they are current operators of an ambulance network, then they are familiar with the general operations of the business. The issue is whether they are reputable operators which ZHL would be comfortable being associated with, and the quality of their current operations. If there are a few small operators in a city, with no dominant operator, ZHL may consider having small regional franchisees for different zones within the city.

<u>Maintenance and repairs</u>

If the potential franchisee is not a current operator of ambulance services, then ZHL needs to assess their ability to undertake this operation. Running a fleet of ambulances is not an easy task and the staff would need to perform regular maintenance of the ambulances and equipment.

<u>Administrative responsibilities</u>

Similar in vein to the maintenance and repair work, managing the staff to support a large scale ambulance operation requires plenty of administrative support. Does the potential franchisee have an experience in such an operation? If their ability in any if this area is lacking, it may be better for them to invest in the operations in this city, while ZHL runs the day-to-day operations.

4. Ambulance Access for All's Social Mandate

One key reason why Ambulance Access for All was set up was its social mandate to provide an ambulance service to all who needed it, regardless of their ability to pay. In franchising its operations, ZHL may find difficulty in getting its franchisees to understand a percentage of free trips, without some form of monetary compensation. Obviously, on the franchisee's part, if they do not share the social imperative, then it becomes a pure business operation. And if there is to be any agreement to continue to provide services for the needy, this will also need to be monitored to ensure that the franchisee fulfills its obligations.

5. Summary of risks and benefits

This section discusses the various risks and benefits that ZHL will face as a result of this option of expansion.

Speed of entering the market

A franchise model may have the advantage of fast expansion, which is important given ZHL's goal of expanding the areas served by the 1298 brand. In partnering and franchising with established ambulance operators, it avoids competing directly with incumbent operators in target cities, while creating a win-win situation in which the ambulance operators get referrals from ZHL, while giving ZHL instant penetration into a city with an ambulance network already in place. On the other hand, ZHL would need to spend time evaluating and speaking with potential partners.

Less upfront Capital Expenditure

The key benefit to the franchise model is that it allows the expansion of the coverage of 1298 without significant upfront capital expenditure on ZHL's part to purchase new ambulances. This has and will continue to be the factor limiting ZHL's expansion, should it choose not to take up the franchise method, unless it is able to obtain alternative source of funds to purchase new ambulance for expansion.

Administrative Restrictions

While letting the franchisee be responsible for the operations in the target city involves giving up a lot of the control of the operations, it will help ZHL save a lot of the operating costs. A significant portion of ZHL's costs in Mumbai go towards administrative support, salaries and maintenance of the ambulance fleet. If ZHL is able to expand through a franchise model, it would be extremely beneficial as it would not add significant to its current costs.

Scale of entry

With a franchisee, ZHL may potentially be able to enter a city in a much larger scale, compared to if it had to rely on internal funds to slowly build up its ambulance fleet. This would translate in to more reliable service, that ZHL would quickly reach the critical mass required to service all the 1298 calls from within the target city.

Integration of Operations

In franchising the operations, ZHL will still need to spend time integrating the franchisee into its current platform and call center. This will require not just money, which can potentially come from the franchisee, but management's time and attention to ensure a seamless integration with ZHL's current operations. ZHL would need to test run the referral of calls, the GPS system, and the procedure for the answering of calls.

Long term sustainability

Finally it comes down to evaluating the priorities of the franchisee and the potential longevity of this model, and this relationship. Franchising a business is equivalent to selecting a local partner for the business. Numerous partnerships have failed as a result of personality clashes, differences in priority, or failures in character of one party. Therefore, as we have also mentioned earlier, this is a huge risk in a franchisee copying the business model after a parting, and it's therefore important to discern these potential fault lines in the screening process. Another aspect is that ZHL's (and AAA's) social mandate is to provide free service to patients who may be below the poverty line, and therefore this is an area which needs critical buy-in from the franchisee. However, if all these potential disputes can be worked out, and expectations put up front, this model provides a sustainable model which may be replicated easily in many cities across India, further extending ZHL's reach. Finally, there exist the possibility in sharing the business model, and the contacts generated by the marketing team, that the franchisee may choose to break the partnership after a year or two, and replicate the business model on their own. In so doing, ZHL would have lost its coverage in that particular city, as well as help create a very powerful and entrenched competitor there.

V. Owned Operations

In this section, we explore the issues related to quality, operational risk and finances when we consider the option of ZHL using its own resources to expand its operations.

1. Quality of Service

Foremost in our mind in considering the option of a franchise is still the importance of delivering the same high quality of service associated with the brand 1298.

Brand risk

Service quality and brand image are 1298's most notable differentiating factors versus its competition. The brand of 1298 constitutes the most significant barrier to entry to other competitors into the emergency ambulance services market. When daily operations are under ZHL's control they need not worry about how a third party may provide the service in sync with its reputation. Word of mouth can be a very effective tool in creating a brand and the quality of service which is channeled through the staff is critical.

Staff

The risk of hiring and training the right staff is critical because service quality will be directly impacted by the service that is provided to the customer on board the ambulance. This in turn is a factor of the training, skills and motivation of the on-board doctor and helper. Since ZHL will be controlling the hiring, training and firing of all staff, a high quality of personnel that are in touch with the end-customer can be maintained. Also the incentive structure is under the control of ZHL as well.

Equipment

Brand 1298 is also affected by the quality of equipment, both in terms of the look and feel of the ambulance and also the quality of the equipment on board. Having control over this greatly mitigates risk of poor quality equipment and supplies.

Response Time

With the call center, ambulances and on-board staff all directly controlled by ZHL, Brand 1298's response time, another critical factor in maintaining brand image, can be maintained well. A lack of scale due to slower growth may hinder the response time in the early stages, but this can be managed with a low-key marketing effort in the initial stages of market entry.

2. Finance

In this section we explore the issues related to day-to-day finances and the benefits of ZHL running its own operations in the new market.

Customer Fees

This is a low-risk activity as all revenue collections are undertaken by ZHL staff members, with clear reporting lines and communication channels within the organization. Therefore the risk of pilfering and embezzlement are reduced greatly when compared to the risks of outsourcing this activity to a third party.

Third Party Negotiations

The third party negotiations like the ones with hospital for referrals and for parking places can be an administrative hassle which might hinder quick growth when ZHL has to perform these negotiations by itself, especially in cities where it does not have prior knowledge of the business landscape. A franchising option would greatly enhance the speed of negotiations if a suitable, well-connected franchise partner were available.

Payments from Franchiser/Network Partner

There have been instances where ZHL has had trouble collecting money from network partners in Kerala. These same issues could arise in a franchising model as well. When ZHL owns all the operations, this will not be a problem.

3. Operations

Daily operations constitute the most critical aspect of ZHL's business, and managing it well and maintaining quality on a daily basis is extremely important. In this service business there are a lot of moving parts, and we explore some of them in this section.

Maintenance and repairs

Since these will be under the control of ZHL there will be some economies of scale and more control over maintaining the quality of the ambulances and medical equipment.

<u>Administrative responsibilities</u>
Similar in vein to the maintenance and repair work, managing and hiring the staff to support a large scale ambulance operation requires plenty of administrative support. Having the experience that ZHL has in Mumbai can be unparalleled and critical for future success. It is likely that a franchise partner will not have similar experience in running a mobile service business and may need some hand-holding by ZHL.

4. Social Mandate
One key reason why Ambulance Access for All was set up was its social mandate to provide an ambulance service to all who needed it, regardless of their ability to pay. There can be effective control over this objective ZHL owns the operations.

5. Summary of risks and benefits
This section discusses the various risks and benefits that ZHL will face as a result of this option of expansion.

<u>Speed of entry</u>
Expansion into a new city requires management time and effort to be committed to the task, in addition to a financial commitment to procure ambulances, and operational infrastructure requirements. It seems intuitive that ZHL's expansion into other cities will be faster with the franchising model, but this is by no means guaranteed. Looking for suitable partners, evaluating them, training them and creating the infrastructure for continuous monitoring and quality control are all time-intensive tasks that will be required with the franchising option. It is therefore not evident that the franchisee route is necessarily a faster route to expansion.

<u>Evaluating Partners</u>
This can be time consuming for both franchising and owning the operations as owning the operating will involve evaluating hospital partners and other partners, whereas in franchising will involve evaluating franchise partners.

<u>Large upfront Capital Expenditure</u>
Since there is an enormous upfront capital expenditure that is required on ZHL's part, expansion will greatly be dependent on availability of capital which is a significant risk to the growth plans.

<u>Administrative Restrictions</u>
Since all operating cost and administrative responsibility of day to day management is a completely in the hands of ZHL they might not have the capacity to undertake the rapid expansion. This constitutes the single biggest risk to ZHL taking on the expansion activity by itself.

Scale of entry

ZHL would take a longer time to reach critical scale if it were to own all the assets and operations. Although such a model reduces the financial, operational and quality risk of expansion, it will make the expansion process slower and more gradual. ZHL will need to balance its need for quick expansion and rollout across the country with the need to maintain service quality and brand image.

Integration of Operations

This will be very seamless since ZHL would own, control and manage all the parts of the value chain.

Long term sustainability

This model has the longest sustainability and ability to sustain itself due to fewer negotiations for continuing operations with a partner going forward and less risk in terms of the competitive landscape as well.

Exhibit 1

Option	Detail	Opportunities	Risks	Costs
Ambulances donated by hospitals or Govt. and owned operations	This option entails us taking a lead step in sourcing ambulances through donations and maintaining control of our operations This option is by far the best option as it requires very little capital and maximizes profits.	▪ Ambulance maintenance is a cost to the hospitals and most hospitals are making a loss on their ambulance. ▪ If we can effectively convince them to give us their ALS ambulance for a depreciated price in return for quality service and commission, it's a huge opportunity for us to save on capital investment. It's a win-win situation on both ends.	▪ Hospitals may not be willing to part with their ambulances. ▪ The hospitals that donate/sell the ambulances would prefer to continue having the hospital name on the ambulance in which case we lose out on the big advertising space.	The company needs to hire 2 to 3 excellent salesmen/relationship managers who could convince hospitals and private nursing homes to donate/sell their existing ALS ambulances. However, given that each ambulance sourced is worth a saving of ~ Rs. 20 Lacs, the capital & interest saved will more than make up for the cost of retaining additional resources.
Self sourced ambulances and owned operations	This options entails expanding to another city with our own funding either through debt or using Acumen funds	▪ As we have seen from the Mumbai operations, even with 20% free calls, the business is profitable. Going in with our own money will help us maximize the profits.	▪ Due to capital limitations, expanding organically may take longer. Given our objective for reaching 8 cities in 5 years, this expanding solely organically may not be completely feasible.	Sourcing ambulances using debt will involve regular interest servicing. If we go with the option of sourcing funds from Acumen, we may have to give part of the equity for the new city by incorporating a new legal entity.

Option	Detail	Opportunities	Risks	Costs
Franchising the operations and ambulances	This option entails having a partner who will fund the ambulances either partly or entirely and also take care of the operations. The franchise agreement would specify the territory, the extent to which the franchisee will be supported by the 1298 (e.g. training and marketing campaigns), as well as the requirements and standards to be maintained by the franchisee.	▪ Requires minimal capital upfront on the part of 1298 to purchase new ambulances ▪ The objective of 8 cities in 5 years becomes achievable with this option ▪ Maintains the visibility of the 1298 Brand ▪ Additional revenue through franchising fees and royalties	▪ Need to audit standard of service provision and level of training of franchisees ▪ Need to audit books to ensure royalties are paid ▪ Given the high rate of return required in the market as well as other opportunities available for people to invest, we might not find a willing franchisee	Franchisee will require a certain percentage of the profits or revenues depending on the contract. As he finances & maintains the operations, he may need a larger percentage of the pie. For e.g. we may have to give the franchisee 80% of the revenues and take just 20% as royalty.

Exhibit 2

Ambulances provided by AAA (donations by hospitals or governments) Operations run by ZHL		2009	2010	2011	2012
Total revenues generated per q (Rs.L)		185.1	578.4	1,116.7	1,490.6
Revenues to ZHL		185.1	578.4	1,116.7	1,490.6
Revenues to franchisee		0.0	0.0	0.0	0.0
Total expenses (Rs.L)		160.7	419.0	743.9	946.2
Total ZHL expenses (Rs.L)		160.7	419.0	743.9	946.2
Total franchisee expenses (Rs.L)		0.0	0.0	0.0	0.0
EBITDA		24.4	159.4	372.8	544.4
EBITDA to ZHL		24.4	159.4	372.8	544.4
EBITDA to franchisee		0.0	0.0	0.0	0.0
Depreciation to ZHL		6.3	16.3	26.3	30.0
Depreciation to franchisee		0.0	0.0	0.0	0.0
EBIT to ZHL		18.2	143.2	346.6	514.4
EBIT to franchisee		0.0	0.0	0.0	0.0
Interest expenses to ZHL	0%	0.0	0.0	0.0	0.0
Interest expenses to franchisee	0%	0.0	0.0	0.0	0.0
Taxes to ZHL	33%	8.1	52.6	123.0	179.7
Taxes to franchisee	33%	0.0	0.0	0.0	0.0
PAT to ZHL		10.1	90.6	223.5	334.8
PAT to franchisee		0.0	0.0	0.0	0.0
EBITDA %		13.2%	27.6%	33.4%	36.5%
EBITDA % to ZHL		13.2%	27.6%	33.4%	36.5%
EBITDA % to franchisee		N/A	N/A	N/A	N/A
EBIT % to ZHL		9.8%	24.8%	31.0%	34.5%
EBIT % to franchisee		N/A	N/A	N/A	N/A
PAT % to ZHL		5.46%	15.66%	20.02%	22.46%
PAT % to franchisee		N/A	N/A	N/A	N/A

Exhibit 3

Ambulances bought by franchisee Operations run by franchisee					
		2009	2010	2011	2012
Total revenues generated per q (Rs.L)		215.1	656.4	1,242.7	1,634.6
Revenues to ZHL		43.0	131.3	248.5	326.9
Revenues to franchisee		172.1	525.1	994.2	1,307.7
Total expenses (Rs.L)		191.3	491.7	866.9	1,097.8
Total ZHL expenses (Rs.L)		58.6	121.8	205.4	261.7
Total franchisee expenses (Rs.L)		132.7	370.0	661.5	836.1
EBITDA		23.8	164.7	375.9	536.8
EBITDA to ZHL		(15.6)	9.5	43.2	65.2
EBITDA to franchisee		39.3	155.2	332.7	471.6
Depreciation to ZHL		0.0	0.0	0.0	0.0
Depreciation to franchisee		57.5	149.5	241.5	276.0
EBIT to ZHL		(15.6)	9.5	43.2	65.2
EBIT to franchisee		(18.2)	5.7	91.2	195.6
Interest expenses to ZHL	0%	0.0	0.0	0.0	0.0
Interest expenses to franchisee	0%	0.0	0.0	0.0	0.0
Taxes to ZHL	33%	(5.1)	3.1	14.2	21.5
Taxes to franchisee	33%	13.0	51.2	109.8	155.6
PAT to ZHL		(10.4)	6.4	28.9	43.7
PAT to franchisee		(31.1)	(45.5)	(18.6)	40.0
EBITDA %		11.0%	25.1%	30.2%	32.8%
EBITDA % to ZHL		-36.2%	7.2%	17.4%	19.9%
EBITDA % to franchisee		22.9%	29.6%	33.5%	36.1%
EBIT % to ZHL		-36.2%	7.2%	17.4%	19.9%
EBIT % to franchisee		-10.6%	1.1%	9.2%	15.0%
PAT % to ZHL		-24.26%	4.85%	11.64%	13.36%
PAT % to franchisee		-18.10%	-8.67%	-1.87%	3.06%

Revenue split given to ZHL (if franchised operations) 20%

Exhibit 4

Ambulances bought by ZHL Operations run by ZHL		2009	2010	2011	2012
Total revenues generated per q (Rs.L)		215.1	656.4	1,242.7	1,634.6
Revenues to ZHL		215.1	656.4	1,242.7	1,634.6
Revenues to franchisee		0.0	0.0	0.0	0.0
Total expenses (Rs.L)		182.8	476.5	836.7	1,052.2
Total ZHL expenses (Rs.L)		182.8	476.5	836.7	1,052.2
Total franchisee expenses (Rs.L)		0.0	0.0	0.0	0.0
EBITDA		32.3	180.0	406.0	582.4
EBITDA to ZHL		32.3	180.0	406.0	582.4
EBITDA to franchisee		0.0	0.0	0.0	0.0
Depreciation to ZHL		57.5	149.5	241.5	276.0
Depreciation to franchisee		0.0	0.0	0.0	0.0
EBIT to ZHL		(25.2)	30.5	164.5	306.4
EBIT to franchisee		0.0	0.0	0.0	0.0
Interest expenses to ZHL	0%	0.0	0.0	0.0	0.0
Interest expenses to franchisee	0%	0.0	0.0	0.0	0.0
Taxes to ZHL	33%	10.7	59.4	134.0	192.2
Taxes to franchisee	33%	0.0	0.0	0.0	0.0
PAT to ZHL		(35.9)	(28.9)	30.5	114.2
PAT to franchisee		0.0	0.0	0.0	0.0
EBITDA %		15.0%	27.4%	32.7%	35.6%
EBITDA % to ZHL		15.0%	27.4%	32.7%	35.6%
EBITDA % to franchisee		N/A	N/A	N/A	N/A
EBIT % to ZHL		-11.7%	4.6%	13.2%	18.7%
EBIT % to franchisee		N/A	N/A	N/A	N/A
PAT % to ZHL		-16.67%	-4.41%	2.45%	6.99%
PAT % to franchisee		N/A	N/A	N/A	N/A