

September 22, 2017

TAKE/BSE/2017-18

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

TAKE/NSE/2017-18

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

Dear Sir/Madam,

Sub: Revision in Credit Rating

Kindly take note that the Company has received the following ratings from Care Rating Ltd:

1. Issuer credit rating of AA Minus (AA-),
2. Commercial Paper Issue rating of A One Plus (A1+).

We are enclosing herewith the copy of Press Release issued by CARE Rating Limited in this regard.

Please take note of the same and do the needful.

Thanking you.

Yours faithfully,
For TAKE Solutions Limited


Avaneesh Singh
Company Secretary



Encl: As above

TAKE Solutions Limited

September 21, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Issuer Rating	-	CARE AA- (Is); Stable [Double A Minus (Issuer Rating); Outlook: Stable]	Assigned
Proposed Commercial Paper Issue	100.00	CARE A1+ (A One Plus)	Assigned

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned factors in the experienced promoter and management team of TAKE Solutions Limited (TAKE), TAKE's long track record of operations, its domain expertise in Life science(LS) segment & growth prospects in the LS segment, comfortable financial risk profile characterized by low leverage levels and comfortable profitability.

The rating is, however, constrained by TAKE's high dependence on the US market with majority of revenues from single vertical (LS) and fortunes of TAKE closely linked with changing dynamics of global pharma industry, TAKE's relatively small size of operations in a highly competitive IT industry and risks associated with consolidation of acquired businesses. The rating also takes note of TAKE's entry into new business segment-clinical trials.

Going forward ability of the company to integrate operations of the acquired companies and derive benefit thereon, improve scale of operations amidst a competitive environment and any major debt funded acquisition impacting the financial risk profile would be the key rating sensitivities.

The Issuer rating is subject to the company maintaining overall gearing not exceeding 0.39x (expected level as on March 31, 2018).

In view of the company operating and generating majority of its revenue through various subsidiaries, the ratings are based on TAKE's group operations as a whole and on the financial position of the company on a consolidated basis.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced promoters with long track record of operations

One of the founders of TAKE, Mr. Srinivasan H.R. is the Managing Director of the company and Mr. Ram Yeleswarapu is the CEO of the group. Mr. Ram is an alumnus of IIT, Madras and has vast experience of working with major pharma companies. Ms. Subhashri Sriram, Ex-CFO of Shriram City Union Finance Limited (SCUF, rated CARE AA+; Stable/ CARE A1+) was appointed as the CFO and executive director of the company during H2FY17. The company also has a strong 12 member board including 4 independent directors and long track record of operations of over 16 years. TAKE grew its business through organic and inorganic ways. Since its inception, the company has made several acquisitions which helped it acquire and enhance the domain expertise, enter new geographies, acquire new clients and augment its product and service offerings.

Comfortable financial risk profile

TAKE has achieved a CAGR of 18% in the three years ending March 2017. The company achieved overall growth of 31% in FY17 as against 40% in FY16. The total organic growth of the company was 19% in FY17 as against 35% in FY16 on y-o-y basis. Over the last few years the sales from the SCM business has declined as the focus has been on LS business, as the profit margins are higher in LS segment compared to SCM segment. The overall PBILDT margin remain comfortable at 19.36% in FY17 (PY: 20.83%).

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

The debt position is comfortable with a debt equity ratio of 0.09x as on March 31, 2017. The total debt is majorly in the form of working capital borrowings (72% of the total debt) which are used to fund the operations of the subsidiaries. During FY17, the company raised equity of Rs.173 crore through QIP issue. This has also resulted in improving the networth and reduction of long term debt of the company. The overall gearing stood at 0.34x as on March 31, 2017. The coverage indicators remained comfortable with interest coverage at 11.62 times in FY17 and total debt to GCA at 1.1 years as on March 31, 2017.

Growth opportunities in Life sciences segment

The Pharmaceutical market is experiencing a significant and an intense push by global regulators demanding extra compliance, extra transparency. With long track record and experience in pre-approval and the post approval phases of drug development, TAKE would benefit from this. There are number of new initiatives by regulators of many countries to make pharma/biotech companies more compliant. To comply with these regulation, requires huge investment by pharma companies. This provides opportunity to TAKE with its experience and track record, to fill the gap by providing services to pharma companies.

Key Rating Weaknesses

Significant dependence on US market, however established clientele

Revenue from US region grew by 49% and 40% in FY16 and FY17 respectively as compared to the previous year on the back of higher orders from the region. TAKE's key acquisitions in the past and presence of global pharma companies in US has led to concentration of revenues in this market. While US contributed to about 79% of the total revenues in FY17, Asia-Pac's share stood at 13% of total revenues in FY17. Share of Europe stood at 7% in FY17.

Going forward, the company plans to focus on LS segment in the near-term and hence dependence on US market is expected to remain high as US continues to be the largest market for pharma companies. With long track record, TAKE has established relationship with reputed clients both in LS and SCM vertical. Take's customer base in LS includes leading global pharma companies.

During FY17, the company added 53 new clients as against 36 new clients added in FY16. This apart the company is also focusing on cross selling activities for maximum penetration into existing client base and has also won few large deals which will contribute to the growth in future.

Limited diversification in revenue stream with increasing focus on LS business segment

LS segment contributed around 83% of the revenues in FY17 as against 77% in FY16. TAKE had initially started offering services in both LS and SCM space providing opportunities for the company to grow and establish itself. However, in the past four to five years, TAKE has been focusing more on LS segment. Revenues from LS segment witnessed growth of 53% and 42% in FY16 and FY17 respectively, however the SCM segment witnessed growth of 13% and de-growth of 6% in FY16 and FY17 respectively. TAKE has acquired a Clinical Research Organisation- Ecron Acunova (Ecron) in FY16, which is into conducting of clinical trials. This has increased the revenue concentration of TAKE in LS space and is a step towards backward integration into value chain of pharma industry.

Take's fortunes closely linked with evolving dynamics of global pharma industry

Pharmaceutical industry is tightly regulated all over the world with stringent norms and regulations. In the financial year 2016-17, the industry faced slew of issues including increased scrutiny of regulatory authorities coupled with increased competition. This is reflected through the marginal growth in exports from India to USA, which is a major market for pharma industry. Competition and increased pricing pressure on pharma companies has resulted in cost cutting measures adopted by them to remain competitive, resulting in reduced business for the companies operating in the pharma/drug market value chain including IT service providers. This has resulted in vendor consolidation approach adopted by pharma companies forcing Tier-I/Tier-II companies/service providers in the industry to move up the value chain. Pure play clinical research organisations (CRO)s have also started providing IT services. In order to have presence at the early stage of pharma product development lifecycle and to expand its service offering to remain competitive, TAKE has

ventured into CRO through acquisition of a clinical research organization with the acquisition of Ecron Acunova in FY16. In absence of any prior experience of TAKE in CRO, performance of the acquired companies in this domain is critical for growth prospects of TAKE in the long term.

Relatively small player operating in competitive environment and risks associated with consolidation of acquired business

TAKE has relatively small scale of operations operating in the global market. Presence of number of mid-sized global companies having functional domain experts makes it a fragmented and competitive industry. Also, many large pharma companies have their own in-house IT teams with strong domain expertise resulting in reduced outsourced activities. TAKE follows the approach of acquiring companies and increase/strengthen its presence in the value chain. The ability of the company to successfully integrate the operations, manage overlapping customer profiles and monetise the integrated domain and technical expertise for long term benefits is critical for its prospects. Being a mature market, competition in SCM space is also intense where TAKE's presence is marginal.

Analytical approach: Considering the significant financial as well as operational linkages of TAKE with its subsidiaries, the consolidated financials of TAKE (together with its subsidiaries) have been considered for analysis.

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Criteria for Short Term Instruments

Rating Methodology: Factoring Linkages in Ratings

Rating Methodology - Service Sector Companies

Financial ratios – Non-Financial Sector

About the Company

TAKE is a product led Information Technology solutions and services company with focus across two principle business areas, Life Sciences (LS) and Supply Chain Management (SCM). TAKE was incorporated as a private limited company in December 2000 by professionals Mr H R Srinivasan and Mr D V Ravi. TAKE Solutions Pte Limited (TSPL), Singapore holds 53.18% stake in TAKE and acts as the holding company. Total promoter holding is 63%. The remaining stake of 37 % is held by public and institutional investors. TSL's global headquarters is in Chennai, India.

Over the years, the company has grown both inorganically and organically and has expanded its operations across various geographies including North America, Middle East and Asia Pacific.

As on March 31, 2017 TAKE had 4 subsidiaries and 30 step down subsidiaries. The day-to-day operations of the company is looked after by Mr H. R. Srinivasan, Vice Chairman & Managing Director.

Brief consolidated Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	1032	1350
PBILDT	215	261
PAT	125	134
Overall gearing (times)	0.81	0.34
Interest coverage (times)	14.53	11.62

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

Name: Mr P Sudhakar

Tel: 044-2849 7812

Email: p.sudhakar@careratings.com

*For detailed Rationale Report and subscription information, please contact us at www.careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Commercial Paper	-	-	7-364 days	100.00	CARE A1+
Issuer Rating-Issuer Ratings	-	-	-	0.00	CARE AA- (Is); Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (20-Apr-15)	-
2.	Fund-based - LT-Cash Credit	LT	-	-	1)Withdrawn (11-Apr-17)	1)CARE A+ (15-Apr-16)	1)CARE A+ (20-Apr-15)	-
3.	Commercial Paper	ST	100.00	CARE A1+	-	-	-	-
4.	Issuer Rating-Issuer Ratings	Issuer rat	0.00	CARE AA- (Is); Stable	-	-	-	-

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi

Cell: + 91 98190 09839

E-mail: meenal.sikchi@careratings.com

Ms. Rashmi Narvankar

Cell: + 91 99675 70636

E-mail: rashmi.narvankar@careratings.com

Mr. Ankur Sachdeva

Cell: + 91 98196 98985

E-mail: ankur.sachdeva@careratings.com

Mr. Saikat Roy

Cell: + 91 98209 98779

E-mail: saikat.roy@careratings.com

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD

Mr. Deepak Prajapati

32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-9099028864

Tel: +91-79-4026 5656

E-mail: deepak.prajapati@careratings.com

E-mail: ramesh.bob@careratings.com

JAIPUR

Mr. Nikhil Soni

304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com

BENGALURU

Mr. V Pradeep Kumar

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91 98407 54521

Tel: +91-80-4115 0445, 4165 4529

Email: pradeep.kumar@careratings.com

KOLKATA

Ms. Priti Agarwal

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI

Ms. Swati Agrawal

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

CHENNAI

Mr. V Pradeep Kumar

Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE

Mr. V Pradeep Kumar

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

PUNE

Mr. Pratim Banerjee

9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691

HYDERABAD

Mr. Ramesh Bob

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030