

TAKE Solutions Limited (Revised)

March 21, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer rating	-	-	Reaffirmed at CARE C and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Ltd (CARE Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE C' assigned to the issuer ratings of TAKE Solutions Limited (TAKE) based on the request from the company.

Analytical approach: Consolidated

CARE Ratings had taken consolidated view of TAKE Solutions Limited (TSL) and its subsidiaries for analysis. The companies considered for consolidation has been given under Appendix.

Key weaknesses

Reduced operations due to sale of its major subsidiary:

During May 2022, TAKE's major subsidiary TAKE Solutions Global Holdings Pte Ltd (Singapore) (TAKE Ghapte) had been sold to HIG as a part of enforced sale following the lenders of TAKE Ghapte initiating action on disposal of shares of TSL in Take Ghapte in view of continuing default on loan obligations. The enforced sale has resulted in disinvestment of 100% shareholding of TAKE's stake in TAKE Ghapte. After adjustment of dues, about Rs. 38 crores were payable to TAKE Solutions Ltd, of which Rs.30 crores were received in FY 2023 and balance Rs. 8 crores is yet to be received. With sale of TAKE Ghapte the operations of TAKE group had come down significantly as TAKE Ghapte had accounted for 76% of the Consolidated Revenues and 88% of the consolidated assets of the Company for the period ended December 2021. For FY 2021-22, the group incurred loss of about Rs. 693.3 crores from discontinued operations of TAKE Ghapte Singapore.

For FY 2021-22, TAKE group had reported revenues of about Rs. 661.71 crores and negative PAT of Rs. 782.2 crores. For nine months ended FY 2023, the group posted turnover of Rs. 166.42 crores and posted losses of about Rs. 44.39 crores.

Relatively small player operating in competitive environment:

TAKE has relatively moderate scale of operations as compared to major IT solutions provider who operate in the global market. There are many companies operating in the IT service space catering to pharma industry. This along with presence of number of mid-sized global companies having functional domain experts makes it a fragmented and competitive industry. Many large pharma companies also have their own in-house IT teams with strong domain expertise resulting in reduced outsourced activities. TAKE is relatively a smaller company, even among the niche players in the space. The ability of the group to successfully integrate the operations, manage overlapping customer profiles and monetize the integrated domain and technical expertise for long term benefits is critical for its prospects.

Changing dynamics of global pharma industry:

Pharmaceutical industry is tightly regulated all over the world with stringent norms and regulations. Structural reforms by governments stringent regulation both in regulated and semi-regulated market, intensification of competition has led to pricing pressure impacting the profitability of the industry players. 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 organizations (CRO) have also started providing IT services.

Key Strengths:

Focus on BA/BE business with strong domain expertise:

With takeover of core clinical research business, TAKE Group currently focuses on Bio equivalence and Bio Availability studies in which TAKE's subsidiary Ecron Acunova Ltd (Ecron) has extensive experience. Though Phase II and Phase III clinical trials are

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

restricted, the group anticipates numerous opportunities such as test sample verification, analysis of patient feedback, post-marketing studies and services, and so on. With new drug discoveries increasing at a steady rate, the group sees many opportunities and continues to focus on Phase I clinical trials - Healthy Volunteers, for which Ecron is now adding capacity to 150 beds in Manipal, where it has already spent about Rs. 9 crores (total cost - Rs.12 crores) and the facility shall become operational in June 2023.

Long standing relationship with major pharma companies:

Clinical trials are a specialised field that requires numerous regulatory approvals, and its facilities are subject to inspection by a variety of agencies, including pharmaceutical companies and statutory organisations such as the Clinical Trial Registry, FDA, and the Drug Controller General of India. TAKE was one of the leading healthcare providers, with domain expertise and facilities that complied with all statutory regulations and were approved by the majority of large pharmaceutical companies. Despite not conducting full-fledged clinical trials, the group has strong qualification criteria, allowing it to obtain new business opportunities in Phase I trials as well as supplementary activities related to Phase II/ Phase III clinical trials. The group caters to all major pharmaceutical companies in India. For nine months ended FY 2023, the group earned revenues of about Rs.166.42 crores from clinical trials and related documentation business.

Liquidity : Stretched

For nine months ended FY 2023, the cash accruals from TAKE group is about Rs.13.39 crore. Further TAKE had received about Rs.30 crores from sale proceeds of Singapore subsidiary. Except for term debt in Ecron Acunova Ltd, there is no other term debt in TAKE group. Ecron Acunova Ltd also maintains a debt service reserve of about Rs. 3.6 crores and expected debt repayments for FY 2023 is about Rs. 18 crores and for FY 2024 is Rs.12 crores. The working capital limits are fully utilised in Ecron Acunova Limited and almost fully utilized in Navitas LLP for the 12-month ended February 2023.

Applicable criteria

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Service Sector Companies](#)

[Policy on Withdrawal of Ratings](#)

[Issuer Rating](#)

About the entity and industry

Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Information Technology	Information Technology	IT - Services	IT Enabled Services

TAKE Solutions Limited (TAKE) is a product led (mainly in pharma/ biotech) IT solutions and Services Company with focus in, Life Sciences (LS) segment. TAKE's global headquarters is in Chennai, India. Established in 2000 as a software services provider, TAKE ventured into Life Sciences Market, with presence in the clinical trials segment, generics support such as bio-availability & bio-equivalent studies and regulatory filing and pharmacovigilance segments.

TAKE Solutions Pte Limited (TSPL), Singapore holds 52.90% stake in TAKE and acts as the holding company. Total promoter holding is 53.41%. The remaining stake of 46.59% is held by public and institutional investors.

Consolidated financials of TAKE Solutions Limited

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY2023 (UA)
Total operating income	774.02	661.71	166.42
PBILDT	-73.01	13.79	-22.51
PAT	-227.25	-88.92	-44.39
Overall gearing (times)	1.32	0.63	NA

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY2023 (UA)
Interest coverage (times)	-1.96	0.47	NA

A: Audited; UA: Unaudited; NA: Not available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Issuer Ratings		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Issuer Rating- Issuer Ratings	Issuer ratings	-	-	1)CARE C (26-Dec-22)	1)CARE C (Is) (24-Dec-21) 2)CARE BB+ (Is) (CW with Developing Implications) (08-Dec-21) 3)CARE BB+ (Is) (CW with Positive Implications) (17-Aug-21)	1)CARE BB+ (Is); Negative (11-Feb-21) 2)CARE BB+ (Is); Negative (04-Jan-21) 3)CARE BBB (Is); Negative (24-Nov-20)	1)CARE AA- (Is); Stable (04-Mar-20)

							4)CARE A- (Is); Negative (10-Aug-20)	
							5)CARE A+ (Is); Negative (22-Jun-20)	
							6)CARE AA- (Is); Negative (19-May-20)	

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities – Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Issuer Rating-Issuer Ratings	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Appendix:

Details of Subsidiaries:

Ecron Acunova Limited
Take Solutions ESOP Trust
Take Consultancy Services Inc
Navitas LLP

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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