TAKE®
Enabling Business Efficiencies

TECHNOLOGY ANALYTICS KNOWLEDGE ENTERPRISE

November 16, 2018

TAKE/BSE/2018-19

The Manager
Dept. of Corporate Services-Listing
Bombay Stock Exchange Limited,
P. J. Towers, Dalal Street,
Mumbai - 400001
Scrip Code: 523890

TAKE/NSE/2018-19

The Manager-Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Bandra - Kurla Complex, Bandra (East),
Mumbai - 400051
Scrip Code: TAKE

Sub: Clarification/ Rejoinder regarding news item concerning the Company

Dear Sir/Madam,

This has reference to one news article about the Company published in the online news portal www.moneylife.in on November 15, 2018, captioned as "The Curious Case of TAKE Solutions".

We would like to inform you that the Company is not in agreement with the observations/ remarks made in said article and it has already submitted a rejoinder with the news portal with a request to publish the Company's version alongside the original article.

A copy of the rejoinder is attached herewith for your reference and records.

Kindly acknowledge the receipt of same.

Thanking you,

Yours Sincerely,
For TAKE Solutions Limited

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Avaneesh Singh
Company Secretary

Encl: As above

Annexure – 1

This has reference to an article on 15th November about TAKE Solutions Ltd, written by Mr. Debashish Basu in the magazine "Money Life" under the caption "The Curious Case of TAKE Solutions".

After examining the article closely, we are convinced that several aspects of said article are not based on full facts and represented incorrectly.

Here is our response and rebuttal to the comments made there:

Comment on the positioning of TAKE
TAKE had highlighted its business offerings as being Clinical Reasearch Organisation and Life Sciences R&D functional services.

Money Life quotes a study by IDC as a case for positioning in IT/ITES

The reference to the study by IDC where TAKE is positioned as a Leader among "Life Science R&D BPO services" **represents a small subset of TAKE's offerings and not its entirety**. Amongst other things TAKE does, this particular IDC survey focused on a particular activity where we are present.

We actually conduct clinical Trials and have so far completed over 350 Clinical Trials across different geographies, and over 1000 Bio Availability/Bio Equivalence studies.

Our positioning by IDC as a leader alongside and ahead of some of the larger players in terms of scale that is quoted also presents the case for the niche & specialized nature of the services that our customers chose to outsource to us. The nature of services we provide to our clients goes beyond the technology segment, to functional services and full-fledged clinical trials.

Response on Revenue and Cost per Employee

A comment has been made also about the high Revenue per Employee in comparison to Hexaware, MindTree, L&T Infotech in the ITES segment and Syngene in the CRO segment.

The Revenue per Employee for FY ended Dec 2016 of IQVIA was $ 146540 and Syneos $151520, comparable to TAKE's Revenue per Employee of $145205. This is very consistent with Global life science players

We would like to clarify that the magazine had asked our comments about Revenue per Employee, but not about the Cost per Employee which has been quoted too.

We are a growing Life Science player, present globally across US, Europe and Asia with significant resource base across multiple geographies.

Our business model focuses on high-value add services at site, near site or as appropriate. Thus more than 50% of our resources are overseas in EU and US.

Our resource base is about 750 in India across Chennai, Bangalore, Mangalore & Manipal, 300 in Europe across Belgium, Czech Republic, Denmark, Finland, France, Germany, Italy, Netherlands, Poland, Russia, Ukraine, UK), 300 in the US and the balance in South East Asia (Singapore & Thailand).

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This naturally results in a high cost per employee compared to the Indian IT sector which is not the correct benchmark comparison, where the predominant workforce is in India. We are able to adequately price our services to our customers.

Response on High Trade Receivables

Our response to the magazine has been wrongly understood.

We have not compared ourselves to global pharma manufacturers, but since these & Indian Pharma and Biotech are our only customer base, we had shared public data on the payable patterns of these segment as representative of our Receivable pattern.

Our AR days are comparable to CRO. DSO days for FY 2016 for IQVIA is 116 days, and for Syneos, it is 137 days.

Pharma companies have pre-qualified service providers while for us, 64% of our total cost are payable towards employees & contracted resources with a payment cycle of 30 days or less, and other small vendors with limited credit capacity.

Response on Low Asset Turnover

TAKE has in the past invested in Intangibles presented by way of Registered Intellectual Properties including a patent, to establish its differentiated capabilities.

Since its transition to a full scope Life science service provider in 2016, we have expanded our capabilities by establishing more Clinical Trial sites, Clinical and Analytical laboratories, which are tangible in nature. This is a necessary and regular track record of all successful businesses, and we are no exception.

These facilities undergo periodic regulatory audits and we have been successful in all of them.

The article states that the investments made are hardly yielding fruit. We would disagree, and like to highlight that we have made a net addition to our Total Fixed assets investment of Rs 20 cr in FY 2018 compared to Rs 41 crores in FY 2017. This is a decrease of 52% over the previous year, while our Revenue grew 25% year-on-year. Of this, we made an incremental net addition in Tangible assets of Rs 49 crores, a 4% increase over the previous year, corresponding to a growth of 37% in our Revenues from Clinical services.

Response on Low Tax Rates

The company has clarified on the background to the tax rates reflected in the P&L statement.

We would only iterate that it is common commercial prudence to optimize costs while being completely compliant to all local laws and regulations. There have been no significant tax disputes.

Response on comment about Capital Infusions

It is a mis-representation to comment that the company has had frequent capital infusions for regular operations.

The company, since its IPO in 2007 has only raised capital twice, once in 2016 (FY 2017) – a QIP to fund an acquisition already made, and in 2018 (FY 2018), there has been a capital

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infusion by the Promoters **to fund an expected acquisition**. The acquisition made in 2016 has been beneficial and value accretive to the company.

All the growth from 2007 till 2016 (when we made a QIP) has been funded by internal accruals.

We would again represent in conclusion that we should not be compared to an IT/iTes player and our business markers are congruent with players in the Life Sciences industry.

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