“TAKE Solutions Limited
Q4 FY2021 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the TAKE Solutions Limited Q4 FY2021 Earnings Conference Call hosted by Arihant Capital Markets. 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, 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 Ms. Jyoti Singh from Arihant Capital. Thank you and over to you Madam!

Jyoti Singh: Good evening everyone, on behalf of Arihant Capital, we welcome the management of TAKE Solutions Limited for Q4 FY2021 Earnings Conference Call. Thank you for taking time out. We have with us today Mr. Srinivasan, Vice Chairman and Managing Director; Ms. Shobana, Executive Director; Mr. Lalit Mahapatra, Chief Financial Officer; Dr. Ayaaz Hussain Khan, Global Head, Generics; Ms. Sowmya Kaur, Clinical Head for APAC. Now, I would like to handover the call to the management for future outlook. Thank you and over to you, Sir!

H.R. Srinivasan: Thank you very much, and good evening ladies and gentlemen for joining the Q4 earnings call of TAKE Solutions. On behalf of our management, we are very pleased to be taking this call and post the commentary we will be very happy to take questions.

Overall, we have had a very satisfying quarter, margins have gone up significantly, the margins are at pre-COVID levels now. This was the focus over the last three, four quarters that we wanted to achieve was very strong cash generation and a very strong EBITDA growth as we move forward, and it is very important that we sustain this.

I am happy to tell you that on the business side, we have had 100% renewals from all the top pharma companies that we deal with. We have also had 100% renewals from all the federal agencies in the United States with whom we do work. We have added 16 new logos during the quarter, several of them multinational in nature. There are good tailwinds for us to grow and continue to deliver profitable growth.

For the quarter, our revenues were $30.1 million, and the EBITDA was $5.7 million, the adjusted EBITDA, I will come to the adjustment in a little while. In terms of operating cash profit, we were at $4.6 million that is up from $750k in the previous quarter. Going forward, I think this is going to be the trajectory. We are going to look more and more at EBITDA growth and strong cash profitability and while topline is important, I think cash generation is going to be the way to focus.

In terms of the cost side, we have done a lot of hard work over the last four quarters and just to give a context -our employee costs which used to be around $28 million in Q3 of FY2020 is now at about $12.1 million. So we have delayered the organization, we have moved a lot of work in.

Our SG&A expenses also have been cut very drastically and it is on the back of this that we have been able to deliver a good EBITDA. We did have an exceptional item in the quarter of impairment of non-current assets. First to say that these assets are non-cash in nature, so this expense is non-cash in nature.

Every year, we stress test all the assets in the company for impairment, this is important to give an accurate assessment of the true value to all stakeholders. This year, we tested all the fixed assets, the goodwill and when it came to the non-current asset's category, there were certain assets that were part of the acquisition of Ecron Acunova in 2016 and WCI in 2011, which were carried on the balance sheet and which the independent valuer felt would not be able to generate the kind of cash flow in future.

So, it would be appropriate to accurately state the value of that, so we have taken a charge of $9.23 million to that effect. The objective of this exercise is to give a fair value of the company to all stakeholders, and it is a prudent practice, and we accepted the value as per the recommendation and therefore have gone ahead with this.

Other than that, we see very strong tailwinds in the business and at this point of time maybe we can start off that how the generic business is shaping up and give you a flavor of some of the exciting work that we are doing. I will invite my colleague Dr. Ayaaz Khan. Over to you Dr. Ayaaz!

Ayaaz H Khan: Thank you Mr. Srinivasan. Happy to share my thoughts friends in this analyst call once again. Let me give a little background of the generic business. While you may be aware that we do the bioequivalence studies for getting the molecules to the market and the speed is the essence here. While we do most of our work for the pharma companies in the US and Canada and in Europe, I would say that there is a slight shift in terms of the nature of the study that we do now, so we are more into the complex studies, which includes Clamp studies which are for the diabetic molecules, which includes inhalation studies for all the MDIs, aerosols and nasal sprays and things like that and we also are into the peptides and the research around that.

While COVID of course had been very unprecedented the way it came in, but it also gave us a lot of opportunities to work on. As we move ahead in this call you will also hear more about the COVID trials that we have had. While I would like to say and share with you that we were fortunate to have one COVID phase I study which we did for a pharma company. Of course, it was a collaboration of two pharma companies, one outside of India and one within India who came together for doing this trial. These are three treatment opportunities that are now coming into place, and which is helping the patients to tackle this disease better.

One other opportunity which we worked on during this pandemic is a molecule which is used for diabetes. This would include studies which we have completed in the healthy subjects and are called Clamp studies and basically these are analogues of insulin; we work on these types of complex molecules. When we say clamp, to give a little scientific background, it means that these are run in very specialized clinical facilities which have the capability and are equipped to do these studies as we would see clamping the glucose for each and every subject with whom we are making this product undergo the testing.

So here again the testing happens to ensure that both the formulations which are tested and the results that are brought out from this are comparable in nature. For this we use very high-end equipments and I am happy to share that we have those sophisticated LCMSMS machines with us, which are used to analyze these samples.

This also includes an analysis which is called a Clear Based analysis, which is also part of the study and we and our labs are equipped to do this testing as well. We have successfully completed the first part of this project and have handed over the second part of this project to our clinical team. Ms. Sowmya who is going to take over this call from here would probably also touch upon this wherein we would be testing this product in the patients.

I would just like to conclude not taking too much time to say that the focus has shifted now more towards complex generics 505(b)(2)s and very complex molecules, including inhalations, which we are currently working on.

So let me hand over this mike back to Mr. Srinivasan and then he can take it from there. Thank you.

H.R. Srinivasan: Thank you Dr. Ayaaz. We have long way in developing our expertise and that is why I wanted Dr. Ayaaz to give a flavor of the kind of scientific expertise we have been able to build in the company and the type of clinical facilities that we have in the company.

What has been very interesting is that while the environment generally over the years because of COVID has been damp, we have been involved in some outstanding COVID studies. Last year, we did a set of successful COVID studies and now again after the second wave, we have involved in a bunch of COVID studies and to talk about that I invite Sowmya Kaur, our Executive Vice President for Asia Pacific to Clinical. Sowmya over to you!

Sowmya Kaur: Thank you Mr. Srinivasan. Good evening everyone. As mentioned by Dr. Ayaaz and Mr. Srinivasan, we have had some good set of COVID programs which within the clinical function, we executed, implemented, and delivered in the last few months. There was a set of programs which we delivered across in India, APAC and as well as in other additional countries within Middle East. The team came together, and we have been successfully managing these programs in a remote virtualized decentralized mode and also in the last few weeks we have successfully submitted the data some of these studies have completed and the data has been successfully submitted to the regulatory authorities of the respective studies what we performed.

Some of the data has got submitted to the FDA and also to the Indian regulatory authorities here and as well as in some of the APAC countries. With the wave rising and then going down, we have also had some good opportunity and discussions where there was a quite a bit of uptick in COVID progress itself with lot of additional clients coming and having the discussion in terms of the execution model and how we can make it happen in a different way. These are the clients who are global and now we have an opportunity in terms of developing a model for these clients in a global way, inclusive of countries like India, Thailand and as well as other countries like US.

So there has been a very good collaboration cross-functional collaboration with the teams in US and as well as in APAC and this collaboration has helped us to also complement each other in terms of the knowledge transfer the knowledge have lot of lessons learned from the previous execution what we have had. This has given us a very good platform in terms of working on new programs, new clients, so we have successfully added new logos for whom we are working on much bigger global studies in the next few months, which we will be delivering, so we are in the initial planning stage.

Yes, COVID was challenging. We have had challenges in terms of execution, in terms of managing, but there have been a lot of lessons learned and this also paved the way for us in terms of building the new model, in terms of executing clinical trials across various geographies. Thank you everyone and handing it over to Mr. Srinivasan.

H.R. Srinivasan: Thank you Sowmya. Just to reiterate the point that for the company of our size to be involved in 9 COVID programs is something that is very creditable to the expertise and the quality of delivery that we have been able to do and the success we have had in submissions with the regulatory authorities, so our order book looks very good. Our total order book for the company stands at about $173 million and I think we are well placed to go through the next few years. I think we are very well placed in how we are building the asset in the company.

In terms of future outlook, as I have said the COVID second wave has obviously had an impact, we hope that we will still be able to deliver profitability continuously. I do not think that will be a challenge, but obviously clinical trial is a contact intensive business. So, there are starts and stops that happen and every lockdown creates situations that are beyond our control; however, I think we have done well. The future outlook is good. We will focus more on cash generation and EBITDA growth and cash profitability and that is the way forward. I think with these I will pause here, and we will be happy to take further questions.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Subroto Sarkar from Mount Intra Finance. Please go ahead.

Subroto Sarkar: This is regarding impairment like why we are forced to take this kind of impairment, considering the fact that a substantial portion of asset is intangible. It is difficult for an ordinary investor to ascertain how much impairment will happen. So first, why this impairment and what is the guidance regarding this impairment? I understand that every year there will be a fair valuation and then there is a possibility that there will be a drawdown of the asset, but still like if you give some assurance on that otherwise it is become very difficult to ascertain like what is the real value and fair value of the asset of the company?

H.R. Srinivasan: That is a great question. We need to understand that the revenue of the company has come down substantially from the previous years on the back of closures of EU and certain actions that we have had to take. So, when there is such a sharp fall in revenue, the assets that create that revenue have to be tested and the fair value of that asset has to be stated, and in that intangibles have to be tested. So including the goodwill was completely tested and therefore there were no issues as far as the goodwill on the balance sheet goes. But as far as these assets which were acquired in 2011 and 2016, it is important to understand the potential of these assets to generate future cash flows to carry them on the balance sheet. We had to take the call and I think we took a prudent call, and it is in the benefit of all stakeholders. We do not expect this to be a routine occurrence, this is a one-off occurrence of impairment, but it is also a year where

COVID has impacted the company substantially in terms of revenues. So, it is very appropriate to restate the fair value in the balance sheet.

Subroto Sarkar: Sir is there a possibility similarly on the receivable side that at some point of time we may find it difficult to recover a significant portion of the receivables and in that case we have to write down the receivables also?

H.R. Srinivasan: No, if you see the receivables as a percentage of the balance sheet it was 33% earlier; it has come down to 27% of the balance sheet. Our intention is to bring this down in the early 20s as we move forward and all the customers that we have are A-grade customers and we do not have a receivables problem. The pharma customers have their own delayed payment cycles, but there is never an instance of an issue of not being able to collect. So, there will be no problem with the receivables.

Subroto Sarkar: Sir last two questions, first, is there possibility that revenue will continue to decline in the future and second, if you could throw some light to understand that we deal with only large pharma companies – we know in general experience a lot of Indian pharma companies, although I understand they are in a different domain altogether, they are in a product domain whereas we are offering service on the R&D side, but when we consider Indian pharma companies there are certain companies which are actually supplier or do business to a great extent with those large pharma companies. But they never have that kind of receivables like a higher receivable problem. So why do we face it and is that is the case to be in our kind of business model?

H.R. Srinivasan: My assessment is that first I want to correct you that it is not that we do business only with large pharma companies, we do business with small pharma companies, we do business with Indian pharma companies all of that. Answer to your question is that most of these companies and they are public companies and you can go to their balance sheet and look at their days payable, their DPO days which is a public document in the public domain, and you will find that most of them are companies where the payable days are even 240 there are companies, most companies, big companies' payable days will be 180 plus. These are public documents, so you can go there and see what those companies are saying as their payable days.

Subroto Sarkar: Like in terms of sales are we expecting degrowth in sales also in the near future that is my last question. Thanks Sir.

H.R. Srinivasan: We are not having degrowth in sales, we have enough orders. Our issue is our ability to execute the orders whenever lockdowns happen there are start-stop, start stop then we are not able to predict to say what the revenue cycle will be. Revenue is not a function of only the sales which we have more than adequately covered but it is more a function of how much of the sales we are able to consume in the form of execution. I think we have done a good job over the last nine months. We have understood the COVID protocol, and we have adjusted our delivery capability to it but still when lockdowns happen and constraints are thrown, they will impact revenue. I do not see too much of a challenge for us in the near-term, but if there are continuous shutdowns then obviously it is going to impact revenue because this is contact intensive business.

Subroto Sarkar: Sir just one follow-up. In that case as you explained our revenue is also a function of how much we can deliver. So, in that respect, we have seen a significant cut down in our employee expenses. Since we are into the knowledge-based industry, our employees are our key strength, so in that case if we are reducing the employee expenses and reducing the number of employees, are we not sacrificing with our future business prospect.

H.R. Srinivasan: See it is a very difficult path to trade. You have to look at what is your current cash generation and requirement and where the cash will come from and what the future will require. I think we have optimized to that, so we do not expect any further reduction in people or employee cost, whatever harmonization had to be done has already been done; from here we will look to grow the business as things improve.

Subroto Sarkar: Thank you Sir. This is all from my side.

Moderator: Thank you. Our next question is from the line of Abhishek Jain from Arihant Capital. Please go ahead.

Abhishek Jain: Thank you Sir for posting much improved numbers. Sir, can you throw light on the liquidity scenario how the things are shaping up right now and what are the payments, which we have to do it in next one to two years?

H.R. Srinivasan: The liquidity scenario is there I think the balance sheet numbers are already there. I think we have about 2% or 3% of our balance sheet size is in the form of cash and given where we are liquidity continues to be tight, but we are managing the situation admirably. We do have debt obligations which we recognize, and we have been able to develop very credible alternatives to fund debt in the balance sheet. In the next maybe three to four weeks we will have some announcement on a board-approved plan that we have on how we are going to handle our payments. We would not read it and we do not need any restructuring of our debt I think we will be able to pay it off comfortably.

Abhishek Jain: Second question is around this current quarter if you can throw some light of how the things are shaping now? Are we expected to be profitable this quarter or like to maintain the profitability in this quarter also?

H.R. Srinivasan: See in the current quarter there has been an impact because of the lockdowns, but I think we will be profitable we need not worry about profitability. We will certainly be profitable, but there will be marginal impact on the revenue because there have been locked down, so we cannot wish away those there will be marginal impact on the revenue, but we will be profitable.

Abhishek Jain: The last question from my side, sir in next two years down the line, can we see a 25% of margin because of the cost rationalization exercise we have taken in this thing and are we able to read the $50 million run rate which we were doing it earlier?

H.R. Srinivasan: I think there are several questions in this question. I do not think I am in a position to comment on two years forward because the pandemic has created a situation where we are just able to comment on what is coming in the next three months and in the next six months and if we meet those commitments, we are feeling quite grateful. Yes, our intention is to try and improve our margins to the mid 20s or at least early 20s, but I think that will need a steady state business and I think we are at least a year, year and a half away from that at this point of time. In terms of reaching full capacity utilization, we do not want to run behind revenue, we want to run behind profitability, and we want to have very profitable growth. Given the circumstances of the pandemic we do not want to be very aggressive on revenue growth which could lead to other problems that we have so there are some learnings from the past, so we are certainly looking at accelerating the revenues, we have orders to accelerate the revenues but we want to look out for profitability at the same time. Given the operating conditions that prevail, I think we will be able to deliver good results continuously.

Abhishek Jain: Thank you Sir.

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

Neerav Dalal: Thank you for the opportunity. Congratulations for steady set of numbers. A few questions from my end; one is on the revenue side Q-on-Q there has not been much of an improvement in revenues. So the reasons for the same and related to it, is the liquidity situation impacting our revenue growth so that would be number one. The second question would be on the employee headcount, now that the employee cost has come down, is it because our business mix is moving from say services to clinical is that the reason we would be able to manage businesses at this employee level. So these are my two questions? I will have other questions as well.

H.R. Srinivasan: Let me take the last question first. Clinical business obviously is going to be the strong growth driver as we move forward. Dr. Ayaaz can substantiate the clinical business key growth drivers. But I think we should not read too much into the employee costs has come down because of a set of, we delayered the organization, and we moved a lot of work back to India and strengthened the India operations. We are trying to now look at other countries in Asean where we can have possibly low-cost operations; we also try to look at low-cost locations in South America, if feasible. I think employee cost will hover around here. Obviously, we will have to factor in the increments that went in during April 2021. So there will be an increase marginally in the current quarter that we are going on, yes, in terms of employee cost. Now in terms of Q-on-Q growth see there are two reasons. Yes, liquidity is a reason for us, so we need to discharge several obligations, which we have to keep current. So, there is a limitation in the way in which we can fund our growth. It does impact, but it is also because sometimes these are milestone-based recognitions of revenues. So for example, in a clinical trial, if you can recognize the revenue only after you have done 50 patients and if you have done let us say 40 patients or 30 patients at the end of March 31, that revenue cannot be recognized. It will come in the current quarter so there is variety of reasons to that. I think we should be able to grow well from here on we would not have challenges of either revenue or profitability as we build the business again.

Neerav Dalal: Sir and then moving ahead harping on the impairment piece, one of the pieces in the impairment was related to the generic business. So that I think we had recognized as an asset in FY2019 or FY2020 and now we have written it off so just wanted to understand though we are very strong on the generic side why that write-off that would be one. As we are moving business out of the USA to India are we running the risk of impairment on the us acquisition on the services side that we had done?

H.R. Srinivasan: No. We have stress tested all the acquisitions. There is no impairment that is required in fact everything is going there now.

Neerav Dalal: No, in the coming years because as we are moving towards more on the clinical side, are we running the risk of impairment on that side of the business things?

H.R. Srinivasan: Clinical that is what I am trying to tell you but therefore there is no risk there. The acquisitions in the US were clinical acquisitions and we are growing into the business so there is no need for impairment.

Neerav Dalal: Correct. I was specifically asking regarding DataCeutics, so I believe there we are doing more services there or then or we are actually moving into clinical impact systems?

H.R. Srinivasan: DataCeutics is a clinical business and there we have actually acquired the headcount in the US. So there is no need. You must understand that when I say that we are trying to do whatever we can do well in India we are trying to do it in India. So, it is not necessary that we have shifted everything back to India that is the assumption you need to make. The global delivery model is optimized for performance first and cost next and we are trying to achieve that so whatever we are able to offshore we are doing it in India but there is a lot of activities that we are doing in the US and the DataCeutics business that we acquired whatever the headcount was when we acquired it in the US that headcount will come substantially thereon. So, I think we should not take a theme out of context and try and apply it to every business. Next, as the generics business goes the one that you are referring to FY2019 is different. This technical know-how we are referring to is what was this came as a part of the acquisition in FY2016 it has nothing in FY2019. We are now not using those that technical know-how, or we do not feel that there is a potential to use that any longer, so that is why, out of abundant prudence, we have taken steps.

Neerav Dalal: Just lastly, should we assume that by FY2022 end, we should be back to our normal 110 days for receivables and stuff so how should one look at it that way?

H.R. Srinivasan: See because of the compression in revenue in this previous FY that went by, it will show up a little differently. I think we should come back to those levels during the current year, I am very positive we will be back there.

Neerav Dalal: Great Sir. Thank you, I will come back for follow-ups. Thank you.

Moderator: Thank you. Our next question that is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much Sir. Sir just wanted to understand now you did speak about the challenges that you are facing and maybe the normal steady state scenario maybe one and a half years down the line. So by when are we expecting our pre-COVID level kind of a revenue one can come back to will it require that one and a half years that you have been talking about to reach your normalized level of revenue. So any kind of comment on those lines would be helpful?

H.R. Srinivasan: We will have to take it in two parts; first, do we have the orders to come to that level of revenue? The answer to that is yes. I think with the current orders on hand, we can actually be executing revenues of about maybe 30 million, 40 million per quarter comfortably we should be able to execute, but are we able to do that there are physical constraints now because of different issues, protocols for COVID and the extra time that it takes, how we manage the remote. Those constraints I do not know when they will go away for me to reflect accurately and tell you but given my general understanding of the scenario of what is happening I think 12 to 18 months is a good time frame to think we will come back to those levels.

Deepak Poddar: That is it. Thank you.

Moderator: Thank you. Our next question is from the line of Mayank Babla from Dalal & Broacha. Please go ahead.

Mayank Babla: My question was around the debt status right now. If you could spell out of what is the current outstanding debt versus what it was last quarter and same quarter last year. In the last conference call you had mentioned that by this quarter end we would have a strategic plan for repayment of debt, so why is it pushed for another three to four weeks and what would be the dues for repayment in the next one year and how do we plan to meet them? That is all from my side.

H.R. Srinivasan: I would not have the debt schedule right in front of me to be able to relate that but roughly our debt outstanding is in the order of about $70 million. Why it would take another three to four weeks whenever we give a timeframe we give a timeframe in the work that we will be able to do it by then but there is a process, there are a set of approvals that need to be in place and unless those approvals come from the right quarters, we will not be in a position to make a public announcement. All I can say is that we have very credible options before us for solving the debt that is sitting on the balance sheet in TAKE Solutions and you should hear from us in the next three to four weeks.

Mayank Babla: Sir just last if I could squeeze in the order book this time you mentioned was $173 million what was it compared to last quarter and last year?

H.R. Srinivasan: Last year, I think was some $270 million or thereabouts. I am just recalling from memory, but I am not sure about it. Last quarter was $170 million.

Mayank Babla: Thank you so much. Best of luck in the future.

Moderator: Thank you. Our next question is from the line of Nitin Gandhi from KIFS. Please go ahead.

Nitin Gandhi: Thanks for taking my question. It is good to hear that you will be more or less running positive profit in FY2022, all the quarters as the revenues are unlikely to be below $30 million and employee costs are significantly controlled at $12, $13 million. So is there some indicative employee to revenue link ratio which can be in place for going forward because it has moved significantly better from 1.3 to almost 2.5 now?

H.R. Srinivasan: No. I think we look at the business and go about it so we do not look at ratios to how the business should be done. We just look at different models that work and on the back of COVID we had to architect the different delivery model, a different cost model of how we were going to run the organization and that is what we have achieved but we will try to keep the employee cost contain it to these percentages of revenue.

Nitin Gandhi: But are the current employees are good enough to the $37, $40 million which is normal required revenue which you also expect in going forward what could be this subtypes on that.

H.R. Srinivasan: See there may be marginal additions that we will need but we have a good base to grow from here; we should be able to deliver more revenue with the same employee base.

Nitin Gandhi: So maybe 10%, 15% rise but with maintaining the ratio you can reach $40 million.

H.R. Srinivasan: Yes, I think so, yes.

Nitin Gandhi: There was some while giving someone explanation you said there are some requirements that 150 patients be done you cannot undertake the billing. So can we have such unbilled revenue where you are near threshold 40 odd and you are not able to bill it and the cost is getting debited to the P&L, is this somewhere whereby which can you tell us that yes this is like postponed revenue or unbilled revenue which can flow in a subsequent quarter because I do not think it is going to be spillover beyond one point?

H.R. Srinivasan: No. It would not spillover there will be some unbilled revenue that will spill over into the next quarter.

Nitin Gandhi: Can it be significantly from around 10% of the billing what you undertake or less than that.

H.R. Srinivasan: No, it should be less than that.

Nitin Gandhi: Now coming to the assets which you have taken impairment, are we now confident enough that going forward, the assets which where we are carrying forward in the books are enough to generate at least one time to one and a half times of the revenue or some other yardstick if not one, one and a half can you share that yardstick okay that going forward this is going to be their potential revenue generation?

H.R. Srinivasan: No. I think I do not want to get into sharing yardsticks at this point of time, but I can certainly assure you that we brought in a third-party agency, a very credible agency to test all the fixed assets, intangible assets, the current assets, noncurrent assets of the company completely and this was the outcome. We genuinely believe there is the rest of them are very good and they are very productive assets and we will be able to deliver value using that. See in a year where the revenue has fallen steeply, it is very difficult to manage ratios of asset turnover etc. Only when things normalize those data points can be looked at. So, in a year where revenue fell sharply, if you ask me how the asset turnover ratios behave, you can also see it is not appropriate. But are we making efforts to bring that back the answer is yes and we will come back.

Nitin Gandhi: Yes, so maybe not now maybe if when we talk about one or two quarters down the line if you can shed some more color on this that here now, we are good enough.

H.R. Srinivasan: It would have improved and maybe you would not even ask the question it would have improved by next quarter.

Nitin Gandhi: No. We would I mean at least I would like to monitor those numbers rather than keep saying that. So if you can share it will be more helpful so some color like intangibles is so much and fixed are so much maybe geography wise that is the suggestion if you can do something on that. Thank you very much and all the best.

Moderator: Thank you. We will take our next question from the line of Dhwaj Kanungo from Shreeji Finserv. Please go ahead.

Dhwaj Kanungo: Sir what are the cost reduction measures that we have taken in this year and what is the outlook for FY2022?

H.R. Srinivasan: The cost reduction measures have mainly come in two parts; the first is that we substantially lowered the employee costs compared to the previous years. We have delayered the organization and that is visible, so we stand at about $12.1 million for the last quarter in terms of employee cost as opposed to $28 or $29 million that used to be in the previous FY. In terms of SG&A we now have a very low office footprint. We have remapped our entire office footprint and obviously with travel having gone, and no meetings and conferences, we have moved to a digital mode on most of our marketing and marketing efforts. That also we have been able to control substantially – it is around

$5.1, $5.2 million per quarter. I expect it to stay there only for this FY. I do not want to give a revenue outlook except saying that the entire focus is going to be on keeping a high EBITDA and maintaining cash profitability that will be the focus. I do not want to give any revenue guidance.

Dhwaj Kanungo: One more question was that you guys have opened the subsidiary in Singapore what would be the main activities of that?

H.R. Srinivasan: See there are certain Southeast Asian countries where we will need to run operations, places like Vietnam, Korea, etc., where we are getting requests for managing clinical trials so we will need a company to house some of those things that is the reason for opening that subject.

Dhwaj Kanungo: All right, thank you Sir.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the floor back to Ms. Jyoti Singh from Arihant Capital for closing comments.

Jyoti Singh: Thank you everyone for the participating. It was a wonderful participation from all. Thank you very much.

H.R. Srinivasan: Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Arihant Capital Markets that concludes this conference. Thank you for joining us and you may now disconnect your lines.

(This transcript has been edited for reading purpose)

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