“TAKE Solutions Limited
Q2 FY2021 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Q2 FY2021 Earnings Conference Call of TAKE Solutions. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vinay Bafna from ICICI Securities. Thank you and over to you Sir!

Vinay Bafna: Thank you, Rochell. Good afternoon, everyone. I would like to thank TAKE Solutions for providing ISEC the opportunity to host their Q2 earnings call. Now, I would like to welcome the senior management team of TAKE Solutions, which will be represented by Mr. Srinivasan, Vice Chairman and Managing Director; Ms. Shobana, Executive Director; Mr. Lalit Mahapatra, CFO; Dr. Ayaaz Hussain Khan, Global Head, Generics; Ms. Sowmya Kaur, Clinical Head of APAC. Over to you, Sir.

H.R. Srinivasan: Thank you very much. Good afternoon, everybody. This is Srinivasan. And on behalf of my team at TAKE Solutions, I welcome you to the Q2FY21 earnings call. So, first, I think I have to say that we have, certainly, had a much better quarter than the Q1 of this year, and it was in line with the expectations. Our revenue was at INR 218 crores or $29.34 million, up about 34% from the previous quarter. This is a very significant milestone because we had guided that the revenue traction is improving and as we move forward, we have seen that this trend in revenue traction improvement continues.

On the profitability side also, we have shown significant improvement. As against the loss of a $26.81 million for the previous quarter, this quarter the loss is $9.95 million at the EBITDA level. Now I want to call out some special items for mention here. Of this $9.95 million at EBITDA level, $1 million is on account of movement of forex and it is a notional loss on the FCTR. Given the COVID environment, we did a stress test of our credit and an ECL test, which was carried out by an independent auditor and we have taken adequate provisions and provided $3.5 million in the quarter towards an expected credit loss.

So, if you look at the operating EBITDA negative, it is at about $5.5 million, it is an enormous improvement over the previous quarter, and it is because of the general improvement in utilization. Our utilization stood at about 45% for the quarter as against 15% to 20% for the previous quarter.

Now, let me go on to give you some colour on the revenue. So, while the revenue has shown a 34% increase, we see an enormous increase in the pipeline that we are currently having. The pipeline and the RFP activity are at pre-COVID levels, and we have seen some very significant closures during the 6 months that went by and some significant closures that have happened in the month of October.

My colleagues will talk about it in a little bit. Our book-to-bill ratio stands at 1.5:1. Obviously, this is because we have more orders on hand than we can burn at this time due to the COVID impact on how we conduct our business. So, the demand environment is certainly improving. The level of site activity is certainly improving, and I think we are very happy to say that if this trend continues, we will be cash positive in Q3 of this year.

We have taken some very major steps on cost management, and they are extremely important and nontrivial to call up. Just to give a context, if you look at Q3 of FY2020, our manpower cost was $28 million for the quarter. If you look at Q2 of FY2021, we have been able to contain that to $18 million. And going forward, we expect to stabilize that in the region of about $16 million in Q3 of FY2021. Similarly, if you look at our SG&A expenses, which were at $24 million in Q3 of FY2020. In Q2 of FY2021, we have been able to bring that to $5 million.

One of the first signs of a turnaround is how do you manage the cost or resize the organization so that we can very quickly move to profitability. And I am happy to say that the execution of this in the organization has been excellent. We have been able to bring down the cost base in a span of 6 months. And as the revenue improves, we'll see a very smart addition to the bottom line that would take place. The outlook is certainly very positive given where we are, and I do expect that we will be able to increase our revenue from here, again, partly during Q3 and return to profitability. But it is very important at this stage to give you a colour of how our operations are taking place and what are the new things that we are doing in terms of the pandemic and not only in terms of customer service, but in terms of overhaul of our SOPs and the use of technology. So, first, I am going to request my colleague, Dr. Ayaaz Hussain Khan, our Global Head of Generics, to give you a perspective of what are the things we are doing in the Generics business currently. Dr. Ayaaz, can you please take over?

Ayaaz Hussain Khan: Thank you, Mr. Srinivasan. The pandemic had an impact on our operations. So, we had to take several steps in terms of business continuity plans, and we had to revise and bring in a lot of procedures to manage this situation. To give you a perspective here, some of our facilities needed to handle the subjects coming in and given the flow of the subjects who are actually coming to our facilities to participate in the bioequivalence trials, we had to bring in a requirement of doing the COVID testing.

So now, on today's date, as we stand, we do COVID testing for all the subjects who come into our facilities in all our locations in Karnataka and in Tamil Nadu. Having said that, we had to see to it that we have adequate social distancing measures inside our clinical pharmacology units where we conduct our biostudies. So, we did a lot of efforts in terms of getting this back. On the other side, we were also holding on to our clients, and they have been very helpful in terms of working with this. And all the sponsors with whom we are working have helped us in terms of moving ahead in this direction. So today, as we stand, we have a good pipeline in front of us, and we have also started operations in all our locations, and we have been

successfully delivering large studies as well as the studies which were on hold during the pandemic. So, let me pause here and hand this over back to Mr. Srinivasan.

H.R. Srinivasan: Thank you, Dr. Ayaaz. You see, I think it is very important to also understand how the virtual trial environment is panning out. And I am happy to tell you that at this point of time, we are conducting trials virtually. Our technology capability has always been there. It is now an opportunity for us to strengthen that and showcase it and see how we take virtual trials forward. But to speak more on this, I am inviting my colleague and Clinical Head of Asia Pacific, Sowmya Kaur. Sowmya, will you please take the group through?

Sowmya Kaur: Sure. Thanks, Mr. Srinivasan. Good afternoon, everyone. To add in terms of how we have emerged during this pandemic, I think the lessons learned during the pandemic and the way we have executed the COVID studies have made us more adaptable and flexible in terms of study management, which has got us to the next-gen in terms of future-proofing the execution and also seamlessly executing the virtual clinical trials. So, in terms of our people, we do have our experts who are getting into the new mode of execution. They are adapting to the new processes and technology. And from a process perspective, we are working on some radical study designs. We have been working in terms of remote and adaptive monitoring, and we are also very well adapting and utilizing some of the patient engagement tools. And on top of this, our technology is something which we are strongly building upon; in terms of our in-house technology infrastructure, what we do have, where we are seamlessly integrating quite a bit of disparate system, which is usually used in clinical trial systems and which supports us in providing the real-time insights and also data-driven decisions, which are made for the studies. So, we are fully driven in terms of executing the next-gen clinical trials. And, not only the COVID studies, but also, we are fully equipped in terms of executing the same and incorporating the same even towards the non-COVID programs as well. So, with the new wins, what we have currently today, in terms of our non-COVID studies, we are adapting some of the lessons what we have learned from the COVID program. Thanks, everyone. I hand it over to Mr. Srinivasan.

H.R. Srinivasan: Thank you, Sowmya. So, on the back of this excellent performance of the quarter, I think there have been some significant wins other than COVID studies. We have had 2 specialty global pharma companies engaging us for multi-country clinical trials that involves U.S., Asia and parts of Russia.

We also, for the first time, won a flu vaccine study in India. In the past, we have been very good in the immunology studies, largely in the U.S., and this is the first breakthrough. There have been multiple wins on the generics side. What is also important to call out is that there are 2 specialty pharma companies in the U.S., both using the 505(b)(2) route and we have entered strategic partnerships with them. These are 5-year partnerships. In the case of 1 pharma company, the 5-year partnership entails 9 clinical trials to be conducted during this period, the entire regulatory and PV portfolio of that company. In the case of the other pharma company, it comprises of 7 trials to be concluded in this period.

So primarily, the adjustment of cost, the progression of technology, the improvement in the execution environment, the uptick of the demand environment that has happened, all these augers well, and we should be able to deliver in Q3 where cash profits will be there. So, I am very positive on the outlook. I can also say that most of the trials that were delayed, which I had spoken of during the previous quarter, have commenced. And while there are delays, we are moving towards the logical execution of those trials.

With this, I think I will pause, and I will be happy to take questions along with our management team. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Ashok of Medallion Fund. Please go ahead.

Ashok: Great set of numbers this quarter. I would like if you could spend just some time talking about two longer-term trends for clinical research. So, the first one, I just like to get your view on this entire U.S. election now that the results are certain; We are hearing a lot about thawing of relations between U.S., China, and U.S. primarily is now going to spend a lot more on healthcare. So, where does that put India in clinical research? And just the second part of it, we are seeing a lot of the SME innovators, and I think you have also alluded to it in your slide that recent wins more from SME innovators. So, how do we go looking forward? So, if you can share what set of your revenues today come from large versus SMEs, I guess, to help us understand What is the key 5-year outlook for the business?

H.R. Srinivasan: The first one, I think the U.S.-China, the current position that they have with reference to trade or politics has little or no impact on what we do. So, the first thing is that we are addressing is that there are newer and newer disease groups that are coming now, and therefore, newer and newer cures must be developed. We are largely U.S.-centric because most of our customers come from the U.S. geography. The conduct of the trial is a function of what is the indication and where the patient population resides. It has no impact. So just to give you a context there, there could be a dermatological condition that occurs only in certain countries. So, if that trial comes, you must do trials in those countries only. You cannot do that trial in India because there is an adequate population available. So, the indication determines where the trial will be conducted, and it is more related to the therapeutic areas. That is expanding. Obviously, the role of India becomes important because we have a large human population, 1/6th of global population is here. And there are several disease groups where this population group must be covered. It does not necessarily say that they need to be covered out of India. It would be an Indian getting covered out of any other countries that they live in. But obviously, the origin matters because these disease groups get addressed. So, the expansion of clinical trials in India is given. And today, whether it is Phase I, Phase II, Phase III, there are several trials that are taking place and India is going to occupy a very significant place there. The third, there are services around the trials, which are important, which are data-based services. So, even if a clinical trial is getting conducted anywhere, the statistical programming of all the data received, the medical writing on that, the regulatory submission, those are all process-related

activities, efficiency-related activities which involves 2 dimensions: The first dimension is the domain or therapeutic area expertise; the next dimension is technology. We have adequate availability of both those in India. And so, we do use India as a significant location for that. But I also want to leave the thought that it is not that we use India alone. We also have a presence in Bogotá in Colombia in South America, which also is a destination which has excellent capabilities. So, from a customer point of view, we use a good mix of what we can do on-site and what we can outsource to logical destinations where there could be an advantage of price.

Ashok: Right, Sir. And on the SME innovator pipeline versus the large, some colour on that?

H.R. Srinivasan: Yes, we are largely innovator driven. It is not that SMEs are not innovators. So, in fact, I want to call out that today, most of the big pharma are in-licensing successful Phase II, Phase III trial and then running with the commercialization phase, which is there. So, but in terms of our own presence, we are, let us say, 90% innovator based.

Ashok: Right. That is useful. So, I just want to squeeze in 1 more on a longer term. You alluded again to virtual trials picking up, just reading again launch of wave 2 or wave 3 in some places. So, are we kind of better equipped now to cater to the kind of disruption that is going to come with wave 2, wave 3 of COVID working as well?

H.R. Srinivasan: Yes. I think we must look at virtual trials and understand the dimension of virtual trials a little better. See, this is dealing with human disease and subjects, and there are certain activities that can be virtual and certain activities that cannot be virtual. So, for example, if it is a neurological disease, and there must be a clinical evaluation of the patient, that is something that cannot be done virtually. It has to be done in person. But, if it is examining certain other aspects where you can do data and you can do virtually through other locations, site management, remote monitoring, looking at the quality of data, we are already in that position. The current COVID condition has accelerated the adoption of this, not only by us, but also by sponsor companies and all the sites that are there. But a 100% virtual trial, I think the world is a little far away from that at this point of time.

Ashok: Right. And just one last question on the financials. I assume there are no more one-offs, et cetera, coming from the carve out of the business that were there in Q1?

H.R. Srinivasan: No. The write-off on the European unit, we had done it in Q1 and called it out. There were no one-offs further.

Ashok: No, Sir, I was just trying to clarify, so there's nothing else that's going to come from an impact on that in our books going forward?

H.R. Srinivasan: No.

Moderator: Thank you. Our next question is from the line of Thendral from LKR Advisors. Please go ahead.

Thendral: The previous speaker, of course, had asked on the one-offs, which I had. But having said that, I wanted to understand on two perspectives. One, The India ratings had downgraded TAKE Solutions as well as had withdrawn their ratings. So, the reasons were not given, so just wanted to understand the reasons for it. Second, often, it is said that share price is an indicator of how the company is performing, right? And having said that, from whatever I understand from the business and whatever you have explained the performance on the pricing side of it looks to be completely deteriorating. So of course, you had mentioned that there is no one-offs but are there any other concerns which the analyst must be worried about in terms of the margin contraction which you are looking at in Europe or any other part of the world.

H.R. Srinivasan: So, let me address the question. So, first, I think we had a rating, and we did not use that rating. There is no debt that has been taken on the books of TAKE Solutions Limited in India, which was using that rating. So, we ourselves asked for the withdrawal of the rating. Obviously, the rating downgrade is because we had a loss. There is no debt that was taken on this rating. So, there needs to be no connection. There is no debt on the books of TAKE Solutions, the standalone company, and the rating was for the standalone company. Now, let us come to the second part of your question. I do not want to relate the performance of the business to the share price. You people are involved in that so you will have greater knowledge of that. Whatever happened due to COVID was explained in the last quarter. We have maintained a trajectory, and I think we are performing to that trajectory. So, things have improved dramatically. At some point of time, the share price will reflect the correctness of how the business needs to be looked at and evaluated. I think from a management perspective, we will focus on the performance of the company. We will let the share price take care of it itself.

Thendral: Sure. So, the concerns from the sources, what information I gathered is there are a lot of key management personnel who have quit the company, right? And that is also one of the concerns saying if there something amiss, which is happening over here. So just wanted to get another comfort level from you guys saying that from the business perspective, everything is okay, and team is also getting built up simultaneously because it is very important that business is also managed, and team is also managed.

H.R. Srinivasan: So, see that is a different question, which is would we have key management personnel quit the company? The answer is yes, but not many. There are 2 people who quit the company, both were in corporate roles. All the operating roles, all the BU heads continue to remain the same, and they are performing very well. There could be normal quitting, they were senior level folks and that need not be linked to the performance of the company. The performance of the company was related to the demand environment and the inability to perform certain actions to generate revenue. Otherwise, the large part of the leadership of the company has been here and continue to be here.

Moderator: Thank you very much Sir. Our next question is from the line of Neerav Dalal from Maybank Kim Eng Securities. Please go ahead.

Neerav Dalal: A few questions. One is on the order book; how do you see the order book now? You did allude to it about 1.5x is what you were saying. If you could just give a number to it?

H.R. Srinivasan: So, it is, Neerav, $185 million.

Neerav Dalal: Okay. So, it has increased from last quarter's $173 million. So that is one. The other thing is regarding this $3.5 million expected credit loss. What would this be related to? Was it to the acquisitions that we have done? Or is it the organic business that we had? That was number one. The other thing is regarding now that you are saying that the clinical research, the deals which had stopped, they have started to begin. So, if one were to go back to the March quarter, we had a slump in the March quarter. And there were certain deals where we had done a part of it, but because it was not going to be completed, there was a reversal. So, should we look at it in that sense that those deals have started to ramp up again? Or how should one look at it?

H.R. Srinivasan: Yes. So, we will take the 2 questions separately, Neerav. So, first one, it is an ECL provisioning, expected credit loss provisioning, because in the COVID environment, it is prudent to test and provide irrespective of whether it is bad or not. So, this is only a provision. It is not a cash loss at that point of time. It is certainly in line with the accounting standards, and it is done by a third-party agency. So, whatever was recommended that has been taken as a provision. At this point of time, we do not have any challenges. Are there some customers if you ask me, has any customer filed for bankruptcy? The answer is yes. Mallinckrodt has filed for bankruptcy, but our exposure there is $155,000. So, it has no relation to what we have provided. So, this is just prudent norms, which we are using, right? Now let us move to the next part of the question, which is are you ramping up the trials? yes, we are ramping up the trials. The site activity is back at about 50% to 60%. So, several of the trials that were on halt, we have started. Several of the new trials have come. So, at this point of time, I think we have around 32 to 33 trials going on all over the world.

Neerav Dalal: Got that. And just very quickly, what would be the broad revenue breakup between clinical research and the services business, if we could have a broad mix, so that we can understand how the 2 businesses are ramping up now post the COVID scenario?

H.R. Srinivasan: The breakup is about half and half. It is not only about how it is ramping up, you must understand that even in the database businesses, there are delays. So, there are at least about 20% of the projects all over the company that are delayed from their original schedule. This is because of the impact of several operational issues. For example, you can relate to this. The CRA at the site will contact COVID. The principal investigator at the site contacts COVID. Somebody in their family contacts COVID. There are employees who are delivering database work in whose family somebody has suffered a COVID issue. So, all these, there are consequent delays that are happening. This is something we had not built in the SOP. We were not used to it. So, we are learning on the job. And we are improving our efficiency every

quarter. So compared to last quarter, this quarter will be very efficient because we now know what can go wrong, what is the fallback that we need to do, how to build the backup plan, how to price that commercially, because if you say that there is a 20% delay, every delay, at the end of the day, has commercial equity. So, we have been able to price. So just like Dr. Ayaaz Khan was explaining. In all his businesses, he now uses a COVID surcharge. Obviously, it cannot be a continuous COVID surcharge because come March people will say, no, it cannot be a COVID surcharge. We will have to build that into the pricing model. Those activities are going on, on how to revise.

Neerav Dalal: Just lastly, in the last quarter, we had also spoken about some monetization of our getting an external investor or monetization other than in the Life Sciences business, any update on that?

H.R. Srinivasan: For us, to deleverage is important. And there are opportunities of doing it. Obviously, we do not want to raise capital at TAKE Solutions level to deleverage at this point of time, right? So, we may look at possibilities of some asset divestment, which could deleverage because our current cost of leverage is about $4.8 million a year and that would be complete free cash flow if it comes into the system. So those thoughts are on, we are examining options, but there is nothing conclusive at this point of time.

Neerav Dalal: Got that. It is just that you had mentioned this in the last conference call, so I thought just get an update on it.

Moderator: Thank you. Our next question is from the line of Abhijit Singh of ShareGiant. Please go ahead.

Abhijit Singh: First, I would like to thank you and congratulate for the excellent work taken for rationalizing the cost, which is now reflecting in the P&L. So, on this regard, I would like to, sir, ask like the employee cost has come down significantly over the last year. So, what is your outlook on that, sir? And how should it move according to the revenues?

H.R. Srinivasan: We have done a lot of pruning of employees, especially in the western locations where the costs are higher. We have now brought it down to $18 million. I expect this to stabilize at about $16 million in Q3. And from there on, it will be stable. I do not think we should expect a further reduction in employee cost because the core capability then gets affected. And at this base, we should become profitable. And once we start churning out cash, then we will expand the employee base again.

Abhijit Singh: Sir, on the other expenses, compared to the last year, there is a significant reduction. It is down by half. But if you see from sequentially from the June quarter, there is a sharp jump. So, would you like to throw some colour, Sir, like what are the reasons for this kind of volatility? And what are the key components which are causing such a volatility in the other expenses number?

H.R. Srinivasan: So, $3.5 million, we have taken an ECL provisioning, which is in the other expenses. $1 million is the forex, which is notional. It is FCTR translation reserve between the exchange

rate that prevailed on March 31 and the difference on the exchange rate that prevails on September 30. We must take all the assets, loans and all on the balance sheet and convert that. Whatever is the difference, runs through the P&L and that is sitting in other expenses. It is not a cash expense. It is a notional expense

Abhijit Singh: One last question from my side. On the other income side, Sir, if you see like the trend is conversely going down. What are these other incomes? And why is it coming down? Is it a possibility that it'll go up again?

H.R. Srinivasan: No. See, other income, last year, we had treasury income because there is cash sitting on the balance sheet. This year, obviously, we are not that fortunate. So, the other income, I think you should understand that the company's aim is not to look at other income. It is to look at the main income. So, you should not read too much into the other income column.

Moderator: Thank you. Our next question is from the line of V.P. Rajesh of Banyan Capital. Please go ahead

V.P. Rajesh: My first question is, and I am coming from the background that I am new to the company. The debt that you were talking about will be reduced by some asset divestitures. So, what is the quantum that it can potentially come down to? Currently, it is over Rs.500 Crores

H.R. Srinivasan: Yes. See, first, I want you to understand that this is a dollar-denominated debt and it is sitting in Singapore. And it is at about 4.85% is the average rate. Obviously, everybody would like to make it a zero-debt company, but, those manoeuvres are not possible in 1 year. So, at this point of time, we are examining to see whether we can bring it down by half and then take it from there. Because then our operating cash flow, will be able to comfortably support.

V.P. Rajesh: Got it. And in terms of the way you are thinking about right now is to sell a part of the underlying businesses to perhaps a financial investor or something like that?

H.R. Srinivasan: See, we are examining options. I would not say we have any firm thought on that. So, there is a possibility of getting an investor at an underlying asset level. There is also a possibility of a divestment of an underlying asset, which could help us do this.

V.P. Rajesh: I see. Okay. And roughly, what is the timeline, next 6 months, 12 months, if you can just give some idea?

H.R. Srinivasan: These are strategic moves. And we will have to do what is appropriate for the shareholders. I think we should try and maximize whatever is the value for the shareholder. So, we look at the opportune time and then execute it. So, we are not under any stress to say that we need to do it in 6 months.

V.P. Rajesh: Okay. So, when is this debt maturing, that will probably determine your flexibility in deciding your strategic move?

H.R. Srinivasan: The debt is maturing at different points of time. We have a 3.5-year window for this debt to be cleared.

V.P. Rajesh: Okay. And then on the business side, obviously, you did a great job this quarter to reduce the cost, and the business is starting to come back. If you look at your fiscal year 2019 revenue, you had more than Rs.400 crores of EBITDA. How long does it take for you to start ramping up back to that kind of level of EBITDA? Is it fiscal year 2022 event? Or is it fiscal year 2023 event? Just in terms of run rate

H.R. Srinivasan: See, I would have reflected on that if it was a normal. This is a new normal, and I have not been through a cycle of this nature before. So, what I would like to do is to first stick to the next 2 quarters and say that we want to be very strong in the next 2 quarters. And if we do that, then the following quarters will take care of themselves. So, we must deliver cash profit in the next quarter. And in the following quarter, become even stronger from there. That's the outlook that we are looking at now.

V.P. Rajesh: I see. And is the management team primarily based in Chennai or in the U.S., in New Jersey?

H.R. Srinivasan: No, we are spread out. So, I am personally based out mostly in Princeton, New Jersey. There are significant parts of the management in terms of the Head of Navitas Clinical Research and Navitas Data Sciences who are both based in the U.S. We have our Head of Regulatory, who's based in Europe. We have our Head of APAC, Clinical, and the Worldwide Head of Generics who are both based in India. So, we are a distributed management team.

Moderator: Thank you. Our next question is from the line of Kanika Sinha of CPS Capital. Please go ahead.

Kanika Sinha: Sir, I just wanted to ask that geographically, how are you expecting revenues to ramp up given the current pandemic scenario?

H.R. Srinivasan: We are largely U.S. and APAC players. These are our strongest geographies. We do have a presence in Russia, but it is more to support the clinical trials because Russia is a good location for doing clinical trials. Otherwise, we are largely restricted to U.S. and Asia, and we'll be about 70% U.S. and 30% Asia.

Kanika Sinha: Okay, okay. And then in terms of site accessibility and patient recruitment, currently, what are the trends that you are seeing?

H.R. Srinivasan: See, patient recruitment is up substantially, but I'll ask my colleague, Sowmya, to answer this. She is closer to the scene of operation. And she can give you a deeper colour. Sowmya, can you just add to this?

Sowmya Kaur: Thanks. I think in terms of the patient recruitment, currently, we do have quite a bit of KOL networks whom we partner across Asia and as well as in U.S. And we do have also a very

good relationship in terms of site networks, our site network partnerships, what we do have across various regions. So, depending on the therapeutic area and our expertise being in some of the key therapeutic areas like oncology, ophthal, neurology, pain, et cetera. So, we do have a very good relationship and an engagement model existing already. With this, our accessibility to the patient increases, and we have a better remit in terms of recruiting these patients in many of the studies. Hope that answers the question.

H.R. Srinivasan: Thanks, Sowmya. Dr. Ayaaz, you want to add to this, your recruitment, you are seeing it back to normal levels, right?

Ayaaz Hussain Khan: Yes. I think you rightly said Mr. Srinivasan. So, recruitment with the easing of the lockdown and post to that and with the travel restrictions now becoming more easier, so we are having the recruitment back to the normal levels. That is right. So, we are having good participation of subjects in our facilities across all our centres.

Kanika Sinha: That was helpful. If I may ask 1 more question. A lot of the large international CROs have talked about some localized flare-ups that they are seeing. So, have any of your trials or facilities been impacted due to that?

H.R. Srinivasan: Yes. The answer is yes. We are learning on that. So, there are several trials wherein in the middle of the trials, there are either patients testing positive or the people who are conducting the trial are testing positive. Now this is despite the precautions that we take, like Dr. Ayaaz explained earlier in the call, we are now doing compulsory COVID test even before we start any trial. But a trial is an ongoing exercise. And in between, there is a likelihood of people developing. These are happening. And we are resolving it as and when -- there can be no template for -- or 1 solution on how this can be addressed. So, this is a new normal. Our job is to have SOPs in place that address this. And our job is to ensure that in terms of regulatory compliance, we are fully geared up. And that's exactly what we are doing.

Ayaaz Hussain Khan: If I can add here to Mr. Srinivasan, if I must give you an idea of how it has happened in our locations. So, in the month of May, June, our positives of COVID were about 50%. And if you ask me today, I mean, the way that we are doing these testing, we are less than 5%. So, the pandemic is slowly moving out and we can see a lot of successful recruitment happening in our locations.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to the management team for closing comments. Please go ahead.

H.R. Srinivasan: Thank you very much, ladies and gentlemen, for taking time to attend the Q2 conference and earnings call of TAKE Solutions. On behalf of my management team, I thank each one of you present here, and wishing you a very happy Diwali and a wonderful season ahead. Thank you very much.

The transcript has been edited for reading purpose

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