

September 15, 2020

TAKE/BSE/2020-21

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

TAKE/NSE/2020-21

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

Dear Sir/Madam,

**Sub: Shareholders' Communication**

**Ref: NSE Scrip Code: 532890 & BSE Scrip Code: TAKE**

We hereby enclose a Shareholders' Communication for your reference and record.

Kindly take note of the same.

Thanking you.

Yours sincerely,

**For TAKE Solutions Limited**



**Avaneesh Singh**  
**Company Secretary**



Encl: As above.



Dear Valued Shareholders,

We are in unprecedented and extremely volatile times as we confront COVID-19, one of the greatest health threats that the world has seen. The current pandemic impacts citizens of all countries and has left the global economy in a state of turmoil and uncertainty. As we manage these challenges, we are enormously grateful to our medical professionals, civic workers, law and order personnel, and several others, who are risking their lives everyday to keep us safe. They are the true heroes of this crisis; their selfless and fearless actions inspire us all.

The severe disruption caused by the global pandemic is being felt by the biopharmaceutical R & D sector in which your Company operates. Authoritative statistics suggest:

- 90 % of R & D groups have been disrupted and are operating under business continuity plans (BCP)
- 5 - 10% is the capacity utilisation where R & D labs are operating in the US
- 50 of the top 75 Pharma companies have halted some or all their ongoing trials
- 2850+ Clinical trials in phase II or III are in regions with partial or full lock down

This has severely constrained the current demand environment and the ability of companies, such as ours, to service clients.

#### **IMPACT ON YOUR COMPANY:**

The first and foremost impact of COVID-19, was seen in Europe, beginning in the middle of February 2020. It fundamentally changed the way in which the Company conducted its operations and managed its workforce. Being an employee centric organization, TAKE Solutions' first responsibility was to take adequate measures to protect the health and well-being of our employees and maintain business continuity as much as possible. As immediate steps, TAKE Solutions implemented the following precautionary measures in response to the pandemic:

- TAKE Solutions' management initiated the business continuity plan measures planned for natural calamities to protect customers, colleagues and all relevant stakeholders
- TAKE Solutions' business leaders conducted detailed team mapping and devised risk management plans for different levels of risk alerts
- TAKE Solutions' management ensured complete compliance with all relevant government notifications and advisories in its entirety in all its relevant geographies of operations
- The result of these actions were that all technology led services in the Regulatory and Safety practices and platform-based services moved to a working from home (WFH) delivery model

We need to understand that clinical trials are "**contact intensive**" work. COVID-19 brought a halt to most Clinical trials all over the world, with low patient recruitment due to lockdown and/or non-availability and disruption of supply chain of the samples involved, hence TAKE has been running on low capacity. For the first quarter, we



have operated at 10-15% capacity utilization as against the normal capacity utilization of 80-85%. Point in case, our facilities with 208 beds dedicated for BA/BE studies have remained completely idle during April and May 2020. Given the fits and spurts in the spread of the pandemic and restrictions imposed by limited/complete lockdown in the several geographies in which we operate, we foresee the utilization to be low during the first half of fiscal year 2021 with improvement on a month-on-month basis once lockdowns are lifted.

The Regulatory and Pharmacovigilance services have certainly fared better, as these businesses are oriented to data management and can be serviced remotely. However, it is pertinent to note here that the original data of this business also arises from clinical trials. Consequently, there has been a decrease in volumes; and this, coupled with the disruption to normal way of work, has had an impact on these businesses from March 2020 onwards.

While we continue to be engaged as a Company with existing and prospective customers, the intensity of new contract closures has slowed down. This has had an adverse effect on the order book with several clients choosing to reset Clinical trial programmes. Several big Pharma have also gone back to the drawing board to re-examine the impact of COVID-19 and the type and methodology of trials that they would like to conduct in future.

In terms of geographies, we have been worst affected as a Company in Europe, followed by Asia. In the US, our business has been relatively less impacted, but is still at a much weaker level than in the past. As the business situation continues to be dynamic, the Company is closely monitoring it and taking appropriate actions. We expect the financial performance of Q1 and Q2 of fiscal year 2021 to be adversely impacted. We are taking all measures to see that the operations get normalized during Q3 and Q4.

#### **REMEDIAL ACTIONS IN PROGRESS :**

Your Company's Board of Directors has been proactive to ensure that the Company returns to profitability very quickly. The Board has met several times since March 2020 to guide the management closely in resetting focus on achieving profitability. Critical steps taken in this regard as directed by the Board are:

- Exit or divest businesses which are not currently profitable/cash generating. The Board and management has opined that right sizing the cost and managing the cash flows is critical and, at this point of time, the Company should pursue only profitable business lines.
- The Company is taking all actions for accelerated reduction of cost in tune with current revenues.
- The Company aims to reduce its employee costs by September 2020 using a combination of wage cuts, head count reduction and off-shoring.
- The Company is also implementing a very tight control on its SG&A expenses. This is being done by a combination of lowering infrastructure space and associated costs, as well as sharp reductions in marketing and sales expenses.
- The Company will also aim to progressively deleverage over the next 24 months.



- While doing all the above cost containment actions, the Company has also been pursuing relevant business opportunities with customers. In this regard, you may be happy to note that the 3 of 5 top Pharma companies have renewed long term contracts with your Company during this difficult period.
- In addition, the Company has been awarded 6 COVID-19 Clinical trials; which is a testament to the excellent capabilities of the Company.

#### **WHAT TO EXPECT:**

As a result of the COVID-19 pandemic, and the consequent global impact on businesses, we anticipate a challenging Q1 and Q2 in the fiscal year 2021. As the situation normalizes, we anticipate a recovery in clients' business activities, enabling us to leverage our long-standing client relationships to gain new business. We anticipate this fall in revenue and earnings to be a temporary situation, with the company focusing on a return to profitability in Q3 FY2021. We would also focus on de-leveraging our balance sheet wherever possible.

COVID-19 has given us the opportunity to re-look at our business and restructure ourselves, both in terms of our physical and people assets, as well as in terms of processes and technologies. We foresee the rise of virtual and hybrid Clinical trials, real world data, medical device-based studies, new patient-engagement platforms etc. This will require us to put in a suitable capability, bringing in professionals with new skills and relevant industry experience.

We have been blessed to have excellent leadership team to guide our organization through the years. The continuity in operational leadership puts us at a great advantage in these trying times.

To meet the need of the hour, we have made changes in our divestment decisions which will enable us to strengthen our balance sheet, better manage liquidity, as well as improve the confidence of our employees, customers and shareholders. I will keep you updated on these changes as and when we achieve the relevant milestones.

Given our excellent reputation for domain expertise with established technology focus, enabling us to capitalize on current market opportunities; our strong customer base, along-with high barriers to entry for newcomers; as well as our excellent leadership team, we see TAKE in a strong position from the latter half of fiscal year 2021.

#### **FUTURE OUTLOOK:**

In the context of the COVID-19 pandemic, clinical development is undergoing a major shift, and regulators are opening up to the need to leverage technology and non-traditional processes to continue clinical development in this changed environment. For example, the US FDA has recently recommended sponsors adopt steps such as trial virtualization, and remote monitoring to ensure patient safety, while continuing clinical trials during the



pandemic. This requires Life Sciences companies to quickly adapt and implement significant changes in their clinical development processes, making them more technology dependent. While these changes were imminent, the advent of COVID-19 has catalysed this revolution, making technology-driven clinical development the new normal during and post- the pandemic.

Since 2016, TAKE Solutions has been a platform-driven CRO, leveraging technology to improve the efficiency of clinical development. We have invested in developing and implementing significant technology IPs in this space. TAKE's OneClinical is an AI-driven platform that enables clinical trial optimization and real-time data analytics to prompt early data-driven decisions, enabling remote monitoring and risk-based monitoring. Our other technology IPs (like pharmaREADY and safetyREADY) also digitize and automate essential processes for Life Sciences companies.

TAKE's proven domain expertise, coupled with our technology investments, enable us to be at the leading edge of the industry. Our comprehensive list of clients spans large pharma, small- & mid-sized innovators, generics companies, as well as regulators (such as the USFDA and the CDC). With our established credibility, our technology-driven approach, and our proven delivery excellence, we anticipate building valuable partnerships with our clients in the new context of technology-driven clinical development.

Thus, your company, TAKE Solutions, India's only listed Clinical Research Organization, is poised to create immense value for our stakeholders, in the near future. We are committed to supporting Life Sciences companies through the clinical development process and beyond, leveraging our expertise, and building on our technology capabilities.

I thank you for your continued support through this transitional period, and look forward to better times ahead.

Regards,  
Srinivasan H R

Vice Chairman & Managing Director, TAKE Solutions